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Chair

Mr. Bev Shipley

Standing Committee on Agriculture and Agri-Food

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• (1535)

[English]

The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)): Good afternoon, everyone. It's good to be here.

I want to welcome everyone. We're going to open our meeting number six. This is on the Canada-European Union Comprehensive Economic and Trade Agreement and its effect on Canadian agriculture.

I want to welcome the witnesses. First of all from the Alberta Barley Commission, Lisa Skierka.

From the Barley Council of Canada, Brian Otto, chairman.

Lisa is actually the general manager and president of the Canadian Agri-Food Trade Alliance.

Thank you both for coming. You have 10 minutes for opening remarks.

I'll go to Lisa first.

Ms. Lisa Skierka (President, Canadian Agri-Food Trade Alliance, General Manager, Alberta Barley Commission): I defer to the chairman of the national organization.

The Chair: Is that right? Isn't that good courtesy?

Brian, you're on. Thank you.

Mr. Brian Otto (Chairman, Barley Council of Canada Working Group): We have a good working relationship.

Good afternoon, everybody. Thank you for inviting the Barley Council of Canada to discuss the Canada-Europe trade agreement.

My name is Brian Otto. I'm a barley grower and also chair of the Barley Council of Canada. I have served on numerous boards as a director, including Alberta Barley, Western Grains Research Foundation, and I am the past president of the Western Barley Growers Association. My wife, Carolyn, and I have a farming operation south of Lethbridge, just north of the 49th parallel in Alberta.

On behalf of the Barley Council of Canada board, I want to congratulate the Canadian government on their efforts to eliminate trade barriers and make historic progress in Canada.

The BCC is supportive of CETA and what it means for the future of the agriculture industry. Trade agreements like these are the backbone of Canadian agriculture and our barley farmers fully recognize that CETA will strengthen the future of international

exports and long-term profitability. This agreement will also help to build and expand our export markets, which are critical to ensuring sustainability of the entire barley value chain.

Canada is the fifth largest agrifood exporter in the world. We depend on exports to drive our economy and provide access for our agrifood products. Canada exported over 1.4 million tonnes of barley in 2012. This agreement will enable access to a market of 500 million consumers with a GDP of over \$17 trillion. This will allow Canada to make significant headway in Europe and the European Union ahead of our major trading partners and competitors, such as the United States.

With the coast-to-coast trade agreements on the horizon—both CETA and the Trans-Pacific Partnership—the BCC supports the federal government's initiative to open up the international market for Canadian barley. For barley, tariffs can be up to \$120 a tonne. These tariffs are significant. Down the road, CETA will ensure permanent duty-free access. The removal of tariffs on virtually all of Canada's agriculture and food products over time will give our export markets a significant boost. Currently, Canada agrifood exports to the EU are about \$2.4 billion annually, a number that could increase by more than \$1.5 billion annually under this agreement. This trade deal coincides with new marketing changes for barley in western Canada. CETA is the next step in solidifying the long-term profitability and sustainability of the entire Canadian barley value chain.

My board also recognizes that a win for the beef and pork industry is a win for us, because of our mutual interest in feed. Under CETA, beef exports to Europe are projected to increase by \$600 million, and pork exports are projected to increase by \$400 million. The livestock industry is crucial for Canadian barley farmers, as over 80% of our barley goes toward feed production. We anticipate this deal will drive significant growth in domestic feed grain sales as exports of beef and pork expand under the new deal.

As part of these trade negotiations, we understand that the European Union has raised concerns about Canada's outdated legislation with respect to plant breeders' rights. Currently, we are using old legislation from a 1978 convention governing international trade in seeds. Canada is one of only two developed countries in the world that has not brought its legislation into compliance with the 1991 seed convention, commonly known as UPOV-91. As part of CETA, we encourage the Canadian government to commit to modernizing our legislation so that Canadian farmers can benefit from increased investment in innovation, research, and development of new seed varieties in Canada. As a farmer from western Canada, I am excited about the new value-added opportunities we are seeing down the road.

The Barley Council of Canada fully supports CETA in principle and will provide ongoing support so Canadian farmers can start reaping the benefits of improved market access for barley, development in our domestic livestock sector, and access to new and improved seed varieties.

I'd like to thank you all for inviting us to make this presentation today.

• (1540)

The Chair: Thank you, Mr. Otto.

Now we'll go to Lisa please.

Ms. Lisa Skierka: Good afternoon.

On behalf of the Alberta Barley Commission, I'd like to thank you for inviting me here today to discuss CETA. I'm here on behalf of Alberta's 11,000-plus barley farmers. As general manager of the Alberta Barley Commission, I also serve as president of the Canadian Agri-Food Trade Alliance.

The Alberta Barley Commission's mandate is to grow our barley industry and its profitability. I'm pleased to say that the free trade agreement with Europe provides the means and the opportunity to do just that.

Canadian farmers grow exceptional barley and we're known around the world for a high-quality, premium product. Increased access to the European Union means our malting barley and food barley will continue to thrive. But even more importantly, increased access for our country's beef and pork industry is good news for Alberta's barley farmers because our biggest market is the hog and cattle feeding industry at home. Most notably, barley fuels the multi-billion dollar Alberta beef industry and gives Alberta beef its great taste and texture.

Eighty per cent of Alberta's barley goes to the feeding industry, which is why these numbers are so significant. Under CETA, beef exports to the EU are projected to increase by \$600 million and pork exports are projected to increase by \$400 million. This is why we expect CETA to drive significant growth in domestic feed grain sales as exports of beef and pork expand under the new trade deal.

Therefore, on behalf of the farmer members of the Alberta Barley Commission, I'd like to congratulate the Canadian government on taking down trade barriers and making a real difference for farmers.

CETA sets a precedent for comprehensive trade agreements going forward. It's an important deal that redefines Canada's role in international trade. But it's also important for the farmers at home, the people who work every day to feed their own families and whose livelihoods are affected by what happens across the country and across the world.

The Alberta Barley Commission believes smart trade agreements are the best way to ensure the Canadian economy remains vibrant and strong. Through trade we are able to ensure long-term viability for our farms. This is why we are pleased with CETA and look forward to Canada's involvement in the Trans-Pacific Partnership. Trade also makes our industry more sustainable throughout the entire value chain and provides new and growing markets for Canadian exports.

Food barley is one area of market growth for Alberta barley. We are actively developing hullless barley markets around the world, using our Health Canada health claim to talk about the benefits of eating barley, and I'm not just talking about beer. The health claim states that barley fibre helps lower your cholesterol, which is a risk factor in heart disease. By developing the food barley markets while also developing stronger trading relationships with the European Union, we are further investing in on-farm success. And we're helping people be healthier.

Developing new markets for our barley is one way farmers will benefit from the government's strong trade agenda. As you know, Canada is the fifth largest agrifood exporter in the world. We depend on exports to drive our economy and provide access for our agrifood products. Last year, Canada exported over 1.4 million tonnes of barley. Under CETA we will have access to a market of 500 million consumers with a GDP of over \$17 trillion. The numbers speak for themselves. Reducing and eliminating tariffs on barley is good for our farmers and for our customers in Europe.

The Alberta Barley Commission fully supports CETA and looks forward to a more secure future for farmers.

Thank you.

The Chair: Thank you very much for your great presentations. Now I'm going to turn to our members and we'll start off the witnesses for five minutes.

Mr. Allen.

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

To our friends here today, you talked about the fact that you have this wondrous opportunity, this wondrous market, but how do you intend to exploit it? It's all wondrous to say it's wondrous, but quite frankly that doesn't get you another pound of barley out of the Prairies, or out of Alberta, into the EU. How do you intend to do that? What's the plan to exploit the opportunity that you say is before you? What exactly would that be? Do you have a sense of what you want to do, or is there a sense of how you're going to do this? I understand the tariff piece. We can leave the tariff piece out of it.

The second question I'll ask—because I know my voice won't last very long—is about the other side of it, the non-tariff barriers, which, as all of us around this table know, is one of the biggest impediments to agricultural trade. Are you assured that there aren't any in this agreement, and if so, do you have it in writing?

