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Chair

Mr. Larry Miller

Standing Committee on Agriculture and Agri-Food

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• (1530)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): We're going to call our meeting to order. We have a quorum and we'll have more joining us.

I'd like to thank our witnesses for being here today. We appreciate that.

I hope all of our members and staff and everyone had a great Christmas, and it's good to get back to work.

We're going to continue our study on Growing Forward 2, and of course we're just beginning the theme right now on marketing and trade. The next component of that, based on earlier direction, is on meeting consumer demand.

I just have a comment. We have votes at some point today. I don't know whether the bells will go off before the meeting time is up; I suspect so. In that event, the committee—probably at our next meeting—should just take a few minutes to discuss where we want to go after this, because the weeks will go by in a hurry, and if we book our witnesses at least two weeks in advance, it does save us money overall because usually flights can be cheaper. That is just something to keep in mind.

With no further ado, we'll move to our witnesses. First of all, we have the Agri-Food Export Group Quebec-Canada.

Mr. Coutu, do you want to lead off for 10 minutes or less, please?
[Translation]

Mr. André Coutu (Chief Executive Officer, Agri-Food Export Group Quebec - Canada): First, allow me to introduce myself. My name is André Coutu. I am the chief executive officer of the Agri-Food Export Group Quebec-Canada.

I would like to thank the members of the Standing Committee on Agriculture and Agri-Food, especially Mr. Malcolm Allen, the member for Welland. I had the pleasure of meeting him for the first time today, and the same goes for all of you. I would like to thank you for giving us the opportunity to express our opinion on the strategic framework of Agriculture and Agri-Food Canada, Growing Forward, which will perhaps be renewed in 2013.

The Export Group is a non-profit organization that has been around for 22 years. Its main mission is to promote Quebec products on international markets. It is by far the largest association of agri-food exporters in Canada, with over 400 members, including 350 manufacturers from all regions of Quebec. The organization is located on the south shore of Montreal and has 13 permanent

employees. Its board of directors has 11 export manufacturers and three representatives of service companies. We are an organization on the ground made up of entrepreneurs, manufacturers and also exporters.

With our European partners, the Groupe Comexposium, we are the founding owners of the international food fair, better known as SIAL. There is SIAL Paris, SIAL Shanghai, SIAL Abu Dhabi, SIAL Brazil and, since 2001, SIAL Canada, which now takes place annually and alternates between Toronto and Montreal. This fair brings together 700 participants from 30 countries and, each year, receives over 13,000 visitors from the industry from some 50 countries. This Canadian fair is our best showcase in the world. It promotes processed products and all provinces are represented there.

In addition to its numerous training activities, in any given year, the Export Group travels with dozens of manufacturers to over 25 agri-food fairs around the world, thanks to the generic component of the agri-marketing program. These activities alone justify the renewal of the budget envelopes that are set aside for the agri-marketing program. In fact, the contributions to Quebec for 2010-2011 was some \$1.3 million and the return on that was over \$200 million in spin-offs.

These international fairs that allow the Export Group to support Canada's brand must remain in the department's program. They are an excellent springboard for promoting the safety of our food which, we all know, is made in a way that respects the environment. Budgets must also be provided to maintain Canadian pavilions at large international events, in the same way that it is crucial to financially support the activities of our consulates and embassies to bring missions of buyers to Canada. In this same vein, the Export Group also regularly organizes a number of B2B—business-to-business—activities with American and international buyers. This formula will be developed further in the coming years.

Quebec's agri-food exports total some \$10 billion a year, with \$5 billion of that going outside Canada. In fact, our international exports have almost doubled in the past 10 years. In fact, our exports are up to \$5 billion per year. Do you see? We're not talking here about the sales figures for Bombardier, Bell Helicopter or CGI, but agri-food, products made in Quebec, frozen food, jam, couscous, beverages, and processed meats and fish. Five billion dollars, and that's not small change. Yet we spend a lot of time, in Quebec and in Ottawa, wondering about the relevance of maintaining this exporter assistance program. I don't dare think what the impact of such a decision would have on our gross domestic product.

Every Minister of Agriculture for over 10 years, including The Honourable Gerry Ritz, has recognized the Export Group as being the agri-food export component of Quebec and essentially for Canada. In the past 20 years, for processed foods, we have become a valuable ally in developing the Canada brand around the world. For several years, the Export Group is pleased to have been able to count on its federal partner to pursue its mission, namely, to promote agri-food on foreign markets. Our mission is both simple and complicated at the same time. Our efforts to support the industry are supported by the program's generic component and it works very well. There are over 25 international events per year.

Needless to say, we are very pleased with the support granted to Quebec food exporters by the Canadian government, and especially by the minister, the Hon. Gerry Ritz, and his partners, particularly Deputy Minister John Knubley.

• (1535)

Having said that, we must not rest on our laurels. There is always room for improvement, especially with regard to the SME component of the agri-marketing program.

Exporters must be supported on an ongoing basis over a three-year horizon, which we feel is the minimum amount of time required to position a product on a new market. So it is vital to ensure the sustainability of government assistance during that entire period because we cannot abandon it halfway through.

Every year, things are uncertain for manufacturers. The file is analyzed by public servants who, despite their good intentions, do not always have all the elements to support their argument and make an informed decision because they are not in the regions, whereas we have competent clerks in every big city in Canada.

In the case of the SME component of the program, decisions were made in the business files based on unknown and inaccessible criteria that, from the outset, makes it impossible to intervene because we don't know how the funds were granted or what it was based on. We don't even know who analyzes the files. It's vague. So it's practical: no information is transmitted, no questions are allowed, and there is no risk of accountability. It's verging on being an act of God.

The risk with this is that there are some good files that are not accepted. Responsible recommendations on these business files made by our teams or by people in our embassies are not even taken into consideration or they are not considered based on inaccessible and rather subjective criteria.

So we would ask that, from now on, the business files be analyzed again by local offices of Agriculture Canada. A business in Montreal that submits its file would therefore be analyzed by people in Montreal, because they know the local Quebec agri-food industry. If the file is from Calgary, then it should be analyzed by people in Calgary. It seems to me that this makes good sense.

Now, it worked that way for a number of years. The committee made up of local public servants and industry representatives was a winning formula for all the partners in the sector, and the word "partnership" took on its full meaning. This also meant that months didn't go by before an answer was given.

As mentioned earlier, in recent fiscal years, many of our members have had to wait between three and eight months to get an answer from Ottawa. That is why the decision-making centres must be brought back to the provinces. In short, the regional offices of Agriculture Canada need to be made responsible for the management of the envelopes under Growing Forward 2.

We would also suggest, honourable members, that you seriously consider the creation of a permanent agri-food export fund—not a program, a fund: a fund that would be adapted to the real needs of processors across Canada from east to west; a fund based on the promotion of Canadian products that are value-added; a fund managed by the industry and by Agriculture Canada. In short, it would be the same envelope, but it would not be subject to an annual renewal that would be uncertain, rather an envelope that would be protected for five years.

This approach would enable us to have a free rein, to work with a five-year horizon without worrying each year about the program being abolished for various reasons by the Treasury Board or because of a policy change.

In short, the government should try to work with an associative formula with the industry and should entrust the execution of its business development strategy to entrepreneurs who are the best promoters of Canadian products abroad because they are the ones who make them and sell them.

Thank you for considering our recommendations.

[English]

The Chair: Thank you very much.

We'll now move to Mr. Pomerleau, from Canada Pork International.

Mr. Jacques Pomerleau (President, Canada Pork International): Thank you for inviting us to this forum today.

I think many of you know who we are at CPI. We are the export market development agency of the Canadian pork industry. We were established in 1991, about the same time as Groupe Export, and it is a joint initiative of the Canadian Pork Council and the Canadian Meat Council. Our organization deals primarily with market access issues, the promotion of Canadian pork abroad, providing market intelligence, as well as working on other significant export-related issues.

Although Canada has been exporting pork for over 100 years, Canadian pork exports have grown considerably in the last 20 years. From 250,000 tonnes worth \$600 million shipped to 54 countries in 1991, they grew to 1.1 million tonnes worth \$2.8 billion shipped to 108 countries in 2010. Export statistics for 2011 are yet to be published, but based on the figures for the first 11 months, we can already state that it will be a record export year for our industry. For the first time, our exports will exceed \$3 billion and should almost reach 1.2 million tonnes.

With close to 20% of the world's total pork trade, Canada is the third-largest pork exporter behind the United States and the European Union. We should retain that position in the foreseeable future. Our major markets are the U.S., Japan, Russia, China-Hong Kong, and South Korea—and that's one reason why we are so adamant about getting the FTA discussions resumed with South Korea.

Close to 60% of Canadian pork production is exported, which makes our industry very dependent on exports. It is worth noting that Canadian pork exports to the U.S. now represent less than 30% of the country's total exports. When CPI was first established, this market represented more than 75% of the total exports. This is proof that our strategy to diversify away from the U.S. and be less dependent on one market was successful. However, one must keep in mind that past success is no guarantee of future results. Current forecasts indicate that in 2012 the world pork supply will be tight, which could provide some relief to an industry that has suffered in the last few years, especially at the farm level.

At the same time, the per capita pork consumption in Canada is declining, and imports have increased to the point that 25% of pork consumed in Canada is now imported. This is not a situation that can be taken lightly, and the Canadian pork industry intends to address it in the months to come.

Canada's pork industry operates in a challenging, highly competitive environment. Canadian hog producers and Canadian pork packers and processors must compete in a global marketplace while facing challenges from the rapid strengthening and appreciation of the Canadian dollar, the cyclical nature of prices, and increasing costs of production such as feed grain, fuel, and regulatory costs. All of these factors have created the need to improve Canadian competitiveness in the global marketplace.

