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Chair

The Honourable Mark Eyking

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• (1530)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): I call this meeting to order.

Good afternoon, everyone. Welcome to the trade committee. This is our second meeting dealing with the trade challenges the canola industry is having.

Today we're going to split the meeting into two sections. First we're going to have members from the industry here, and second we're going to have individual farmers come before us. The first meeting we had was with ministers and government officials.

As many of you know, it's a very important industry. There are over \$26 billion in sales, \$11 billion in wages and over a couple of hundred thousand jobs. There are a lot of people working in-between those supply chains. Whether it's farm families or all the way through the supply chain, we'll hear about that today.

I welcome members who are new to the committee and just attending and who might represent growers.

Without further ado, we have with us witnesses from the Canadian Canola Growers Association, Richardson International, and Viterra.

Viterra is here by video conference.

If it's your first time here, we usually try to keep presentations to five minutes. That would be appreciated, so we can have good dialogue with the MPs.

Without further ado, I'd like to go to our video conference first in case there is a glitch and we have to catch up. We will go to Viterra.

Go ahead, gentlemen. You have the floor.

Mr. Kyle Jeworski (President and Chief Executive Officer, Viterra): Great. Thank you, Mr. Chair. Thanks for the opportunity to address the group today.

By way of background, Viterra is one of Canada's largest grain industry leaders. Our company has been in operation for over 100 years with operations right across the country that include grain elevators; oilseed processing facilities, including for canola; pulse processing facilities; and port facilities on both coasts.

We are 50% owned by Glencore Agriculture, and our other 50% is owned by Canadian pension funds, namely, the Canada pension plan and the British Columbia Investment Management Corporation.

We have a long history of working with Canadian farmers, as I said, dating back over 100 years. Our job is to connect their production to various areas around the world that are in deficit. In fact, over 90% of Canada's farmers depend on world markets for their livelihoods.

Over the last several years, China has become an ever increasingly important market for Viterra and the thousands of farmers that we serve. We export several different commodities to China annually, including a significant amount of canola. Other major commodities would include wheat, barley, flax, soybeans and peas.

On March 26 this year, Viterra received notice suspending our licence to export canola to China. This decision by one of our major customers is having a profound impact on our industry and will continue to have major ramifications the longer it continues.

We've been very active in exploring various mitigation strategies and assessing both the short-term and long-term impact this will have on the fluidity of our pipeline. We are working to manage disruptions with producers, deliveries into our system, and sales in and out of our facilities. We are also working very closely with our railway partners to manage pipeline disruptions.

As a company and an industry, we've been very clear on our position. All of our exported products are rigorously tested to ensure they meet specific import standards. We do not believe that this is a quality issue.

We take these quality concerns very seriously and support a sound science-based approach in the testing of our exports. This is what gives Canada its excellent reputation for being a safe and reliable supplier of food ingredients and makes companies like Viterra a preferred supplier for many destinations around the world.

We appreciate the fact that the federal government has been engaged with the industry from the beginning to gather information and understand the situation. We are committed to working closely with the government and all key stakeholders to actively participate in this process.

Looking ahead, we need to continue working with a sense of urgency and to take concrete action toward solving this matter. For example, we need to continue pushing for a science-based resolution that supports a long-term trading relationship with China, and we need to ensure that the two governments are engaging at the highest levels and openly communicating about how to settle this most urgent issue.

Market access issues such as this one hurt our company, our farmers and the economy as a whole. We need to work together and act swiftly to restore access to this very important market.

Thank you again for the opportunity to speak today.

• (1535)

The Chair: Thank you, gentlemen.

We're going to go over to Jean-Marc Ruest from Richardson International.

Go ahead, sir. You have the floor.

Mr. Jean-Marc Ruest (Senior Vice-President, Corporate Affairs and General Counsel, Richardson International Limited): Thank you very much, Mr. Chair, and members of the standing committee.

My name is Jean-Marc Ruest, and I am senior vice-president of corporate affairs and general counsel for Richardson International Limited.

I thank you for inviting our company and me to give you our perspective on the current trade disruption of canola seed exports to China.

Richardson International is one of Canada's leading agribusinesses. Our company was founded in 1857, 10 years before Confederation, by the Richardson family, and it continues to be privately held by the fifth, and soon to be sixth, generation of the Richardson family.

We are involved in the sale of crop inputs to producers; in the handling and export of Canadian grains, oilseeds and pulses; the processing of canola and oats on a large-scale basis; and the manufacturing of canola oil products such as bottled canola oil, margarines and shortenings for the retail, food manufacturing and industrial services sectors.

We have a very long business history with China, dating back over 100 years. We were among the very first Canadian companies to export grain to China, and have developed a deep and meaningful relationship with our Chinese customers.

While our relationship with China has grown over a century, the importance of the Chinese market to Canadian grain, oilseeds and pulse exports has become evident over the last several years.

In 2018 the grain sector represented just under 30% of all goods sold to China by Canada. Of the top 25 products exported to China, seven grain and oilseed products appear on the list, totalling \$4.8 billion annually. Canola seed was, of course, the single-largest export from Canada to China in 2018, at \$2.72 billion. Canola products alone represented just over 15% of all of Canada's exports to China.

If we look at the top five products sent to China last year—which include canola seed, wood pulp, canola oil, soybeans and lumber—grains and oilseeds accounted for just over 60% of the value of those cumulative exports.

To say that canola is important to Canada's trading relationship with China would be a gross understatement. Canola, and indeed the entire grains and oilseeds complex, is the foundation of Canada's trading relationship with China.

As you are now aware, China began raising allegations over the last few months that Canadian canola shipments, including those from Richardson, were non-compliant with Chinese phytosanitary requirements due to the alleged presence of prohibited weed seeds and fungal disease.

Our internal testing and testing at the time of loading and thereafter, along with testing conducted by the Canadian Food Inspection Agency at the time of loading, and subsequent to the complaints, was unable to detect a presence of the alleged weed seeds or disease, and in fact several of the weed seeds alleged to have been in our shipments have not been found in any Canadian grain shipments from western Canada over the past decade.

Notwithstanding these results, China chose to abruptly suspend our company's licence to export canola seed on March 1, based on those allegations. You can appreciate that such a course of action was alarming and upsetting, given Richardson's long-standing relationship with China, and the importance of the Chinese market for Canadian grain and oilseed exports.

We were particularly upset by the fact that Richardson was singled out. Notwithstanding the fact that the allegations of non-compliance had been raised against a number of Canadian exporters, the fact that a single commodity, namely, Canadian canola, has been targeted, and individual Canadian exporters are singled out by the Chinese government in response to an industry-wide issue is troubling. These are issues that our government must immediately address.

While we understand and agree that technical discussions between the regulatory subject matter experts must be allowed to occur to either address or dispel these alleged quality issues, we cannot emphasize enough the importance of expediting this process. The current state of uncertainty is creating significant distress among all industry stakeholders, and in particular producers who are currently making spring seeding decisions. The decisions they are currently required to make are critically important to their success or failure in 2019 in terms of their crop production and cash flows.

Again, getting to the bottom of the technical allegations is absolutely urgent and should occur within weeks, not months, and certainly not years, for both the Canadian industry and even for our Chinese customers, who have reasonably come to rely on the quality of our products and our consistently positive business relations.

In the case of exporters like Richardson, if the current disruption continues over the longer term, then we'll have no choice but to find other markets for Canadian canola seed. However, doing so will be no easy task and can only occur over a longer period of time given the magnitude of the Chinese market.

This past year, China accounted for over 30% of all Canadian grain and oilseed exports, having grown from just 20% in prior years. While we are confident that we can eventually find other markets, it will not be a painless exercise.

● (1540)

As it develops its response plan, the Government of Canada should take note that China is not the only country where Canada's grain and oilseed sector has experienced significant market access problems. The closure of the pea and lentil market to India and the durum wheat market to Italy have also been difficult and costly challenges for our industry in the recent past. Possible trade disruptions in several other countries and the spectre of non risk-based regulation in the European Union have formed a veritable cocktail of trade disruption for Canada's grain industry.

The Government of Canada must become more involved, creative and aggressive in defending the grain and oilseed sectors' interests from technical barriers of trade in our export markets. It should, in fact, be the number one concern of our government for the majority of our bilateral trading relationships where the grain sector figures prominently.

In closing, we'd like to thank the government and its officials for their stated commitment to finding a solution to the current challenge. Given the significance of this issue and the consequences that will flow to our industry and the entire Canadian economy, we trust that the Government of Canada will commit all available resources and expertise to its resolution. In that respect, Richardson International will at all times be ready, willing and able lend its assistance as required.

Thank you, Mr. Chair and committee members, for the opportunity.

I will be happy to answer questions you may have at the relevant time.

● (1545)

The Chair: Thank you, sir.

We're going to move to the Canadian Canola Growers Association. We have the president, Mr. McClean, and the vice-president, Mr. White.

Welcome, gentlemen. You have the floor.

Mr. Bernie McClean (President, Canadian Canola Growers Association): Thank you, Mr. Chair, and thank you to the committee for the invitation today to discuss the impact on farmers of China's move to revoke export registrations from Richardson and Viterra and, more broadly, to stop buying Canadian canola seed.

My name is Bernie McClean, and I farm northwest of Saskatoon. I'm the current president of the Canadian Canola Growers Association, the national association that represents 43,000 farmers across Canada. I'm joined today by Rick White, the CEO of CCGA.

Finding a path forward with China is CCGA's top priority. We're working with the Canola Council and government officials to find a science-based resolution and to resume trade as soon as possible. I cannot overstate the importance of this resolution and the uncertainty and concern currently being experienced by farmers and the larger value chain. With 90% of our canola exported as seed, oil and meal, we rely on international trade. The loss of our largest market, based on an action that appears to be without scientific evidence, is of real concern.

In 2018, China purchased \$2.7 billion in canola seed, or roughly half of our seed exports. Many farmers choose to grow canola for its stable returns. In 2017, canola was the largest source of farm cash receipts of any commodity. It is also an important contributor to the Canadian economy, generating \$26.7 billion in economic activity and creating 250,000 jobs from coast to coast.

