



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 009 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Monday, April 18, 2016

—
Chair

Mr. Pat Finnigan

Standing Committee on Agriculture and Agri-Food

Monday, April 18, 2016

• (1530)

[English]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): I call the meeting to order.

I want to welcome our members, and also, on the sidelines, students from Havergal College. We are certainly glad to see you here this afternoon.

We have a full table of expertise on our topic today, the Trans-Pacific Partnership. We will get started on that. Our first guest is Madame Claire Citeau.

[Translation]

You have 10 minutes for your presentation.

Ms. Claire Citeau (Executive Director, Canadian Agri-Food Trade Alliance): Thank you, Mr. Chair.

Thank you for inviting me to speak on behalf of the Canadian Agri-Food Trade Alliance, the voice of Canadian agriculture and agri-food exporters, and to make a presentation today regarding the Trans-Pacific Partnership.

[English]

CAFTA, the Canadian Agri-Food Trade Alliance, is a coalition of national and regional organizations that have come together to seek a more open and fair international trading environment for agriculture and agrifood. Our members represent farmers, producers, processors, and exporters from the major trade dependent commodities across Canada, which include beef, pork, grains, oilseeds, sugar, pulse, soya and malt.

Together, members account for over 90% of Canada's agriculture and agrifood exports, roughly \$50 billion in exports annually, and an economic activity that supports hundreds of thousands of jobs in agriculture and food manufacturing. Because Canada enjoys such proverbial conditions for food production that far exceed the need of our population, the Canadian agrifood sector is primarily export oriented.

We export over half of everything we produce. That includes half of our beef, 65% of our soybeans, 70% of our pork, 75% of our wheat, 90% of our canola, 95% of our pulses, and 40% of our processed food products. About 65% of Canada's agriculture and agrifood exports go to the TPP markets.

CAFTA strongly supports the TPP and believes it is integral to the future viability of Canada's export oriented sector. It is paramount that the TPP be ratified and implemented quickly.

CAFTA has advocated for Canada's participation in the TPP and for outcomes that provide a level playing field with our global competitors in the region and real benefits for Canada's agriculture and agrifood exports.

The TPP region represents a market of 800 million people, absorbs 65% of our exports, and includes some of our top trading partners, the U.S., Mexico, and Japan. It also includes some of our largest competitors, the U.S., Mexico, and Australia, and several signatories already do have free trade agreements with one another.

The longer that TPP ratification drags on, the longer we fall behind. Specifically, Japan is our third priority export market and a premium market that demands \$4 billion per year in Canadian agrifood products. That's roughly 10% of our total agrifood exports.

TPP countries also include fast growing emerging Pacific countries such as Vietnam, Singapore, and Malaysia. Outcomes are significant for Canadian agriculture despite the U.S. and Japan continuing to maintain restricted access and tariffs for sugar products. Additional access to the U.S., Japan, Vietnam, and Malaysia appear to be the major market gains for Canadian agriculture at this point.

Under a ratified TPP, tariffs will be removed or phased out upon entering into force on a wide ranging array of products. A sample of our members projections of the opportunities seen to be provided in the TPP include: for canola, better trade security, more value for their products, expanded exports by up to \$708 million per year; for pork producers, preferential access ahead of non-TPP competitors, the ability to compete in the billion dollar Japanese market where exports can climb by \$300 million; Canadian beef producers expect to double or triple annual exports to Japan to nearly \$300 million; and Canadian barley producers could export an additional 400,000 to 500,000 tonnes of barley in various value-added forms worth about \$100 million. Furthermore, the TPP will create new opportunities, provide a secure trading environment, level the playing field in countries that have FTAs with members but not Canada, and preserve current exports, including 1.5 million tonnes of premium wheat exported to Japan; \$2.3 billion of grains and special crops to Japan, Malaysia, and Singapore; \$848 million of soybean exports to TPP markets, and \$340 million of pulse exports. Moreover, for Canada's sugar and sugar-containing products sector, the TPP will provide welcome, though small, quota increases into the restricted U. S. sugar market. The industry is currently analyzing the opportunities in Japan, Malaysia, and Vietnam. Beyond tariffs, the TPP also sets a new framework for trade with rules to increase co-operation and transparency on non-tariff barriers related to sanitary and phytosanitary measures, biotechnology, and plant health.

We recognize that this agreement may do more for some than others, and will not eliminate all trade barriers in the region, but all of our members are united in supporting the TPP as a significant improvement on the status quo for all Canadian agriculture exporters and for our broader economy.

• (1535)

Overall, the TPP preserves our access to our number-one trading partner, the U.S. It secures unprecedented access to the fast-growing Asia-Pacific region. It provides an opportunity to maintain and enhance our competitive position in the region. It also provides an opportunity to obtain more value from rapidly growing markets such as Vietnam and Malaysia, and high-value markets such as Japan. It also provides an opportunity to negotiate the terms of entry of potential future TPP countries such as South Korea, Taiwan, Thailand, the Philippines, and others. Most importantly, it puts us on an equal footing with our global competitors in the region.

Canadian agriculture, as you know, cannot relive the destructive experience with South Korea, which saw a billion dollar market virtually cut in half overnight as our competitors, namely the U.S., the European Union, and Australia, had their tariffs removed, and we did not. Ultimately, if we're not part of the TPP and others are, we will lose many of these important markets. The best way to implement the TPP quickly is to ratify it quickly.

In closing, we firmly believe that the TPP provides for our members the net national benefit to Canada that merits this agreement being implemented quickly.

[Translation]

The Chair: Thank you, Ms. Citeau.

[English]

Now we have Dan Darling, president of the Canadian Cattlemen's Association, and John Masswohl, director of government and international relations.

Mr. Dan Darling (President, Canadian Cattlemen's Association): Thank you for the invitation to appear before the committee. My family and I have a beef herd we raise on our farm in Castleton, Ontario, in Northumberland county, about halfway between Toronto and Kingston. Before talking about the Trans-Pacific Partnership specifically, I'd like to provide some context regarding the significance of the beef sector in the Canadian economy.

The 2011 the agriculture census identified 68,500 farms in Canada that derive more than half of their income from beef production. Over the period from 2010-2014, cattle and calves have been the second largest revenue maker for farms, after canola. Farm cash receipts from cattle and calves totalled \$9.7 billion in 2014, representing 17% of the total farm cash receipts. The cattle industry contributed \$18.7 billion to the Canadian GDP in 2014.

In 2011 the beef sector supported 228,811 fulltime-equivalent jobs, either directly or indirectly. Every job in the beef sector yields another 3.56 jobs elsewhere in the economy. For every \$1 of income received by workers and farm owners, another \$2.08 is created elsewhere.

For many years our top market access priority was the country of origin labelling dispute with the United States. I am very pleased to report this long-standing issue was resolved when the U.S. repealed the offending legislation just before Christmas.

The establishment of a new market access through trade agreements is now our top international trade priority. The two most immediate opportunities for new beef access are to Europe, through CETA, and improved access to Japan through the Trans-Pacific Partnership. Canadian beef producers are strongly supportive of the TPP.

We achieved our primary objective in TPP negotiations, which was to re-level the playing field for Canadian beef in Japan. In 2014 we exported nearly 19,000 tonnes of Canadian beef to Japan, worth \$103 million. In 2015 we sold only 14,000 tonnes for \$93 million. That's a 9.3% drop in value, but nearly 24% drop in tonnage. The main reason for the decline is that we are shipping at a competitive disadvantage to Australia since they already have an FTA with Japan. While Canadian beef is still subject to a 38.5% tariff in Japan, Australian beef is already down to 30.5% for chilled, and 27.5% for frozen. Unfortunately, the disadvantage is just getting started. A weaker Canadian dollar in 2015 partially mitigated the impact. This year we are greatly concerned about the combined impact of a strengthening dollar and the increased tariff disadvantage.

The good news is that we can eliminate the disadvantage by implementing TPP. As soon as the TPP is implemented, the Japanese tariff on Canadian beef will immediately match the rate for the Australian, then decrease to 9% over 15 years. We feel that with the TPP, we can double or nearly triple our exports to Japan to about \$300 million. Without the TPP or a bilateral agreement with Japan, Canada will likely lose around 80% of the value of our beef exports to Japan.

For the Canadian beef exports to Japan, there is no status quo. Either we implement an agreement and reap the benefits, or we do not implement and we can say goodbye to nearly all of our existing exports to Japan.

Our only concern about TPP is that it may not be implemented. It is fair to say at this time that it is not certain what the U.S. will do, but we know that according to the implementation formula, the TPP cannot come into effect without the U.S. Therefore, we believe we should have a made-in-Canada strategy to ensure that Canadian exporters are not disadvantaged due to Japan's other FTAs with our competitors.

• (1540)

Although Japan represents a great deal of value for Canadian beef in the TPP, it is not the only benefit. We feel that Vietnam will be a market of growing importance for beef. We know that as countries move up the economic development ladder, their people tend to increase their consumption of beef. Currently Vietnam has a tariff of 15% to 20% on beef cuts, which will be fully eliminated under the TPP in three years. Vietnam's 10% tariff on beef offal will be eliminated in five years.

Korea has also expressed interest in joining TPP. We already have an FTA with Korea that was implemented last year, and we have had the first two of 15 tariff cuts. However, the U.S. is three years ahead of Canada and Australia's beef is one year ahead of ours. We will eventually all be at zero, but we believe that the TPP can be a tool to speed the tariff phase-out. We believe Korea's price of admission to TPP should include accelerating its tariff elimination on Canadian beef to match the rate U.S. beef receives.

Before concluding I want to compliment the negotiating team. CCA was at almost every TPP negotiation round since Canada joined in late 2012, and the negotiators really were committed to keeping us in the loop and getting our direction and feedback. It was great collaboration and the results reflect the co-operativeness of the process.