Because of these challenges, the Government of Canada provided CPI with \$17 million in multi-year funding under the International Pork Marketing Fund in June 2009. Currently the IPMF enables CPI to undertake its four strategic priorities of market access, market development, market intelligence, and product promotion. Based on Mr. Coutu's comments, that's exactly the kind of funding he would be looking at—similar to what we have. But we have to say that it's the only time since it has been established that CPI has received financial assistance outside the regular programs, like the agrimarketing program and its predecessors, CAFI and AIMS. Since this special fund was designed to assist the industry in very challenging times, we have to assume that after March 31, 2013, when the IPMF runs out, future financial assistance from the federal government will come from the agrimarketing program or its successor, and then we will be asking for the same thing as Mr. Coutu has—a renewal of multi-year funding.

As stipulated in our IPMF contract, a third-party performance evaluation was just completed to assess the relevance and effectiveness of the IPMF funding. The full report will be submitted to the Minister of Agriculture and Agri-Food, the Hon. Gerry Ritz, soon. Since all our regular members were to be contacted, we seized the opportunity to request the evaluators to also ask about the relevance of CPI.

Our members made it very clear that without federal funding CPI would have to scale back export market development activities, which would significantly affect the industry and the CPI membership. In turn, without the CPI program support, members would reduce their export marketing activities, bringing these activities in-house.

● (1540)

Continued export marketing by specific companies without the CPI marketing that differentiates Canada and the Canadian pork brand would present additional challenges to individual companies. Interviewees noted that growth in exports from current levels would be challenging, that it would be difficult to meet and develop sales to new clients, and that sales would likely be lost to non-Canadian competition that would benefit from the supports that foreign governments continue to provide to these competitors. Foreign competitors would be increasingly present in these markets and, especially in the absence of a strong Canadian presence, would be expected to attempt to increase their sales to clients currently buying from the Canadian industry.

Based on the qualitative comments during interviews with members who are active on a day-to-day basis in all of Canada's pork export markets outside of the U.S., interviewees estimated that support from the CPI activities funded by the federal government contributed to an estimated 5% to 30% of export sales for specific members.

With Canada's total export sales of about \$3 billion annually, based on these interviews, it would be most conservative to estimate that the program is helping the industry to make at least 10% of these export sales or to prevent this level of sales from being lost to competitors. This translates to at least \$300 million of additional export sales each year. If a higher estimated amount were used, each additional 1% would represent an additional \$30 million. We can only conclude that federal funding represents good value for money. We believe it is also the case for the other export-focused associations that participate in agrimarketing.

Although, as indicated earlier, our industry has been quite successful on the export markets, it will still require assistance to reach its overall objective of becoming the preferred supplier of high-quality pork. To achieve this, the industry will need to be capable of supplying a well-differentiated product and effectively position and merchandise it in the domestic and export marketplace. It is recognized that the quality advantage that Canadian pork once enjoyed over its competitors has narrowed and our traditional differentiation points no longer suffice. A science-based differentiation is now required to improve the competitiveness of Canadian pork.

Pork is the most versatile meat, but we have yet to exploit its full potential. More research and development is required to do so. Developing new products and successfully differentiating Canadian pork will not fully benefit the industry if it is not supported by effective merchandising. Better marketing tools need to be developed.

We still believe that Canada remains one of the best places, if not the best place, in the world to produce high-end quality pork. At this moment our industry not only needs some assistance in positioning and merchandising its product, but more coordinated and better focused research and development should be of great benefit as well.

Maintaining access to existing export markets and seeking access to new markets has been and still remains the top priority of our association. Over the years, we have established a strong working relationship with the Canadian government. This partnership has been successful so far, as demonstrated by the number of countries Canada has been able to export to. However, exporting to a country does not mean that one has full access to that market. In fact, there are several markets where we have a limited access and where we continue to seek full access with varying results.

Given the current economic and financial crisis, we are starting to see an increased tendency in some markets to use technical barriers as a means of limiting or prohibiting imports. In too many cases, import requirements are either not based on science or unjustifiably too restrictive, not taking into account actual trade and distribution conditions. Market access must remain a pillar of Growing Forward 2, as it is the key to export growth for a large number of Canadian agrifood sectors. The federal government must ensure that adequate resources are allocated to market access, as it should be remembered that only the federal government has the mandate to negotiate with its foreign counterparts, be it technical market access issues or bilateral and multilateral trade agreements.

Here is a short word on transportation. Although there is no longer a container shortage, as we experienced a couple of years ago, transportation is still an issue that the Canadian meat industry is concerned with. When dealing with the Canadian rail companies in particular, a large number of our members are finding it difficult to adapt to their demands and requirements. They are left with the impression that perishable products are considered a nuisance, and they are questioning the commitment of the railways to offer a quality service. It is hoped that this issue will be addressed in the framework of Growing Forward 2, as it also impacts several other sectors in Canada.

• (1545)

Briefly, in conclusion, we understand that the economy remains the government's number one priority. We agree with the government that engagement and increased trade are important drivers of Canada's long-term prosperity and growth. Growing Forward 2 could be a good framework in which to do it if it were adequately resourced. Our experience demonstrates that there could be a good return for all stakeholders, including the government. It should be looked at as an investment rather than as just another government expense.

Thank you very much.

• (1550)

The Chair: Thank you very much.

We now move to the Canadian Agri-Marketing Association and Ms. Nagelschmitz.

Go ahead for 10 minutes, please.

Ms. Stefanie Nagelschmitz (Member, Canadian Agri-Marketing Association): Thank you very much.

Good afternoon, honourable MPs and observers. My name is Stefanie Nagelschmitz and I am here representing the Canadian Agri-Marketing Association, also known as CAMA.

In my everyday life, I am the communications coordinator for Canada's Outdoor Farm Show, held annually in Woodstock, Ontario, and we're actually the nation's largest business to business trade show for farmers and agribusinesses. But today, as I mentioned, I'm here representing the Canadian Agri-Marketing Association.

To give you some context, the Canadian Agri-Marketing Association is the national professional organization for agricultural marketing and communications professionals from coast to coast. We have over 350 members in five provincial chapters, with the majority being from Ontario. Our members work in media, advertising agencies, and farm organizations, and as marketing staff within agribusinesses of all sizes, from John Deere to Husky Farm Equipment.

Our members include public relations specialists, editors, general managers, advertising directors, marketing coordinators, account managers, presidents, and event managers like me. Essentially, we represent the technology, services, and products to help farmers run their businesses and tackle new markets, which we hope Growing Forward 2 will also assist with.

When our members look at Canadian agriculture today, we see an industry we are proud of, excited about, and passionate to advance to the world stage. Our membership has no shortage of diversity, as I mentioned, in geography, in scale, or in sector. We are also at a distinct advantage in often looking at Canadian agriculture and agrifood from a big-picture perspective. From that perspective, we view the industry as one of strength, with a business sense and a readiness to take on opportunities to which we hope Growing Forward 2 will give us access, whether locally or on the world stage. Canadian agriculture and agrifood are, for the most part, in a very positive place, in a place of strength. In the *Globe and Mail* newspaper on July 19 last year, reporter Tavia Grant announced that:

Canada's manufacturing industry typically conjures images of machinery, steel, cars and technology.

These sectors are vital not just because their health is critical to the country's economy, but because they have come to define what Canada is, and what it brings to the world.

But the country's largest manufacturing sector is no longer one that produces auto parts or high-tech gadgets like BlackBerrys. It's food. The sector is the country's largest manufacturing industry by sales, the most recent statistics show. Sales set a record last year topping \$80-billion.

That does not include agricultural machinery, which, as we are all aware, has rather high price tags.

Nationwide, Canadian farmers are producing billions of dollars' worth of high-quality, safe, and delicious food. That's in addition to the agricultural products that go towards textiles or commercial manufacturing for car parts made from soybeans, for example. There is a lot of buzz in the industry, and our members see it first-hand with our clients or at larger industry conferences and farm shows.

CAMA members have also seen Canadian agriculture and agrifood become more businesslike in recent years. The farmers our members deal with are continuing to manage their farms as businesses. We are being asked for the new technologies to make day-to-day chores more efficient, for services to help smooth the obstacles of succession planning, or for help in equipping farmers with skills training through programs like the advanced agriculture leadership program run by the Rural Ontario Institute. From our perspective, farmers are keen to seek and conquer new markets, run efficient operations, and be active members of the Canadian agricultural community and even more so the Canadian business community.

These farmers, along with the Canadian agribusinesses that work with them, are taking business to the world as well as across the country. Some CAMA members represent Canadian companies reaching out for international markets, as my colleagues have already mentioned this afternoon. Others work as the Canadian lead for multinational companies like Monsanto or John Deere, as I mentioned. They are interested in local markets, Canadian markets, and international ones.

Our members who sell their products internationally often comment that one of the top selling assets they have over competitors is the maple leaf itself. The Canadian brand is one that is linked with quality. The Canadian brand that "quality is in our nature" could not be more fitting, in our opinion. It's a brand that our members are proud to represent at home and abroad. As a professional organization representing many private agribusinesses, not surprisingly we see Canadian agriculture and agrifood as a vibrant and competitive industry. The Canadian brand is a strong one, and we see no reason to withhold that world-class potential.

• (1555)

Agritechnica, the world's largest agricultural machinery trade show, is held biannually in Hanover, Germany. It is just one example of how Canadian agriculture is full of vibrancy and potential. Agritechnica has over 2,700 exhibitors. Many hundreds of farmers from around the world come to this seven-day event to see the latest technologies and products available for their farms. In 2011 Canada attended with four Canada pavilions, and a total of 49 Canadian businesses attended as part of the larger delegation or on their own. The excitement was palpable and the excellence undeniable. There were also many Canadian farmers attending, from Kamloops to Barrie to Quebec.