• (1545)

Mr. Brian Otto: I'll attempt to answer your question on how we intend to do this. That will be a work in a progress. I'll start with the malt industry.

In Canada we've witnessed a shortage of barley, and barley has been imported for the malt industry. If more opportunities present themselves to move malt barley the other way, that would create an opportunity for barley farmers here in Canada. So we have to work on those markets. The Barley Council of Canada has the malt industry at our table and it's something we'll have to discuss. What are our opportunities? At this point, I can't say what they are. We have to discuss that with our industry partners.

When you talk about non-tariff trade barriers, one of the ones that comes to mind is GMO. That's not a problem for barley. We don't have GMO barley in Canada. So when you start looking at that as a non-tariff trade barrier, it's not something that can affect barley in a significant way.

Mr. Malcolm Allen: I don't know if you want to add to that or not, Lisa.

Ms. Lisa Skierka: I have to say you're absolutely right. We're thrilled about this trade agreement and we understand that there's going to be a learning curve as the details are finalized. We have some time to get there.

Certainly, for the barley industry the access for Canadian beef and pork is significant, simply because those two industries have had a few hard years. They are up and running again and have the room to grow a high-quality premium product, which is what the European Union wants. It's a lot of work but I think we're up for it.

Mr. Malcolm Allen: I don't think I would argue that you're not. Maybe you've taken the wrong sense because my voice doesn't work very well and I'm trying to cut words out.

The sense that I'm trying to get from you is that we don't produce enough barley for the malt industry and domestic consumption. So the issue is that we are now going to have this wondrous market of half a billion people to supply barley to, but we can't supply ourselves enough barley.

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): We don't have enough to make our beer.

Mr. Malcolm Allen: I hear what you're saying. I like barley sandwiches as much as anybody else. Mr. Chair, maybe I need one or two for my throat.

I hear what you're saying and part of it is price. I get that. Farmers aren't going to grow barley if they can make more money doing something else. I get that. But I'm not sure I get the leap to our somehow growing more barley to supply that market when we can't even supply our own. I'm not quite sure I get that leap.

Mr. Brian Otto: I think you misunderstood or maybe I misled you a little bit on this.

Canada produces enough barley. Only 20% of the barley grown in Canada is used for malt. We grow enough barley. About three years ago, there was a severe shortage of barley. The acreage had dropped to 5.7 million acres. In 2004 we had 12.1 million acres of barley. We had something in the marketplace where producers felt it was more profitable not to grow barley and to grow something else. In the past year, though, we have moved back to about 9.3 million to 9.4 million acres.

Where we see barley coming into Canada is when the weather causes us to run into situations of low acreage or poor-quality barley. But with the malt industry in Europe, we have an opportunity because most of the barley grown in western Canada is of malt variety, not feed variety. So if we can open that market in Europe for our malt, it's definitely an opportunity for farmers in Canada.

• (1550)

The Chair: Thank you very much, Mr. Allen.

I'll move now to Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you for your presentations.

You mentioned that 80% of the barley grown is used in feed here in Canada. Do you see CETA as giving us the indirect benefit of selling larger herds of cattle, pork, or hogs into Europe, or do you see mainly direct sales into Europe? Or do you see it as both?

Mr. Brian Otto: I can't speak on behalf of the beef or the hog industry.

The way I would look at it is that we are facing significant challenges for our meat industry here in Canada to put it to our traditional trading partner. If we can open up another market, another alternative for our beef and our hogs, that can be nothing but beneficial to Canada.

Mr. Pierre Lemieux: I agree. I just wonder whether you see the advantages to barley growers as being providing more feed to beef in Canada, to be sold into Europe. Or do you see the benefit to barley growers being direct sales of barley into Europe? Or is it both?

Mr. Brian Otto: I would say you're going to see what I call the value-added part of it, through a cow or a hog. If we can increase the size of the herd, of course, there is more demand for barley growing in Alberta, Saskatchewan, and Manitoba. Even in the Maritimes they're looking to expand their barley acres into a feeding industry and into alternative uses.

As you expand your market, as you create more demand for whatever that barley...whether it's going directly to them, or through a hog or a cow, that has to be a benefit for barley producers in Canada.

Mr. Pierre Lemieux: Yes.

Lisa, do you want to comment on that?

Ms. Lisa Skierka: The only thing I'd say is that historically the barley that isn't used for malt goes back into the feed industry. It makes it an almost fail-safe crop for farmers.

However, by opening up more markets we can encourage farmers to grow more barley because they'll get a better price for it. That sense of profitability is what drives it. Barley, as a crop, is very good for the ground, for soil, for sustainability for crop rotation. So it's good to get it back in the rotation, but it has to be competitive to be there.

Mr. Pierre Lemieux: Right, so you're basically saying that as barley prices or opportunities present themselves, it's giving the farmers more freedom to choose among a lot of different competitive products to grow on their land.

Ms. Lisa Skierka: That's right. Increased demand is good for barley development.

Mr. Pierre Lemieux: Let me just follow up. Brian, you mentioned UPOV 91, and how you feel that plant breeders' rights need to be strengthened.

I just want you to clarify or perhaps elaborate on how you would see that benefiting the barley industry.

Mr. Brian Otto: When you say UPOV 91 strengthens plant breeders' rights, I say that it changes the way we look at plant breeders' rights.

We often hear the argument that it threatens the ability of farmers to save their seed. It doesn't. Certainly, it preserves that right, in my understanding of UPOV 91. This is, quite frankly, a misunderstanding of the legislation we have presently, because from the people I've talked to, it's not in the 1978 agreement at all.

• (1555)

Mr. Pierre Lemieux: You're right.

Mr. Brian Otto: So UPOV 91 reinforces the ability of farmers to save their seed.

I have to admit it, I'm a farmer and we're our own worst enemies. We don't want to pay royalties on anything to develop new varieties. Where UPOV 91 is going to be a benefit to farmers in Canada is that it will encourage more investment, especially by private companies, to come in and start working on breeding new varieties for Canadian farmers.

Because if you look at the background of breeding in Canada right now, it's mostly public breeding with support of producer check-offs.

If companies have the ability to develop a variety in Canada and protect their rights to that variety, and collect a royalty on that, certainly, you're going to encourage private companies to step into that field, and we need that. We need more people to step in on the breeding side of things.

Mr. Pierre Lemieux: Okay, thank you.

The Chair: Thank you very much, Mr. Lemieux.

We'll go to Mr. Eyking, please, from the Liberal Party, for five minutes.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Chair.

Thanks for coming, folks.

Can you give me a little more information on barley? You're telling me it's roughly 10 million acres, on average, that we grow. Is malt barley the barley they use only for beer? Or is it used for consumption?

Mr. Brian Otto: No, that would be for malt for brewers to make beer.

Hon. Mark Eyking: Where is the 10 million acres grown? Is it in the southern prairie provinces, is it northern? Is it spread all over? Or is it in certain soils?

Mr. Brian Otto: Of course, it's a well-known fact that a little over 50% of the barley is grown in Alberta. I would say almost 40%, or 38% is out of Saskatchewan. And then Manitoba grows some; so do the Maritimes. There is some grown in Quebec and some grown in the Peace River region of B.C.

Hon. Mark Eyking: But the lion's share is in Alberta and Saskatchewan?

Mr. Brian Otto: Yes.

Hon. Mark Eyking: And it's mostly in the northern or the southern parts of the provinces?

Mr. Brian Otto: I would say it's grown across both provinces, because it is a short season growing crop, so it fits very well into the more northerly regions as well as the southern regions of the provinces.

Hon. Mark Eyking: How does it compare to the other grains? For all the grains you grow out west, would it be 20% of all the grains, or 5%?

Mr. Brian Otto: I don't have an answer to that question. I could use a comparison on my farm but I don't think it would be fair because I'm in southern Alberta. I know on my farm traditionally about 20% of my acreage is in barley.

Hon. Mark Eyking: So where would home be for that? Would a lot of this 10 million acres be going to the States or central Canada? Do you have international markets right now?

Mr. Brian Otto: I would say the home for most of the barley grown in western Canada would be in the feeding industry.

Hon. Mark Eyking: Feeding the animals right out there.

Mr. Brian Otto: Yes.