In conclusion, implementation of TPP is vital for the beef sector. The cost of not implementing it will be severe. There is no status quo.

• (1545)

The Chair: Now we'll move to Soy Canada with its executive director, Mr. Jim Everson.

Mr. Jim Everson (Executive Director, Soy Canada): Good afternoon. It's a pleasure to be here with you today to introduce Soy Canada and the soy industry's perspective on the Trans-Pacific Partnership.

It's a unique pleasure to have such a good group from Havergal College here too. We don't get an opportunity to talk to an audience like this very often, so that's a good thing for us.

I thought I'd just talk about Soy Canada and what it represents for a moment. Soy Canada is the national association representing the full soybean value chain. Our members include processor associations representing soybean farmers from across Canada, seed development companies, soybean exporters and processors.

Soy Canada facilitates industry co-operation and represents the industry on domestic and international issues affecting growth and development of the soybean sector.

The soybean sector is growing significantly in Canada, with 2015 now marking the eighth consecutive year of soybean production and growth. Between 2005 and 2015, seeded acreage of soybeans increased by 87%, to 5.1 million acres. Production levels have nearly doubled to 6.2 million metric tonnes in 2016. Farm cash receipts are \$2.3 billion, and finally, since 2005, soybean exports have increased by roughly 250%, to 4.4 million metric tonnes in 2015. Canada exports about 65% of its domestic soybean production, as Ms. Citeau pointed out.

We are the world's fifth largest exporter of soybeans and the seventh largest producer.

Domestic use, processing, and export of Canadian soybeans contribute over \$5.6 billion to Canada's annual GDP and are linked to 54,000 direct and indirect full-time equivalent jobs. We are a growing segment of the agriculture industry with more expansion forecast in the coming years and more reliance on export markets. This is why international trade is critical to our industry.

The TPP represents a huge opportunity for Canada. We know that TPP countries represent nearly 800-million potential customers, account for 40% of the world's GDP, and for 65% of Canada's agriculture and food trade.

What does it mean for soybeans? The total value of soybean exports to TPP countries reached very close to \$1 billion in 2015. The Asia-Pacific region encompasses a large segment of key soybean export markets, with roughly 40% of our total Canadian soybean exports going to TPP countries.

Soybean trade with this region of the world is significant. The TPP provides a platform for our industry to access these growing markets and build on existing trade relationships with major soybean importers. All members of the soybean value chain—producers, processors, exporters, and related affiliations—directly or indirectly stand to benefit from TPP. The agreement provides a more secure and equal trade environment free from tariffs and administrative quotas on all soybeans and soybean products.

Canada's participation agreement ensures that other oilseed exporting nations do not have preferential access to TPP markets. Our industry will be better positioned to compete against other major soybean-producing nations, a major advantage for Canada when combined with the increasing demand throughout the Pacific Rim for high-quality soybeans.

The TPP also includes important provisions relating to biotechnology. As you know, innovation through the application of biotechnology to seed development has provided tremendous benefits to crop production. It is also a free contributor to trade disruption. The application of zero-tolerance regulatory frameworks and increasingly acute testing technologies in a world of increasing deployment of biotechnology is a recipe for trade challenges. Recognizing this, policy-makers are looking for ways to better coordinate regulation internationally.

The TPP establishes a working group to facilitate co-operation and information exchange on biotechnology issues among the members, including low-level presence of GM materials and regulation of new plant breeding technologies. It also establishes a process for collectively managing cases of low-level presence should they occur.

Low-level presence refers to the very low, unintentional presence of genetically modified materials found in commodity shipments internationally that have been deemed safe by a full safety assessment. It is a very topical issue in the international grain trade as a result of the growing acreage and number of agricultural products being assisted by biotechnology methods.

Canada has taken a leadership position in developing new regulatory approaches to managing LLP, and the inclusion of commitments to co-operation in TPP is really welcome. These are positive steps toward reducing disruption to trade in the grains and oilseeds industry and establishing predictable trading rules for TPP members.

- (1550)

The TPP is a modern and comprehensive agreement, and an important milestone in reforming international agricultural trade. Canada is a trading nation, and our grains and oilseeds sector is heavily reliant on international markets. In many commodities, while access to export markets is very important, we do not have the size and export might of competitive nations. Soybeans are an illustration of this. Despite the rapid growth of our sector, Canada represents only 2% to 3% of production internationally. Our industry competes with the U.S., which produces about 39% of the world's soybeans, and Brazil, at 37%. They are responsible for the vast majority of the world trade, which gives them considerable leverage in commercial negotiations.

In order to compete, Canada relies on predictable, rule-based trade. We need a predictable environment where all participants play by the same rules. The TPP and other trade agreements seek to establish these rules and support existing trade rules, such as the existing WTO agreements.

In conclusion, I thank the agriculture committee for this opportunity. We support the implementation of TPP, and we urge the committee to recommend its ratification at the earliest opportunity.

The Chair: Now from the Ontario Federation of Agriculture, we have Don McCabe.

Mr. Don McCabe (President, Ontario Federation of Agriculture): Good afternoon. I appreciate the opportunity to

again bring forward the voice of the Ontario Federation of Agriculture to this table.

The Ontario Federation of Agriculture is a member of the Canadian Federation of Agriculture, and our messages, of course, are aligned on this matter of the Trans-Pacific Partnership agreement and what steps are ahead.

First of all, I'll introduce who the OFA includes, to put the remarks in context. The Ontario Federation of Agriculture represents 36,000 farm families across the province of Ontario. We do not do commodity-specific work; we are a general farm organization. We move across commodities on certain subject matters.

On the issue of the TPP, the CFA has been garnering a message from all of its membership from across Canada—that includes various commodity groups and various general farm organizations from across the country—to round out the points for the future.

Among the key messages that came in for us on the issue of the Trans-Pacific Partnership, number one is that we require real and meaningful market access opportunities for our export-oriented sectors—red meats, grains, and oilseeds—because not too many farmers out there are single-entity farmers growing just one thing and one thing only. It's done in a system, and the issue is that we need to be able to find a wide balance of opportunity here.

The second point is to ensure that access gained by trade agreements is not eroded by non-tariff tariff barriers. We've heard from some of the witnesses here already concerning issues of being entitled to work in areas of biotech. I happened to be in Paris, France for the discussions there. The issues around sustainability and some of the manoeuvres that may be undertaken, I can see arising in other sectors of the globe; I do not see the TPP as being exempt from them. We need to be aware of people wishing to manoeuvre around agreements.

The third point is to fully mitigate any potential losses the supply management sectors face as a result of CETA and TPP. I believe this room would be very knowledgeable on that particular matter.

A further point is that with supply management, the issues of leaks and current import controls should be managed to ensure that supply management retains its three pillars of support.

Finally, the fifth point is that, if Canada watches this process proceed and Japan ratifies the TPP, Canada must do so as well. The point has already been made here that Japan is the third-largest market. We're also hearing that in some cases Japan is starting to send out program support to certain parts of its agricultural community possibly to erode some of the same areas that we thought might be the reason for entering into this agreement. If Japan goes for this, Japan is too large a market for Canada to ignore, and we must ratify it with them.

Moving forward and looking at this from an Ontario perspective, the reality for Ontario is that we're roughly 25% of the entire agriculture sector in terms of impact on GDP. I wish to point out that Toronto is actually the home of the second-largest concentration of North American food processing. Some will say that it's Chicago, but I don't live in the U.S. and I'm not Trump, so it's Toronto at number two. California is number one—and for how much longer, with its water issues.... Los Angeles is number one.

The issue I'm trying to raise here is that we need to be able to get export goods out, whether it is the initial raw product or it is further processed, manufactured, or whatever, because the issue for a farmer today is that it's not just food products that we do. We are such a rich and diverse nation in terms of resources that we are participating in all markets. Even the issue of having agricultural goods in cars is a reality of today's world.

The bottom line is that the TPP must be looked at in the interests of allowing agriculture from this country to expand and reach its potential. We have a premier in the province of Ontario who has asked the Ontario farmers to bring 120,000 new jobs into the system by 2020. TPP could assist in making that a reality.

At the end of the day, this is a very important agreement with broad ramifications. Let's make sure we're addressing and closing loopholes as we move ahead.

• (1555)

In closing, if Japan ratifies it, Canada has to take the same steps.

Thank you. I look forward to your questions.

The Chair: That concludes the introduction. We shall now move to the questions. The first round will be six minutes each.

We will start with Mr. Shipley.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): I want to welcome those from Havergal College from downtown Toronto. When I talked to these students, they hadn't experienced much of agriculture given their location, so I welcome the young people. This is a great opportunity, folks, to help them understand the significant role agriculture plays in Canada, not only because we eat its produce, but also because we're an export nation. When we're an exporting nation, and so something like the TPP, the Trans-Pacific Partnership with its 12 countries, is very significant to the agriculture industry.

I might also tell our urbanized friends that they help promote the use of our products every day by consuming them. When we consume them, we produce for domestic use, and that's within our country, within our provinces, and within our cities. Also, as we've heard from all our presenters, Canada is an exporting nation internationally.

On the TPP, every one of you has talked about the need to move it. My understanding is that when we negotiated the Trans-Pacific Partnership, or CETA, or any of the other parts of the 51 trade agreements we have signed of late, this was done in some confidentiality. We've been accused of doing them in secret. Maybe you can correct me, but my understanding is that all of you were totally engaged during the discussions of the partnership. Is that a fair statement for all of you? I'm going to take the nods as a yes.

The criticism implies that you would negotiate this in public. We all know that isn't ever done, nor should it be done. What it does is allow us to move forward. Each of you has talked about the urgency of getting it done. You also said that it won't get done unless the United States signs off on it.