Farmers, including me, are now weeks away from planting. In many cases, most of the seed, fertilizer and crop protections are purchased and production plans are set. Farmers plan months in advance and consider a variety of factors, including healthy crop rotations, disease pressures, stored grain, input costs, risk management and marketing strategies, all limiting their ability to change plans so close to seeding.

This year, we expect to plant 21 to 22 million acres of canola. As an illustration: I purchased all of my seed and a large percentage of my necessary inputs by the end of December 2018. A representative farm in central Saskatchewan spends roughly \$215 an acre on seed, fertilizer and chemicals—those three alone—in advance of putting the crop in the ground, or roughly \$323,000 to plant 1,500 acres of canola.

Furthermore, an estimated 10 million tonnes of canola seed remain in storage, creating cash flow challenges for farmers still needing to sell. Situations vary by farm, but it is normal practice to sell some grain in the spring to generate cash flow to cover expenses. With many expenses already committed and larger than average volumes of canola seed still on the farm, cash flow is top of mind.

An increase to the maximum limit under the available federal advance payments program would provide farmers with more flexibility to manage their cash flow and prepare for the upcoming production season, until a resolution can be found. Existing government risk management programs could be used to help farmers manage income and margin declines. Consideration should be given to how the enrolment in AgriStability can be increased and what adjustments can be made to make it more responsive to the current situation.

Overall, initiatives to diversify the canola market, such as increasing the existing biodiesel mandate, or efforts to reach new markets would help provide a new home for our canola. Ultimately, access to the Chinese market for canola seed is required. The measures discussed would help farmers manage the uncertainty in the short term, but the longer this market disruption goes on, the harder it will be to manage and absorb the negative impacts.

In conclusion, grain and oilseed farms are family-owned small businesses that depend on trade. With little warning, the rules of trade changed overnight, without a solution in the foreseeable future. Farmers are set to produce a crop without certitude of market, delivery or price options. We're confident in the quality of our canola and our ability to consistently meet the high safety and quality standards required by the Government of Canada and our customers. Farmers look forward to finding a science-based resolution to address China's concerns, as well as the resumption of trade, as soon as possible.

With that, thank you to the committee. I look forward to some questions.

The Chair: Thank you, sir.

It's true—we heard this before—that this crop was developed in Canada and first planted here. Fifty years ago, we didn't have an acre. Did you say we now have over 20 million?

• (1550)

Mr. Bernie McClean: Last year the crop was a little over 21 million acres. We're expecting between 21 million and 22 million this year.

The Chair: How much would that be, as a percentage of the total world crop? Would it be 10%, or 20%?

Mr. Bernie McClean: Jean-Marc, that might be a question for you. I don't know. We are one of the largest producers of canola.

The Chair: It could be half of the world's production.

Mr. Rick White (Chief Executive Officer, Canadian Canola Growers Association): Yes, the second biggest producer would be Australia, and they produce two million or maybe three million tonnes. They're not a big player. Canada is by far the dominant canola producer in the world. The European Union grows a lot of double-zero rapeseed, but again most of that is for domestic use. It doesn't enter the export market in any significant way. We're dominant in terms of export canola business.

The Chair: Thank you, gentlemen.

We're going to go to dialogue with the MPs now, and the Conservatives are first for five minutes.

Mr. Hoback, you have the floor.

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

I want to thank the committee for entertaining this ag issue. It is a trade issue, so I appreciate your working with us to see this come here.

Jean-Marc and Viterra, I have a couple of questions for you guys. The urgency—I'm really trying to get that message across here in Ottawa that there's an urgency and this needs to be dealt with.

Timelines must be put in place. We need to see things, activities happening.

I'm really frustrated with the executive branch of this Liberal government because they don't sense the urgency. They just called their first group meeting last Thursday. She virtually just sent a letter to China last week looking for an invite to go to China with our officials. She hasn't talked to the Chinese ambassador here in Ottawa. She hasn't reached out through that avenue. The Prime Minister has said nothing on this issue. The Minister of Foreign Affairs had the lead on the issue yet refuses to come before any of the committees.

My concern now, as this will be our last meeting on this issue, is how we keep this front and centre. What's going to be the impact if we don't keep it front and centre? I'm concerned about that.

The other thing is that a lot of people think you can just swap markets right away. It's as if we've never been looking for new markets. How hard is it to develop a new market? What type of time frame would it take to replace this lost volume in China with other markets? You're not going to be able to do it tomorrow.

Maybe I'll start with Viterra. If you're going to develop new markets for—what are you looking at; maybe 10 million metric tons—how much time would it take to actually replace that? Just give us a ballpark answer.

Mr. Kyle Jeworski: China's market is between 3.5 million and 5 million metric tons of just canola seed. To replace that would take years. The challenge is that you have to get market acceptance of canola, and you have to build up all of the infrastructure. The canola seed needs to go into market. It needs to be crushed, where you're converting that seed to both oil and meal, so you need acceptance of both the oil and the meal within that marketplace, and you need the infrastructure. It's years. We have some markets that have a little bit of additional capacity, markets like Mexico, Pakistan and Bangladesh, but they can't take a fraction of the additional product.

Really, diversification is a medium- and long-term strategy. It's not a short-term solution. The short-term solution is that we need China open.

Mr. Randy Hoback: Exactly, and I think Jean-Marc would probably say the same thing.

The reality is that you only have so many crush plants built in markets around the world that will accept Canadian canola. To build new crush plants would take years.

In other markets, like those we've seen with durum in Italy, with pulses in India, what has been Canada's reaction when those markets have been shut down? Have we used retaliatory tariffs? Have we said, "Wait a minute, guys, this isn't good"? These markets now have been shut down for a long period of time, and it seems there's been no response from this government when this happens. Do you think the lack of response in previous disputes has now created the situation where China says, "Well, Canada won't respond. They won't do anything. We'll just do what we want"? Do you sense that happening here?

Mr. Kyle Jeworski: To comment whether they're related, I can't comment on that, but on the issue of India in particular with our largest pulse market, it's been a very long process in terms of having that market essentially shut down. There's very limited Canadian product—

Mr. Randy Hoback: Our response to that when those tariffs came on...there was no response. Okay, we're taking widgets from India; they're going to have a 65% tariff tomorrow, too, then. We've just accepted it.

Jean-Marc, you said you wanted to talk on that.

Mr. Jean-Marc Ruest: I was simply going to say that you've identified ongoing issues that Canadian exports are facing around the world and that all have sanitary and phytosanitary issues as the root issue that's being put forward to prevent trade from happening. In the case of Italy, it's a complaint with respect to alleged residue levels of glyphosate, which is being used to justify country-of-origin labelling. In China currently we have the situation that we're facing with respect to pests, etc. In India, while we've got tariffs now, you may recall that originally the issue was with respect to fumigation requirements to treat insects.

We have the same type of trend that is happening. If it's not going to be a science issue, then the issue, its resolution, etc, necessarily gets outside of our hands to be able to address, and it becomes a political one. As I said in my opening comments, I think it's incumbent on government to recognize those tactics for what they are and take a very strong stand, because it becomes very quickly a very slippery slope with respect to those types of issues being put forward in the future by other jurisdictions.

• (1555)

The Chair: Mr. Hoback, your time is up. I know you have more good questions, but we have a lot of MPs who want to get in here today.

We're going to move to the Liberals. Mr. Fonseca, you have the floor.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Mr. Chair.

I'll stick with the questioning on the subject of a science-based approach for canola and other plant-based products.

When it comes to the science-based approach, looking at international trade and our agreements with countries around the world, what would you like to see in those agreements that would hold everybody to a level playing field and to ensure that games aren't played with the products?

Mr. Jean-Marc Ruest: With respect to trade deals, we need to have very strong language that commits the signatory parties to respect science and science-based results, proper testing protocols, etc., and in the event of dispute, we need to have a very quick mechanism to resolve these scientific issues, with the parties' being governed by the outcome of that result.

I think, though, we need to keep in mind that when we're pressing other countries to commit themselves to science-based decision-making and results, we have to play by those same rules as well. We can't say we support science and science-based decision-making and

then weaken when we're faced with certain issues that appear on our domestic front—for example, our registration of pesticides, rules and regulations relating to application and use of pesticides, etc. We have to govern ourselves by science-based rationale versus other types of decision-making.

Mr. Peter Fonseca: To some of our other panellists, including the canola association, what's in place now by way of a rules-based approach and a standard? We had an opportunity to travel the country when we were consulting on CPTPP. This really didn't come to the table, so there wasn't much talk about the testing, the science and the standard.

Can you give us a bit more insight on this?

Mr. Rick White: I would say that most modern-day trade agreements, whether it be CPTPP or the new NAFTA, or even going back as far as the WTO international rules around this, are all based on science. Every country has an opportunity and a responsibility to inspect product coming in, but their decision-making process should be based on science and on food safety issues that are legitimate. Otherwise, they become disguised non-tariff trade barriers. Most agreements have that.

The question is, are countries standing up and complying with that? If they're not, are they being challenged under the agreement? In this case, we're not at that point. There are major agreements around the world, and they all have a science-based regulatory approach to imports.

Mr. Peter Fonseca: Maybe I'll go to Mr. Jeworski.

What's missing in this piece? We have the standards. I understand there are International Plant Protection Convention rules. What's the missing piece here that we're not getting so that everybody abides by the science and is held to the same level of playing field?

Mr. Kyle Jeworski: For me the key piece is that the buyer and the seller have clearly defined rules that both need to honour. We trade with very strict trade rules, and should there be a dispute, there are mechanisms to resolve that dispute.

The challenge we have with issues such as the one in China is with government interfering and creating non-tariff trade barriers. That takes it beyond the buyer and the seller and escalates it to the government-to-government level.

We have sound science and some of the best scientific work in the world, but the challenge is that we have countries that are not honouring that science base, which again results in this escalation to the government level.

To me it's key that the government be very active with other governments in trying to mitigate the issues that are related to the non-tariff trade barriers that are being put up these days by a number of countries.