Hon. Mark Eyking: Following up on the question, you're thinking that this barley going to Europe won't be malt barley, it will be feed barley? Or would it be more malt barley?

Mr. Brian Otto: No, my thinking is that it would be manufactured malt barley that would be going to Europe. The feed, the barley that would be going to Europe would be going through an animal. So what I'm saying is we're feeding that animal and that's how—

Hon. Mark Eyking: They feed their animals over there.

Mr. Brian Otto: No. Feed our animals here to ship to Europe.

Hon. Mark Eyking: So our barley is technically going through meat going that way. It won't be going...we won't be having boatloads of barley going to Europe.

Mr. Brian Otto: No.

Hon. Mark Eyking: Do we have any grains going to Europe now, like barley?

Mr. Brian Otto: Looking at the statistics that I get from Stats Canada that I looked at here yesterday, a minute amount is going into France, but other than that, no. And when I say minute, it's a very insignificant amount.

Hon. Mark Eyking: Both animals, hogs and beef, are good with barley, right?

Mr. Brian Otto: Yes, they can be but corn is also one of our competitors, so we can't say all the animals would be using barley. But certainly I would say a majority of them would be, yes.

Hon. Mark Eyking: You could mix it. You might mix it or change it as you go.

Mr. Brian Otto: Yes.

Hon. Mark Eyking: So the barley will follow where the livestock is going or vice versa, where your barley is being produced. Is it a better conversion than the other grains?

Mr. Brian Otto: Barley?

It depends on whom you talk to. We had a scientist from the Ag research station in Lethbridge who made a presentation to western barley growers last year, and he maintains that the conversion rate on barley is far more efficient than it is on corn. I can't elaborate on that. It would take me all afternoon.

Hon. Mark Eyking: I talked to some grain growers out there last week and they mentioned that one of their concerns is research. Their sense was that there's a lot of cutting in research at present. Do you see that the barley industry needs a lot more research done on varieties, or is some being done? What is your sense of the whole research puzzle?

• (1600)

Mr. Brian Otto: Certainly, yes, we'd like to see more breeding research done in barley, but I don't think we're in the same difficulty that I consider wheat to be in, and I grow wheat myself too. According to the person we have representing barley at our Barley Council of Canada boardroom, yes, we could make some changes and improvements in varietal registration and breeding of barley, but he said we're certainly not a broken system, if you want to put it that way.

Hon. Mark Eyking: Is Canada—

The Chair: Thank you very much, Mr. Eyking. Your five minutes are up.

Now we will go to Mr. Payne, please, for five minutes.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Chair, and thank you, witnesses, for coming. I understand Mr. Otto is now going to be in the new riding of Medicine Hat, so welcome.

I was interested in some of your comments. It has been said that 80% of the barley goes into feed for cattle and pork, and the other 20% is going...is it going into malt, or what's happening there?

Mr. Brian Otto: Predominantly malt, yes.

Mr. LaVar Payne: You did touch on opening the market in Europe and you talked, I believe, about a \$120-tonne tariff?

Mr. Brian Otto: Up to.

Mr. LaVar Payne: Up to. So that will be eliminated. Do you see any opportunity, then, to send barley to Europe? I know you said some is going to France right now, but potentially that could open a whole new market, could it not?

Mr. Brian Otto: Potentially, yes.

When we say we're going to ship malt barley to Europe, there are two ways it could go. It could go as raw barley, which is just clean it, put it in a railcar or whatever, and get it into export position. It could also go as a manufactured malt product. What we have to look at here is this: what are the tariffs on our malt companies when they try to ship malt in that direction? I can't answer that question.

Certainly I see opportunities. Will they be every year? No. There will be times when there are shortages of that product here or in Europe. When those opportunities present themselves, that will be an opportunity for the barley industry.

Just to give you an example, three years ago Saudi Arabia could not access their barley from traditional sources, which were Ukraine and Russia. Canada exported a significant amount of barley into Saudi Arabia, because we had the barley.

Those are the kinds of opportunities I see opening up in Europe as we eliminate these tariffs. It puts us on a level playing field, able to compete.

Mr. LaVar Payne: We know that out west we had some great crops this year. I'm wondering how the barley crop was compared with previous years.

Mr. Brian Otto: See this smile on my face?

Voices: Oh, oh!

Mr. Brian Otto: I'll give you my own personal experience. We live in a drier part of the world in southern Alberta, and it's the first time on my farm I've grown over 100-bushel-an-acre barley. It all went for malt. Just to give you an idea, it's \$6 a bushel; that's what it's locked in at.

I've done this for a number of years now. I have a program I use to pencil out my return on barley. After all my expenses, barley still competes very well with the wheats that I grow on my farm.

Mr. LaVar Payne: Yes, that's extremely good. I'm sure that's right across Alberta. I don't know if you have any comments on that.

Mr. Brian Otto: I know there are a lot of smiling farmers.

Mr. LaVar Payne: Well, that's good.

Do you think some more innovative stuff needs to be done in terms of being able to grow higher yields on the barley, or different types of barley, to open up more markets?

Mr. Brian Otto: Do you want to answer that?

Ms. Lisa Skierka: Yes. I really meant to jump in when Mr. Eyking was asking his question about research.

We've been really fortunate, through the Alberta Barley Commission and the Barley Council of Canada, to be allocated \$8 million in agri-innovation funding through the Growing Forward 2 program, in that we match \$2 million in farmer and research organization funding for \$10 million in barley research, specifically for innovative programs. We continue to support our traditional programs through traditional means. This really is the key point of this money, to look at barley in different ways and figure out where we can go in the future. So we're excited about that.

We're also looking forward to hearing what happens with our agri-marketing program funding to help us reach some of these key markets in different ways with more information—including, of course, Europe.

• (1605)

Mr. LaVar Payne: Is that through a check-off? Or how does the funding come from Alberta or the Canadian barley growers?

Ms. Lisa Skierka: In Alberta the farmers pay \$1 per tonne of check-off. So when they sell their barley, \$1 a tonne comes to the Alberta Barley Commission.

It's what is called "mandatory refundable" in Alberta under our legislation, which means that they have to pay it, but we give it back to them if they want their money back. Traditionally we run at about 7% in terms of refunds.

The Chair: Thank you, Mr. Payne.

We will now go to Madam Brosseau for five minutes.

Ms. Ruth Ellen Brosseau: Thank you, Chair.

I have a few questions.

First, 89% is for animal production and 20% is for malting. In my area, we have a non-profit group that's getting together and really working on the development of organic barley being grown in Quebec.

We make quite awesome beer. We have a lot of microbreweries, and it's really nice to see. I've participated quite a few times at beer festivals in my riding. A group of producers got together, I think about 12 to 15 of them, with their barley and malt, and we were able to have local beer made by the microbreweries. I think this is a nice trend.

I think you mentioned, too, that a lot of the barley we're going to be exporting to the European Union is malt—so I guess they'll have a chance to make more beer in Europe? Is that kind of what you're looking at?

Ms. Lisa Skierka: I can assure you that there is plenty of malt barley to go around.

Ms. Ruth Ellen Brosseau: I know there is.

We've talked a lot of positives. Do you see anything negative, anything that could be an obstacle to attaining this wonderful market, the European Union?

Mr. Brian Otto: A number of things could impact our ability to access that market. One them would be the transportation to get it there. That can happen. Not all the time, but it can be an impediment. The cost of transportation, to be competitive...but those are all determined by the marketplace. If our costs of production and our costs of getting it there are competitive with wherever else they can get the barley, certainly we can access that market. It all boils down to whether we can remain competitive in those markets.

You brought up the microbrewery. That is the fastest-growing market for malt barley in North America, both in Canada and in the United States. Western barley growers identified that in a study we did three years ago, and certainly the malt companies are paying attention to that. Microbreweries are very specific about what they're looking for. They target certain specifications—what we call specs—on their barley. The maltsters are paying more attention to what they are asking for, and every microbrewery wants something different. It's a challenge for them, but it's a huge, growing market.

Ms. Ruth Ellen Brosseau: Canadians are more and more interested in where their food comes from, and when they can buy locally; it gives them a push to spending that extra money.