What is the advantage of having Canada step forward and get it done? As we talk to all the groups that come in, we will find that the stakeholders have all been engaged in this across the country. When we talk to the international trade group, we'll find that the stakeholders have all been engaged. What is the disadvantage of our moving forward, and stepping out, and getting this thing ratified?

Mr. Darling, this is for you, and then I'll talk to Ms. Citeau.

• (1600)

Mr. Dan Darling: I'm not sure there is a disadvantage in signing the deal. In fact, in conversations with our U.S. cattlemen counterparts and whatnot, it is widely believed that Canada has shown its willingness to sign the deal. Going ahead with it would drive the U.S. into signing the deal too. We all know that's what we need to have happen.

Mr. Bev Shipley: Ms. Citeau, is that sort of the same—

Ms. Claire Citeau: I believe so. It is important to send strong signals to our trading partners that we want to be at the table.

Mr. Bev Shipley: It's always good to have Mr. McCabe from my riding, the vice-president of the Ontario Federation of Agriculture, here. Thank you so much for coming, Don.

Mr. Don McCabe: I'm no longer vice-president, Don. I'm just the president.

On the issue of consultation that you raised earlier, I thank the government for the opportunity for the CFA to be at the locations of the negotiations. Of course, the negotiations were behind doors, but folks did come out to have a chat and to keep folks abreast of where the situations were at.

You've already heard from the participants here of the need to move ahead, and I stand on my earlier point that if Japan goes, Canada must.

Mr. Bev Shipley: I'm going to run out of time here, but in terms of the amount of markets, whether it's in soybeans, etc., you cover a wide range of commodity organizations.

But in beef, I'm going to target you, Mr. Darling. If those markets were to open, would you be able to meet the market demands? I know that Canadian beef is a high priority around the world because of its quality and standard. Do you think you are going to be able to grow the industry to meet that?

Mr. Dan Darling: Oh, absolutely. We believe that we'll be able to do that.

The important thing to remember about the Japanese market, as well as some of these other European markets, is that when we gain access, we're not looking at sending the whole carcass. We're looking at disassembling the product here, which employs a lot of people, and sending specific high-value pieces to Japan. We like to use tongue, for example, which here is a product that's devalued or even sent to the renderer but is a very high-value product in Japan, for possibly as much as \$18 a pound. For us, it's part of the whole puzzle.

Absolutely, moving forward, if we gain the access that we hope to, it will certainly mean that we'll have to grow the herd. We're fully prepared to do that.

Mr. Bev Shipley: Mr. Everson.

Mr. Jim Everson: I'll add to that. In some ways, I think of these trade agreements as the beginning of looking at a market. These are long long-term agreements. When you set a tariff at zero and it's the first time that it's there and it's bound at zero forever, that's the start of companies then looking at that market as an opportunity to invest in Canada, say, in value-added.

To use Japan as an example, we have tariff-free access for soybeans to Japan, but the products of soybeans, such as soybean oil, are blocked from entering Japan because of high tariffs.

• (1605)

The Chair: We shall move to the next person.

Mr. Longfield.

Mr. Lloyd Longfield (Guelph, Lib.): I'll be extending some Mr. Shipley's comments. I think we're thinking some of the same things.

To the students in the room today, you'll see that this is a group project. A lot of government is a group project, where we try to get opposing opinions and try to get the best ideas forward. That's really what this exercise is about. It's more than an exercise. It is very important to our country, when you talk about the size of agriculture and the numbers of jobs and families that depend on agriculture.

From my years around different boardroom tables, I'd say that we've seen and heard the positives, but we haven't heard the negatives. We haven't yet heard what the risks are. With the 51 trade agreements we've had in recent years, our balance of trade has gone from a positive \$51-billion surplus to a \$12-billion loss. Our balance of trade hasn't been favourably affected by the trade agreements, so there is a risk to trade agreements. There's an opportunity, but there's also a risk.

When you talk about the soy markets in other countries being that much bigger than ours, can we compete when we open ourselves up to the larger markets, or will we be net importer of products from other countries?

This is maybe a general question back to that. I'm looking at Mr. Everson and thinking of the soy market. What would be our competitive advantage if we were to open up that market and eliminate tariffs? You could see that get us onto the playing field, but in which direction does the ball go? Does the ball come in our favour or does the ball go in favour of the other people?

Mr. Jim Everson: Our industry would say that the ball goes in our favour. You're right about the threat of trade agreements, and one

of the threats is that if we're not there and the other countries go ahead and sign trade agreements—for example, with Japan.... There's a good example of the Australian–Japan trade agreement whittling away tariffs for a competitor there, so that would be one risk.

As you know, our calling card internationally is quality. In the food-grade market, Canada produces the highest quality soybeans, so we can compete against those, and we compete very handily in Japan against the United States, for example, with high-quality soybeans. Another one is food safety. Canada is well known for having a reputation for a high-quality regulatory agency and for high standards of food safety, which in Asia in these times is pretty critical. They've had circumstances there where they doubt the food quality of some of the nations they import from.

We think that if there's a level playing field, and rules and dispute mechanisms where we can go back as a smaller exporter to ask for redress on an unfair issue, that's critical and to our advantage in a rules-based trade system.

Mr. Lloyd Longfield: This is where we could cross into another committee's work, as the international trade committee could be looking at things like dispute mechanisms. I'm tempted to go into that, but I wanted to stick to the value-added. I thank you for bringing it forward because it is one of the critical issues on trade deals: how you resolve disputes.

The premier has said that we need more value-added in Ontario, as Mr. McCabe mentioned. Do you see this deal creating value-added opportunities for Canada, or would low-cost countries such as China take tomatoes from Ontario and make them into ketchup, and then ship ketchup back to us as value-added? Would this change that situation in any way?

Mr. Don McCabe: It can and it could and it mustn't. Therefore, the reality is this: I go back to one tweet from Orillia a while ago that pointed out French's versus Heinz ketchup and embarrassed Loblaw's with a tomato to the eye. The reality becomes the issue of ensuring that Canada remains in a position of innovation, and that innovation is able to prosper because we have invested in research in front of it. We are a country of vast resources that can reach other markets, if the doors are open. If we want to compete at the lowest price of everything, we will not be able to sustain our economy in the circumstance that workers currently enjoy. We always have to be looking for the highest value-added to move it out the door and get it there. The issue then is ensuring that you are reaching those markets with high value to ensure that you've got a customer for life.

•(1610)

Mr. Lloyd Longfield: With my final minute, I want to turn to my friends from the beef industry. Thinking of the herd, how can we react if we had an opportunity? Sometimes getting a big order can be a liability if you can't react and respond to it. What kind of time frame would it take if we had to double our shipments to other countries? How fast would the industry be able to react? I know we have some production room at Cargill in Guelph. We have a beef research centre that needs some investment. Could you speak to where we're at and how fast we could react?

Mr. Dan Darling: For sure, beef research in Ontario needs some upgrading and whatnot, but as far as reacting is concerned, any Trans-Pacific deal would be brought in in stages. Overnight we would not have to raise our production very significantly. The deal as it states right now would bring it in over 15 years. We're well prepared to up production to match that, and because of the high-end products in many cases, and some of the not-desirable products they would be taking, we are well positioned for them to meet those demands right now, so it's not an issue.

The Chair: Now we have Madame Brosseau.

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): I would like to thank the witnesses for their presentations today, but also welcome all the women who are here. It's so nice to have such a strong presence of young women. I hope you're finding the committee very interesting.

Claire, I know you represent some member growers of canola, grain, cereals. I'm sure you remember very well that few years ago, we had a problem with grain transportation in Canada. It doesn't matter how many trade agreements we have, if we can't move the grain and fulfill our commitments, it's very harmful and can be damaging because our reputation is very good. We have amazing products and that year we had a bumper crop. I know there were so many circumstances that made it impossible to get things working appropriately. I'm sure you're well aware that Bill C-30 came before the ag committee and some measures within that bill will be sunseting in the next few months. I think it's August 1. I think everybody who comes to the committee will be very favourable to the TPP, except if you're in the supply managed sector.

I was just wondering if you could talk about the importance of transportation and of some of those provisions not sunseting. I'm not quite sure how much you know about Bill C-30.

Ms. Claire Citeau: Those topics and issues are addressed by members who are affected by this directly, so this is not something that CAFTA looks at. But certainly, transportation is needed to get products to market. My mandate is trade liberalization in the TPP—to represent the interests of our members and seek a level playing field in the TPP context.

Ms. Ruth Ellen Brosseau: I think a lot of the members at this table have had the chance to meet with a lot of your members. They need to talk to us about the importance of getting this right and ensuring that transportation works well, so that we have access to these markets and are able to fulfill commitments.

I am wondering if I could ask some questions of the Cattlemen's Association. I have met with the Canadian Meat Council and a few other groups. They spoke of the importance of workers having

access. Once we have access to these markets, to these countries, making sure we have workers in these plants is very important. Can you talk a bit about the importance of having workers at these plants?

Mr. Dan Darling: In the beef sector, the workforce in the packing plants isn't adequate to fill all the jobs out there right now. In some of the plants that are short of employees, where they're transforming the carcass into a specific cut to be shipped, they're having to pull employees off the line to do that specific job. Because of that, their ability to do some of this stuff is less than it should be. It's a combination of things. We have to fix the worker problem as well as develop these markets.

•(1615)

Ms. Ruth Ellen Brosseau: Has there been communication between the new minister and the Canadian Cattlemen's Association or the Canadian Meat Council to talk about these issues?

Mr. Dan Darling: We've had conversations and have expressed our desire to get this fixed. Minister MacAulay informed us, something we didn't know, that there's also a shortage of workers on the fishing end of things, in the fish plants. He's well aware of the situation.