• (1600)

The Chair: Your time is pretty well up.

I will just remind MPs—especially when we have video conferencing—to tell us who you want to answer the question.

We're going to move to the NDP now. Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey (Essex, NDP): Thank you all for being here during a very difficult time. This is a very serious issue that the NDP takes seriously. We're hopeful that the government will start to move on it because time is of the essence—which we heard from you, talking about Mr. McClean being a few weeks away from seeding and the significant investments that you've already put into this year's season. It's not something you can roll back the clock on at this point. We really do hope there are some measures that are put in place to help you.

One of our members, Niki Ashton, is a member of Parliament for northern Manitoba. She expressed to me how worried she is for northern communities. I represent a rural riding, but in southwestern Ontario. We grow everything but canola. I recognize that northern and remote communities are especially vulnerable and farmers in those areas will be in difficult positions, too.

Mr. Ruest, you said in your opening remarks that the issue here is how we can get to the bottom of the contaminant allegations. I'd like to hear from you about how you think we'd go about doing that. Secondary to that, what has the government told you that they're moving on in response to how you think we come to an end to this?

Mr. Jean-Marc Ruest: For the resolution on the technical side of things, I think one of the key components that's required is a willing partner to have a discussion with and with whom to exchange information. That requires confirmation of engagement and engagement in good faith. I think that means, as well, agreeing on a reasonable time frame to conduct the review that is required. I'm not privy to the extent to which those conversations have happened. I understand that attempts have been made to engage with the Chinese technical experts. I'm not close enough to the situation to know how much further it's gotten beyond that.

In my view, engagement or failure to engage ought to be measured by the ability to reach a conclusion within a set time frame. I think we have to understand what is a fair time for people acting in good faith to review the evidence and come to a conclusion on that.

I would suggest that the absence of being able to either meet that time or even being able to agree on the process is a sign of not being prepared to address the issue meaningfully.

Ms. Tracey Ramsey: Have any of you heard from the minister or from the government that they will agree to a specific timeline, or that they will talk about some concrete steps that can be taken?

Mr. Jean-Marc Ruest: I'm not aware of a specific timeline having been agreed to.

Mr. Bernie McClean: Not currently.

Ms. Tracey Ramsey: Viterra?

Mr. Kyle Jeworski: I'm not aware of any timeline.

Ms. Tracey Ramsey: Could you describe to us the level of communication that you're having with the government around this right now? It's such a serious issue, as my colleague raised. It's not something we've heard the government really speaking about. We've attempted in the NDP, along with other opposition parties, to bring this to the House. I'm just wondering if you could tell us what your communication level is with the government right now.

Mr. Jean-Marc Ruest: I do have to give credit to the departmental officials whom we've spoken with from the market

access secretariat and Global Affairs, etc., who have been very open and very willing to speak with us. They have reached out to discuss with us.

A strategic working group has been created, of which both we and Viterra are members. We've had a first meeting of that group. I don't think the subject matter of those discussions is open to public disclosure. I think we understand this is a tough issue to deal with. From a communication and openness perspective, we have had a good back-and-forth with the government officials.

• (1605)

Ms. Tracey Ramsey: Mr. McClean, you mentioned AgriStability. Could you speak about some of the other programs that you feel the government could implement immediately to offer some supports to farmers other than expanding the application process for AgriStability? What other tools could the government implement right now?

The Chair: It will have to be a short answer, please.

Mr. Bernie McClean: Absolutely. Rick and I talked about it, and the advance payments program looks like one that will be very easy to implement some changes to quickly. Premier Moe from Saskatchewan has addressed it and brought it forward. We agree that we could probably work within those confines and bring that program into today's day. On larger farms, that will help to address some of the on-farm stored grain. Possibly looking at the 2018 advances that are still there and allowing those advances to be paid off without proof of sale would help producers to roll into the 2019 advance and be able to take full advantage of that, especially at an expanded amount.

Ms. Tracey Ramsey: Thank you.

The Chair: Thank you.

We're going to move over to the Liberals again. Mr. Dhaliwal, you have the floor.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair, and thank you to the presenters.

As all of you have said, there's a sense of urgency and this is a very important issue, particularly to western Canada.

My question is to all of you. Are you aware that Minister Bibeau has communicated with Minister Ni and that a letter from the president of the CFIA to her counterpart at the General Administration of China Customs has been delivered, and that they're trying to figure out a face-to-face meeting?

Mr. Jean-Marc Ruest: I was made aware there have been high-level government communications by the Canadian government to the Chinese officials, but at a very high level. I'm not aware of the contents or the specifics.

Mr. Sukh Dhaliwal: The minister in fact has written to Minister Ni and is waiting from the response from that side.

Besides that, because I'm an engineer, I look at things as black and white. In terms of scientists in Canada and scientists in China, I'm sure two plus two is four in Canada, but when we go to some other countries, two plus two can be five, right?

Is there something that you are not saying? You are all mentioning science-based evidence and you say you've had a relationship for over 100 years, and our scientists, and the canola is the best quality we have. However, now we are facing this issue. Do you believe the decisions of scientists in Canada and the decisions from the scientists in China are at par?

Mr. Jean-Marc Ruest: There's a disconnect somewhere. The question really is, what is the basis for that disconnect?

We are confident with the results on the quality of our commodity. No such issues have arisen with China for as long as we've been exporting to China, and none have arisen from any other customers around the world, including the ones most sensitive to quality issues, including the Japanese marketplace, from testing and retesting.

We're very comfortable with the soundness of our product and our test results. China says they have an issue with it, so we need to get to the bottom of it.

Mr. Sukh Dhaliwal: Mr. White.

Mr. Rick White: I would just echo what Jean-Marc said. There is a discrepancy between what our scientists tested versus what Chinese officials tested. We need to get those people together, talk about the technicalities of the test, do a joint testing of samples that are common and agree on what's in there and what's not. If they don't agree, then we are into a different realm.

I have a lot of faith in our Canadian system and our product, so at that point in time, if the scientists can't agree, we'll just call it a non-tariff trade barrier and we're into a different scenario.

That should not take very long.

•(1610)

Mr. Sukh Dhaliwal: On the question to Viterra, on the one hand I'm seeing the members on the other side saying the government is not doing anything. On the other hand, when I was listening to you, you said the federal government has been engaged from the very beginning.

I would like to hear your comments.

Mr. Kyle Jeworski: The federal government has reached out to Viterra directly at many different levels, right from the onset, when the announcement was made on March 26 that our export ability was restricted. Various areas of government, from agriculture to trade to foreign affairs, both at the ministerial level and throughout, have reached out to us. The communication was there from the onset. That's throughout our organization.

The communication started early and it has continued. As Jean-Marc mentioned, we are on the working group as well with Richardson International. Therefore, communication from the government has definitely been taking place.

Mr. Sukh Dhaliwal: We all understand on this side and the other side, and on the U.S. industry side as well, that it has to be settled at the highest level and as soon as possible.

So far, with the steps the government has taken, do you think we're heading in the right direction?

The Chair: I'm sorry, Mr. Dhaliwal, I'll have to leave that as a statement because your time is up. We have to finish this round and go to the second round. The Liberals have the lead-off on this round.

Mr. Sheehan, you have the floor.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much. I'll pick up where Jean-Marc made the comment.

I mentioned this last week when we had the ministers here with some officials. We know that Canada is exporting \$2.7 billion—I think that was the number you used—to China. Canada is also exporting to other markets, the second-largest being the Japanese market. I'm co-chair of Canada-Japan Inter-Parliamentary Group, and I know how seriously they take everything as it relates to being an island nation, about protecting themselves, about being extra-cautious and making everything science-related, whether it's admitting people or food products in various forms.

The Japanese market, I believe, is well over \$100 billion. I'll throw in Mexico, too, because I think Mexico is our third-largest market at around \$700 million or \$800 million. Have they indicated any issue with Canadian canola to you or to anybody around the table at the same time that the Chinese were doing this?

Mr. Jean-Marc Ruest: No.

Mr. Terry Sheehan: Did anybody else get any kind of indicator, for the record?

Mr. Bernie McClean: No.

Mr. Terry Sheehan: What about those of you here by video conference?

Mr. Kyle Jeworski: There've been no issues from any other markets.

Mr. Terry Sheehan: Thank you. It's important to get this on record. I appreciate that everyone's on board with the science-based approach. I think the working group is an excellent idea, with members here today exploring various avenues.

You mentioned what you couldn't say as a result of the meeting. What would you anticipate in future meetings. What would you like to see discussed at future meetings, Jean-Marc?

Mr. Jean-Marc Ruest: If the working group is to fulfill its stated mandate, as I understand it from the simple name of the committee—the strategic working group—I think the discussion will be about sharing and getting the input of industry on a strategy for moving forward. We'll need to understand where we are on the technical side of things. After that, we'll need a game plan if and when we get to a point where we've confirmed that there are no legitimate quality issues at play, such as market diversification, finding other markets or opportunities for other actions to be taken.

We've only had one meeting to date, and it was very preliminary, but what I would like to see coming out of the group is a way to help industry understand what is going on so that we get some comfort that there is, in fact, a plan to deal with this issue in the long term, as well as an opportunity for us to provide some input into the elaboration of that plan.

•(1615)

Mr. Terry Sheehan: Good. Does anybody wish to add to that?

Mr. Kyle Jeworski: I think a key part is working with the rest of the group to stress the urgency of this matter. As we said earlier, there is a huge sense of urgency here. This is something that is affecting not just producers but the entire industry and the entire economy. For us, it's key that we as industry participants in this working group provide our perspective on the importance of the matter at hand and how it is affecting the entire canola trade.

Mr. Terry Sheehan: I was surprised that during question period today there weren't any questions asked about the canola issue, given that it was so important.

I agree with you, and I hope this will be raised.

Ms. Tracey Ramsey: You can ask questions. Liberals ask questions.