On certification for organic barley; is there a lot of organic barley produced? Will there be more organic barley exported? Is certification something you think they would want in the European Union?

Mr. Brian Otto: Certainly, certification of organic barley would be a benefit and a marketing tool you could use into Europe. I'm not sure, and I can't speak to this, but the amount of organic barley grown in my part of the world would be very small, and it would be grown for what I call an IP market—somebody looking for organic barley of a certain variety, that meets certain specs.

Ms. Ruth Ellen Brosseau: I know that in Quebec, there's more and more organic barley being grown, especially in my area, because we make amazing beer.

Ms. Lisa Skierka: On that end, the good-news story here is that if somebody wants a specific type of barley, there is the freedom to have it contracted directly. If somebody wants to create a unique craft beer and wants a specific type of barley—a heritage type of barley, anything along those lines—they can contract that to be grown. It is a local-food story.

I always laugh; quinoa is the “grain of the moment”. It's really nice, and we like quinoa, but barley is as healthy as quinoa. It's an awesome local food, and that's one message I'm hoping we'll be spreading the joy of—unfortunately, not before Christmas—early in the New Year because we have a cookbook coming out.

• (1610)

Ms. Ruth Ellen Brosseau: Do I have another question?

The Chair: You have 20 seconds.

Ms. Ruth Ellen Brosseau: You mentioned transport. We've talked in committee about low-level presence, and contamination during transport. Is that something you're thinking about? With the transport to the European Union, is there more of a chance to have contamination, low-level presence of genetically modified contaminants?

Mr. Brian Otto: The only way you could end up with low-level presence in barley is if a genetically modified seed accidentally got mixed in with barley.

My experience in the barley industry is, if a customer wants a certain type of barley, certain specs, it's IP'd and segregated so that contamination doesn't happen. Especially if you're trying to export into a country or the European Union, you have to be very conscious to keep the barley segregated. When I ship malt barley to my malt plants in Alberta or in Montana, they go into a truck, and before I even load that truck, I crawl up on the top of the truck to make sure it's clean. That's what has to happen.

The Chair: Thank you very much.

We'll now go to Mr. Preston.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you very much, Mr. Chair, and thank you both for being here.

I'm going to cover a couple of different areas. I'll start with where Mr. Allen was—by signing CETA, we gained 500 million new customers; 500 million new people who could buy your products. But we have to be able to sell to them. We have to find a niche.

Mr. Otto, you mentioned the \$120-tonne tariff currently in there. If you can drop your price by \$120 tonne, it might make that part easier to sell, or a little more profit to you, maybe half and half would be the way to do it. You also said that 80% of all barley goes into feed for beef and hogs. We've had beef farmers and hog farmers here, or producer groups, telling us that they expect to sell an awful lot more beef and hogs. I think some of them come from your area of the country.

Would that mean that you will have to sell a lot more barley to those people if that's the preferred feed?

I think the answer is yes, but I'll let you say it.

Mr. Brian Otto: Of course, if there's a demand for feed barley and that puts the bottom line in the farmer's pocket, you bet there's going to be more barley acres.

Mr. Joe Preston: Okay.

I'm back to the healthiness of beer here for a second; I want a note for my wife, please.

Voices: Oh, oh!

Mr. Joe Preston: On the healthiness of barley, you mentioned something else there besides the beer and the great organic beer from different parts of Quebec that would be fantastic to sample one day—hint, hint.

You mentioned hulled barley, or fibrous barley, something that is a health food piece to barley that I had not heard of. Could you...?

Ms. Lisa Skierka: We did so much marketing. How did you miss it?

Mr. Joe Preston: It wasn't written on the label.

Voices: Oh, oh!

Ms. Lisa Skierka: Hulless barley, or food barley for human consumption, is less than 1% of the market share right now. What we've done is that we've gone ahead and got a health claim, which was obviously very rigorously vetted scientifically, to prove that barley is good for you. We've been using that health claim to try to create both market pull and market push so we're growing more hulless barley. Hulless barley is the one that has the higher beta-glucans.

Mr. Joe Preston: All right....

Ms. Lisa Skierka: That's the one without the cover on the seed—

Voices: Oh, oh!

Ms. Lisa Skierka—and when you go to the grocery store you would normally see it as pearled barley, usually, little bags of barley.

Anyway, you have this health claim. It's an excellent story. Unfortunately, farmers don't grow very much of it because in the past it hasn't sold very well. Our idea is to build it up to be almost like malt barley, where they're paid a premium—

Mr. Joe Preston: At the same time.

Ms. Lisa Skierka: Yes, at the same time. So we try to create a little demand.... We missed you, but you weren't our target audience—

Voices: Oh, oh!

Mr. Joe Preston: Yes, apparently not.

Ms. Lisa Skierka: We try to create that demand so that we get contracts for a higher price for farmers while building markets.

Mr. Joe Preston: What about in Europe? Is this a marketing thing? Are they already eating that barley in Europe? Is there a market for what you could already sell there or is this also a place where you'll have to move the market?

• (1615)

Ms. Lisa Skierka: Europe isn't known for its barley food consumption by humans, but we would certainly like it to be.

Mr. Joe Preston: All right. That's great.

The chair isn't looking at me, so I'll just carry on.

The Chair: You have a minute and a half.

Ms. Lisa Skierka: I was just thinking about it, and maybe we should be getting barley for risotto. That would be really nice in Europe, I think.

Mr. Joe Preston: Yes.

How much barley is grown in Europe? You said that we export a little bit into France, so there obviously is some use, because we know we make beer in Europe, or some form thereof.

Mr. Brian Otto: I can't answer that question. I don't know the answer. I can relate some stories. I have neighbours from that part of the world. One has farmed in Canada for 40 years now and said to me, "Brian, you would not believe the kind of barley they use to make beer over there." He said that we wouldn't even feed it to our pigs here. He said it's awful.

Mr. Joe Preston: So our quality is much higher.

Mr. Brian Otto: Our quality is much better.

Mr. Joe Preston: Then I come back to the 500 million new customers. In our business, we say that if one of our competitors is still doing a dollar in sales, we have room for growth. If you have a barley farmer in Europe not growing the same quality that you can grow, I think you have an opportunity to grow or to sell it to that market also.

Mr. Brian Otto: Yes.

Ms. Lisa Skierka: And certainly France is one of those countries in Europe. They grow their own barley. One of the reasons they buy barley in France is to mix it, because of the difference in protein content. There is definitely room for some marketing towards that.

Mr. Joe Preston: So both as feed and as malt barley?

Ms. Lisa Skierka: I was speaking of feed specifically. The malt barley is sold differently through contracts. For example, some of the bigger beer companies, such as Heineken, would have specific contracts that they would fill. It operates significantly differently.

The Chair: Thank you very much for your questions, Mr. Preston.

We'll now go to Mr. Atamanenko for five minutes, please.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you, and thanks to both of you for being here.

I'll put my watch out here, to make sure I don't talk too much and don't give you a chance to respond.

The Chair: I'll let you know.

Mr. Alex Atamanenko: As you're probably aware, my party is reserving judgment on CETA until we see the details of the text. That makes sense when we have any kind of agreement.

I have here an op-ed by the president of the National Farmers Union, Terry Boehm, which appeared in the *Union Farmer Quarterly* in the spring of 2013. He talks about UPOV 91. I wouldn't mind getting your feedback on this since I'm not sure if I understand this correctly.

He starts off by saying there is pressure by the Canadian Seed Trade Association, seed companies, "to change our legislation to the much more" what he calls "restrictive UPOV 91", and it is being sold.... "...is required for Canada to have access to improved and

innovative varieties". He says it sounds good on the surface. Then he goes on to do an analysis of it.

He says that farmers cannot imagine being denied the ability to save, re-use, exchange, or sell seeds to a neighbour and plant a crop with the harvest being theirs and theirs alone. UPOV 91 wants to change all of that. It will happen through breeders' rights which will trump farmers' privilege every time or make it so expensive farmers will not bother to save seeds any longer. He says the first right plant breeders will have is the so-called cascading right which gives plant breeders the ability to collect royalties beyond the seed itself to harvested material and even processed products. This would mean that if the farmer had used a protected variety, royalties could be collected at any time including when he sells his crop. Yet no one is defining how high the royalties would be and what would be done with them. It is not clear if the farmer would be responsible for the royalties for just the seed it took to produce the crop or for the whole crop. He mentioned these are undefined and would be left for courts to determine.