Ms. Ruth Ellen Brosseau: In Quebec a few years ago, we had about \$53 million in losses because of problems with the temporary foreign worker program. It was created for agriculture, and I think that we have to make sure we get it right for agriculture and that the program is not misused.

Mr. McCabe, I was wondering if you could comment on the dairy industry. Under the previous government, there was an announcement about compensation. I think it was \$4.3 billion for the dairy industry and the other supply-managed industries. I was wondering if you could comment on how things are going in Ontario, the importance of honouring this compensation. I've asked them questions about it, because I was a little perplexed not to see anything in the last budget.

I think the government will be consulting and then maybe moving forward with another proposition. In Quebec a lot of our farmers are concerned about the TPP, milk proteins, and some issues in supply management. I was wondering if I could get you to comment a little more on these issues.

The Chair: I'm sorry, but the time is up, so we'll have to move on. You could maybe pick it up later.

Monsieur Drouin.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): I want to echo the comments made to the students in this room. I hope you pursue a career in agriculture, not politics.

Madame Citeau, I know that trade agreements are important to your members, and I know you've raised some of the issues surrounding those trade agreements. It's important to get the vehicles in place, but sometimes there are technicalities that arise. Do you anticipate any technicalities from TPP that may arise if Canada and the U.S. decide to ratify it? Do you anticipate any trade technicalities that might become a trade barrier for some of your members?

Ms. Claire Citeau: In principle, what we have observed—and this view is also shared by the government—is that when free trade agreements are implemented, tariffs go down. They are eliminated or phased out. Non-tariff barriers tend to come up, so it's the other way around. There are a number of mechanisms in the TPP to be put in place to find timely resolutions to these non-tariff barriers. You have heard the witnesses here mention some of them. Basically, the provisions in the TPP build on WTO provisions, when it comes to SPS and TBT measures, but go a little further. You have heard the example of the biotech annex, the chapter on biotechnology, which is to be a mechanism for countries to exchange information and seek the timely approval of biotechnology trades, for example.

Mr. Francis Drouin: Essentially, it is an after-the-fact: once the trade deal is signed and ratified, then we start looking at some of the trade technicalities that may arise. Your industry doesn't do any analysis prior to that being signed. The reason I ask is that I know CETA is an issue right now, and I don't want the industry to be stuck with some barriers at the last minute: "Here, we have a great vehicle, but we can't use it." I am just wondering if you are in discussion at all with the involved departments with regard to potential trade barriers that may arise from this.

•(1620)

Ms. Claire Citeau: We are always in conversation with the government about the implementation, in particular when we sense that the implementation is getting closer. That is the case with CETA, where there are some outstanding agriculture issues that tend to originate in the meat sector but also have impacts on the broader Canadian agriculture and food sector. What we are saying is that we are hoping these issues will be resolved for all of our Canadian agriculture and agrifood exporters to get real, commercially viable access by the time the agreement is implemented. A number of these discussions need to take place before the agreement is implemented, and that is certainly the case with CETA. For the TPP, it may be a bit premature.

Mr. Francis Drouin: Thank you.

How much time do I have?

The Chair: You have two minutes and....

Mr. Francis Drouin: Mr. Everson, I think Madame Brosseau touched on it a little bit on the question of transportation. As we sign these free trade agreements, I always think about that issue. CETA is signed. With TPP, obviously, we are discussing it. If we should decide to move ahead, do you feel that your product could get to market in time, with the growth projections you have?

Mr. Jim Everson: I think you've hit on the issue right there, and it is a good question from Madam Brosseau, as well. In western Canada, for example, where a lot of the discussion around the implementation of the Emerson report, and so on.... All the commodities forecast growth. We are going to have more soybeans grown in western Canada, for sure. Canola has a big number out

there that they have as a target. You can have more corn in western Canada. Pulses are growing. Flax has a strategic plan to increase their presence in western Canada.

The thing the railways have to know is that there is going to be more product to move from western Canada. If we have a situation, as we had a couple of years ago, where we have extremely cold weather and a record crop, then we are going to have another problem on our hands. I think the key element of the CTA review is to look forward and see that we are going to have substantially more production of all commodities in western Canada in the future, and we need to have infrastructure in there to move it to tidewater.

Mr. Francis Drouin: If TPP were ratified, this would—

Mr. Jim Everson: That would exacerbate the issue. It's riches. We want to ship more off Vancouver to the Pacific Rim. TPP enables us to do that, but we are going to need the infrastructure to support it.

Mr. Francis Drouin: Wouldn't it also increase your negotiating power with the said companies?

Mr. Jim Everson: One would hope that it would.

In that sector, from the industry's point of view, I think the key is that we need government leadership on that, because this is not a competitive issue. This is an issue of two very strong partners in the industry, and it is not a competitive environment. It doesn't draw on the laws of market forces. It requires government to take a role in regulating the industry.

The Chair: That terminates the first round.

If it is the wish of the committee, we could take a five-minute break.

Mr. Chris Warkentin (Grande Prairie—Mackenzie, CPC): Let's keep going.

The Chair: We're on a roll. Let's start the second round with Mr. Gerretsen.

Mr. Mark Gerretsen (Kingston and the Islands, Lib.): I'm filling in on this committee, so please excuse my naivety if I ask a question to which, perhaps, the answer should be obvious.

Starting with Mr. Darling, if I understand correctly, you were saying that 71% of Canadian beef is exported to the U.S. Is that correct?

Mr. Dan Darling: Yes.

Mr. Mark Gerretsen: Given that there's so much reliance on the U.S. market and the things can affect our ability to sell, such as the increase in the U.S. dollar, how confident are you that the TPP will actually allow us to further diversify from that 71% so that we don't have to rely so much on the U.S.?

•(1625)

Mr. Dan Darling: As I was saying earlier, in many cases the products that we are looking to sell into Japan, as an example, are products that are not held in high regard in North America, like tongue, stomach lining, and that type of thing. It's a piece of the puzzle that we don't have right now.

Mr. Mark Gerretsen: But what if that changes?

Mr. Dan Darling: I don't anticipate the U.S. would start buying tongue and stomach lining.

Mr. Mark Gerretsen: No, but what if those other countries start being interested in some of the stuff we are selling to the U.S.?

Mr. Dan Darling: That's where upping our number of cows and where production comes into play, which we would do immediately—and have started to do anyway. If you remember, our industry has been in retraction ever since 2005 because of BSE. BSE occurred in 2003, but because we couldn't export anything, our herds grew. Then after 2005 and 2006, when we reopened some markets, our herds retracted mostly because of our producers becoming older and there being no value in the product. Now things have changed around, as there's value in our product. We have young producers interested in getting into the industry, so our herds are starting to grow again.

We don't feel there will be any problem meeting the markets. Another thing to remember, too, is that Japan was a market we had prior to BSE. They liked their grain-fed, high quality product, and when our borders closed, that's when Australia took over and Japan learned to like that grass-fed product. We feel very confident, because they like higher-end product, that we can regain that market.

Mr. Mark Gerretsen: Do you believe that number of 71% should go down then, as we become more diversified with other partners?

Mr. Dan Darling: We'll grow the pie.

Mr. Mark Gerretsen: Okay.

I'll move to Mr. Everson for a second. I didn't hear how much soya bean is actually sold domestically. What percentage of our production is sold domestically?

Mr. Jim Everson: We grow two different kinds. We grow non-GM food grade soya beans, and domestically we consume very little of it. We export 95% of our food grade soya beans. From a crush point of view, soya beans for crushed animal feed, I wish I could know the number right offhand, but it would be in the 25% to 35% range, and we would export the rest.

Mr. Mark Gerretsen: So the TPP would have little impact on how much of market share remained in Canada then.

Mr. Jim Everson: The TPP would give us options to expand, especially potentially in value-added processed in Canada. As I was explaining a little bit earlier, for a market like Japan, which is a large market for us, we have duty-free access on seed, but when you do the value-added processing in Canada and turn it into soya bean oil, there's a prohibitive market in Japan for the oil. Canola is very much the same way. So if you bring down tariffs on oil to zero, as the TPP promises to do, then we have the opportunity to do value-added in Canada and ship the value-added product to Japan instead of the seed.

In western Canada now, we expect to have increases in soya bean acreage, and eventually that will draw investment in a processing facility that can produce soya bean meal and soya bean oil. Right now we have three processing facilities, but they're all in eastern Canada. That's what I mean by the long-term factors of an agreement like this. If you can confirm a predictable environment with low tariffs, then a company can make a major investment in an oilseed processing plant that could lead to more value-added in Canada.

Mr. Mark Gerretsen: For my last question, I would like all four of you to answer yes or no quickly. If the U.S. does not ratify the TPP, does your position change?

No, no, no, and no. Thank you.

If I have more time left, I'd be happy to share it with.... How much time do I have left?

The Chair: You have about one minute left.

Mr. Mark Gerretsen: One minute. Would anybody else like to take that minute?

Perhaps the parliamentary secretary would like to take the time?

[*Translation*]

The Chair: Do you have a question, Mr. Poissant?

Mr. Jean-Claude Poissant (La Prairie, Lib.): Thank you, Mr. Chair.

My thanks to the witnesses for joining us today.

Mr. Everson, earlier, you mentioned competition based on rules. Actually, Canada already has well-established rules about production, health and the environment. Are other countries equally as regulated in terms of putting their products on the market? Does the fact that we are so well regulated run the risk of coming back to haunt us?

• (1630)

[*English*]

Mr. Jim Everson: I think the key thing is that all countries have different commitments to SPS rules, for example, and non-tariff barrier arrangements and so on. The key for us is to be sure that all of the countries that are exporting, for example, are playing by the same rules in a country, so that just because a country is bigger and its importers are so reliant on their product, they can't take advantage of the rules to block access to that market from other competitors.

So for us as a modest player in the international market, but with high-quality products, we need to be able to rely on instruments to get us access, and those are clear and fair rules of engagement.