Mr. Terry Sheehan: We also talked about the need for action as it relates to planting and growing canola—and that is an option. The farmers want to go forward with that process. Explain to me how long it takes to grow and then after that—I'm from northern Ontario, and we have farmers around in various places and I see the silos—tell me how long you can keep canola in storage.

The Chair: Do your best, gentlemen, with a short answer.

Mr. Bernie McClean: I started in the fall, 2018. I'm making planting decisions starting last September, basically. I'm getting calls when I'm actually combining 2018's crop, or whatever year that happens to be. Right now it's 2018.

I'm making decisions on rotation, as I mentioned in my talk. There's rotation, insects, margins, input costs, all of that is thought about and considered.

By the end of the year I have, in large part, all of my canola seed. I pay for it, because that's the best price I can get. A large part of my crop nutrition is also bought and paid for. Once that's done, it's very difficult to take seed back.

Basically, by the end of December 2018, I was committed to my acres for the spring of 2019. Crop input retail will take a bag or two back. They don't want 78 bags back from me right now. I'm really committed to what I had for plans already, based on the fall of 2018.

I grow the crop and I'm harvesting again in September and October. In 2019 I can certainly store it. On our farm we usually try to market from fall through to the next July. I like to have my bins emptied out again by July so that I have room for next year's crop to come off again. I can't afford to have double the bin space. I try to cycle once a year.

That's not saying that I can't store longer than that with due diligence and making sure that there are no issues in the bin through storage. The summer heat can be an issue. You have to be a little more diligent, for sure.

It's not the way I'm set up, though. It's a fill-the-bins-once-a-year, empty-the-bins-once-a-year cycle. In large part my plans are set in stone, pretty well. I can make small adjustments by the end of the fall, or by the end of the previous year, for sure.

The Chair: Thank you, sir.

That was a good question, but it should maybe have been asked at the first...but that's fine.

We have time for one more slot with MPs before we bring out more growers. We're going to the two visiting MPs, the dynamic duo from Manitoba.

Mr. Sopuck and Mr. Maguire, you have the floor.

Mr. Robert Sopuck (Dauphin—Swan River—Neepawa, CPC): I have one comment and one question, and then I'll turn it over to Mr. Barlow.

My comment is this: the head of the CFIA at our meeting last time pointed out that Canada and China use two different methods to test the quality of canola. That's an elephant in the room, in my view. That's going to be difficult.

Mr. Ruest, we've built up the relationship with China over 100 years. A lot of trade is built on the intangible factors of relationships and how that is done. Trust is built up. What China has done recently, does it destroy that trust? Even if they were to come back into the market, won't that engender a level of uncertainty that you never had before?

• (1620)

Mr. Jean-Marc Ruest: Things like this certainly put a chill on the market. I think the relationship that we have with our customers continues to be good. We have a good relationship with long-standing Chinese customers.

Our customers don't have quality concerns with our shipments—in the past, or with these that are at issue. It is an issue that is being raised by the Chinese government.

Certainly, we trade in an industry that requires predictability. As soon as you have market distortions of these types, you take away from that predictability, and this can't but have a negative impact on your outlook on the opportunities of the market.

Mr. Robert Sopuck: Okay, thank you.

Mr. Barlow.

Mr. John Barlow (Foothills, CPC): Thank you very much, Mr. Sopuck.

Mr. Sheehan, we've tried more than a dozen times to get unanimous consent for an emergency debate in the House on the canola crisis. Each and every time, the Liberals have turned us down. The Conservatives understand how important this issue is, but our colleagues don't seem to share our view on that, which is disappointing.

You talked about the difference between science-based procedures and the political issues at play here. I want to use an example of what we can do when we get things done. In 2018, we had samples of GMO wheat in Alberta. Japan took action and blocked Canadian wheat. We had a plan from the government at that time. It was acted upon and in less than a month we had that trade issue resolved. We're now more than a month into this crisis with no plan, no concrete action taken. I think this shows the difference between a science-based problem and a political problem that needs a political solution.

Jean-Marc, you mentioned the need to show some strength here. We're asking for a high-level delegation, including ministers, to go to China. Is that something you are hoping to see in the very near future?

Mr. Jean-Marc Ruest: Once we get to the point that we have absolutely ruled out the technical issues, then the matter becomes a political one to be resolved. Maybe there are issues that require high-level political discussions simply to avoid having the types of delays and disruptions that occur from a technical issue, if, in fact, it was put forward in good faith.

Mr. John Barlow: You said that when your shipments left Canada, they were tested and everything was clean, and then they get to China. Do these ships stop anywhere between Vancouver and China? Can anything happen en route that would change the results of those tests?

Mr. Jean-Marc Ruest: No, we're very comfortable that the test results, the sampling at time of load, would have been representative of the quality of the cargos as they arrive at destination.

Mr. John Barlow: Thank you.

Just very quickly to Bernie McClean, thank you very much for coming. You talked really quickly about storage. Even on the advance payments program, you still have to pay that back.

What would it cost you to increase your storage on your farm to try to store canola seed or the harvest if you're unable to sell it? What kind of money are we talking about if you had to double your bin size?

Mr. Bernie McClean: I bought a couple of new bins last year, and they were just a little over \$3 a bushel. If we use \$3 a bushel as that number for a 5,000 bushel bin, it's about \$15,000 a bin times 30 bins. It's pretty expensive.

Mr. John Barlow: That's good math; I appreciate that. That again goes to the urgency of this situation. I think there's a misconception that we're talking about canola that you're going to be harvesting this fall coming up. We're actually talking about a commodity that's already been harvested that is in transport trying to get those new contracts. How urgent is this for you, your association, and other producers across western Canada to get resolved as quickly as possible?

The Chair: Give a quick answer please.

Mr. Bernie McClean: Quick, quick all the time. Well, I'll do my best.

The Chair: It's not your fault. The MPs talk too much maybe.

Mr. Bernie McClean: It's important, absolutely, without a doubt. Guys are sitting there with grain in the bins, and that grain is cash flow. If it's unpriced, unsold and not moved out of those bins, I don't get paid for it until it gets to the elevator. Once it gets to the elevator, then it turns into cash that I can use to finance my operation for the next production cycle, I'll say, meaning the number of months moving through until fall.

Without being able to move that grain, I'm looking for options. Again one option that CCGA can help the government out with is the advance payments program. I recognize that it's not the silver bullet or long-term answer that we're looking for, but it is very much a short-term solution to an immediate problem with cash flow and making sure that we can adequately finance our operations through this summer's growing period.

● (1625)

The Chair: Thank you very much. That wraps up our first half of today's meeting.

Thank you very much for coming, gentlemen. It was a very informative and productive first hour. You're welcome to stay if you want to. We're going to have the farmers up in the next round with us.

MPs, we're just going to break for five minutes.

● (1625)

_____ (Pause) _____

● (1630)

The Chair: We're going to reconvene our meeting this afternoon of the international trade committee. This is the second half of our second meeting dealing with the challenges that the canola industry is facing on the trade side. We had the ministers and officials at the first meeting. We had people from the industry in our first hour here. We're honoured to have three farmers, one from each province.

Thank you, gentlemen, for getting away from your farms and coming all the way down here to do your presentations.

If this is your first time here, each one of you will have up to five minutes. We're a little flexible with time, but we like to have good dialogue with the MPs. I'll remind MPs to keep their questions short so the farmers can get their answers in.

It's a challenging time as we've heard this afternoon already.

Without further ado, we have, we'll start farthest west. All the way from Alberta we have Leroy Newman from Newman Farms Ltd. Go ahead, Mr. Newman, you have the floor.

Mr. Leroy Newman (Newman Farms Ltd., As an Individual): Good afternoon, everyone, my name is Leroy Newman, I'm from Blackie, Alberta, just south of Calgary. I'm the fourth generation of my family that's been farming. We grow canola, barley, peas and wheat. We also have a cattle operation. Despite the fact we are in the middle of calving this season, this issue is so important I felt compelled to be here to speak to the committee about the crisis we are facing with canola. I'm here representing farmers on how international trade affects Canadian farmers.

How is the current government going to protect Canadian farmers, not those from my generation, but those who hope to farm in the future, like my kids?

Within weeks, I'll be seeding my crops. As a result of the dispute with China, I'm struggling with whether I can change my acres up or down. The answer is I can, but only about 5%. The canola crisis is devastating to my operation. Price-wise, 2018 was a good year, but for 2019 the price has already dropped close to 20%, which is devastating the canola market. For example, I budgeted on \$11.30 a bushel for canola, and due to the trade issues with China, the prices have dropped to \$9.20 per bushel and falling. Therefore, my margins have dropped significantly, from \$115 an acre to just 14, which is not enough to sustain my farm.

This also impacts the sustainability of my farm. Today's producers follow a sound practice of rotating crops, because maintaining a good crop rotation ensures that we can manage disease...crop protection products. Most importantly, with zero till, my land and soil remain as healthy and productive as they can be. Canola is a vital crop in my rotation, and seed and fertilizer blends have been brought already specifically for canola. Farmers take the risk of planting the crop in the hope it will mature and hit top quality. I take care in managing that throughout the growing season to harvest.

The export market is a lifeline for Canadian farmers. I'd say that most of my crops are sold into the export market. My wheat is destined for flour, my peas for human consumption, mulled barley into great beer and, naturally, my canola into top quality vegetable oil. Over 90% of Canada's grains are exported, and China has always been one of our buyers, and one that we cannot lose.

We producers know that we grow top quality grain. We have the backing of our testing here with CFIA and the science that goes with it. China is demanding more of our products, and they know it is top quality. We see the crisis as purely an artificial trade barrier and expect government officials from agriculture and international trade to take it seriously and work on the solutions.

All this being said, my biggest concern is storage. This summer there will be a large carryover of canola as prices decline and farmers hold on for higher prices. Due to the timing of this crisis and the lack of resolution, most producers will not be able to change their rotation, resulting in more grain in storage. Merchants rely on us to move a lot of grain in the summer and for fall export. Keep in mind there is still only so much storage capacity.

With the loss of China in the market, we run the risk of low prices, no movement in an already bottlenecked transportation system. The current rail transportation [*Inaudible—Editor*] forecasts another backlog for the fall and winter.