He talks about the next right, which is the ability for breeders to control the conditioning, cleaning, treating, stocking, storing, sale, import and export of seed. He says, "If a farmer cannot get his seed cleaned, he will not plant it. If he cannot store grain for the purpose of seeding, how can he exercise his so-called privilege?"

I want to give you some time to respond.

Mr. Brian Otto: I want to identify the question. You lost me.

Mr. Alex Atamanenko: I would like your comments on what Terry is saying, because I think that as with any agreement, any regulation, we need to look at the details. He has some questions on UPOV 91. He's talking about the so-called cascading right. He's a farmer also, so that's his point of view. I'm wondering what your point of view would be, as a farmer.

• (1620)

Mr. Brian Otto: I have already stated that UPOV 91 does not threaten a farmer's ability to save his own seed. It doesn't. That's in the protocol.

Where it does stop a farmer, and quite frankly, I support that you can't take that seed.... You're going to pay a royalty on it when you get it. I always do. I buy new seed every year, and when I pay for that seed, part of the cost of that seed is a royalty that goes back to the breeder who developed that variety. Where I have a problem is if a farmer, such as myself, were to buy that seed, pay the royalty on it, and then a neighbour comes the next year and says he'd like some of that seed and I sell it to him for whatever, and no royalty goes back to the breeder. How do we maintain breeding programs in Canada if we don't make sure we have funds in place to reward that person who developed the seed so he can carry on with varietal development? That's where I have a problem.

If farmers want to save it for themselves, I don't have a problem with that. I think that's right. But what they are doing effectively, by selling that seed to another farmer, is providing that seed with no royalty. That other farmer hasn't had to pay the same cost as you. Quite frankly, as a farmer, if I take my pocketbook out and pay for the variety, so should the farmer who wants that seed.

Mr. Alex Atamanenko: Is there a danger under UPOV 91 that the royalties could be paid, as Terry mentions, along the line and not only for the seed and we won't know how much they are? Is there a danger of that? Have you looked into that?

Mr. Brian Otto: There might be the opportunity to do that, but again, I haven't looked that deeply into it. What you're talking about is probably end-point royalties.

Mr. Alex Atamanenko: Do you think it would be worthwhile for that to be looked into before we sign this?

Mr. Brian Otto: I think what we have to look at is the state of our varietal development in Canada and the funding of it.

The Chair: Thank you very much for your comments.

I'll go now to Mr. Zimmer, please, for five minutes.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you for coming, Brian. It's good to see you again.

We've discussed Canadian market freedom and other things that we have done on our watch that we think have made Canadian farmers more competitive, especially western Canadian farmers—at least making them equal to the rest of the Canadian farmers who are already there. So we've been working on this, and it looks like you get the open market, and you see the opportunity that's there. I guess we are the glass is half-full side, and there's the glass that's half-empty side. I understand that, and I appreciate your positive expectation of what's out there.

To build on that a bit, you said that you farm crops other than just barley, but from just a barley perspective to start with, we've talked about feed and malt barleys. As a barley farmer, what other potential markets do you see?

I have another question about what products are already in the Canadian consumer market that use barley, for the information of committee members who may not know. Are there other opportunities that we can use to sell some of these products to Europe?

There is a lot there, but what do you see as the potential for barley in the future other than feed and the typical thing that we understand barley for?

Mr. Brian Otto: I think there are some opportunities, and Lisa can speak to this on the food side better than I can. Again, we're not talking beer because I call that the “liquid food” side of it.

I don't know whether many people are aware of it, but there is barley flour available on the shelves in grocery stores now. Certainly that's a market that, as we move through the health food side of it, I'm certain has opportunities.

There's one that's not talked about a lot, and certainly it's fallen on the back burner, and that's the ethanol industry. Barley has a very good fit in the ethanol industry; the ethanol production from barley

fits very well. So there's an opportunity there, although I think that we're past making the ethanol side of things the focus area.

When you talk about opportunities for barley—I've said it earlier—the craft brewing industry has absolutely exploded. Certainly, when I talk to the maltsters, there's more and more demand for malt barley through these small craft breweries.

In my opinion, as the image of barley becomes more focused on being a healthy food, there's going to be more and more opportunity to expand the barley acreage, especially in Canada.

• (1625)

Mr. Bob Zimmer: Lisa, are there any other consumer products out there involving barley that you would know of that Brian hasn't mentioned, or do you see any other opportunities that are out there?

Ms. Lisa Skierka: I think the biggest opportunity for food barley marketing relates to barley flour, which Brian mentioned, as well as to using barley in other food products such as risotto. Quick-cook barley is one that is in development. The big push for barley right now for us is to create a food barley market that makes sense. To do that generally means barley flour with wheat flour. We are developing a large-scale bakery blend that could be used in all different marketplaces. We're also going to be focusing on developing recipes for food service size operations, and then it could explode anywhere.

If you have three micrograms of beta-glucan per serving, that would meet the Health Canada health claim requirements, which means we can start marketing it as a healthy food as well, so there is unlimited potential because right now the market is so small.

The other thing that we keep not mentioning because it is minuscule overall is that barley malt is used in many food products. If you look at your Rice Krispies, there's a reason that there's now gluten-free Rice Krispies, because in the regular Rice Krispies there's barley malt and in the gluten-free there isn't. Although barley isn't gluten-free, it's low gluten, which of course is another marketing opportunity.

Mr. Bob Zimmer: Do I have more time?

The Chair: You've got 30 seconds.

Mr. Bob Zimmer: Brian, this is just an overarching theme again, the half-full theme being what I'm going to ask you about.

You see the potential of CETA overall because you're a farmer and you said you farm other grains too. What's the sense of the farmers out there who you've talked to about the agreement? I'm sure there are a lot of unknowns to them, and they don't know what's all there, but what's the overarching attitude towards CETA in the farming community?

The Chair: Just a very quick answer, please.

Mr. Brian Otto: Farmers are very optimistic. What I'm hearing from the farmers I talk to is that we need trade, we need to export our product. Certainly, every agreement that we can sign in the world marketplace is good for Canadian agriculture.

The Chair: Thank you very much.

We'll now go to Madam Raynault.

[Translation]

Ms. Francine Raynault (Joliette, NDP): Thank you, Mr. Chair.

[English]

The Chair: You have five minutes, please.

[Translation]

Ms. Francine Raynault: We know that barley is used to feed hogs, and we hope that pork producers will be willing to increase their production, or at least send what they are currently producing to Europe. However, none of the 27 countries of the European Union are among the 10 biggest export markets for Canadian pork. How will you ensure that our pork is sold in the 27 countries of the European Union, while enough barley is being produced to feed the hogs and export some to Europe?

[English]

Mr. Brian Otto: I can't answer that. I think you would have to pose that question to the pork industry.

Certainly, the Barley Council of Canada has the feed industry at our table, but it's not something that we have discussed at this time.

• (1630)

[Translation]

Ms. Francine Raynault: We know that Europe doesn't want any traces of GMOs in the grain. You say that barley does not contain any GMOs, but, if I have understood correctly, you also produce other grains. What will you do to convince them that you are working to eliminate all traces of GMOs? We don't want the ship to be sent back from Europe and crops to be lost.

[English]

Ms. Lisa Skierka: The question was on how we can ensure Europe that there is no trace of GMO in the grains.

We deal all the time with major-league exporters whose job it is to make sure that we avoid having any low-level presence issues in the grain. That's their job. Their livelihoods and profitability are based on it. The good news about barley is that it's not GMO. There are certainly challenges with shipping, but because the exporters' livelihoods depend upon on it, they will do their best to make sure that access remains open.

[Translation]

Ms. Francine Raynault: Yes, probably, as the cost would be fairly high and result in a major financial loss if any traces of GMOs were found and the ships had to return to Canada.

Earlier, you said that the producer paid \$1 per tonne and could ask for a refund afterwards. Can you please tell us more about that?