I hope that helps.

The Chair: Thank you, Mr. Everson.

[*Translation*]

Thank you, Mr. Poissant.

[*English*]

Now, Mr. Warkentin.

Mr. Chris Warkentin: Thank you, Mr. Chairman. I certainly appreciate the opportunity to jump in here.

Dan, congratulations on your new post. This is the first time I've had an opportunity to question you in your new role as president. You've got big shoes to fill and I know that you're filling them well, so congratulations.

We've had a good discussion thus far in terms of trade and the necessity of diversifying our own Canadian economy as a result of trade deals. It was interesting to note across the way the suggestion that somehow if we didn't engage in these trade deals, we might actually increase our ability and would rectify the trade surplus versus trade deficit issues.

I would suggest it's probably the opposite. It seems like it takes decades for countries to change their supply chains, and the fact that Australia has been able to enter markets more aggressively before we were able to sign these deals, because of their more aggressive trade provisions, is a demonstration of how we can continue to see our trade position continue to diminish, even though we have the best-quality product and some of the best food safety rules. The issue is that people value those things, but when we are out-priced because of the deals others have reached to improve their pricing, then we're left out in the cold.

So I think there's another element that Canadians are unaware of, and that is with regard to increasing the diversification of our industries here in Canada.

Obviously we've talked a little bit, Dan, about the fact that there are parts of the animal carcass that North America just doesn't consume. So we have these products like tongue and other parts of the animal that really don't have a market here in Canada, and when you consider the duties that other countries might have to pay, there really isn't a market there. But if we can reduce some of these duties, we all of a sudden have an additional commodity that could be exported that isn't being consumed here.

We've heard that point. Maybe you want to talk a little bit more about that, but I also want to get back to Mr. Everson's point.

Jim, you talked about the fact that we have massive duties going into Japan for value-added products that would be diminished over time as a result of the TPP being enacted.

Could you both talk a little bit about some of the provisions with regard to value-added that could be seen as a result of this deal over the next number of years, if it's ratified.

Mr. Dan Darling: You never know for sure about a deal until you get into it.

Mr. Shipley was mentioning collaboration during the TPP negotiations. Claire and I and many others were right there with the negotiators and had the opportunity to be informed of what was going on and to have our input. For that we thank the negotiators, because it meant a lot to us. Obviously, we would like to have come out of the deal with a zero tariff, but 9% is as good as we could do, so we're happy with that.

As far as getting products in there goes, it's a work in progress. I mentioned some of the products that they deem in high regard that we can't sell here, but even on the better-end, high-quality products, another bidder on the market drives the price up here. We've talked here a little bit about transportation of grains and soybean, what they

would do, from the crushers.... Don't forget that barley, corn, soybeans all go into the production of cattle and pork. You can't just say, okay, what's cattle going to gain from it? What's pork going to gain from it? In collaboration—and we all work together—all these industries gain a section when we gain, and vice-versa.

It's hard to put my finger on more things than that, but that'll give you an idea.

• (1635)

Mr. Jim Everson: On the oilseed side, Mr. Warkentin, as I expressed earlier, often in these trade agreements you have duty-free access on seed, but then you have what's called tariff escalation, where the products are tariffed at a higher level, which reduces our value-added opportunity. Canada now has 14 major-size oilseed plants, and they've come about, I think, as a result of free trade with the United States, where companies could predictably invest. There must have been \$1.5 billion in new oilseed processing plants in the last 10 years. We've doubled our capacity over that period of time. That allows access to the lucrative U.S. market, but it also allows...if you reduce those higher tariffs on products in countries like Japan, where we have a very strong market already, us an opportunity to turn seed exports into oil exports at a higher value-added than in the Canadian marketplace.

Mr. Chris Warkentin: Claire, regarding our ability to add value here in Canada, are there any other areas with potential that you've been able to identify, based on this deal?

Ms. Claire Citeau: As mentioned before, for all of the sectors, including soybeans and canola exports, that's very much the case. In Japan they are looking to ship a lot more value-added products, including canola oil, but a lot of the other products that we present, whether they be pulses, malt, barley, and sugar as well.... Sugar is a major component for the sugar processing sector as well. There is additional sugar provided in the restrictive U.S. market for sugar, but sugar is also an input that goes into the food processing. These are all looking to get exported out of Canada as well.

[Translation]

The Chair: Thank you, Ms. Citeau.

[English]

Thank you, Mr. Warkentin.

[Translation]

The floor now goes to Mr. Breton, for six minutes.

Mr. Pierre Breton (Shefford, Lib.): Thank you, Mr. Chair.

Thank you all for joining us today and giving us your testimony. The committee sincerely appreciates it.

Clearly, a market of 800 million people is extremely attractive for producers and processors. Those 12 countries are major ones. However, I am particularly interested in our 35 million consumers here in Canada. In fact, I want to put myself in the shoes of the consumers who have to shop for groceries every week.

Can you tell us what the benefits of joining the TPP are for them; if we join, of course?

Ms. Claire Citeau: I would like to answer the question quickly and then let the other witnesses speak to their sectors more specifically.

You mentioned 35 million consumers, but many of those 35 million people are also farmers. In Canada, in the sector we represent, 90% of farmers directly depend on foreign markets. For those consumers—who are farmers too—competitive access to foreign markets, such as the TPP implies, is very important.

In terms of access to markets, our members are generally open to competition. There was a lot of talk earlier about the balance of trade. I wanted to mention the number 77% to you. This is the percentage increase in our exports in the last 10 years. This increase in exports has contributed directly to an increase of about 50% in farm income in Canada. Trade really is a stimulus in terms of increasing income.

• (1640)

Mr. Pierre Breton: I would like to ask you a question before the other witnesses reply.

I understand that you see advantages for producers, that is to say, an increase in production and sales. Do you think, even if this is not perhaps your area of expertise, that it will bring prices down for the consumers? What will be the effect for the consumers, the ones buying the products? Will prices stay the same or will they increase? That is our concern, we work for people who are in that situation every day.

I would also like the other witnesses to talk about those issues.

[English]

Mr. Jim Everson: Where there are tariffs on Canadian products that are also reduced through the TPP agreement, then you're reducing a tariff on a product coming in from another TPP country into Canada. This could translate into a competitive price from the consumer's point of view or for a supply chain where an ingredient in a product is coming into the Canadian market without attracting a tariff. This would add to its cost and therefore add to the cost the manufacturer has to pass onto the Canadian consumer. I think there are some opportunities there for consumers.

The other aspect is the supply chain effect of it. Within the TPP countries, you have national treatment or rules of origin. If you have a product coming in from Malaysia to the United States that attracts a tariff now and then a finished product comes into the Canadian market from that U.S. supplier, the tariff cost is incorporated in that.

Under TPP, you even those rules out, so the tariff applies equally to all of the participants in the agreement. An ingredient from Malaysia can be used in a U.S. manufacturing process and result in a product coming into Canada that a consumer purchases at a reduced cost, because the American tariff is taken off the product coming in from Malaysia. It has a dynamic affect on supply chain competitiveness.

[Translation]

Mr. Pierre Breton: Quickly, Mr. Darling, we know that the price of beef has gone up considerably in recent years. We are told that prices could go down for certain imported products. What effect does the TPP have on the price of beef?

[English]

Mr. Dan Darling: One of the reasons beef prices have drastically gone up is the short supply of beef. The biggest reason there's a short supply of beef is that there's been no profitability in the industry for our producers. As I said before, there's been a huge retraction of the cattle herd.

With TPP, CETA, and these other deals we value, there could be as much as \$150 increase per carcass for our producers, which will mean that the profitability will be there for our producers, so the volume of cattle will go up. It stands to reason that with the quantity going up, prices will probably come down to a little bit more reasonable levels here in the stores.

The other thing you also must remember, with more cattle being processed, with more offshoots because of that, there will be jobs for these people that are wanting to buy the product as well.

[Translation]

The Chair: I am sorry, Mr. Breton, but you only had one minute and 25 seconds. You have used all the time you had available.

Mr. Gourde, the floor is yours for five minutes.

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Thank you, Mr. Chair.

My thanks to the witnesses for joining us today.

I feel that everyone is happy to be able to access those markets. That said, Canadian producers are very concerned about animal welfare. They are developing new production techniques and they have environmental standards that differ from one province to the next.

Our standards, which are higher in Canada than in other TPP countries, may provide us with an advantage in bringing products to market, but they can also be an obstacle in terms of the price of the products. When you compare our standards to those in other countries, do you have an idea of how we are going to position ourselves as producers in the markets you represent?

Ms. Claire Citeau: Today, Canada is the world's fifth-largest exporter of agriculture and agri-food products. In other words, we are positioning ourselves rather well. We are in full support of the TPP as a means for us to remain competitive at world level.

• (1645)

Mr. Jacques Gourde: The new production trends that keep the welfare of the animals in mind, such as for pork, beef and veal, imply standards that increase production costs for Canadian producers. It is a worldwide trend.

Do the countries with which we will be competing in the TPP follow the same trends or do they have a more traditional approach to this? That could well be a competitive advantage for them and a disadvantage for us.

Ms. Claire Citeau: I will let the witnesses who work specifically in that sector answer that question. But I would say, however, that the TPP puts everyone on an equal footing in terms of standards.

[English]

Mr. Dan Darling: Canada sets high standards for animal care. I'm probably not the best person to talk about what other countries can do, but that's why we have the CFIA.

The CFIA and our other government agencies are well-equipped to ensure that the animal and products coming back and forth are on the same playing field. Certainly, as Canadian producers, we want to do everything that we can to raise our cattle, hogs, etc., in a high value and humane way.

For us, we don't believe that is something that enters into it. That's the best way I can answer that question.