I'm going to save the rest of my time for more questions, if you don't mind.

• (1635)

The Chair: Thank you, sir.

I hope you're having better weather for your calving than we're having here.

Mr. Leroy Newman: It's nicer at home than it is here. Every time I come here it's cold.

The Chair: We had a beef farm too. We don't mind the cold. It's when you get that rainy, wet weather that it's terrible on the calves and the cattle.

Thank you for your presentation.

We're going to go to Saskatchewan now. We have Brad Hanmer from Hanmer Joint Venture.

Go ahead, sir, you have the floor.

Mr. Brad Hanmer (Hanmer Joint Venture, As an Individual): Thank you, Mr. Chair and fellow committee members. It's an honour to present to you today.

Once again, my name is Brad Hanmer. Along with my parents, my two brothers and their families, my wife and our children, we operate a fifth-generation farm, which is 115 years old, in central Saskatchewan. We farm in the small community of Govan, Saskatchewan, which is about one hour north of Regina and one hour south of Humboldt, Saskatchewan.

I'm from a part of the country that proudly supplies food and energy to the world. We are facing a lot of economic uncertainty with the current restrictive environment that our products are facing in accessing world markets.

As our family is preparing to participate in one of Canada's greatest, most-celebrated, billion-dollar megaprojects—in the Prairies we call that spring planting—we are coming before this committee with some great concern about significant economic impacts on our businesses, our industry and our nation.

Our industry is known to be dynamic and innovative. We help feed the planet. We are widely regarded as an agricultural powerhouse, and this is only possible with a vibrant trade environment. Our industry urgently needs action to restore international trade relationships.

As Jean-Marc said in a previous panel, we are currently facing four significant trade challenges in addition to canola. We have the Italy durum issue. We have the India pulse tariff, we have the Saudi Arabian government ban on imports of Canadian barley and wheat, and then we have the further fallout that the canola crisis has created in a lot of the uncertainties we've seen with other crops. That risk is uncertainty, and we're starting to see that a lot of the crops we grow into China could be suffering the same impact. As a result, we're seeing a complete sell-off in a lot of the commodities we export into China.

If I may, Mr. Chair, I'm quickly going to go through a few slides. They are at the privilege of the committee, and they are for your privilege when I'm done. I will go quickly.

• (1640)

The Chair: Go ahead, sir.

Mr. Brad Hanmer: First of all, canola is our most important crop; it's our wealth creator. Canola has generated over \$9 billion in cash farmers' receipts in the past three years, as you can see by my graph. In my own language, canola is the fuel for the velocity of money and for most of western Canadian agriculture.

Farmers have responded over the years to the profitability of this crop by increasing acres, making it Canada's most widely cultivated crop, and now we're seeing in excess of over 20 million acres of production in our country. Not only has production increased, but so have our yields by embracing improvements in cropping systems and genetics. Not only is the output of our crop increasing, but the yield per bushel in acres is also increasing. It's making us one of the most dynamic canola producing areas on the planet.

In my farming career, canola exports have nearly tripled, and here's a celebration of what can happen with open borders and strong trade relationships. Canada's rising production trend has been met by rising export demand mainly from China. We dare not invite China to deviate from its upward trajectory.

We've spoken about this lots at this committee, how important China is. If you look at the magnitude of the top 10 canola countries that we export to, we don't have a lot if we don't have China. Not only do 47% of our canola exports rely on Chinese purchases, but the exports to China are trending up. When we start looking at the exports to China that we've been seeing now, we're in the neighbourhood of 47%. This is where the hardships are starting to occur in our part of the world.

This uncertainty when things get complicated with China has resulted in an export pace slowdown that we're starting to see in these bulk trends. If you look at the five-year trend on on-farm canola, it's starting to trail behind the average, which means that we're starting to have buildup of inventories, and as a result, we're starting to have an impact on prices.

What I want to show you right now is that impact on new crop prices. If you look at this canola futures chart, the value of new crop canola has been reduced by about a billion dollars. If you look at this November 2018 canola contract, this is where new crop prices for canola—and we are about to plant very soon—are derived from. This is what you'd call in our terms a bloodbath. Uncertainty is risk, and risk is calculated into this graph.

I also want to talk very quickly about what's happening on old crop prices. I think that Mr. McClean did a very good job of that, but just to reiterate what he said, since December we've lost about \$50 a metric ton on the May 2018 canola futures contract, and this is where the current cash prices are derived from. Since this fallout to our canola prices and the resulting economic pain, the market estimate impact to the farm gate I have estimated from trade sources at \$340 million, and this is what the crop in canola farmers has been since it dropped in early December.

When you look at this new price chart, this is what Canadian farmers are looking at right now while trying to make planting decisions. Where I come from, canola is the economic engine of our family businesses and the local economy and fundamentally the most important component of the multiplier of our commerce. It is imperative that Canadian canola, seed oil and meal have access to the Chinese market. Relationships need to be restored immediately.

I am hopeful that this group truly understands the importance of the situation, but I want to remind you that canola is the foundation of our way of life. It's what drives our investment decisions and our capacity to finance and operate our businesses. It has attracted huge domestic and international investments both up and downstream through the value chain. All of this depends on trade. There are some risks of countries like China creating alternative supply channels with other suppliers, and this is coming at a time when the overall economic environment and reduced profitability are already challenging the Canadian commodity agricultural portfolio.

We need this market, ladies and gentlemen.

This is not the first time in my 20-plus years of farming to experience trade concerns and trade conflict. The Chrétien, Martin and Harper governments also had to navigate through some uncertainty in international trade; however, I cannot remember so much conflict of the major crops all at once.

Our Canadian system is far from broken. I think it may be just our approach. We have some of the most talented deputy ministers, trade negotiators and support staff on the globe. They have represented us well in the past and made us all proud.

• (1645)

I'm reaching out to this group to please think of this issue not as a file or a briefing note but to remember that this is our livelihood in western Canada. I strongly encourage this committee to work with industry and commodity groups, but I also challenge this committee. I feel it's time to flip the switch to strategic thinking and political savviness.

When we check the science box, which we've talked about at this committee, we're going to check that box about what this trade dispute is all about. When we do that, we're going to get refocused. As we all know, it is not about science. We all know it's about politics.

This is a disturbing trend, as we seem to have one strained trade relation after another, as it appears that the dominoes of strong trade relationships are starting to fall, and farmers like me are paying the consequences. China played its big card, the canola card. This card hurts, and it hit us fast and hard and it was deliberate. This has been caused by politics, and it can only be solved by politics. Farmers like my family and me live and breathe in an environment with so much uncertainty. Our success relies on facets like trade to operate in a stable and predictable environment. This all starts with our government: We need strategic engagement right now at the political level. In closing, farm families need to be reassured that their elected officials understand the complexity, severity and urgency of the situation.

I thank the committee for your time.

The Chair: Thank you, sir.

I'm impressed with the presentation. Those are quite the figures. If I look at the paper I have here, I guess Saskatchewan produces almost 50% of the canola in the country.

Mr. Brad Hanmer: That's right, and is also the largest pulse grower in the world. Canada is the largest pulse exporter. We're also the largest durum producing exporting nation in the world. Saskatchewan produces about 80%. There is not one jurisdiction in this country that is more affected with international trade disputes right now than my home province of Saskatchewan.

The Chair: Thank you, sir.

We're going to move over to Manitoba. We have Mr. William Gerrard from Invernorth Ltd.

Thank you, sir, for coming here today. You have the floor.

Mr. William Gerrard (Invernorth Ltd., As an Individual): Good afternoon. Thanks for inviting me to Ottawa to address this committee on the very important issue of canola seed exports to China.

My name is Will Gerrard. I'm a 35-year-old fourth-generation farmer. My wife Jacquie and I have three young children. We're partners in a family farm located just south of Riding Mountain National Park in western Manitoba. We have tried to implement a diverse crop rotation, including wheat, canola, soybeans, peas, hemp and grass seed.

The invention of canola was a huge boost to farms in western Canada, especially in the cool parkland region where I farm. This is quite evident if you drive through or fly over my area in the summer, because you will see that a full 50% of the fields are yellow canola crops in full bloom. Over the past 40 years of growing canola on our farm, it has evolved from a small acreage specialty crop to become a cornerstone of predictable profits.

Of course, as with anything in farming, it's not without its ups and downs. In my short 17-year farming career, I have sold canola at as low as \$6.50 a bushel and as high as \$15 a bushel. Yields have ranged from 20 bushels per acre—when a disastrous August frost struck in 2004—up to 70 bushels per acre when everything clicks just right to produce a bumper crop.

Prior to 2019, three crops we produce faced significant trade and marketing issues. In 2017, low-cost Chinese hemp seed hitting the international market played a significant role, and buyers in the hemp seed exporting and processing industry lost their premium markets. This resulted in a price drop of 20% to 30% for this commodity, making it unprofitable for us to produce.

Everyone is aware of the impact of India's tariffs on pulse crops, which caused the prices of peas and lentils to drop significantly for Canadian growers. More recently, the slump in soybean futures prices in the U.S., due in part to China backing away from U.S. bean imports, has also impacted soybean prices in a negative way for Canadian growers.

Admittedly, hemp and peas were relatively small acreage crops for us, and we were able to shift our acres to larger market crops, such as canola, soybeans and wheat. With the recent blockage of Canadian canola going into China and, in turn, the dollar-a-bushel drop in canola prices, I think I speak for my fellow farmers in Manitoba in expressing concern that we're running out of profitable crops to grow.

The recent drop in canola prices has caused a direct loss to our farm, totalling about \$70,000 on the remaining canola inventories from the 2018 production year. I'm concerned that prices will continue to drop as seed inventories build in Canada. Losses next year for our farm would be in the hundreds of thousands of dollars. This money is lost from the local economy forever. Seeded canola acres will most certainly drop this spring, and this acreage will shift to smaller market crops and drive the price of those commodities lower as well.