It is clear that Canadians are world players, whether as farmers producing quality food products or agribusinesses selling agricultural machinery to farmers in other parts of the globe. Empowering our farmers with technology, skills, and services to succeed is paramount. It would be a shame not to take advantage of our amazing potential.

I think, at the end of the day, the Canadian Agri-Marketing Association and its members want Growing Forward 2 to facilitate the ability of our farmers and our agricultural agribusinesses to thrive. As we look into the future, we want this momentum to continue.

As I mentioned in my introduction, the Canadian Agri-Marketing Association represents the services, products, and tools farmers use

to produce quality, safe, innovative, and delicious agriculture and agrifood products. It's the world-class potential we are known for and proud to produce, whether for customers within our borders or abroad. CAMA is a group of suppliers who are ready to provide the innovative tools farmers need and want, whether it is for the farmers, or perhaps for the processors and retailers, so that they can use it to do what they do best.

As Growing Forward 2 develops, at the end of the day our members want farmers to be empowered to be innovative and entrepreneurial. As new markets, domestic or international, open, our members are ready to help the Canadian agricultural industry with whatever they need. We want Growing Forward 2 to encourage innovation and the continued production of quality products.

On behalf of myself and the hundreds of Canadian agrimarketing professionals across the country, thank you for the invitation to speak with you this afternoon. Like you, we are passionate about the Canadian agriculture and agrifood industry and its continued success. We have strength, quality, and world-class potential. Let's take full advantage of our skills.

Thank you.

The Chair: Thanks very much, Stefanie.

We'll move now to the Western Canadian Wheat Growers Association.

Mr. Mike Bast, you have ten minutes.

Mr. Mike Bast (Director, Western Canadian Wheat Growers Association): Thank you for this opportunity to appear before you to talk about issues relating to the marketing and trade of Canadian agricultural products.

Throughout our 42-year history, the wheat growers have been strong proponents of open markets and free trade. We are convinced the high standard of living that most Canadians enjoy is directly linked to an open trading environment and policies that encourage investment and innovation.

In our presentation today we want to focus on two main areas. First we want to talk about the measures that are needed to fully capitalize on the opportunities that have been created with the implementation of an open market for wheat and barley. The second part of our presentation will deal with trade and market access issues.

The wheat growers are very pleased with the creation of an open market for wheat and barley in western Canada. Farmers in the trade have already taken advantage of the new opportunities that have been created. We estimate over 2,000 forward contracts have been signed by farmers for delivery of their wheat and barley in the new crop year. For the first time in almost seven decades prairie farmers now have the opportunity to sell their wheat and barley directly to processors. We have already seen the announcement of a new \$50 million pasta plant in western Canada and further expansion of malt barley storage capacity. We expect to see further announcements of new investing in the coming months.

Today and tomorrow, a wheat summit is being held in Saskatoon that is exploring the new opportunities in wheat research that are now possible under an open market. Several seed companies have already made plans to expand their capabilities to bring new wheat and barley varieties to the western Canadian marketplace.

The wheat growers are also pleased to report that forward prices in Canada are arbitraging well with those that are available in the open market in the U.S. As we predicted, the high open market prices we saw in the U.S. have moved north. There is every reason to believe that Canadian companies will be fully competitive and that there will not be widespread truck movement of wheat and barley to U.S. elevators.

There are, however, some issues that need to be addressed. First, we need changes to the Canada Grain Act that allow Canadian Grain Commission inspection at port position to be optional. As you may know, western Canadian grain shipments that are delivered directly to Canadian flour mills and malting plants do not require CGC weighing and inspection. As well, shipments that are made directly to buyers in the United States do not require CGC weighing and inspection. However, CGC inspection is mandatory on shipments to overseas buyers through Canadian ports. This places our Canadian port facilities at a competitive disadvantage.

While some overseas buyers may continue to rely on Canadian Grain Commission grading and inspection, we are convinced many buyers would be content to rely on the reputation and undertakings of Canadian grain exporters. If that reputation is good enough for Canadian and U.S. buyers, we maintain that this reputation will also be satisfactory for many overseas buyers. Making inward and outward weighing and inspection optional will put all Canadian exporters on an equal footing and reduce the costs that are ultimately borne by farmers.

Secondly, we need the federal government to move forward with its plans to amend the Canada Transportation Act to include measures that will improve railway service standards. The ability of Canadian exporters to meet sales commitments in a timely and cost-effective manner depends on good rail service. We were pleased to see the announcement last spring that the federal government intends to introduce legislation to improve railway service, including the requirement for railways to provide shippers with service level agreements that would contain penalty provisions for non-performance. We encourage the government to move forward this spring with the necessary legislation.

The wheat growers also consider it important to move quickly to transform the Canadian Wheat Board into an entity that is truly owned and controlled by farmers. In this regard, we recommend that shares in the new CWB be issued to farmers based on their grain deliveries to the CWB over the past six years. We suggest one share in the new CWB be issued for every 10 tonnes delivered. Receiving a share certificate will give farmers true ownership and will give each of us an incentive to make sure our shares increase in value. The wheat growers propose that shareholders of the new CWB elect a 10- to 12-member board of directors consisting of elected farmers and three non-farmers who have expertise in trading, finance, and any other skills that would strengthen the board.

It should be up to the shareholders to decide who should be allowed to buy and sell shares; however, we recommend no restrictions be placed on share ownership. This would give retiring farmers the opportunity to maximize their share value. Allowing non-farmers to purchase shares will create better liquidity and boost share value. Ultimately, however, we believe it should be up to farmers to decide how much or how little they wish to retain ownership control over the CWB.

The goal, of course, is to create a company that provides a good competitive alternative for farmers, especially for those who see value in pooling their grain. The federal government has agreed to guarantee the initial payments and borrowings of this new entity for up to five years, so this new entity has every opportunity to be transformed into a valuable, competitive option for farmers.

●(1600)

Before concluding our presentation, we wish to take a moment to stress the importance of pursuing bilateral trade deals, especially since multilateral negotiations at the WTO appear to be making little progress.

For prairie durum wheat producers, successfully concluding a free trade agreement with Morocco is very important. Currently durum exports from the United States enter Morocco under a preferential tariff; Canadian durum exports to Morocco are subject to a much higher tariff. Concluding a trade agreement that addresses this disparity will ensure that Canadian farmers and exporters are on an equal footing with U.S. durum producers.

We also urge the government to successfully conclude trade negotiations with Europe. Again, a free trade agreement has the potential to significantly lower tariffs, not just for grain, but also for our red meat sector.

In our view, striking trade agreements that reduce trade barriers for our pork and beef industry bring substantial benefits to the prairie grain sector. About 30% of western Canadian wheat and barley production is now fed to livestock. Any trade initiative that promotes the Canadian livestock industry translates into higher prices and greater market opportunities for the grain sector.

For this reason we also strongly encourage the federal government to pursue a trade agreement under the trans-Pacific partnership. In our view, it is vitally important for Canada to become a full member of this partnership so that our grain and livestock sector can fully capitalize on the fast growing Asian markets. Farmers in western Canada are well positioned to serve these markets, which are becoming increasingly important given the financial and economical challenges that now face Europe and the United States.

In summary, prospects for the western Canadian grain industry are looking bright. The creation of an open market for wheat and barley is creating a strong investment climate and giving farmers the opportunity to lock in attractive prices for a portion of their expected production.

To realize our full potential, the wheat growers recommend that the government move quickly to make improvements to the Canada Grain Act and the Canada Transportation Act.

We also recommend that the government take steps this fall to transform the CWB into an entity that is truly owned and controlled by farmers.

We also urge the government to vigorously pursue our interest in bilateral trade negotiations.

Again, thank you for this opportunity to provide our comments. We look forward to your questions.

● (1605)

The Chair: Thanks to all of you for keeping on time.

The first five minutes are for Ms. Raynault.

[Translation]

Ms. Francine Raynault (Joliette, NDP): Thank you, Mr. Chair. What an honour it is to ask the first question!

My question is for Mr. Coutu.

Good afternoon. In your presentation, you referred to good business files that have been turned down or that might have been poorly assessed. Could you give any examples? How could we remedy that situation?

Mr. André Coutu: The question is a relevant one. There are two parts to the agri-marketing program. The generic component is going very well, and there are no problems in that respect. The situation is different for the SME component. People submit files and they are sent to Ottawa. It's very difficult to find out what happens from that moment on. It's a black hole. We don't know who makes the decisions or how things work.

I'll give you a bit of an absurd example. There is a honey producer in Quebec that has a distributor in Japan. The name of the business is Buy Us. The business sent its file to Ottawa. The public servant who read the file interpreted the name as "Buy US", or in other words "Buy American". So he automatically dismissed the file rather than phone the people on our team and ask the appropriate questions.

There are more situations, particularly this one, which happened recently. There was another Quebec company that does business with Mexico, and there were recommendations from the consulate because the product and the marketing were excellent. The file was sent to Ottawa, but it was rejected with no consultation with our embassy in Mexico. Obviously, this has negative consequences. The response times are extremely long, between three and eight months. It makes no sense. At the end of three or eight months, the businesses have already gone elsewhere. They've moved on to something else.

Our position is this: let's do the work in Montreal, with people who know the market, and apply the same principle in Toronto,

Calgary and elsewhere, so that we can get answers quicker. Some files have been rejected in some cases, but I don't want to specify which ones because they involve companies that are very well known in Quebec, especially big Quebec companies. Those files were refused for unknown reasons. We're talking here about large companies that spend hundreds of thousands of dollars a year to have access to markets. The file was sent to Ottawa, and they get lost. I spoke earlier about an act of God, like when someone is hit by lightning. We don't know what happened or why. We only learn about it five, six, seven or eight months later.