Mr. John Masswohl (Director, Government and International Relations, Canadian Cattlemen's Association): Just to add to that, we have a couple of international initiatives that we're involved in as well.

We belong to something called the International Beef Alliance with the United States, Mexico, Australia, New Zealand, and now some South American countries as well. One of our key main areas of work is in sustainable beef production, and that also includes animal care. We're wanting to learn from each other and know what other countries are doing. They can learn from what we're doing and ensure that we're all doing the right thing.

We're also involved in something called the global roundtable for sustainable beef and we have our own Canadian version of that. Again, it's one of these initiatives to ensure that we are producing, the type of beef produced in the way that consumers expect it to be and are still willing to actually pay for it. We have a number of initiatives that are all aimed at ensuring that beef production is what consumers expect, but is also sustainable for the producer to be competitive in producing it.

Mr. Jim Everson: I was going to say something very similar.

Canada is part of the international plant protection convention and is a signatory to Codex. Those standards allow us to protect ourselves from pests from coming into Canada and to protect the quality of our food production system for export or domestic consumption.

The TPP endorses the WTO SPS agreement, allowing us to work with other nations on those standards.

[Translation]

The Chair: Thank you, Mr. Gourde.

Ms. Brosseau, the floor is yours and you have three minutes.

Ms. Ruth Ellen Brosseau: Thank you, Mr. Chair.

[English]

Mr. McCabe, I know you're shaking your head. I want to let you answer and give you a chance. I also asked you another question in the first round, but I'll let you lead the floor to address the committee.

Mr. Don McCabe: Thank you for the opportunity.

Your earlier question was about the compensation package offered to supply management. I will immediately defer your question. The reason I'm going to do that is that I sit here representing the Ontario Federation of Agriculture and not supply management directly. I

think they would best answer on the exact level of compensation they would see as adequate to meet their needs and where the pressure is coming. It's not something I can address directly.

The answers to the last sets of questions here have been great on a theoretical basis, but there's also reality. Here I'm going to mention something that I'm pretty certain isn't in the TPP.

I started this morning at a meeting of some of our members at Woodstock, Ontario. There's an individual there who works in the world of pheasants. When the Canadian Food Inspection Agency came out to that operation, essentially the CFIA went back home rewriting the book. This is how stupid the situation is right now.

This individual can take pheasants across the border into the U.S. alive, have them processed in the U.S., and brought back into Canada, but cannot have them processed in Ontario and moved out of the province because there is not the appropriate federally inspected plant to do it. She can take the same pheasants to Pearson airport and fly them to B.C. alive, but can't process them.

By the same token, we are woefully inadequate in ensuring that all our farmers have access to the same tools at the same time, a thing called regulatory co-operative. The RCC was initiated, but we're still waiting to see gains on that for farmers.

Within Canada you have a risk cup, a risk cup that is there to protect Canadian consumers from where they go. We're about the only country that I know of that allows other countries to fill the cup first before Canadian producers get to fill it. In other words, if I need access to a tool to protect my soybean crop, I only [*Inaudible—Editor*] soybeans into the export markets from Ontario. I can't necessarily use it, because Japan said so or whatever else because they already know what's gone in in another way.

We have pretty well been boy scouts on a number of these issues, and the CFIA is woefully inadequate in certain aspects of how it's operating right now. There needs to be some clearing house here to make sure that we have the appropriate tools and support to move ahead.

Theoretically, I agree with my colleagues. In reality, I'm hearing back from producers, "Why can't I do this?" The reason is that there's no federal abattoir, for example, in the Maritimes.

• (1650)

The Chair: Thank you, Mr. McCabe.

[Translation]

Three minutes go by quickly.

[English]

We'll start a new round of six minutes.

Mr. Shipley.

Mr. Bev Shipley: I have two quick ones. I want to first touch on non-tariff barriers. Claire, you talked a little bit in your earlier comment that, as part of the negotiations, a process may be put place to help deal with non-tariff barriers.

I'm wondering if you might talk to us a little bit about that and how effective that is, because those have always been the linchpins that really screw up a good deal. A non-tariff barrier kicks in, and we get a shipment coming back because there's something wrong with it based on a non-tariff barrier, which is a usually political issue.

Secondly, the other one is the establishment of a low-level presence—and this question is more for the grain folks. The establishment of a low-level presence is incredibly important. I mean, stepping out in front by yourself is always a little dangerous if nobody else follows you. If there's a standard set within the TPP with major organizations and countries as part of that, do you see that as a lead role for an international standard? Those are sort of two questions.

If will start, Claire, with you.

Ms. Claire Citeau: On the SPS and TPP provisions, as was mentioned before, the TPP builds upon the WTO SPS and TBT measures. There are, I believe, close to 20, maybe 25 different committees that are to be established that touch on the trade of agriculture and agrifood products. For those committees, we have yet to see how they will operate, but in principle they are to be formed by all the 12 signatories today and more as more TPP countries join the TPP agreement. Those are to be mechanisms to be put in place to find resolutions to problems and issues as they arise.

Mr. Jim Everson: On low-level presence, the TPP doesn't set a standard. What it does is set up a working group of the countries to talk about low-level presence in a circumstance where something may come up. I can explain. Low-level presence is a kind of a complicated thing, a regulatory thing, but it doesn't set a standard. As for what Canada has done, though, we would agree with you, Mr. Shipley, that you can't get out there too quickly on a regulatory issue like this. What Canada has done is develop a model policy that is not a policy that would be implemented immediately in Canada; it's a policy that we can showcase around the world.

Canada has taken a leadership role on a complicated international regulatory issue in regard to sitting down and looking at how we could structure our regulation and how other countries could structure a regulation to help the international grain trade with this perplexing problem. Put the policy out there, and then marshal international negotiations and discussions about it in order to raise awareness of the issue, and in order to show that it's possible to have a regulation like this without changing a lot of laws and regulations, a regulation to be implemented that would help the grain industry. That's where Canada has gone. We really congratulate the leadership of Agriculture Canada and the CFIA in coming to that policy.

• (1655)

Mr. Bev Shipley: Do we have time? I think Chris has a question.

Mr. Chris Warkentin: Yes, thank you.

You've answered a number of questions. Obviously, the lists of countries that present a significant opportunity for the Canadian market are extensive in the TPP.

Malaysia is one of the more interesting ones, I think, for Canadian exporters, as it's a place where we've seen a significant amount of growth in the last number of years. Obviously, as people's wealth

increases, there's an opportunity that will continue to grow. Countries in that area are growing into economic powerhouses.

Have any of you studied the potential of the Malaysian market, our entrance into that area, and what opportunities are presented in having to deal with Malaysia?

Claire, did you want to start?

Ms. Claire Citeau: Maybe I'll give you a brief comment. Malaysia is one of those countries, and Vietnam another, that our members are very interested in in terms of the TPP. Of course, there are others in Asia, but our members are interested in Vietnam and Malaysia in particular. Vietnam has a fast-growing market of 90 million people, with a growing middle class as well. These are definitely markets of interest.

Mr. John Masswohl: Yes, Malaysia is probably a market that will be significant in the future. Until now, it hasn't been. Again, it's very similar to Vietnam. The difference between Vietnam and Malaysia is that Malaysia still has BSE trade restrictions, and we can't ship beef to Malaysia. With these BSE restrictions, we've tended to work on priority and putting the resources and the effort into the markets where the potential is there right now. Certainly, we want all those restrictions to eventually be lifted.

I think one of the other reasons why Malaysia hasn't been high on the priority list for us for beef is that it needs to be halal production, which isn't all that significant but is growing in Canada. In fact, we've actually seen large gains into Saudi Arabia. As the Saudi Arabian and Middle East markets grow, again you have the other pieces in those animals, and Malaysia can become interesting.

Mr. Jim Everson: We have a fairly significant market in Malaysia for food-grade exports, and we see the potential to continue to build on that. I wanted to comment on this in support of something that Mr. McCabe said.

For a lot of these issues when it comes to TBT—trade barriers—it requires some really good science to help them. One of the things Don pointed out that I think is really important is resources for the Canadian Food Inspection Agency. When it comes to market access issues, we have a very strong market access secretariat at Agriculture Canada, and they're very, very good and very helpful, but there's also that whole science aspect to it, and that has to be led by regulators who have credibility in science regulation.

We've seen that in the low-level presence discussion. You can't pursue that on a political basis. You have to pursue that kind of discussion on a regulatory science-based basis. CFIA now has a lot more of those kinds of issues coming at it as a result of all these technical barriers coming up.

The Chair: Thank you, Mr. Everson.

Mr. Longfield.

Mr. Lloyd Longfield: I hope we can continue along this line of thought. I think Mr. McCabe brought up a point that I was alluding to earlier, namely that trade deals don't necessarily result in the trade conditions you're trying to get to. From a producer's standpoint, you can see that you're opening up a big market; there's a big opportunity. As a processor, you might look at that a little differently if your technology isn't up to speed or you have some internal issues that mean you are not able to compete against other countries, either currency-wise, labour-wise, or otherwise. Then you have the consumers. As one of our colleagues asked, where does this end up with the consumers, the people we are representing here at the table today?

We're getting a good sense that producers see this as a good deal, but I'd like to maybe bring it back to Mr. McCabe. We have the Canada Border Services Agency that's going to play a role here. We have the CFIA that plays a role here. We have Industry Canada. I tweeted this morning that we're conducting consultations across Canada on the TPP, and there's a parl.gc.ca website where we can ask for input. But from a practical perspective, how do we see this rolling out, and what is the risk? What are the risks for processors and consumers? It's not that I'm against this, or that our government is against it, but we're trying to analyze it, not just jump in with it.

● (1700)

Mr. Don McCabe: Part of the time, it's important to remember where you came from, and on this particular venture I have to quote my dearly departed father, who said, "Boy, you can do all the custom work you want as soon as you take care of things at home."