[English]

Ms. Lisa Skierka: In Alberta the system of check-offs is what we call "mandatory refundable". This means that people pay when they sell their grain. The money comes in. If they want it back they fill out a simple form and we send the money back. That's under legislation in Alberta because the Alberta government believes that it's the farmers' money and they have the right to ask for it back. We would

have greater struggles collecting the money for purposes that farmers have asked for and approve of. I work for farmers; they determine how the money is spent. But it would be much harder to collect if it wasn't mandatory first, and then refundable.

Mr. Brian Otto: One thing I'd like to clarify is that the Barley Council of Canada is not a levy-funded organization. The Barley Council of Canada is made up of producer groups plus the industry. The producer groups and the industry are the ones that, as they become members of the Barley Council of Canada, fund its operation. It's a total value-chain funded council, and it's a national council. It's the first one we've had in Canada. We've been very impressed working with the whole industry. Sometimes you have difficulties there, but we certainly haven't run into that. It's been a very collaborative group.

The Chair: We're just about there, if you have a short question.

[Translation]

Ms. Francine Raynault: Okay.

Last year, Canadian brewers told us that the number of acres used to grow barley had decreased. Now that the European market seems to be opening up, how will the producers manage to increase their production in order to meet that new market's needs? What will you do to ensure that producers can do more and increase their production?

[English]

The Chair: Give a quick answer, please.

Mr. Brian Otto: It's all a matter of dollars and cents. Hang the carrot out there, and they'll grow the barley.

That's what happened after 2008 when we were at 5.7 million acres. The malt industries realized that, if they were going to get farmers to grow barley for them, they had to offer prices attractive enough to get them to grow barley. And that's what we have today. They put the carrot out there, and producers are producing the barley they're looking for.

The Chair: Thank you, Brian and Lisa, for great presentations and good answers. I appreciate it very much.

We're going to take about a two-minute break to switch witnesses. Also we have a video conference on our next round, so we'll get that hooked up.

• (1630)

(Pause)

• (1635)

The Chair: We'll start the second round of witnesses now.

On our second round we have with us, from Grain Farmers of Ontario, Barry Senft, chief executive officer. Welcome Barry.

And by video conference from Winnipeg, Manitoba, from Pulse Canada we have Gord Kurbis, director of market access and trade policy.

The Chair: According to my agenda, we'll start off with the Grain Farmers of Ontario.

Go ahead please, Barry. You have 10 minutes.

Mr. Barry Senft (Chief Executive Officer, Grain Farmers of Ontario): Thank you, Mr. Chairman.

On behalf of our 28,000 farmer members in Grain Farmers of Ontario, I want to thank you for this opportunity to provide our views on the Canada EU trade agreement. Over the past 10 to 12 years, the Ontario grain industry has increasingly outgrown the Ontario and Canadian markets. The domestic market remains the primary market for most of our production, but the development of international markets is an ongoing critical task. This is particularly true of Ontario soybeans. Two-thirds of our production is exported. As an association of farmers our mission is to develop an innovative and successful business environment that will allow our farmer members the opportunity for profitable growth. The path to achieve this requires the reduction of trade barriers and the expansion of markets for corn, soybeans, and wheat. For these reasons, Grain Farmers of Ontario is very supportive of the government's efforts to secure foreign markets for our products.

Given the importance of the European Union as a market for Ontario grain, we are particularly supportive of CETA. The EU is an already important market for Ontario and Canadian grain and oilseed producers. Between 2008 and 2012, Canadian soybean exports to the EU increased 113%, going from half a million metric tonnes in 2008 to 1.3 million metric tonnes in 2012. The value of these exported soybeans is around \$740 million and accounts for over one-quarter of the Canadian soybean crop. Within the top 10 export markets by volume in 2012, four of the top destinations were European countries: the Netherlands, Belgium, Germany, and Italy. This year for the first time in several years, we also exported corn to the EU, a total of 175,000 tonnes were exported at a value of \$46 million.

Additionally, over the last several years, Ontario wheat has been exported, although only 38,800 tonnes, because wheat exports have been constrained by the EU quota for Canadian low protein wheat at less than 13.5% protein. Upon implementation of CETA, the quota for Canadian low protein wheat will immediately rise to 100,000 tonnes from the current 38,800 tonnes. Further, the current in-quota tariff of 12 euros per tonne will disappear, and over the seven-year implementation period of the agreement the over-quota duty rate of 95 euros per tonne will be reduced in equal amounts. In the eighth year the EU market will be entirely open for our wheat, an exceptional market opportunity for our farmers and one that they look forward to selling into.

Financially, Grain Farmers of Ontario also foresees a lot of benefit within the domestic industry. A large portion of our Ontario grains is sold to companies and industries in Canada that will benefit from improved access to the EU. Upon implementation of the agreement, the tariffs on products like bakery goods, spirits, soybean oil, soymeal, and numerous other products produced from Ontario grain will either be substantially reduced or eliminated entirely.

Another important element of the value chain for Ontario grain is livestock producers. Grain Farmers of Ontario is encouraged by the fact that Canadian beef and pork producers have secured increased access to the EU as these two industries are major users of Ontario grains. In fact, livestock feed remains the primary use for corn in our province, and we look forward to increasing our supply to livestock as the demand for their products increases internationally.

Above all this, one of the most important challenges facing exports of our soybeans and corn into the EU is the slow pace of the EU approvals for genetically modified grains. As previously mentioned, our farmers operate in an innovative business environment and are high adapters of new technology. The EU however, maintains a very low tolerance level for unapproved GM grains destined for feed use and has a zero tolerance for unapproved GM grains for food use. One of the most promising points under the agreement is that Canada and the EU will establish a working group to examine biotech issues and ensure that they do not disrupt trade.

● (1640)

This open dialogue and collaboration on the issue of genetically modified grains is an exceptional step forward in our relationship with the EU, and we look forward to contributing to this working group.

We see immense opportunity for Ontario grain farmers with the implementation of CETA. This agreement will reduce trade barriers for Ontario corn, soybeans, and wheat, reduce tariffs for our end-users in the industry, and increase market access for Ontario livestock producers. All these components will help drive the grain industry in Ontario and across Canada toward increased competitiveness in a global market with sustainable and profitable market opportunities. For these reasons, GFO strongly supports the government's efforts in securing CETA.

Thank you.

● (1645)

The Chair: Thank you very much for your presentation.

Now we'll go to Winnipeg.

Mr. Kurbis, I'll ask you to make your presentation. Welcome, by the way.

Mr. Gord Kurbis (Director, Market Access and Trade Policy, Pulse Canada): Mr. Chairman and committee members, thank you for the opportunity to speak to the committee today.

As you know, Pulse Canada is a national industry association funded by the farmers who grow peas, lentils, beans, and chickpeas across Canada, as well as by the processing and exporting companies that export pulses to more than 160 countries around the world. Pulse Canada has, for more than 15 years, been focused on market access and the need for a predictable and stable trading environment as one of the members' top priorities.

The Canadian pulse industry is very supportive of CETA and other bilateral and multilateral trade agreements at the government-to-government level, because they provide an opportunity to create a more permanent and lasting trade policy framework that levels the playing field and improves the predictability of trade.

The EU is one of Canada's top three markets for Canadian pulse and special crop exports, and is valued at approximately a quarter of a billion dollars annually. Canada exports more than 180,000 tonnes of peas and lentils to the EU each year, as well as 38% of dry bean exports, 32% of Canadian canary seed exports, and 31% of Canadian mustard seed exports.

CETA represents two key opportunities for the Canadian pulse and special crops industry: market growth in processed products, and regulatory harmonization. While Canadian whole and split pulses and special crops are well established in the EU, and already had duty-free access, exports of further processed products have been restricted by tariffs. CETA creates significant opportunities for our sector through the reduction or elimination of tariffs for pulses that have been processed in Canada and then exported as flour, fibre, starch, and protein. Tariffs for those will be removed immediately, with the exception of the pulse-starch tariff, which will be phased out over seven years.

Why that's important is that the EU leads the way in innovative product launches that focus on health and sustainability. With the rates of obesity and other diet-related illnesses such as cardiovascular disease and diabetes at historic highs, the food industry is responding to consumer and public-sector demands for healthier foods by reformulating existing brands or developing new products. With high levels of protein, fibre, and complex carbohydrates, pulses are optimal ingredients that offer important health benefits.