That aspect of the program is tiresome. It interferes with the work. The people from these businesses don't have time to wait three, six or eight months: they must make their decisions immediately. When we tell them that their file has been rejected for one reason or another, when they're told the arguments for this, there should at least get an explanation, but it's another story when we bring up the fact that the business received money the previous year and so the business needs to let someone else have a turn.

That is why I said in my presentation that it must be consistent. An international market does not develop in six months or a year. It takes two or three years of investments, of human and financial resources.

The file must be analyzed with insight and we must understand that, in this area, continuity is vital. We can't tell businesses after six months that they didn't do their job or that, in the ivory tower of Ottawa, we think that they haven't been successful. We really need to give businesses the time to do their work. That's why I said earlier that it takes at least three years. We can't refuse to give financial support at the end of one year or two with ridiculous pretexts.

Does that answer your question? My response was perhaps a bit long.

Ms. Francine Raynault: No, it's important to understand and, to do that, you needed to take the time to explain. You answered my question very well. Thank you.

My next question is for Mr. Pomerleau.

For some time now, there has been a great deal of enthusiasm for local products, regardless of the product. What do you think the government could do to equip the farming sector to improve its capacity to market local products?

Mr. Jacques Pomerleau: That's a fairly broad question. In our case, we are specialized in the international market but, as I said in my presentation, we'll have to look at the situation in the domestic market very closely. Given our international experience, the industry is entrusting us with the mandate of promoting Canada. Our strategy will be based on the differentiation of the product. Our competitors are the Americans. So we must see how we can distinguish our products from theirs. We already have several examples of local products, particularly with regard to Quebec pork, whether its Lucyporc and its Nagano pork, which is very popular in Japan, duBreton and its antibiotic-free pork, or Maple Leaf and its natural products.

We are going to try to provide our businesses with a platform that will allow us to define the characteristics of Canadian pork. Then the businesses themselves will be able to distinguish themselves locally and internationally.

•(1610)

Ms. Francine Raynault: All right.

Do I have any time left, Mr. Chair?

[English]

The Chair: You're out of time—well over, actually.

Mr. Hoback, five minutes.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Mr. Chair.

I'd like to welcome everybody back. It looks like everybody had a good time back in their ridings working with their constituents. It's great to see you refreshed and smiling. Even Mr. Valeriote is smiling, so that's always a good sign. And Mr. Chair, it looks like you had a good break. It's a good sign for the agriculture committee when everybody is laughing.

I'd also like to thank the witnesses for being our first set of witnesses as we come back.

One of the first things I want to get off the table is the importance of trade. It's a quick, simple question. How important is trade to each of your individual organizations, and how important has it been that the minister has been out opening up markets for your organizations or your markets?

I'll start with Mr. Coutu and go right across.

[Translation]

Mr. André Coutu: Our group is a business association. Agri-Food Export Group Quebec-Canada represents 350 manufacturers. The association's rationale is trade.

Our primary mandate is to do business. So we need to maintain access to the markets at all costs. Access to shelves is the most difficult thing when it comes to processed products, which sort of comes back to your question.

In Canada, it's a little difficult because four food retailers control 80% of the retail market. Just like the organization represented by my friend Mr. Pomerleau, our group is present on the international markets. Obviously we do a lot of business in the Canadian market.

[English]

Mr. Randy Hoback: I have only five minutes, so I want to stay on the trade side of it, okay?

[Translation]

Mr. André Coutu: To answer your question, I would say that trade and government support are absolutely vital for Quebec businesses.

[English]

Mr. Randy Hoback: Mr. Pomerleau.

Mr. Jacques Pomerleau: In pork, as I mentioned, 60% of our total production is exported, so it's vital to maintain a vibrant industry in Canada.

Ms. Stefanie Nagelschmitz: I would repeat the same sentiment. Trade is very important for the members of the Canadian Agri-Marketing Association, whether they are Canadian companies trying to market their products to farmers in other countries, or whether they're representing foreign companies who are hoping to reach Canadian farmers. Open and efficient ways of doing that trade are very important to our membership.

Mr. Mike Bast: The importance of trade to us is in access to markets and making it a level playing field for competing against other countries. There are more diverse buyers, and it brings us to a more competitive environment to allow us much more opportunities. When one side might fail, we may have an opportunity to go somewhere else.

Mr. Randy Hoback: That's one thing we have to give the minister credit for. In this last year or two the beef sector is definitely starting to see the rewards of trade—the markets he's opened up—and we've seen the rise in beef prices. Hopefully, we'll see the rise in pork prices coming sometime in the near future too because of that.

The grain industry is really excited. In fact, I was talking to a young farmer during the Christmas break. He's already forward marketed three-quarters of a million dollars of wheat for this next year. He's been able to do that and keep canola back, so he can do a proper job of marketing his canola and managing his cashflow. So we're already starting to see the benefits of a free and open market and young farmers taking advantage of that.

When we look at trans-Pacific partnership, how important is that in your industries?

I'll start with pork and then go to the grain sector.

Mr. Jacques Pomerleau: In our case, Australia and New Zealand are already good markets for us, interestingly enough. People don't think of those as being big markets for meat, but we do. Vietnam has a significant potential. But the key here is Japan. If Japan joins TPP and we don't, we will be in deep poo-poo.

Mr. Mike Bast: India and China...the population growth there, the rising incomes. China alone on the malt barley is a huge market for us, especially in western Canada. And from a transportation point of view, the Baltic index is extremely low right now too.

•(1615)

Mr. Randy Hoback: One of the concerns I have as we've gone about doing these trade deals is following up, making sure the sectors are going out and actually taking advantage of the trade deals. What's your strategy once you see a market?

Let's use the example of Honduras opening up, or Panama. What are your strategies as you see those markets open up, to take advantage of those markets?

Mr. Jacques Pomerleau: Maybe I should talk about Honduras. We are still trying to negotiate the vintner agreement and certification of the system. You could open the market with a free trade agreement, but if you don't have the tools and the technical solutions to the issues, there's no point.

Honduras is a very good case in point. We need a vintner agreement.

Mr. Randy Hoback: As far as follow-up is concerned, when you do see an agreement—like you said with Panama—what are you doing to take advantage of that market being open? What are you doing in terms of trade missions? What are you doing to get your people down there to take advantage of that market access?

Mr. Jacques Pomerleau: That's exactly what they're doing. Each time a new market opens we go with a mission of our people. We have a technical seminar where we demonstrate the attributes of Canadian pork. The seminars are very important, because we introduce our people to the actual buyers. We come as a big group, so it attracts everybody to one event.

[Translation]

Mr. André Coutu: These are all good answers, but I would add that to gain a little time, we also validate markets. In other words, we take Canadian products to countries where agreements have just been signed to meet with food distributors and to determine whether they are interested in buying Canadian products.

[English]

The Chair: Thank you.

Mr. Valeriote, you have five minutes.

Mr. Frank Valeriote (Guelph, Lib.): Thank you, ladies and gentlemen, for coming up.

Mr. Coutu, I have to tell you that I attended an event of the international agriculture journalists' association in Guelph, and they featured cheeses from Quebec. Most of us in Guelph hadn't tasted those cheeses before, and I can assure you that we all thought we had died and gone to heaven that night.

You speak about the black hole that exists in Ottawa, and we all suffer through that same black hole, whether we're MPs or people making applications. The government has cut 224 people from CFIA, so I don't think they're about to hire people to staff local offices to accommodate your request. But I offer you this as a solution. I'd urge you—and I wonder why you haven't tried—to form a working group with the minister and use this as a solution. In immigration cases, when somebody applies to come here for a visitor's visa and they are denied, people can come to our office. We can call the ministry or the people. We can e-mail to the other side of the world and ask why they were denied. They can then put in a new application. We have all those reasons right in front of us. We can dispel any myths or misunderstandings.

I'm wondering why you don't recommend, instead of more staffing at local offices, that before an application is rejected, if there are any questions or notes on the file at all, they be sent back to the applicant so they have an opportunity through an advocate or themselves to dispel any myths or concerns. I think that might get you a lot further.

How do you feel about that?

Mr. André Coutu: I think you've read my mind. We have meetings tomorrow morning with the deputy minister to go through the whole file and try to find a solution to avoid the problems and the issues we have faced over the past few months. We had a working group in Montreal so many years ago. As I said in my opening statement, this was the solution. It was really a partnership between the government and the industry.

I took note of your recommendation, and tomorrow morning we'll follow up with the proper person.

Thank you.

Mr. Frank Valeriote: Michael, I want to thank you for your candour, particularly on a farmer-owned new Canadian Wheat Board, as opposed to five directors appointed by the minister. We recommended that at the committee examining the legislation, and it was declined. Hopefully somebody will see the light and that will change.

There has been a suggestion that over the next number of years there be an independent study of the new Canadian Wheat Board with a view to seeing how effective it is in really helping farmers. As you know, governments—Liberal or Conservative—are inclined to receive the reports with content that has sometimes been...not predetermined, but it's what they're hoping to get, if you know what I mean.

I'm wondering if you would support the idea of an independent study over a number of years, once it gets off the ground, through specialists and professionals at the University of Saskatchewan in collaboration with other professionals who are truly independent, like the Parliamentary Budget Officer or the Auditor General.

Do you see the merit in doing that to see if it's on the right track and going in the right direction?

• (1620)

Mr. Mike Bast: What would be the merit in doing that? What are we looking for at the end of the day? If we transform this to a farmer-owned entity, its success will be driven by its ownership now and the contracts they do. If it doesn't work, will we go back to a CWB monopoly?

Mr. Frank Valeriote: Not at all. We would see what tweaking might be done to make it more effective.

Mr. Mike Bast: It would be throughout the next five-year transition.

Mr. Frank Valeriote: Exactly.