The reality that I'm trying to portray is that Canada has to have the TPP for us to be able to continue to build our marketplace and move ahead. At the same time, we need to deeply improve interprovincial movement. We need to clear up some of the regulatory stuff that does not allow certain segments of our producers to be able to actively participate in some of these trade agreements, because they won't have a processing plant that's going to back them to be part of that value chain.

There are sugar beets, for example, that go out of Lambton and King counties. The very first time those things try to cross the border, the U.S. will make things very interesting for a few nights until things resolve.

The reality is that you can have the greatest opportunities on paper—and last time I checked, paper doesn't refuse ink—but there are people involved here. If there's an angle to stop or slow something down, you have to have absolutely clear dispute mechanisms in place that allow you to move with the best science. Right now, we're not illustrating our best within this country or within certain provinces. I'm very concerned about that, even for Canadian consumers.

In Toronto, every second person you meet is not necessarily from a Canadian background. They are already at the point of wishing to have halal meats or other commodities. The bottom line is that Ontario produces 200 of them. We are going to produce more in the future. We have opportunities to learn what we can do in our own backyard and then export to the world. Therefore, we're back to the TPP. It's very important, but do not underfund our credibility, our

certification, and our science, in order to be able to exploit that TPP or CETA.

Mr. Lloyd Longfield: We had a round table that you participated in Guelph with the agriculture community, and we had Parliamentary Secretary Lametti there, trying to look at some of the social impacts of this type of a deal. The interprovincial thing is an issue. We have CETA so we can deal with Europe, but we can't ship from Ontario to British Columbia. You can't get Ontario wines in Manitoba; you can only get British Columbia wines in Manitoba. So we do have a lot of housecleaning to do.

I'll share my time with Mr. Drouin.

Mr. Francis Drouin: How much time do I have?

The Chair: A minute and a half.

Mr. Francis Drouin: I would like to echo some of the comments Mr. Gourde made.

Mr. Darling and Mr. Masswohl, I know you guys have done a tremendous job of implementing animal care programs in Canada, and I fully support your efforts. I know that the industry responsible for the animal care of chickens, and other farmers across the country, has done a tremendous job. We are an example to the world with regards to animal care.

Mr. McCabe, I just want to touch upon one point. I know you said that you wouldn't comment on the supply managed sector, but the reason I ask is that I have a lot of young farmers in my riding, and they are somewhat worried about their future. Do you feel that the announcement of the suite of programs, which I believe was on October 5, incentivizes young farmers to join the supply managed sector with regards to those programs? Do you have an opinion on that?

● (1705)

Mr. Don McCabe: One thing I'm sure of is that I will always have an opinion. That's the reality I would hope this committee is looking toward, not only at the TPP agreement but also the replacement for Growing Forward 2, so that both will continue to incentivize and assist Canadian agriculture to reach its full potential. Therefore, for a young farmer, whether or not they wish to be in supply management, grains and oilseeds, or some form of animal production or into horticultural production, the reality is that they need to have a solid business plan so they can see that the value was there to proceed to look for financial backing to get there.

So when there are issues sitting out there right now that may give rise to questions about some of this or raise the ire of a banker who doesn't understand.... The reality is that when the grandfathers of today's grandfathers retired, 50% of the population was still farming. When a grandfather retires today, it's now 1.4%.

The Chair: Thank you, Mr. McCabe.

[Translation]

Ms. Brosseau, the floor is yours and you have six minutes.

Ms. Ruth Ellen Brosseau: Thank you, Mr. Chair.

[English]

I think this has been a really great committee. In the last Parliament, we did study the CETA deal. A lot of positive comments and recommendations have been made, and we know that over the past few years, the CFIA has undergone some big changes. They are responsible for monitoring and inspecting imports and exports. I think just recently, a few months ago, there were a lot of articles by the union that represents workers saying that inspectors were worried about the conditions and the state of our CFIA. So I think there is some work that needs to be done in making sure that they do have adequate resources, so that people who actually work on the floor feel secure and comfortable with the way things are going.

Because we did do a study on CETA at committee in the last Parliament, I'm just going to ask the following question of the chair or to maybe the committee as a whole. Are we going to be doing a study on this, or are we just holding two meetings on the TPP? I don't think he's listening.

Sorry. I was talking about how great it was, because we know that the trade committee is doing a study and they're travelling right now. They're in B.C. In the last Parliament, at the agriculture committee, we studied the CETA. I was just wondering, are we going to be having more meetings on the TPP?

The Chair: We have one more scheduled for this week.

Ms. Ruth Ellen Brousseau: Will we be doing a report on that?

The Chair: It's at the pleasure of the committee whether or not they want to do a report.

Ms. Ruth Ellen Brousseau: Okay.

Would I be able to put forward a motion that we do a report? We know the importance of this trade deal, and agriculture is a piece of the puzzle, as half of what we produce here in Canada is exported. I was wondering just to make sure that the testimony that we hear today and later this week will bear fruit.... We have some recommendations. I know everybody has been very supportive of the TPP, but there are some things that I think we need to include in the report and maybe talk a little bit about the importance of transport.

The Chair: Did you want to make a motion?

Ms. Ruth Ellen Brousseau: Yes, that we study the TPP and produce a report to the House.

The Chair: So we have a motion on the floor that the committee adopt a report on the study of the Trans-Pacific Partnership and report its conclusions to the House.

You have a question?

Mr. Lloyd Longfield: Could we maybe handle this in committee business on Wednesday when we're looking at what our schedule is going to be going forward?

The Chair: Are there any other comments?

Mr. Chris Warkentin: I would just state that I think we've discussed it at length already, and obviously today we've heard the testimony that would probably confirm what our suspicions were, so I think it's probably best to get to the vote.

The Chair: Are there any further comments?

If not, I will ask the committee.

All in favour of the motion?

Ms. Ruth Ellen Brousseau: Can we have a recorded vote?

The Chair: Mr. Drouin.

Mr. Francis Drouin: Sorry, I just stepped out. What happened here? Somebody put a motion on the floor to study TPP?

• (1710)

The Chair: There is a motion and we're at the voting stage.

Mr. Francis Drouin: Okay. Are we not discussing committee business on Wednesday?

All right.

The Chair: I will read the motion again: "That the committee adopt a report on its study of the Trans-Pacific Partnership and report its conclusions to the House."

We are going to have it reported to the House—that was requested.

(Motion negated: nays 5; yeas 4)

The Chair: You still have three minutes, Madame Brousseau.

Ms. Ruth Ellen Brousseau: Do you have anything you would like to recommend? I know there's been a lot of talk about this being a positive thing for producers, the potential of it, and there is still uncertainty about what's going on in the United States. We don't know what's going to happen with the presidential race in November.

Are there things that need to be worked out? When we studied CETA, people had concerns about the way we were transforming some of the cattle, the way that is done over in Europe where the animal comes in and they wash it all up because they are slaughtering a lot less. Here in Canada we're doing a few thousand head a day. I was wondering if those issues have been worked out, or if there are some recommendations that should be made to the committee.

Mr. Dan Darling: On CETA, no, those technical issues have not been resolved yet. Yes, we continue to work at them and certainly hope that in the very near future those technical issues will be resolved, because, barring the resolution of those technical issues, Canada's beef producers cannot gain meaningful access to Europe.

The TPP, for the beef sector, doesn't have those issues. For the countries involved, we already have access. It's the tariffs that stop us from sending meaningful amounts to them.

I will suggest, though, that the TPP and like agreements help force science-based reasons for disallowing or allowing trade. That's one of the good things we find about these deals. We aren't at the whim of a country that is not allowing us in. It puts safeguards in place so that we can continue to go in.

Ms. Claire Citeau: We've supported the CETA, as it's expected to result in significant benefits for our export-oriented agri-food sectors.

On the TPP, we've heard about the benefits, the risks, the costs. What I want to impress upon the committee today is the importance of having competitive access to global markets for our export-oriented agriculture and agrifood sector. The TPP is a very small acronym for what could be the biggest deal on the planet at this point. Trade is our future.

If I can make one recommendation, it is to study trade in the Asia Pacific region as well. We've heard about Vietnam, Malaysia. The EU has released the text of its bilateral agreement with Vietnam. It is a competitor for some of our producers, such as pork, for example, so if not the TPP, then what? The Asian market is fast-growing. Certainly, all our eyes are on this market.

• (1715)

[Translation]

The Chair: Thank you, Ms. Citeau.

Mrs. Nassif, the floor is yours and you have six minutes.

Mrs. Eva Nassif (Vimy, Lib.): Thank you, Mr. Chair.

My thanks to all the witnesses for their presentations.

I am not a member of this committee, but I have a question about the rules governing commercial imports.

For example, are we going to consider trade in products that contain GMOs and growth hormones? Could you enlighten us about that, please?

Ms. Claire Citeau: In general, the rules are established by all the countries that are signatories to the agreement.

For specific products, I would invite my colleagues to answer your question in detail.

Mrs. Eva Nassif: I am talking about imports into Canada.

[English]

Mr. Jim Everson: I can't speak at all to growth hormones or anything of that nature.

Canada has regulations in place with respect to genetic modification, and the approval process for GMs has regulations in place for food safety and so on, so I don't see those compromised by a trade agreement.

Canada follows a very robust approval process for genetic modification. Canada follows the accepted international Codex risk safety guidelines, and the approach is a science-based process. It takes roughly two years to go through. The genetically modified product is looked at by Health Canada for human health, by CFIA for animal health, and by Environment Canada for its impact on the environment. It's a very science-based process and has no political implications to it.