In fact, earlier this year, experts in diabetes and cardiovascular disease research met to discuss whether existing evidence for pulses was sufficient to warrant a health claim in these areas. The experts unanimously agreed that there is an evidence-based relationship between consumption of beans and cholesterol lowering. The studies consistently showed that a half cup of beans per day lowered both total and LDL-cholesterol, and that the magnitude of the effect was similar to or greater than that of other foods with approved health claims, like plant sterols and barley.

Moving towards the regulatory harmonization opportunities that CETA will create, governments on both sides must fully utilize the agreement to address new technology and innovations in agriculture in the context of synchronous approvals, as well as new technology for detection. As you've heard, GMOs—or genetically modified organisms—and new reduced-risk crop protection products are two cases where regulatory infrastructure lags behind advancing technology. All commodity exports will increasingly face challenges in years to come, as testing becomes cheaper and more sensitive, often capable of measuring down to single parts per billion. In cases where importing countries have zero tolerances, or near-zero tolerances in place for products that have not yet completed the approval process, misaligned timing of approvals alongside the ability to detect minute levels has the potential to be devastating for trade.

Canada has shown tremendous leadership in its development of, and international outreach around, the draft low-level presence policy, which is especially needed in the EU. Since you'll have heard about the critical importance of this policy from other agriculture groups representing GM crops, I would like to use my remaining time to focus on the need for a similar approach for crop-protection products.

These products—herbicides, fungicides, and insecticides—have been critical to improving agricultural productivity. Unfortunately, new crop-protection products and their rapid adoption have challenged market access, as importing countries can take years to establish legal tolerances, with zero or near-zero tolerances that apply in the meantime. For example, in 2011 the pulse industry had a high-profile glyphosate breach and MRL gap that we encountered on lentils to the EU. The issue was that Canadian farmers were using a crop protection product, glyphosate—or Roundup—which was fully approved for use in Canada with exports that were well within Canadian food safety standards.

• (1650)

However the EU had never gone to the process of establishing an MRL for glyphosate on lentils, and consequently applied a near-zero default of 0.1 parts per million, which caused rejections as well as product recalls from retail shelves. As you know, detection of pesticide residues, even when well below levels considered safe by the world's leading regulatory bodies, can create headlines that undermine consumer perceptions of the safety of Canadian agrifood products.

All of this happened solely as a result of lack of regulatory harmonization. I want to be clear to all committee members who may not be as familiar with the policy and processes around the establishment of crop protection product tolerance levels. Canada is among the toughest regulators in the world when it comes to establishing safety margins, and the product pulled from EU retail shelves was compliant with Canadian standards. Underscoring that there was no food safety issue at the heart of this is that, in the following year, the EU itself increased the 0.1 ppm tolerance that it was applying to Canadian lentils by a factor of 100 to 10.0 ppm after review by its own EU health regulators.

The opportunity, as we look ahead, is to use FTAs like CETA to attain regulatory harmonization around both LLP, or low-level presence of GM, and MRLs. We do have a policy development process in place for one, yet we're only getting started on the other. There is a role for leadership.

In closing, as an affluent, quality-conscious market, with strong consumer interest in food that provides health benefits, and with an interest in sustainability, the EU is a natural trading partner for Canadian agriculture, and we expect that CETA will provide many opportunities. However I would like to make an additional closing remark on transportation.

Canadian customers overseas have long memories, and people don't forget when their food isn't delivered on time. While trade and partnership agreements open doors to an enhanced trade relationship, being the reliable supplier year after year is what's needed to keep the relationship going.

The size of this year's crop is bringing clarity, unfortunately, to the underlying problems that can sometimes be lost in the complexity of the transportation system.

Grain production this year is estimated to have exceed 65 million tonnes. The railcar shortfall for the past 16 weeks now exceeds 20,000 cars. Quorum, the federal monitor of the system, reports that vessel waiting times at Port Metro Vancouver are as bad as they've ever seen, noting that this is the third year in a row that Vancouver has experienced these problems and it's getting worse. A system that's frankly not meeting the needs of its users means that Canada isn't meeting the needs of its customers in a consistent and reliable fashion and isn't able to fully take advantage of the enabling conditions that FTAs like CETA create.

Thank you, Mr. Chairman.

The Chair: Thank you for your presentation.

And thank you all for staying within presentation time.

I'll now go to our members, and I'll start off with Madame Raynault.

You have five minutes, please.

[Translation]

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

My question is for Mr. Kurbis.

The document we received earlier states the following: "The Comprehensive Economic and Trade Agreement represents two key opportunities for the Canadian pulse and special crops industry—market growth in processed products and regulatory harmonization."

Could you tell us more about that?

[English]

Mr. Gord Kurbis: I'm sorry; the question didn't come through clearly in translation. Could you repeat please?

[Translation]

Ms. Francine Raynault: Yes.

In one of the paragraphs of the document you submitted to us, the following is stated: "The Comprehensive Economic and Trade Agreement represents two key opportunities for the Canadian pulse and special crops industry—market growth in processed products and regulatory harmonization."

Could you please tell us more about that?

•(1655)

[English]

Mr. Gord Kurbis: Our concern around regulatory harmonization is that we have products that are compliant with Canadian food safety standards, which are certainly among the toughest food safety standards in the world, but may not be compliant with EU standards. It's not because they have assessed or maybe made a different assessment from Canadian regulators, but simply because they have not gotten around to going through the process of setting a tolerance and conducting a risk assessment.

In the meantime, there are either zero tolerances or near-zero tolerances. For example, they are set at the default limit of detection of 0.01 parts per million in many cases. It is really the establishment of government-to-government forums that will give these issues, we feel, a higher probability of being wrestled to the ground by both sides.

[Translation]

Ms. Francine Raynault: The idea is to avoid pulse shipments being returned to Canadian producers and resulting in a fairly significant financial loss.

In your document, you say that pulses could be added to products such as pasta and baked goods. How will you convince Canadians that adding pulses to pasta or bread provides health benefits? What is your strategy when it comes to that?

[English]

Mr. Gord Kurbis: There are two components to that strategy. The first component is we feel that consumer messaging is saturated with anecdotal claims about health and nutrition and what food A versus food B will do for health, so we would rely on peer-reviewed science and health claims to communicate that message. Food companies are very good intermediaries in carrying forward to consumers the sorts of messages they can understand.

The second component though is that we need a continued absence of any unsubstantiated food safety scare that could come from any of these zero or near-zero default tolerances being triggered because of a lack of regulatory harmonization. Even though there's always risk to trade or that one kernel that could potentially be found in a bulk vessel, this agreement, in our view, can only move the needle in the right direction with respect to the potential unfortunate detection, and rejections even, of such events.

[Translation]

Ms. Francine Raynault: Mr. Senft, last week, some of my colleagues told Canadian grain producers that they were worried by the low levels of GMOs and by the fact that we have signed an agreement with the European Union without having found a solution to that problem.

Do you think that issue could be resolved before we sign the agreement or before the Europeans send our grain back?

[English]

Mr. Barry Senft: We have been putting that effort into signing an agreement with the European Union since the introduction of GM technology, which dates back to 1996. We haven't made a lot of headway since that time. Without an agreement, it doesn't seem that we've done very well in moving that issue forward. This agreement proposes a formal discussion about an approval process.

The Chair: Thank you very much for your comments.

We will now go to Mr. Hoback, please, for five minutes.

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

And thank you, witnesses, for being here this afternoon.

I think both of you are going to agree that CETA has so much potential and adds more market options for you as you go forward and this agreement unfolds.

Gord, you mentioned the Port of Vancouver and ship delays. I'm hearing different things, so I'm curious. Have you seen the backlogs with containers or bulk loading?

Mr. Gord Kurbis: This is bulk loading, as far as I know, although I can clarify that and follow up with the clerk. I've carried this message, which is slightly outside my area, from our in-house transportation experts.