Mr. Mike Bast: I see merit in monitoring how things are going. Nobody knows exactly what will be needed tomorrow. Things will change, as agriculture changes almost monthly. So there is merit in keeping an eye on things to see if we need to add or change something, or adopt things.

Mr. Frank Valeriote: Through someone independent, I'm suggesting. At the University of Saskatchewan, let's say. I mean, they have expertise in this area—

Mr. Mike Bast: Well, we have to be careful at the universities too. They have politics there also.

Mr. Frank Valeriote: Sure.

Mr. Mike Bast: As long as it's in the farmers' best interests, and maybe as long as it's farmer driven, I guess....

Mr. Frank Valeriote: All right.

Mr. Pomerleau, in your presentation you say we're importing 25% of our pork, but we're exporting so much of it. Can you explain that to me? It doesn't make sense to me. What are you planning to do? How do you think you can achieve a greater Canadian purchase of pork?

Mr. Jacques Pomerleau: Well, how it came about is that the Americans have grown their exports significantly over the last three years. They used to be third in the world and they jumped over us in a matter of two years. Now their exports are double ours.

I wouldn't say they are dumping in Canada, but their prices are very attractive. That's one point.

Also, I was talking about differentiation earlier. In the grocery store, can you tell if it's Canadian pork or from the U.S.?

Mr. Frank Valeriote: That's a good question.

Mr. Jacques Pomerleau: For one thing, consumers do not know the origin. That's one thing we'll look at doing with the retailers. Also, we'll work on how good our product is compared to others. Those are the ideas that we are looking at now, but identifying the origin is key. Right now you know about the cherries that come into Canada, and you know about the fish, but pork or beef? No.

The Chair: Thank you.

Mr. Lobb, five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thanks, Mr. Chair.

My first question is for Mr. Pomerleau.

With the funds that have been flowing through, both before the pork crisis and since the pork crisis, that's one pool of money that CPI uses to pursue the interests of pork globally. With regard to the Pork Council, how much would the Pork Council contribute to CPI in a year?

Mr. Jacques Pomerleau: You want to know the amount or...?

Mr. Ben Lobb: Well, if it's a secret, you don't have to tell me, but I'm just wondering if, as a comparison amount, as a percentage, it is as much as we contribute. Is it more or is it less?

Mr. Jacques Pomerleau: Okay. It's less than what the government contributes, but the contribution comes not only from the Pork Council. It also comes from the Meat Council.

Mr. Ben Lobb: Yes, right.

Mr. Jacques Pomerleau: We have contributions from the Canadian Pork Council and the Canadian Meat Council, so that's from the packers, the traders, and the producers. The core activities are paid for by both councils, with 75% of our export market development activities covered by the fund. But the core money is private.

Mr. Ben Lobb: Okay.

How effective have the market access secretariat and its position been for your group in pursuing new markets and growing existing markets?

Mr. Jacques Pomerleau: You have to remember that the creation of the secretariat was at our request, ours and the cattlemen's—

Mr. Ben Lobb: Right.

Mr. Jacques Pomerleau: —so we were very pleased when it was announced. We have to give them time to establish, but let me tell you that the relationship we have had with the government in the last year and a half has been very good when it comes to dealing with market access. They have established priorities and they are quite effective. The dialogue is there. It's much more transparent than it used to be, so we're quite pleased with the work of the secretariat, knowing that they are still at the early beginning, but from the way it's going, we can't complain at all.

• (1625)

Mr. Ben Lobb: Okay. So with the \$17 million that was contributed at the height of the pork crisis a couple of years ago, in your numbers here it's estimated...you have in your numbers for the benefits of federal financial assistance that the money has helped grow your pie by 5% to 30%. Is there a way that you can actually drill down a little as the years or the months move by? Is it closer to 5% or closer to 30%? I think that's a pretty big range, and it would be helpful to know what the success is of the program. If you could drill it down a little...?

Mr. Jacques Pomerleau: It's 5% for some companies and 30% for others, so what we use is a conservative estimate of 10%, but it varies.

I'll give you an example. Many of our people said that if it had not been for CPI and for the federal government work we've done in Russia.... Russia is our third largest market now. We used to have all kinds of problems. At one time, we had only one plant that was allowed to export to Russia. That was less than a year and a half ago. Now all our plants are approved again, so it varies. Use the figure of 10%, which is the conservative figure. But it varies from 5% to 30% for individual companies.

Mr. Ben Lobb: When you are working with our Canadian embassies in other countries—let's say Vietnam or whatever country you want to use—how effective or useful are they in helping you reach your desired results? Are they useful, or do they not provide any use at all to you?

Mr. Jacques Pomerleau: Oh no, we are very active with the embassies. It depends on the market. We have been in Japan for 40 years, and over the years the embassy has been very good in helping us identify people who could do promotions with us. But with the new free trade agreement that is in the works with Japan, or that could happen, we'll need the embassy because it has to tell us what's going on and what is the intent of the Japanese government.

In some other markets.... It depends on the market. In a new market like Vietnam, definitely we'll need the embassies because we don't know the distributors and we don't know who the players are. It depends on the level of development and how comfortable and good we are with the current trade partners.

Mr. Ben Lobb: Moving forward, I've heard from different farm groups that it's one thing to gain market access, but it's quite another thing to educate the agencies or the businesses in those markets to have trust in Canadian products, and also, if there is a bump in the road, that they don't panic and close their borders.

Is there something you would like to see moving forward in Growing Forward 2, not only to help market but also once you've achieved that market to continue with education, trust, and reliability? How would you see that moving forward?

Mr. Jacques Pomerleau: That's exactly what we're doing right now. That is exactly what CPI is doing. Once we have the access, we are the ones who get in there and do the education work and everything. The key thing is that when you have market access, at times it is more difficult to maintain your access than to open a new market. You have seen it with the beef industry.

Growing Forward was for us the best, through that funding. Because we had that four-year funding, it really helped us to have that strategy to go after each market. Now we have a fabulous relationship with Russia, which we never had before, because of that, because we had that stability of funding that allowed us to do it.

The Chair: Thank you very much.

Mr. Rousseau.

Mr. Jean Rousseau (Compton—Stanstead, NDP): Thanks, Mr. Chairman.

[Translation]

My questions are for Mr. Coutu and Mr. Pomerleau.

Mr. Coutu, with your expertise in international markets, what do you think the assets of Quebec and Canadian products are? I mention Quebec products because I am a member from Quebec and I would really like to know how our products stand out globally. What could the government do to help our producers stand out more on the international market?

Mr. André Coutu: The asset of Quebec products is their originality and creativity. SIAL Canada allows Canadian manufacturers to demonstrate that. Journalists from all four corners of the world are often astonished at what we manage to do in Quebec when it comes to products and innovations.

Can the government do more? Certainly, when you're from Canada, you have a

[English]

clean passport.

[Translation]

It's recognized around the world. Our country is recognized for the safety of food made with respect for the environment. Our factories use

[English]

stainless steel.

[Translation]

I think that

[English]

the program branding Canada,

[Translation]

that the Export Group participates in a lot must also be maintained. It's important to say abroad that these are Canadian products.

• (1630)

Mr. Jean Rousseau: It really is an essential tool.

Mr. André Coutu: It's essential.

Mr. Jean Rousseau: What do you think, Mr. Pomerleau?

Mr. Jacques Pomerleau: I share their opinion. It's the Canada brand that we are selling first and foremost. For example, if people in Japan initially have a choice between a product from China and the same product from Canada, they may pick our product because we have a very good image. So the Canada brand is important.

Second, it is up to us to tell our own story. The history of Canadian pork is all about our differentiation on the international market, and we have a very good story to tell. This is why our businesses have a premium that other countries and suppliers don't have, especially in Japan where we are very close to consumers.

Mr. Jean Rousseau: Right.

I would now like to talk about new markets, emerging markets. Mr. Pomerleau, you mentioned Russia and South Korea, among other places. I will also put this question to Mr. Coutu.

Is there the possibility of increasing market shares on the international market? What sort of marketing are you doing? You just spoke about the differentiation that we could offer producers. There truly are emerging markets in which we could export even more to the world.

Mr. Jacques Pomerleau: There's no doubt about it.

Mr. Jean Rousseau: There's still room in markets such as Japan. We are targeting high-quality products. There is no point trying to have a price war with the Americans because we'll lose. Our products are better anyway, so why try to compete over price?

As for the emerging markets, there's a market that no one has mentioned yet, and that's India. In our case, it can represent a whole market. In fact, it's oriented toward high-end products. We export fresh pork to China, Singapore and Hong Kong. All we need to do is get new veterinary certificates for Russia.

Unfortunately in the case of South Korea, we're losing our market shares there. In one year, we made \$300 million in sales. The largest Korean retailer told us that we had the best product and that he would pay us a premium for that. Unfortunately, that won't be enough because the difference in tariff with the Americans is too high and the Koreans will have to let us go.

Mr. André Coutu: In Quebec's case, these are small manufacturing businesses. It's important to understand that, aside from Lassonde, Saputo and Agropur, the members of Agri-Food Export Group Quebec-Canada, in other words, the 350 businesses, have a sales figure of \$25 million to \$30 million or less.

In Quebec, the number one market is the United States. We sell about \$2.7 billion in products a year. The second market is Japan, where our sales add up to \$500 million a year. The third market is China, where our sales total \$45 million a year.

It's very fashionable to speak of BRIC—Brazil, Russia, India and China. But we need major human resources and financial resources to get into those markets. It isn't within the scope of all the small Quebec and Canadian businesses. It's important to be careful with trendy things. Sure, India and China may be extraordinary markets for pork producers, but when you sell jam or mineral water to the tune of \$2 or \$3 million a year, you don't have the resources to get into these markets.

[English]

The Chair: We're right at the five-minute mark. We'll make it up to you another day.

We'll go to Mr. Zimmer for five minutes.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thanks for coming today.