As you can see, the trickle-down effects of the canola ban in China are numerous and significant. Where I live in western Manitoba, grain farming creates a massive share of the economic

activity in our local communities. Some of the big employers in the area consist of agricultural equipment dealers, crop input retailers and grain purchasing and processing companies. I've already heard talk amongst fellow growers about cancelling machinery orders and cutting back on crop inputs, such as fertilizer and chemicals, for the coming year. When farm profits suffer, the economic well-being of the entire community suffers just as much.

Farmers are constantly striving to become more efficient with our inputs. We have invested in technologies invented by Canadian companies, such as precision seed and fertilizer placement and sectional control technology, to eliminate over-application of pesticides and fertilizers. We have done these things out of necessity to remain competitive in a global marketplace. A worst-case scenario for us is to lose the global markets that we have worked so hard to obtain and stay competitive in.

I urge members of Parliament from all parties to work together with industry and farmers. We have worked hard to develop a safe, reliable and competitive oilseed crop in canola. We need to get a fair value for it.

Thank you.

• (1650)

The Chair: Thank you, sir.

Does canola need to be pollinated?

Mr. William Gerrard: No. It pollinates itself.

The Chair: You don't need to bring in a whole bunch of beehives.

Mr. William Gerrard: No.

The Chair: I was wondering about that. It would take a lot of bees to pollinate 20 million acres.

We're going to try to get as many MPs here as we can. Some are splitting their time. We have some visiting MPs from the Prairies, the western provinces, because they represent a lot of canola farmers.

Without further ado, we'll get going here, starting with the Conservatives. Mr. Hoback and Mr. Sopuck are splitting their time.

Go ahead.

Mr. Randy Hoback: Thank you, witnesses, for being here. I know you're getting down to the nitty-gritty of getting everything ready for seeding.

I'm going to start with you, Mr. Hanmer. In terms of the financial impacts on your operation, what does this mean for your operation? How does that have a domino effect on the economy as a whole in your community of Govan? Can you give us some insight into that?

Mr. Brad Hanmer: That's a great question, Randy.

The impacts are minimized. Unfortunately, probably about 10% of my production is left unpriced. We saw some of the chatter that was going on, and we did a mass sell-off of a lot of our canola, so we're fortunately pretty covered on that. But if we flip a switch into a new crop—you can see the chart I have up on the board—without average yields, we have a disaster. We have lost the profit from our crop-growing canola due to trade impacts.

As well, I run a crop input retail business, and I get to see that there is a lot of pain out there, Randy. I echo the comments of my fellow farmers: There are often a lot of decisions being made really quickly, really fast, about what we can grow. Again, if I may talk about my home province of Saskatchewan, there isn't one crop that isn't negatively impacted by some sort of trade dispute that is costing our profitability.

There are not a lot of alternatives. What I would say to this committee is that we have one option here, and that is better trade relations. We are an exporting nation. Without trade, we have nothing, and any further degradation in our international reputation could be serious and dire.

Mr. Randy Hoback: In light of that—we've talked about the science-based approach, and they're checking that box—you're saying that we need to have more action at the ministerial level then. Is that not what you're saying? You want to see ministerial visits to China, maybe to Italy, maybe to Saudi Arabia, maybe to India again, to actually start to rebuild those markets. Is that fair to say?

Mr. Brad Hanmer: That would be fair to say, but you know, Mr. Hoback, my expertise is not international trade. My expertise is production, agriculture and business. What I will say is that without our government leading us through an export-based economy, we don't have a business. We need to have exports. We need to have trade lines so that we can export our crops and we can export our oil. We're hurting in western Canada, and I think this committee needs to know the urgency and the severity of what's happening.

• (1655)

Mr. Randy Hoback: Okay.

When we heard from JRI and others like them, they were basically saying that it's also impacting other crops. You touched on it just loosely. Could you give us just a quick oversight of what the situation with canola does to the wheat market and to the other markets? Then I will want to share my time with Mr. Sopuck

Mr. Brad Hanmer: That's a great question. So that I have the question framed right, when canola falls, it puts economic pressure on the whole system. That's on not only our acres but moving into the companies like Richardson and Viterra. So now we have to find other avenues, and it becomes that much more important to have an economic return on every other crop commodity. When your biggest crop represents about 50% of the acres and it falls off, that has negative impacts on every other crop we can grow.

That is the situation. I'm not sure if this committee understands. This is about far more than canola.

Mr. Randy Hoback: So we would have a similar chart in wheat or in barley—

Mr. Brad Hanmer: Absolutely. In fact, if I may, Randy, here is what our percentage of pea exports to China is right now. Why is there such a spike? It's because we're out of the Indian market. What happens if China decides that peas are the next crop to fall? Do you want to see our vulnerability in flaxseed? There's our vulnerability in flaxseed. If you look at total flaxseed exports to all destinations, if we lose China, we've lost those too.

Our number one thing, the reason I took a red-eye flight and flew through two time zones to get here, was to tell this committee that

we have an urgent issue in international trade and we need to solve it fast.

The Chair: Mr. Sopuck, you have one minute, so go ahead. Randy kind of robbed you there.

Mr. Robert Sopuck: To Mr. Gerrard, who happens to be a constituent of mine, welcome.

Could you talk about the stress that this is placing on you and your family from a very personal standpoint? When you're speaking with your neighbours, what kind of stress are they feeling?

Mr. William Gerrard: I think there's concern out there. Just being able to market a crop is obviously vital, as Brad was saying. We need to be able to move the crop to market. If the price is a little bit lower for a short period of time, most people can deal with that. But if this doesn't get resolved fairly quickly, then we have a bigger problem, in that it starts to impact cash flow longer term, profitability longer term, and then you start to see other things crumble around farms like lending, crops, machinery—other industries that rely on farmers.

I think that's really all I would say on that.

Mr. Robert Sopuck: Thank you.

The Chair: We're going to the Liberals now.

Mr. Hébert, you have the floor.

[Translation]

Mr. Richard Hébert (Lac-Saint-Jean, Lib.): Thank you, Mr. Chair.

[English]

The Chair: I'm going to hold the clock for one minute.

Can somebody help our guests get wired up there?

[Translation]

Mr. Richard Hébert: That's what I was going to suggest.

Thank you, Mr. Chair.

I would like to thank the witnesses for coming to clarify their situation for us.

Since I'm from Quebec, I'll use the language of Molière. My riding, Lac-Saint-Jean, produces one-third of the canola in Quebec. I'd like to take this opportunity to tell my friends of Her Majesty's Loyal Opposition that it is easier to give advice when you're in the passenger seat than it is when you have the wheel in your hands.

Another major crisis hit Canada from 2009 to 2016. You'll also remember that in 2014, the canola market experienced a very significant decline. The Liberal government that came to power in 2015 resolved the crisis fairly quickly. In 2016, we were able to overcome this crisis. Minister Bibeau, immediately after taking office, created a working group where several people from the sector met to try to solve the problem and initiate positive discussions to find solutions. We know how important science is in this conflict over the international canola trade between us and China.

Mr. Gerrard, with your wife and your family, you are in production. When are canola producers paid for the sale of what they produce?

• (1700)

[English]

Mr. William Gerrard: The translation may be a little iffy on that one.

[Translation]

Mr. Richard Hébert: Okay.

Once you have produced your canola, when are you paid for its sale?

[English]

Mr. William Gerrard: We're paid whenever we actually sell the crop. Sometimes we could deliver it in September, but we may not price right away. We may price later. Whenever we price that off the futures market, as Brad was showing, the futures price changes. Whenever we price it based on that market, that's when we're actually paid in most cases.

If we choose to hold on to our crops.... In terms of what we produced last year from the fall of 2018, we still have some of that crop in the bins, but 90% of it is gone. Probably 85% or 80% of it is priced. It's basically just a function of when the farmer chooses to deliver and price his grain.

[Translation]

Mr. Richard Hébert: What are your immediate needs? How could the problem be solved?

[English]

Mr. William Gerrard: Personally, I wouldn't say that I have serious, immediate needs that must be resolved, as far as cash flow is concerned. The biggest thing I worry about is profitability down the road. We need crops that are profitable to produce, and we need somebody to buy them. That's really what I worry about primarily.

[Translation]

Mr. Richard Hébert: When the canola crisis hit in the last month, China decided to suspend imports of canola. China's ministry of foreign affairs hoped that Canada could work with China to encourage the positive and continued strengthening of their ties. It also stressed that Canada should take concrete steps to correct past mistakes.

My question is for Mr. Hammer.

Has the Chinese government specified which mistakes should be corrected? If there have been mistakes, what concrete measures could we take?

[English]

Mr. Brad Hanmer: Sorry, the interpretation kind of faded out. What was the question?

The Chair: You have less than a minute left, so it will have to be a short answer.

You can go ahead, Mr. Hébert. We missed the question.

[Translation]

Mr. Richard Hébert: Okay.

When China decided to cease canola imports, it was allegedly based on mistakes that had apparently been made.

If there were indeed mistakes, what are they and how should they be corrected?

[English]

Mr. Brad Hanmer: The question is if there were mistakes made. Again, my expertise is not in international trade, but I do know that there was a time when a conflict arose with China that was not based on science and has now created the fallout where families like us—the three up here—are paying the consequences of whatever is happening in the political field. That is not my expertise to understand. The mistakes that were made are for you guys in Parliament to figure out.

There have been mistakes made along the way. I'm sure we have all seen that previously, but we've never seen such a deliberate assault on our economy as has lased in on canola, because it has hit us right where it hurts.

This is not based on science. We are going to check the box on science. This is not a science-based trade issue.

The Chair: Thank you, sir.

We have a brochure here from the Canola Council of Canada that shows that even though Saskatchewan produces half of the canola crop, it's almost produced in every province in Canada, except, I think, in Newfoundland and Labrador. It's affecting all parts of the country.

We're going to go to the NDP now for five minutes.

Ms. Duncan from Alberta, you have the floor.

Ms. Linda Duncan (Edmonton Strathcona, NDP): Thank you very much. Thank you, all of you, for coming and appearing.