A product that is approved in Canada is approved for import into Canada. Canada has a zero-tolerance process. If a product is not approved by our Canadian scientists, it's not allowed to be imported in any form into Canada, much like some other countries have done. In fact, Canada's system is a very broad system. It's actually based on novel traits. They look at the product that results from the process, and not the process itself. It's quite unique and very broad, so any product that changes, that introduces a novel factor to the food or the

feed, is captured by the novel trait guidelines that Canada has. It's in fact broader in scope than most other nations.

Mr. John Masswohl: I would say the answer is very similar for veterinary medicine and products, whether you're talking about a hormone implant or a feed additive, or any other medicinal product used in livestock production to control parasites, etc.

Health Canada has its veterinary medicine directorate, and again they have a very lengthy approval process, so there is tight control over the use of the products in Canada. There are certain obligations, certain requirements, and certain withdrawal periods. Depending on what the product is, maybe it can't be used for a certain number of days before the animal goes for harvesting.

We would expect that through the Canadian Food Inspection Agency any food, whether it's meat or otherwise, that comes into Canada has to abide by those same regulations.

[Translation]

Mr. Pierre Breton: Do we have any more time available, Mr. Chair?

The Chair: Yes, you have more than two minutes.

Mr. Pierre Breton: Okay.

I would like to go back to the question that Mr. Longfield asked previously.

We have heard what you had to say. You spoke very favourably about this agreement. However, the people you represent are members, producers. What concerns have you heard from your members about this agreement? They cannot be unanimous about it. Even if you have come out in favour of the accord, surely things came up during your consultations. Just because I am asking this question, it does not mean that I am opposed to the agreement. We have heard from you but I want to know what your members have said on the subject. Is there 100% support? Do you have carte blanche to announce that you are in favour of the agreement? Talk to us a little about the concerns that they have surely expressed in recent years.

I am asking Ms. Citeau to answer that question, followed by Mr. McCabe.

• (1720)

[English]

Ms. Claire Citeau: The concern is, what if Canada doesn't ratify the agreement, though? And that is directly related to the costs of not ratifying. We've seen what happened with the Korean deal, and we certainly cannot relive that experience again. Who knows what would happen if Canada were not part of the TPP? That's the first part of the answer.

The second is, if Canada is not part of the TPP and other signatories are, our products would not qualify as TPP-originating, so we would not have access to that huge trading bloc that is growing ahead of us.

To your question of what is the concern for Canada, I would say that it's more about looking at the risks and the costs of not ratifying the TPP at this point.

Mr. Don McCabe: We had the recent CFA meetings and all the rest of it, and I would say that the majority of members always see value in trade deals because we're an exporting country. By the same token, they're also not in a position to give a fully definitive or final answer because they're not going to go through that document; they rely on organizations to do that for them and give them the best information. So you have people who say, yes, we should have done it yesterday, and those who say we should never sign anything. However, the majority is sitting in-between on the issue of whether or not to have trade deals and whether to trust them, but believe that we also need to ensure that we take care of our own.

The Chair: There are still six minutes on that side.

You can continue, Mr. Breton, or anyone else who wants to use the six minutes.

Or would you like to pass? Are we all good?

[Translation]

Mr. Pierre Breton: I would like to ask one last question.

Our next-door neighbours are the United States, a country with 10 times our population.

Let me put myself in a producer's shoes. Is there not a reason to be concerned that the United States, where producers are sometimes much bigger than ours and where the population is much bigger than ours, might go after that market instead of us?

I am just asking the question. I don't want to hear a simple yes or no, but whether or not the situation concerns you. This goes back a little to the question I asked earlier.

What do you have to say about it, Mr. Everson?

[English]

Mr. Jim Everson: I think it's important for us to do our best to ensure that regulatory programs and taxes are competitive and that we try to do things to make our farmers and industries as competitive as possible in international markets.

I think it is true that you can have large farms in other countries—not just the United States, but others as well—with economies of scale, but I think our producers and our industries in agriculture say they're as good as anybody else at farming and processing, so that if we have fair trading rules, they'll compete. Some countries will have competitive advantages on some products. Fair enough, let them bring products into Canada, but we're going to allow our industries to choose where they have a competitive advantage. We have a terrific advantage at the moment in terms of the credibility Canada has on food safety and the quality of our products. So our farmers and our industry will say, "Give us fair trade rules and access to markets tariff free, and we'll compete."

[Translation]

The Chair: Mr. Drouin, you have the floor.

[English]

Mr. Francis Drouin: Jim, I was going to ask you this question the last time round, but I ran out of time. You mentioned market access. Are you satisfied with the services that Ag Canada and the trade offices are offering? Do you think there could be improvements? I see this as directly linked to the trade agreements that were signed

and that we may or may not ratify. Are you satisfied with the service offered? Do you have any suggestions on how we can improve the services?

Mr. Jim Everson: Our trade partners do an extremely good job, and the market access secretariat at Agriculture Canada too. Our industry went to South Korea and Japan recently. In South Korea, we're trying to harvest the benefit of a free trade agreement with that country, and the trade commissioner set up our program in South Korea and did a great job. We saw all the key people we needed to see in that country over a period of two and a half days. In Japan also, we put a heavy burden on those people, and they delivered really well. The cattleman may have a comment on that, too.

I think Agriculture Canada and CFIA do a really good job. I've been in situations where we've had to have the science part of the equation with us, the people who sign off on phytosanitary certificates, to guarantee to the import market that our product is free of pests on their pest control list and so on. Only scientists can do that and help us innovate in regulation, and that's an important part of accessing markets too.

So, the answer is that we can always use more improvements; we have a lot of market access challenges. All of us, I think, in the agriculture sector face these barriers that come up on a whole range of different issues, so resources are always important from that point of view. But by and large, I think we're very well served by our public service.

• (1725)

[Translation]

The Chair: Did you have a question, Mr. Poissant?

Mr. Jean-Claude Poissant: Yes, Mr. Chair.

In your view, Mr. Everson, these exports will benefit our country. However, will the wealth that it will create be fairly distributed between producers, processors, shippers and everyone else involved? Has that been studied too?

[English]

Mr. Jim Everson: I'm not sure I've studied the issue specifically that way. We have a huge range of producers who have a lot of competitive options. In the crop sector, they can grow a significant series of different crops on their property—corn, soybeans, canola, wheat, barley. There are a lot of crop options. Within the soybean value chain, a large number of companies are involved in seed development and seed breeding. There's a large number of multinational companies doing this, and also smaller Canadian-owned innovative companies. In the export market too, there is a range of export companies. Producers have a choice of where to go to market their grain and a series of new options. There is a competitive dynamic in Canada that allows choice at every level.

[Translation]

The Chair: The floor is yours, Mr. Shipley.

[English]

Mr. Bev Shipley: I've been told that. That really means it's a very short time.

First of all, I want to say to Don that I apologize. Don actually became president and no one challenged him; that's how effective he is.

Dan, I have to tell you, it's a pleasure to have someone from Ontario as head of the Canadian Cattlemen's Association. Corn-fed beef will start to resonate across the country without a doubt.

Mr. Jim Everson: Did you say soybeans and beef across the country?

Voices: Oh, oh!

Mr. Bev Shipley: I'm going to get to you and your soybeans, and Claire, in a minute.

With livestock, the objective is to market 100% of every animal. Take a visual of an animal and just think about the parts you put in your fridge and on your stove at home. The objective is that 100% of that animal is marketed. The products we don't use in Canada we add value to by opening these markets up. That's in all of our livestock.

We continue to hear a lot about trade deficits and trade surpluses. Don't be afraid of trade deficits. Trade is trade. You create jobs by having products come into your country as well as products going out of the country. It creates jobs. There's distribution, transportation, processing—all those things. When we have a deficit, it means that our society is fairly strong and that we have the ability to bring in products that we don't grow, manufacture, or process here. We've been fortunate in this respect for some while. It's also an indication of a strong economy.

I want to touch on low-level presence. I want to go back to that. Regardless of what the commodity is, whether it's biotech, wheat, or other crops, it can create havoc. I'm wondering if you could comment on Canada's ability to have a high standard, to make sure, through technology, that we don't have a low-level presence that is unacceptable to other countries. In the case of our soybean growers, people from Japan come over and track it. They come to the farms. The elevators on our farms are actually setting up GMO crusher beans and looking at IP. But it doesn't stop there. The truck they use may have previously hauled GMO.

Is it recognized around the world that Canada is doing a good job in this area? If not, we'll have an issue in some of our trade.

● (1730)

Mr. Jim Everson: I think that in the IP sector, for soybeans there's a very high standard of quality assurance, care, and segregation throughout the system. We're very confident of the high quality of non-GMO purity in our food grade exports. I think the markets we serve appreciate that, which is why we do well in those markets.

I think the LLP issue generally, with regard to large volumes of commodity trade, is an important element for our future. It's because there are so many more biotechnology-assisted crops and there is more volume of that trade internationally that the risk, the potential to have a very small amount of a product that is not approved in a country but is already approved using a Codex-based science process somewhere internationally, is growing all the time.

Canada can have a challenge here, because we're so export-oriented. You can have a very small presence of a crop with a GM trait unintentionally there that can disrupt the whole trade environment. Canada has experienced this with the flax trade. This is the reason that internationally there's a discussion about how to put in place low-level presence regulations.

Mr. Bev Shipley: Chair, I just have a quick question.

Do those countries that don't have GMO bring in canola?

Mr. Jim Everson: Do those that don't grow GMO...? Yes.

China, for example, does not grow GM rapeseed or really any GM products of any note, but they import large volumes of Canadian canola. Japan does also.

The Chair: Thank you, Mr. Everson, and Mr. Shipley.

That concludes our round.

I want to thank the panel. It was certainly a very informative discussion. Of course, for agriculture the TPP signing is very important.

[Translation]

Thank you.

The next meeting will be next Wednesday.

[English]

Thank you, everyone.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>