I have a question for Stefanie. I guess you represent many organizations.

We've often heard about emerging markets, but those emerging markets are also becoming emerging producers. I wanted to know what your organizations are doing to remain competitive in that new reality we see—we want you to purchase our products, but we are also going to be competing in your business. What is your organization doing on that?

Ms. Stefanie Nagelschmitz: Our organization is looking at those new markets very much on a case-by-case basis. As I mentioned, our membership is really diverse. You're going from people who are multinationals, selling all across the world, to others who are really only looking at one region in one province or at one province at a time. They really are taking it in their own hands. It's not something our organization works with them to do. They do that with their own private consultants or they go through organizations such as STEP, Manitoba Trade and Investment, or EDC. For example, the constituency that went to Agritechnica was organized through those three organizations.

•(1635)

Mr. Bob Zimmer: Thank you.

I have a question for Mike. You mentioned the new reality of the open market and the CWB. We've heard great news back from B.C. grain producers and other organizations. They like the new opportunity, and they see many that way.

I have two questions for you. First is a broad question. What concerns do you have about the new situation, being that it's a new horizon, I guess, for your membership specifically?

Second, what are the new opportunities you see arising from this domestically and internationally?

Mr. Mike Bast: I have some concerns. I want to make sure that the new CWB has the chance to be an alternative for farmers as a market opportunity and is not something that's gone away immediately, as long as it can be there and be given the chance for farmers to own it and be open. And if it has success with its marketing, it should remain there.

The benefits we're seeing immediately. As of yesterday, I signed a contract for wheat. It was roughly 40¢ per bushel less, going through

the open market, than under the board, at roughly \$1.40. The base was in rail shipments coming off.

Some of the opportunities I guess I see coming forward from this are just being allowed to market my grain when I want and how I want, being able to finance my cashflow properly, and being able to look at opportunities when I need to.

Mr. Bob Zimmer: Specifically, though, the CWB is in a transition period. Is your organization looking at becoming part of that new entity in the future? Is it looking at it in more of a broad sense, or is it going to be looking at actively being part of that organization?

Mr. Mike Bast: We picked the phone up the next day and started working with them. And that's not just with wheat and barley; we're exploring multiple different things that this new entity can get into for success for farmers.

Mr. Bob Zimmer: All right, perfect.

I have another question for you in terms of marketing. We've heard a lot of comments about our rail situation in Canada. You as grain producers are all too aware of some of the challenges that have to be faced in terms of marketing internationally, and domestically as well.

What would be some suggestions you would have on transportation to CN or CP, if in a perfect world we could make recommendations to alleviate some of those struggles you have with the rail system?

Mr. Mike Bast: We have contracts with everybody we do business with, and they have penalties. That's what keeps us in line. But we don't have that with the railways. We're told when to show up, and when they have a hiccup we bear the cost.

If we're going to do business with everybody, including the railways, then we should be able to apply contracts with them. We know that things happen and mistakes happen, but somebody has to be accountable for them. That brings them into line.

If we're going to do something with the railways, it needs to have teeth, so they know if they're going to cause a delay by a week or cause problems throughout the whole system—because they're the middle man between the farmer and the buyer—there are repercussions to that.

Mr. Bob Zimmer: How are we doing, Larry?

The Chair: You have a little better than a minute.

Mr. Bob Zimmer: Sure.

We're talking about marketing today, specifically the federal government's role in agrimarketing.

I'll ask this question to Jacques, please.

You spoke a little bit about agrimarketing before. We talk about the niceness of the program and how well it works, but if you could change it, how would you make it better?

Mr. Jacques Pomerleau: I have to be honest, we have not been part of agrimarketing because we have our own fund. Maybe I'll let André answer that one....

Mr. André Coutu: As I said before, I think the pre-eminent solution would be to have, instead of a program, a fund over a period of five years, to guarantee the money for a limited time. I'm sure this would be great for all the businesses all over Canada.

That would be recommendation number one.

Mr. Jacques Pomerleau: Because we've been through this, I could add that we love having a multi-year fund exactly for those reasons. We would like ours to be renewed.

• (1640)

The Chair: We'll now move to Mr. Allen for five minutes.

Mr. Malcolm Allen (Welland, NDP): Thank you, Chair.

And thank you, folks, for being with us.

I want to clarify something, Mr. Bast. I think I followed what you said in reply to Mr. Zimmer about the open market price you're looking at now. It's kind of a gross way of doing it, in the sense of gross dollars, but say the open market price—and I'll use fictitious numbers—is \$10. Previously under the CWB it would have been minus \$1.40. What you're saying now is that it's only minus 40¢ that you are able to attain.

Is that correct?

Mr. Mike Bast: As of yesterday it was 99¢, so it is a 40¢ difference.

Mr. Malcolm Allen: If I'm hearing you right, the 40¢ is a plus to you. Right?

Mr. Mike Bast: Yes, it's in my pocket.

Mr. Malcolm Allen: I thought that, but because of the way the conversation went I wanted to make sure.

Mr. Mike Bast: Now that may vary depending what buyer you do —

Mr. Malcolm Allen: Sure. We were really just trying to clarify that one example. I know it will vary depending on when folks do forward contracts or don't do forward contracting, or where that open market price goes—sideways, downwards, upwards.

Mr. Mike Bast: The only note I was trying to make is that on wheat I have never had that opportunity, up until now.

Mr. Malcolm Allen: Sure. I thought that was the case, but I wanted to help this side be clear about what exactly that conversation was. I appreciate that.

You talked earlier—and this is where I need the clarification, because I think I caught the piece about the 40¢—about weights and measures and grading. Could you walk me through that piece again, especially around the issue of grading? What exactly is it that you think we are doing now that we shouldn't do, and what would you like to see it be? I'm not sure I followed it.

Mr. Mike Bast: Domestically and when we sell to the U.S., CGC essentially is optional if they want that weighing and grading done, but whenever we ship through the ports, it's mandatory. That cost is then being borne by farmers.

All we're looking at is that if our buyer overseas is happier and content with the relationship and feels there is no need for that weighing and grading, he doesn't have the chance to opt out of it. He

still will have to pay that, and essentially it will come back to the farmer. We're looking at the farmer's point of view, that if we can bring that to a competitive system that maybe our counterparts around the world aren't using, or aren't having to make the farmers bear, we'd like to enjoy that also.

It's about the relationship, I guess, with your buyer. If they know your quality and your standards are going to be met, then you'll meet them. If you don't, they're probably going to look somewhere else for another buyer.

We just want it optional at the ports. It doesn't mean it will go away; it will just be optional.

Mr. Malcolm Allen: Okay. I'm not 100% sure, but I think I got the general consensus in terms of where you're headed with that.

Stefanie, I heard you talk about a multitude of areas that you kind of go across and cover off with the association. One of them was this localized market area. How much work are we doing with that? I think a lot of us have local markets that seem to be in isolation, somewhat, without any sort of help in a centralized way to help them market Canadian product to Canadians.

I'm wondering what sorts of efforts are there. Do you see an impetus coming from the markets, even, to look at your association and ask you if you can help them get better at what they're doing?

Ms. Stefanie Nagelschmitz: Are you referring to food products only or...?

Mr. Malcolm Allen: No, it doesn't matter. It can be any kind of product at all.

Just don't mention John Deere.

Voices: Oh, oh!

Ms. Stefanie Nagelschmitz: No problem.

Mr. Malcolm Allen: I'm the guy from Welland, remember, where the Deere plant closed. John Deere and I are not best friends.

Ms. Stefanie Nagelschmitz: Case IH: I got it.

In terms of local marketing, our association members are often taking it into their own hands. I wouldn't say they necessarily go to federal programs or the federal government. They go through organizations like Foodland Ontario and some of the provincial organizations. I think they do find it very helpful. They can have a little bit more credibility with those sorts of local brands. A lot of municipalities are also adopting those brands, and logos and that sort of thing have been very helpful for our members.

The vast majority of our members are, as I mentioned, equipment manufacturers and that kind of thing. They are really using avenues like our association or farm shows and trade shows to make those one-on-one connections to do that and are not necessarily going through other programs. It's very much through networking and through relationships that they already have or that they create at those events.

Mr. Malcolm Allen: To Mr. Pomerleau, you've already talked about the fact that 25% of pork consumed here is actually imported, at a time when we're actually, according to what you said to us in testimony, reducing the amount of consumption. Yet we're not filling our own market for, obviously, a price reason; somebody has been able to give it to us cheaper—magically.

There are two parts to this question. First, how do you see us overcoming that? I would prefer that, if we're going to consume pork, it be Canadian. On the other side of that, a good number of operators who are Canadian work both sides of the 49th. How much was originally Canadian, perhaps, that went across, and came back, and became American? Or is there an issue to that at all?

Now, as the third part to it, do you see an influx of those who got out when the times got really tough or who scaled back to being almost non-existent? In my area there are some folks who didn't get out of the business but they basically stopped. How many of them do you see coming back?

• (1645)

Mr. Jacques Pomerleau: As an industry we are working right now on a strategy to win back our market share. At the same time, we have to remember that if the packers and processors get a much better price abroad than here in Canada, that's also something they have to look at. Very likely within the next six months you will hear from us about what this strategy will be.

The Canadian pork industry is 100% Canadian-owned; we are quite an oddity in that sense. The U.S. market represents less than 30% of our total exports. Some are going to the U.S. but are not coming back as such, although some of our packers and processors do have near-ready products sold in Canada that are processed in the U.S., but not exactly from Canadian pork either. We have taken a look at the strategy.

If the prices keep growing, and we expect hog prices will in the next six months to a year, expect many of those that are on hold to come back. Also, especially what we call the integrators, the feed mills that own farms, will grow. We expect an expansion of the industry, because we lost five million hogs per year, mostly because of the COOL in the U.S., but that's another story. We have five million live hogs going to the U.S. Although we lost so many of our farmers, the slaughter in Canada never went down, so we were able to process as many as we had in the past.