Mr. Gerrard, you had said—and correct me if I'm wrong—that 90% of the canola has been sold and priced. Does that mean that only 10% is left in the bins and not sold?

Mr. William Gerrard: I was talking about my personal situation.

Ms. Linda Duncan: Only personally, so my question to you would be, do we have a handle on what percentage of the canola remains in the farm bins, where it's plummeting in value, where it has either not been sold or not been priced?

Mr. William Gerrard: I don't have that number off the top of my head. I want to say that Brad will tell you.

Ms. Linda Duncan: I think he has an estimate.

Go ahead.

• (1705)

Mr. Brad Hanmer: Yes, as estimated by trade analysts—I'd be happy to share the sources; they're mainly Stats Canada—that about \$340 million in unpriced canola is sitting in the bins right now. That does not account for—if you look at the graph I have up there—that there are crops.

On my own farm, since the crisis has happened, it's been very challenging to move a sold crop of canola into the channels of either the Viterras or the Richardsons of the world, to get paid. Those contracts are backed up. Even though we have no price erosion potential, we physically can't move our grain, because for these companies now, their backs are to the wall on where to go with the crop. When you lose your biggest export market, everything starts to grind to a halt. Now we're starting to see a spillover into other commodities. That's a question we'll see the answer to in Stats Canada numbers a year from now. The best trade estimate, I would say, is that there's \$340 million sitting on farms unpriced, which already had that price erosion of \$340 million.

Ms. Linda Duncan: Okay. Thanks.

It would be my understanding, then, that a lot of farmers' ability to pay for the seed will be impacted, even if they decide to plant canola this year. There will be a hit to a lot of our growers, not only this year but next year. Are any of the growers running into problems being able to finance even buying the seed right now for canola or any other product?

Mr. Leroy Newman: I wouldn't say that's a problem right now because we plan into the future. For every year you're going to farm, you have to budget ahead.

What's happening now is that we're sitting there with no future income. We start pricing next year's crop now. We start doing it in increments into the fall. It's not a good price, and so guys hold back. That's the scariest part: we hold back selling it, and then there's no income coming in because it's going to take away all of our profits.

Ms. Linda Duncan: I just met with some of the Alberta growers who suggested to me that there have been some sales of canola oil to China. Do we have any kinds of concerns or are there threats that they will stop the sale of the canola oil as well, or do you think that if revenue could be garnered, including from the federal government, there's potential to expand the value-added? Is that going to help some of the growers, at least in the interim term?

Mr. William Gerrard: It's a long-term solution to expand crush plants. I personally sell, probably, 95% of my canola to crush plants, so it hasn't actually...

That's why I say, when you ask a general question like something to do with financing or deliveries, it's so individual to different farmers. My situation is totally different. We've been lucky to have good crops where we farm, so I don't know if cash flow is a big thing in my area. In other areas that have had droughts, I'm sure it probably is.

Yes, I think value-added would be a good long-term solution, as long as it's market-driven.

Mr. Brad Hanmer: To clarify for the committee—and please fact check my numbers—according to the Canadian Oilseed Processors Association, roughly 28% of our domestic processed canola oil and meal goes to China, so we are vulnerable in oil and meal as well.

Ms. Linda Duncan: I noticed that France imports a fairly considerable amount, though it's nothing compared with China, Japan or Mexico. But Germany is only the second European country... Is that because it's a GMO crop? Is that why Europeans are not buying the canola?

Mr. Brad Hanmer: No, it's because Germany has a vibrant rapeseed industry as well.

Ms. Linda Duncan: How about the rest of Europe?

Mr. Brad Hanmer: Their demands for canola oil are a little bit different. Maybe Mr. White could help us with that. If you're asking whether there's a problem with GMOs in Europe, the answer is no.

Ms. Linda Duncan: Okay, I know it's been—

Mr. Brad Hanmer: They don't grow it there. They buy the oil.

Ms. Linda Duncan: They do buy the canola oil.

Mr. Brad Hanmer: Yes.

Ms. Linda Duncan: Okay. I understand a lot of it is for machinery, though, not necessarily for human use.

Mr. Brad Hanmer: Yes, it could be industrial rapeseed for biodiesel or food grade rapeseed, but there is canola oil sold into Europe.

Ms. Linda Duncan: So if we completely lost—

The Chair: Sorry, you're over time.

Ms. Linda Duncan: Okay, somebody else can ask the question.

The Chair: For a visitor to our committee, you're asking really good questions, and we appreciate that, but your time is up.

We're going to move to the Liberals now, with Madam Ludwig, for five minutes. Go ahead.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you, Chair, and thank you all for your testimony today. That goes to the gentleman in the back as well.

I'm not from the west. I live in the east, and I certainly know that when there's any kind of impact on our fisheries in our communities, it's significant, and there's a real ripple effect. That's the position I'm coming from. Also, before I had the honour of representing New Brunswick Southwest, I taught international trade for over 20 years.

My question is for you three gentlemen. You've obviously made a conscious choice to be farmers, even though you saw your parents and grandparents and great-grandparents, in some cases, go through this kind of thing. What advice would you give to your children moving forward? We know, as you've mentioned, that in global markets the risk is higher and there's a level of uncertainty. How would you advise them to manoeuvre through this?

• (1710)

Mr. William Gerrard: I'll start.

I would equip them well to handle risk. I'd also make sure they knew how to look at their worst-case scenario. Programs such as crop insurance and AgriStability are important to farmers, and we're willing to pay into them toward that worst-case scenario.

Ms. Karen Ludwig: Are you forecasting, Mr. Gerrard, that the crop insurance may increase?

Mr. William Gerrard: Do you mean payments to farmers?

The way our crop insurance works in Manitoba is that it's driven off yield, so it would not cover any price loss. AgriStability would.

Ms. Karen Ludwig: Mr. Newman.

Mr. Leroy Newman: In Alberta we have price protection in our crop insurance.

On the question of advice to my kids, we've diversified with our cattle and other things. When I went to school in the east, a lot of people were working off-farm to diversify, because we're not always busy. A lot of people have different ways to diversify for their kids, for example welding shops or other things, because sometimes there's no way you can make a living with this high risk.

Ms. Karen Ludwig: Mr. Hanmer, I'm going to ask you a specific question—and thank you. You have a Bachelor of Science in agriculture. What changes have you seen from your studying days to now? When there were times of uncertainty and trade crises in the past, how were they overcome then compared with now?

Mr. Brad Hanmer: That's a great question. Again, this is not the first crisis we've seen. The big difference is that working capital has almost tripled since I started farming in 1996, so the costs and the risk that we're putting out in the fields every year are significantly impacted. In terms of the talent for risk and financial knowledge and agronomy, all the stakes are way higher now than they were then. I think there's a bigger playing field now. You have to have an appetite for risk; I get that. But you also have to have a knowledge of how to mitigate risk.

What we don't need is uncertainty in our markets, because that's the one thing we ask of our government, to have stable trade relations. The risks we're willing to assume have to do with weather and commodity prices—that's the game of farming—but we need stable market access.

Ms. Karen Ludwig: Thank you.

Moving forward on that, looking at Canada-U.S. relations, we know that we have a very high dependence on one particular nation for exports. Similarly, is there any other comparable to Canada's overall heavy dependence on China right now?

I have two parts to this really big question.

China and Australia signed a trade agreement in 2015. Did that change the relationship and the harmonization of the tariffs?

Mr. Brad Hanmer: It's not my area of expertise, so I don't have an answer to that.

Mr. Leroy Newman: It's my field, and I don't think it.... The market was the market, and we follow the market and it's factored into that. The canola prices weren't bad the last couple of years, so it shouldn't....

Ms. Karen Ludwig: To all three of you, in your farming, you're selling directly to Richardson or Viterra?

Mr. Leroy Newman: Or to Cargill, or whichever.... We sell to several companies.

We sell in increments throughout the year, just to manage risk because the price could go higher or go down, so everybody is hanging out with 10%. That's one of the reasons....

Ms. Karen Ludwig: I have a last quick question on labour.

One of the things we heard when we were going across the country regarding CPTPP, was the risk of not finding enough workers on the farms. How do you forecast that with this level of uncertainty, in securing labour for the next year?

Mr. Brad Hanmer: On our farm with the demise of the oil field, there is no shortage of labour wanting to be working on the farm right now.

Mr. Leroy Newman: We have kids starting out farming right now, so we have lots of help, and everybody has bigger machinery.

Ms. Karen Ludwig: Okay, thank you.

The Chair: Thank you. That wraps up your time, and that's the first round.

We probably have time for two more slots here this afternoon, so we're going to go right at it, and the Liberals will kick it off.

Mr. Peterson, you have the floor.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, gentlemen, for being with us today. It's been quite an informative afternoon.

I'm from a part of the country that's more urban, just north of the city of Toronto, but as you can tell by looking at me, I enjoy food so I appreciate all the work you do for all Canadians, and I laud you for your efforts and for the great success stories your enterprises have become.

Like a lot of people in eastern Canada, I had ancestors in the west. My grandparents moved from Teulon, Manitoba. I don't think it's in Mr. Sopuck's riding, but I think it's probably in Mr. Bezan's. It's great to see some Manitoba representation here today.

Just so I can get a little more background on the industry itself, I think we don't understand or appreciate enough the innovation and advancements in technology that the farming industry represents. As a crop, canola is probably a fine example of that. But just because of the processes that have been undertaken, your yields have been increasing, and I think a lot of that is based on technology and innovation.

Do you want to spend a few minutes expanding on the importance of that in your industries?

• (1715)

Mr. William Gerrard: I can talk a little about that, yes.

We've become more moisture efficient. I think it is one of the big things in some of the drier areas of western Canada. We will switch to no till, which conserves more moisture and that increases yields. We started using more fertilizer and better seeding techniques, with more precise seeding more precise fertilizer placement. We just have more knowledge, and yes, more technology.

I think it has really increased our production. For example, we used to think that 50 to 55 bushels of wheat per acre was a really good crop. Now in some years we've produced almost double that, so it's been huge, and that is part of the challenge when we're talking about rail movement and some of these other things too.