The Chair: Thank you very much.

Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thanks very much, Chair.

Thank you to our witnesses for being here.

I think it's fair to say that as a government we truly value expanding our international markets for our farmers. I must say, not only is Minister Ritz a strong advocate, he's on the ground in these foreign countries promoting Canadian agriculture. I know every time he's gone because I hold the fort back here for him in the House of Commons and on other things; he travels quite a bit. I know he's going back to China to do his work, and he'll be promoting pork and canola and a host of other products in China. I must say, he's been

very successful as well, and I think commodity groups across Canada have benefited from his work.

There was a bit of talk about WTO and trade agreements. I will say the advantage of a WTO is if it succeeds, of course, it's a trade agreement with many other countries, but the complexity of dealing with many other countries to put it in place can take a long time. We've moved ahead with bilaterals, with other trade agreements.

I'd like to ask Monsieur Coutu and Monsieur Pomerleau.... In the House of Commons, when we're putting forward trade deals that we want Parliament to approve, we face pretty stiff opposition. Opposition parties fight us tooth and nail on these. We get them through; it takes a long time and it takes a lot of effort, but it's for the good of our farmers. I'd like to know your view on these trade agreements and whether you see them valuing pork, for example, and whether, Monsieur Coutu, you see them valuing the commodities your organization represents.

Mr. André Coutu: As far as pork is concerned, I'll leave the comments to Jacques.

As far as Groupe Export is concerned, free trade agreements are essential. We're always very pleased to see the Prime Minister or the Minister of Agriculture go abroad and try to open markets for the manufacturers.

The message he sends is that Canada is open to free trade, and this is good for business. No matter what country, it's always a good thing. It's the same with Premier Charest in Quebec, or any premiers, as a matter of fact, who take the time to represent their industry abroad: we applaud.

• (1650)

Mr. Jacques Pomerleau: You will be busy in the House next week, because we are going with Minister Ritz to China, so sorry about that.

In any case, to give you an example, when we had the Uruguay Round in the mid-1990s.... If you take a look at our export markets now, for 12 out of 16 or 17, we were not there, and they are major markets for us now—Russia, China, you name it. That is for the Uruguay Round.

For the free trade agreements, the best is to come, with Korea especially. You heard us on Korea, so I don't have to talk about that. In terms of Japan, we could still gain a major advantage over the U.S. if we had a free trade agreement with Japan. We are already big in Australia and New Zealand, and we can't afford to lose market share to the U.S. again in those markets. At the same time, if we had a free trade agreement or were part of TPP, then we could gain market share from the EU. That's one thing we have to look at.

Colombia was a good example for us, although it was difficult for you in the House. We have doubled our exports to Colombia in the last year, and it's still going.

We are exporting to Chile, which is also a major competitor for us. We're exporting to Mexico.

Multilateral, bilateral agreements have been a blessing for the pork industry, and if it had not been for those agreements over the years, I don't think we'd be here today, especially not at this size.

Mr. Pierre Lemieux: I suppose it's fair to say that you would like to see—and probably our other guest too, who I didn't ask to comment—the government continue to advance with international trade agreements with other countries, and you'd probably like all MPs, particularly from the opposition, to assist in this matter because it's of great benefit—

Mr. Frank Valeriote: Just on a point of order, Mr. Chair, I'm sorry—and I hate interrupting, because I know Mr. Lemieux is easily distracted—but the Liberal Party has supported those trade agreements. We have been concerned about compromising our supply management, but we have supported those trade agreements. So Mr. Lemieux, please be a little more credible in your comments about the opposition not supporting the agreements.

An hon. member: That's not a point of order, Mr. Chair.

Mr. Frank Valeriote: Yes, it is.

The Chair: You're right, it's not a point of order, and most of the ones we get here aren't.

Mr. Pierre Lemieux: I will gladly say the “opposition party”.

Mr. Frank Valeriote: You mean the official opposition party.

The Chair: Order, please.

You have half a minute, or a little more.

Mr. Pierre Lemieux: No, that's good enough.

Mr. Frank Valeriote: I just want the truth to be told.

The Chair: We have Ms. Raynault again, *oui*. She has the first and the third questions.

[Translation]

Ms. Francine Raynault: Thank you, Mr. Chair.

My question is for Ms. Stefanie Nagelschmitz.

I'd like to know how we can protect our brand on the international scene. Where do we need to invest to be highly visible, very very good, very everything?

[English]

Ms. Stefanie Nagelschmitz: It's a very simple question.

For each sector in agriculture, whether manufacturing, retailers, or farmers, it is very much on a case-by-case basis. What works in one industry or for one sector of the industry may not work for the others.

What has been effective in creating big splashes has been a lot of the international shows. I am a little biased, working for a farm show myself. But going to Agritechnica, and EuroTier, which is the world's largest livestock show, also in Germany.... The Canadian Swine Exporters Association attended that show. It was the only Canadian delegation there, but it was really well received. Going to other shows, food shows like that, has been really beneficial to our membership in being able to go as a larger group, with the assistance

and expertise of EDC, which provides match-making opportunities and that sort of thing.

That's one example of something that has worked very well for our membership in particular, and it's something we would like to see continued. But certainly it's not the only thing, because it is so diverse and complicated.

•(1655)

[Translation]

Ms. Francine Raynault: Yes. Thank you.

Do I have any time left, Mr. Chair?

[English]

The Chair: You have three and a half minutes.

[Translation]

Ms. Francine Raynault: My question is for all of you.

We know that the issue of trade information is vital for farmers when it comes to the global market. Do you think that Growing Forward 2 should include programs to help acquire this information?

Mr. Jacques Pomerleau: It's a big problem. Even our own statistics are not always available. Don't ask me about pork prices this morning because I wouldn't know. No one collects that information. That type of service has been cut over the years, particularly by Agriculture Canada. There is no longer any expertise on products within the department. Before, there were experts who could talk about potatoes, beef, pork and so on. Not so anymore. We've lost this expertise over the years.

If we could get back or strengthen all the information on the markets, the statistical data and the qualitative information, that would be great.

Ms. Francine Raynault: And what should we do to get it all back?

Mr. Jacques Pomerleau: That takes time.

First, you would need to come up with a strategy. That's where Growing Forward can be essential. If this is one of the strategies and one of the pillars of the strategic framework, we will find young people in the system or train them. You learn on the job. You know, it isn't at university that we learn how the marketing of pork or other products works. We learn on the job.

In my case, I came from inspection services. Someone sought me out because I had worked for Agriculture Canada for many years and because we had developed this expertise in product inspection.

So it's a matter of reviewing what you intend to do with it and seeing where the expertise lies, even if it means training people as you go.

[English]

The Chair: You have a minute and a half.

[Translation]

Ms. Francine Raynault: Perhaps Mr. Bast just answered a question about rail services for our members, but I was reading earlier that it's the members who must adapt to the rail service. Could the service not be offered based on the needs of the producers, instead of it being the individuals who must take what the rail service wants to offer them?

They don't have a choice. If the train comes by at 10 a.m., it's at 10 a.m. Why couldn't it be done based on the producer's needs?

[English]

Mr. Mike Bast: Ultimately it's driven by our buyers. Also, our buyers expect a product to show up on their doorstep at a certain time. Then we're given that timeframe and we try to meet it. The whole chain of action comes into play, and the railway is part of that chain of action. So we order the cars. We order the shipment. They tell us when they can get it there and then we try to meet that and coordinate the ships with that.

The problem is when the railways throw a hiccup into the system. Either they don't show up on time or don't pick up the cars on time. There's no recourse to the railways, but there's a recourse to everybody else in the system, and then the cost gets borne all the way back to the farmer. We've never had an opportunity to dictate to the railways. It's always been the railways dictating their schedule to us.

The Chair: Thank you very much.

Mr. Payne, five minutes.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Chair, and thank you to the witnesses for coming today.

It's certainly very important to hear your testimony. I'm sure most of you heard the federal government is trying to cut a lot of what one might call "fat" from the budget.

I would like to hear from you what you think might be the most important elements you might receive in terms of funding from marketing, if in fact there was a shrinkage in available funding.

Maybe, Mr. Coutu, you can start, and we'll just work our way down.

Mr. André Coutu: What was the last part of the question?

• (1700)

Mr. LaVar Payne: If any fat is cut from the budget, what would you see as the most important elements for your organization to keep?

Mr. André Coutu: I think every element is quite important. As I mentioned earlier, we're a very grounded organization. It's amazing because in this budget you've got something like 40 or 45 associations all over Canada; if I'm wrong, correct me. Every year, from the beginning of time, we've added associations left and right—we don't know from where—and at the end of the year we're lapsing a lot of money that is not used by the association. I think one of the solutions might be to fund the most established associations throughout the country—and you've got three here at the table—instead of trying to cut the budget of the associations that are very productive around the world. This would be one part of the solution.

As far as the rest is concerned we have a budget every year and every year we're looking for money. Companies are still asking for more and more because the competition is very fierce around the world, even for our big producers like Lassonde, who has to face Pepsi or Unilever, or Biscuits Leclerc, who fights against Kellogg's. These guys need government support.

When we're in bad times it's not the time to cut. On the contrary, we should put in more money to sustain the effort we've put into the markets for the last three, four, five years.

Mr. Jacques Pomerleau: I mentioned it in my conclusions. I asked why you look at it as a big expense. It's an investment.

In our case, we spend \$4 million a year and our members are telling us that it comes back at \$300 million. I'm quite sure that for the \$4 million you get it back in the federal coffers pretty quickly.

Mr. LaVar Payne: Okay. Thank you.

Ms. Stefanie Nagelschmitz: I would share the sentiment of Jacques that it is an investment, particularly in the agriculture and agrifood industry. It is such a dynamic industry in Canada that it is exceeding its peers. As I said in my speech, it's the top manufacturing industry in Canada, so certainly when it comes to looking at budgeting, ideally it should not be touched, but obviously that's not necessarily the most realistic answer. But certainly very sparingly....

Mr. Mike Bast: When we look at government funding, again, as my colleague said, investment, yes, that's key. You should always be looking at it as investment.

But maybe we should always be looking first at the administrative costs. It seems that we look at the funding of the actual project and immediately want to cut there. We should be looking first at the administration of the whole thing and at where those costs to run the program are, to see if there are some savings there, rather than cutting the funding, which is the investment, like they've said, in the project.

Mr. LaVar Payne: I like that answer.

Mr. Bast, you talked about something like 2,000 contracts, forward contracts, right now. That's just for western Canada? Or is that for...?

Mr. Mike Bast: Yes. That's an estimate in western Canada from different grain elevators that we've talked to. They've given us some numbers of contracts that they've done directly with producers.

Mr. LaVar Payne: So that, I'm assuming, is a fairly large number of acres.

Mr. Mike Bast: Yes, and tonnes. It depends. Those tonnes or bushels could vary from a thousand bushels to maybe 20,000 bushels.

Mr. LaVar Payne: Okay.

The other thing you touched on, and a few people have touched on this, is the rail. In my riding I hear about that all the time, particularly from farmers who are saying they can't get cars and there's a lot of difficulty.

But I'm looking at the larger chain, at the whole process from the farm right through to the ships. I know that people are using a number of different methods, whether it's trucking it to the elevators and then the railways taking it to the port, and then the port getting it onto the ships.... I know there are issues around some of those things. To me, looking at that whole transportation issue needs to be much larger than just the railways. I wonder what your comments would be on that.

• (1705)

Mr. Mike Bast: Yes, railways stand out as the big problem all the time. But you're right, they're only part of the chain. It goes from the producer all the way to the shipping. Many times we've seen ships sitting out in Vancouver in the port, for whatever reason, or we've seen them having to pull into a terminal and load, but then the terminal not having the capacity to fill them at a certain grade and having to pull back out and ship grain over from another terminal or go to another terminal. There are inefficiencies in the system that can be addressed, but the railways were just the prominent one.

Mr. LaVar Payne: Right. Okay.

How much time...?

The Chair: You're out of time.

Mr. LaVar Payne: Oh, that's too bad.

Thank you, Chair.

The Chair: Mr. Lemieux, five minutes.

Mr. Pierre Lemieux: Thank you again, Chair.

I was just reflecting on my last discussion with Mr. Valeriote and recalling the Colombia free trade agreement and how long it took to get that through, Chair. If only we'd had the help of one other party, pork producers could have benefited even sooner from the Colombia free trade—

The Chair: Let's stick to Growing Forward 2.

Voices: Oh, oh!

Mr. Pierre Lemieux: I do digress, so let me move on.

[Translation]

Mr. Pomerleau and Mr. Coutu, your organizations receive funding from the federal government and also from other councils from the industry. Could you give the committee examples to show how you spend the money and what sorts of activities you engage in to promote your products and promote the agriculture industry?

Mr. André Coutu: I'd be pleased to turn things over to Francine, our expert on expenses and the budget. She hasn't said anything yet today.

Mrs. Francine Lapointe (Director, Programs and Government Affairs, Agri-Food Export Group Quebec - Canada): Good afternoon.

At the Export Group, each year, we examine with the members the activities they want to engage in and what markets they want to target. I'd say that there are three areas where there are a lot of activities.

The first area is training. Training with regard to foreign markets is very important. We give about 15 workshops a year.

Then there are exploratory missions and trade missions.

The other part consists of about 20 to 25 international fairs, where the group is part of Canadian pavilions or has its own pavilion with about 5 to 25 food exhibitors and processors.

Those are the three focuses of our activities.

Mr. Jacques Pomerleau: We have similar activities, but we have a few other elements because we hold generic promotional campaigns. Right now, it's mainly in Japan, Korea and somewhat in China. We hold in-store demos. That's how we reach out to consumers in those countries.

We are also organizing technical seminars to show our potential buyers what the advantages and characteristics of Canadian pork are and how we compare favourably to local or imported products.

[English]

Mr. Pierre Lemieux: Just to follow up on a comment you made about origin, Mr. Pomerleau, I think when we're talking about exporting our products, and I don't mean to the United States but to Japan and Korea, then branding them as Canadian is a good thing to do.

When we're talking about the U.S.-Canada market, though, there is such a porous border that I think the Americans took a beating on the COOL legislation. Trying to identify the country of origin when two countries have such an integrated livestock sector—pork might be raised in Canada but slaughtered in the United States, and it might be back and forth—is too difficult. And the costs are actually quite high, as you know from seeing the COOL legislation implemented in the States, particularly at the slaughterhouse level. The cost of segregation and tracking these independent products or different products so that they can label them at the consumer level is quite expensive.

Were you talking about the North American market when you made that comment? Or were you talking about the international market and branding it as Canadian pork?

Mr. Jacques Pomerleau: It would also be in Canada. Canada has a very good name, to start with, and the Canadian government and the embassies and the posts have done a very good job branding Canada. Now it is our job to develop the Canadian pork brand.

In Canada, the problem is that nobody knows where the product is from. For us, to avoid that situation, we've always said that slaughter confers origin in beef or COOL or whatever. But in Canada, we know quite a few people who say that they would like to know where it comes from, because they don't have that.

We are not going to fight the Americans on price, even here in Canada, but at least give the proper information to the people. I'm not using the same argument as the Americans on COOL.

• (1710)

Mr. Pierre Lemieux: It's a complicated argument, because, for example, hogs can be raised in Canada, finished in Canada, and sent to a U.S. slaughterhouse. It's actually Canadian pork; it was just slaughtered in the U.S. But it would come back into Canada, by your definition, as U.S. pork, because it was slaughtered in the U.S. Yet it was conceived, grown, and fattened right here in Canada. It's complicated, and I'm not sure that it would give consumers the transparency they are looking for. It went down there only for slaughtering.

Mr. Jacques Pomerleau: It's not that much, but at the same time, that is the argument the U.S. used against us for COOL; you know, you have to know where it's spread, etc. We've always said that slaughter confers origin.

You see, when their packaging comes to the supermarkets, they have that U.S. seal on the cartons. All we want is for them to say that it originates in the U.S. That's it, okay? They tell us that the supermarkets will say that it is marked on the cartons. But we're not selling the cartons to the consumer.

Mr. Pierre Lemieux: Now some of the finished products, of course, such as sausages, have it on the label.

Mr. Jacques Pomerleau: It's very clear.

Mr. Pierre Lemieux: It's stamped on there.

You're talking about a styrofoam pack with cellophane wrap on it.

Mr. Jacques Pomerleau: Yes, it is for the prime cuts. At times I've seen how they will turn the packaging around so that you will not see the U.S. seal.

The Chair: Thank you.

Ironically, I wanted to touch on the subject based on some of your early comments.

Just to add to what Pierre was asking, you talked about the 25% of pork that still comes into the country. There is still a net export of pork out of this country.

The same thing happens in the beef industry. Because of geography, a lot of beef that is finished in Ontario goes south of the border to a killing plant or whatever. I'm sure that some of it ends up back here, but because of that geography I talked about, let's say in Alberta, Saskatchewan, or whatever, the beef goes down.

I want to correct you on the labelling. We have product-of-Canada labelling here that all processors can use, and consumers can, and dang well should, understand that if it does not say "Product of Canada", they can assume that it isn't. At the end of the day, there's consumer responsibility.

If it is a product of Canada and the processor hasn't put it on, for the life of me I can't figure out why not, because to me it is a financial advantage. If it is not on there, you should probably assume that it comes from outside the country.

Do you want to comment on that? Then I have one last point.

Mr. Jacques Pomerleau: Yes, please.

Well, the threshold for the "Product of Canada" is very high. It has to be 97% Canadian.

The Chair: There's no problem with that.

Mr. Jacques Pomerleau: Yes, but if you add some salt or some spices, it could throw it off. That's what our people have been complaining about, that the threshold is too high to have that "Product of Canada".

The Chair: I'd like to dispute that, because that is being used by a lot of processors, as if to say that it doesn't comply under the thing.

I was involved in that legislation. The intent of that legislation and that change—and I don't know whether there are any around this room who were there, except maybe Frank—and the reality of that is that it's the main product. So if the main product is pork, the spices are irrelevant. They're not to be in there at all.

When these guys say they'd like to move it from 98% to 85%, it's not to qualify those spices or whatever. It's so they can add 50% U.S. or foreign product. That's what the reality is. So I don't buy that argument.

There is one last thing I'd like to ask you about. There's a consumer responsibility out there, which we don't demand enough. We should all go to the grocery store and say to the manager, "Joe", or whoever he is, "look, I want to shop here, but if you don't bring me Canadian pork or Canadian bread or beef or whatever it is that I can purchase, I'm not going to shop here."

First, do you agree that most of us don't do that? Second, why don't the different commodity groups and whatever insist on more consumer responsibility?

• (1715)

Mr. Jacques Pomerleau: As I said, we will be looking at a strategy to adopt in the next few months, but I'll take your comments into consideration.

The Chair: Okay. Thank you very much.

I didn't mean to be confrontational on it, but I'm a farmer by trade, and I really get upset when people complain that they want to buy Canadian. They can if they choose to and they put the effort into it. It's just that most of us don't. It's as simple as that.

With that, I'd like to thank all of you for being here today. We're going to have bells go off any second for votes. So thank you again for being part of our study into this, and we look forward to seeing you around.

The meeting is adjourned.

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