Mr. Leroy Newman: With the technologies that have come along for us, we're using our fertilizer more efficiently and using fewer sprays and chemicals because of the way we're using these techniques. With our rotations, we have less pressure from disease and problems with our crops than we used to have.

As he said, our yields have pretty well doubled too. It's a variety of things, but there are better seed qualities out there. It's not all GMO. A lot of it is just great practice. Everybody has a better angle.

The Saskatchewan boys always design a new air drill or something that's more innovative and better; this is a great country for that and we have a lot of innovation.

Mr. Brad Hanmer: The only thing I'd add is that GPS guidance is the backdrop that started the quest for guidance and zone control, and now we're also into site-specific farming where prescriptive nutrition plans will automatically control different fertilizers as we're going up and down the field. That allows us to prescribe a site-specific nutrition plan.

We also have the innovation of that hybridization of canola. That's been one of the greatest advancements in my farming career, basically being able to make canola an Olympic athlete, expressing in its genetics once a year. That's what you've seen in the lift of the ability. Corn is a hybrid, and other crops around the world are hybridized, but the hybridization of canola has been huge.

I want to mention how we price our stuff. Farmers don't take their bucket of canola to the elevator to see what they can get. It's a strategic cash flow plan. Incorporated into that is the use of things like the Winnipeg ICE futures canola contract where we have mechanisms to defer price risk. We have the ability to do that as well.

That is where we're looking at the future. The canola market does not look good in the futures markets right now; it's based on a lot of risk.

Mr. Kyle Peterson: That's why we're seeing the downward slope.

Mr. Brad Hanmer: Yes, 100%.

Mr. Kyle Peterson: Mr. Chair, how much time do I have?

The Chair: You have a half a minute.

Mr. Kyle Peterson: I also want to talk a bit about the processing, because in Ontario we do have some processing facilities as you no doubt are aware.

Do you sell your seed to those processors? I gather that's how it works.

Mr. Brad Hanmer: That's correct. Some we sell directly to the elevator system, which is then exported directly to as raw see to places such as China.

Alternatively, I think over 50%—and maybe Rick White can help me with this—is actually domestically crushed in crushing facilities. That is domestic; that is here. The North American market is our largest market for canola oil.

Then, of course, the meal, the byproduct after the oil, is traditionally used for animal feed. That's a high-value, highly concentrated protein source for animal feed.

Therefore, there are two components to how we price that. Some of the seed goes directly to the export market, and some to the crusher. Some of that crush is done domestically and consumed here, and some of it is exported around the world.

Mr. Kyle Peterson: Thank you. I appreciate that.

The Chair: We have time for one more slot, and the Conservatives have it. We're going to split the time between Mr. Barlow and Mr. Maguire.

Go ahead, gentlemen.

• (1720)

Mr. John Barlow: I have just two quick questions.

First, Mr. Newman, I want to double-check your numbers here. You said you had budgeted for a certain price of \$11 a bushel, and now it's closer to \$9. You were saying your per-acre profit was budgeted to be about \$115 per acre, and now you're down to \$14 an acre—and that's if everything works perfectly, with no drought, and so on.

What impact is it having on your operation?

Mr. Leroy Newman: Yes, you're right. I could have priced and invested it in the futures, up to \$11 and then down to where you can see in spot markets right now, in that \$9.50 mark, anywhere in between there.

I'm sorry. What was your question?

Mr. John Barlow: To go from a profit margin that you were hoping would be around \$115 and that is now down to \$14 is pretty narrow.

Mr. Leroy Newman: Yes, it is really narrow. Also with what we're talking about, the bloodbath we're going to take, this is our livelihood. If I take that 5% that I might not grow and put it towards barley, and then everybody does that barley, barley can't handle a 5% increase in production, because it will crater its value too.

We're scared right now, and listening to this committee today, I'm more scared. You guys are going to get a paycheque next year; you all know that. However, we're sitting here going, "Holy crap, this is going to knock our income right out."

We're ready for a loss. I can plan for that as risk. I know I probably won't make a profit this year. Now we're trying to hold down as little loss as we can. That's what I'm worried about.

Mr. John Barlow: We had Mr. McClean earlier talking about what having to expand his storage would cost him. I did the quick math and it would be \$450,000, just if he wasn't able to move his canola crop, which I'm assuming would erase any of that \$14 an acre that you might get just with what you see now.

Mr. Leroy Newman: It's gone.

When that happened last year with our peas, I carried the peas over, just hoping. It did work to hold on, but I could only store so much. I had a drought last year, so I could carry more over.

Mr. John Barlow: I have one last question before I pass the floor to my colleague.

Mr. Hanmer, you were saying you have a crop input retail company. I've had calls from some of my implement dealerships. Cervus in High River is one. They have had their producers cancel equipment sales. These are millions of dollars in sales they've lost.

What is the ripple effect? I know we're talking about producers here, but in your business, you're talking to other retailers across western Canada. What is the impact, outside of just the producers?

I have only about a minute.

Mr. Brad Hanmer: The impact, outside of the producers, for a crop input company such as mine is that the farmers are going to produce a crop and they're going to buy inputs, but the question is getting the right product for the right acre in time. That's the number one impact, a logistics concern.

Number two, there is still a lot of uncertainty. When you're given all the information that this committee has, there's no shining star. That's where farmers are making some very difficult decisions that are more a defensive play versus an offensive play. That's coming right back down to the purchases they're making. The needs, the wants and the musts are all being re-evaluated.

I think a lot of strategic plans are being thrown out the window right now on the basis of risk. There isn't a crop out there right now that really excites any of us.

Mr. John Barlow: Thank you.

I'm going to pass the floor to Mr. Maguire.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you to my colleague; and thank you to the chairman for this, as well.

Mr. Chair, in light of the time, I just want to table some requests for information. There is information we could still use as committee members here.

To my knowledge, there are no more international trade committee meetings scheduled on this issue, so I wonder whether we could get things such as the information on the 2016 MOU on canola that was signed by the Chinese government.

As well, there are a few things in regard to the farmers. I would request the tabling of the government's plan to move on the existing canola currently sitting in the farmers' bins. We've had some responses to that.

I wonder whether I could just have the okay of the chairman to table these requests.

The Chair: Just leave it with us. I don't know if it has to be in two languages, but just leave it with us.

You have time if you want to ask the witnesses a quick question.

Mr. Larry Maguire: I'll do that. I'll just table these, and then I'll hand them in.

Thank you to our witnesses for being here today.

You brought a broad scope. In your opinion, do you think the government was prepared to quickly respond to the whole issue of the Chinese government suspending these suspensions from the grain companies on their export permits?

That's just to anyone.

Mr. Leroy Newman: I'm not really an expert on foreign trade, but when this went down, we were all kind of watching to see what was going on. We were selling grain when this arrest happened. We were freaking out. We were worried because we had this India incident two years prior, right? We were hedging ourselves, but no, you can't.... We just did our best guess. The politics stuff is so hard.

● (1725)

Mr. Larry Maguire: Well, given the fact that it's been three weeks since we called for the first meeting here, I'm just saying that there is.... You've certainly emphasized the importance of dealing with this—

Mr. Leroy Newman: I'm saying, sitting in these meetings, that I'm looking at a year and a half now before this is fixed—if it gets fixed.

Mr. Brad Hanmer: Most of us saw.... Most of us in the farming community learned of this at the beginning of December, and I would say that most of us took significant action in selling our crops in that late part of January to early February.

The Chair: Thank you. That wraps up your time, Mr. Maguire.

Mr. Larry Maguire: Thanks, Mr. Chair.

The Chair: That wraps up our questions, but if the witnesses could just sit tight, we have just a little bit of business that we have to do here.

Mr. Carrie's not here, but he has a motion. I think one of his colleagues is going to read it for the record.

Madam Vecchio, go ahead.

Mrs. Karen Vecchio (Elgin—Middlesex—London, CPC): Thank you very much, Mr. Chair.

As you're talking about agriculture, we can see all of the issues that we are having with international trade. I'm bringing to the committee a motion that Colin Carrie brought forward:

That, pursuant to Standing Order 108(2), the Committee commence a study of no less than two meetings regarding the loss of Canada's "Buy America" exemption and how it affects the ability of Canadian business to trade and win American procurement contracts, given that Mexico has retained their exemption; that the study commence no later than Thursday, May 16, 2019; and that based on the advice from witnesses, the Committee write a report to present to the House.

The reason I'm bringing this forward is that the President's executive order to "Buy American" will have a devastating impact on Canadian workers and companies whose main contracts are with the United States.

In my riding of Elgin-Middlesex-London, a company called IPEX Management Inc., a manufacturing facility, employs approximately 160 workers in London, Ontario. It is an example of a company that will be affected by the President's executive order.

As a leader in thermoplastic piping systems, IPEX Management Inc. designs and manufactures the largest, most recognized range of integrated piping products. These piping products are used for municipal, industrial, commercial and residential purposes throughout the continent. IPEX Management Inc.'s London facility exports 80% of its products to the United States. Last year, from almost \$1 billion worth of sales, 80% of those goods went to the United States.

Recently, the London location invested \$5 million in research and development with hopes of increasing productivity to the United States by 20%. The "Buy American" narrative will continue to be heard in the United States, risking Canadian workers and contracts

because Canada did not obtain the same exemption that Mexico received under the USMCA. In the coming months, Canada will begin to see the impacts of the USMCA, and jobs will be lost.

I'm truly hoping that this committee will study this and see that the "Buy American" executive order put forward on January 31, 2019, with its 90-day period for implementation, will have a huge impact on not just my facility in London, Ontario, but on everybody, including farmers, like the ones here today.

Thank you very much.

The Chair: Thank you, Madam Vecchio.

That tidies up our day.

Thank you very much for coming, gentlemen. For farmers growing crops, it's challenging enough when things are going well. When your market's in disarray, as it is, I cannot imagine how bad it could be.

As you can see, we have a lot on our plate. Our committee is usually not that partisan, and we'll do our best to help you guys have a better future in your marketing.

Thank you for coming.

The meeting is adjourned.

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