•(1700)

Mr. Randy Hoback: That's no problem. If you wouldn't mind doing that, I know it does relate to CETA in that the infrastructure is going to be required when this agreement is put in place. We're going to be moving more product maybe through Thunder Bay, Churchill, or other facilities like Montreal, and it might pull some of that pressure off Vancouver where, if it's raining and raining, it creates other issues in loading too, so there might be other issues.

As far as your 20,000-railcar deficit, I think that's the reality we're faced with: the fact that we've got such a huge crop. They're really doing their best to move it this fall. I talked to one of the rail lines this week. If you look at their movement per hour over the last 10 years, they're well above their weekly averages of what they normally would move, but in the same breath, they feel they have to do better.

I am a little concerned with one of the rail lines. It seems it has a derailment every week, which I think is an issue that needs to be addressed, but a different committee would do that.

You also talked about low-level presence and chemical residue acceptance levels; Barry made this point very clearly. I know we've been trying to deal with GMOs and a process to have the science we have in Canada accepted in Europe, to recognize that our science is safe and sound, and make any agreements based on sound science. Europe has the tendency to let politics bleed into some of these things once in a while, and GMO is probably a good example of that.

Do you see the agreement setting up the platform for negotiations on disagreements like this?

I'll start with you, Gord, and go to you, Barry.

Mr. Gord Kurbis: I have to say those of us in the industry could be of two minds on this one. First, anything that improves the

likelihood that we're going to be able to resolve some of these issues, or we're going to be able to move towards synchronous timing of approvals in the future, is great news, and I think a lot of us are holding out hope that CETA can help deliver this.

On the other hand, as Barry notes, the GM issue in Europe is very political. When issues are technical in nature, they tend to be relatively more predictable. When they are political in nature, they can be very unpredictable in terms of how quickly, if at all, things can move forward.

Mr. Randy Hoback: Yes. Good point.

Barry.

Mr. Barry Senft: I agree with Gord that it has been a long time, but I think maybe going into a formal process will help us along with getting some of these agreements in place. It hasn't worked in the past. I think the EU holding out on some of this technology holds us back not only in that country, but it may hold us back in others because we have commodities that we serve a number of countries to, and some of those countries have adapted to and received technology a lot quicker than the EU.

The issue with the EU holding out on some of these issues is that it may give rise or opportunity that some of those traits get co-mingled, and that's why issues like LLP are so important to be in place. It might not only affect the market of the EU but other markets where again with our system that we have of moving grain forward, there is no such thing as a zero tolerance. So those agreements need to be put into place.

We are cautiously optimistic that finally we're getting into the formality of this discussion.

The Chair: Make it very short. You only have 30 seconds.

Mr. Randy Hoback: Maybe I'll stop there then, Chair, because the next topic will take me probably 30 seconds to introduce.

Unless, Gord, are you cheering for the Riders this weekend? That was just a big concern of mine. Being a pulse grower you know you....

Mr. Gord Kurbis: Yes. I'm cheering for the Riders.

The Chair: Now you're time's up.

Mr. Eyking.

Mr. Barry Senft: For the record, I am too.

The Chair: Hey, you're doing all right.

Mr. Eyking, for five minutes, please.

Hon. Mark Eyking: Thank you, Chair, and thank you, gentlemen, for being with us.

I want to follow up on the concern about the moving of the grains. I visited many farms last week out there, and they had them piled up outside. They had tarps on them, and they were trying to blow some air in, and keep the rodents out, so it's a big issue. Some of them can get away with it for a few weeks, but they really want to get that extra grain that's piled up outside moving. You alluded to how it has been getting worse for the last three years.

Some of them mentioned to me a bill. I'm not that familiar with it. It's called Bill C-52 I think that was passed here by the government. My sense from that bill was it gave the rails less accountability.

Are you familiar with this bill, Gord?

• (1705)

Mr. Gord Kurbis: I'm not the technical expert at Pulse Canada on this bill. I'm not sure I'm in a good position to answer questions around it.

Hon. Mark Eyking: Okay. It was brought up to me a couple of times. They say the rail is less accountable now for the farmers, and that's why they are sometimes not moving crops but moving maybe more potash and other commodities.

Do you think there needs to be an investigation into why the rail is not doing the job it should be doing? And not just the rail I guess. It could be ports and whoever's in that whole supply chain.

Mr. Gord Kurbis: I can certainly bring an answer back from Pulse Canada to the clerk, but I'm the market access guy.

Hon. Mark Eyking: So we could hear back from you in case you guys think we should be investigating that further, maybe bringing in some witnesses?

Mr. Gord Kurbis: I'm happy to provide an answer for that question, and I'll follow up with the clerk directly on the wording, and provide an answer back to him.

Hon. Mark Eyking: What's the 60 million? Did you say 60 million tonnes of grain out there? Was that a number you used, 60 million tonnes?

Mr. Gord Kurbis: It was 65 million tonnes. Yes.

Hon. Mark Eyking: Okay. And that will be just pulse crops?

Mr. Gord Kurbis: No. That's the total volume of the crop. That's from the last Ag Canada, *Canada: Outlook for Principal Field Crops*.

Hon. Mark Eyking: Do you think that, unless things improve, there's going to be a lot of waste?

Mr. Gord Kurbis: I don't know. It's out of my area of expertise; I'm sorry.

Hon. Mark Eyking: Okay. I'm going to move to another line of questioning.

I'm very interested in this working group. I guess the key to any working group is who is on that working group and whether they all believe in the same mandate.

My question is whether there are European farmers and Canadian farmers on this working group? What is its makeup?

Mr. Barry Senft: I couldn't give you the detail on who populates that committee, other than that I understand there would be broad representation of the stakeholders involved.

Hon. Mark Eyking: It could be bureaucrats; it could be whoever from Brussels; it could be—

Mr. Barry Senft: I understand that it would represent all the stakeholders, but I don't believe that the numbers and who would populate it have been decided.

Hon. Mark Eyking: This working group could be key to whether we not only get product over there but, if you have a whole shipload of grains over there, whether somebody all of a sudden pulls the pin on it because of some big protest or whatever.

You were talking about legal tolerances for chemicals, residues, or whatnot. Shouldn't that working group have a broader mandate, not just dealing with GMOs but dealing with other agriculture practices that we or they are following, or what they might have a problem....

This is to both of you. Shouldn't that working group have a bigger mandate, so that it deals with all these other little so-called irritants that could pop up along the way?

Mr. Barry Senft: My understanding of it is that it would be broader than dealing with the GM issue and extend to some of the points that Gord spoke to—MRLs, LLPs, etc.

The Chair: Thank you very much for your time.

I'll go now to Mr. Preston, please, for five minutes.

Mr. Joe Preston: Thank you, Mr. Chair, and thank you both for being here today.

I was trying to write as fast as I could. I'm glad that I have some notes down.

Barry, you were going through how much we already export to Europe, and Gord, you said the same thing— how much by way of pulses and dry beans and whatever else. The EU is already a great customer of ours.

On tariffs, Barry, you talked about how the tariffs were coming off. I think you mentioned that 12 euros per tonne comes off immediately, and that after that the tariffs come off on an average basis over the next seven years. Is that right?

Mr. Barry Senft: Yes.

• (1710)

Mr. Joe Preston: At the end of the day, it's 100-and-some euros per tonne cheaper now to send Canadian soybeans or corn or wheat to Europe. How much will this change increase your sales, if you're already selling the amount you're selling?

Mr. Barry Senft: Again, it puts another demand on the marketplace, and making sure that we have as many of these trade deals in place as we can gives you opportunity and from a farmer/producer perspective gives us options in the market. You never want to be too reliant on one or two customer markets; these tariffs coming off in the EU give another opportunity for our farmers to move grain into that marketplace, with some returns in their own pocket, which hasn't been the case, other than for the 38,800 tonnes that are currently in place. Under the current practice, that was filled before we even got to the end of the field.

So the whole trade agreement and the other emphasis towards other trade agreements involves diversification of markets so that farmers don't rely too much on one and, if something happens, are without an alternative.

Mr. Joe Preston: You were here, I think, when we were talking to the western barley growers about how much barley is used for feed, and with an increased number of both hogs and cattle going to Europe.... I know that in Ontario this is mostly a corn issue. How much Ontario corn is going to go to the EU as meat?

Mr. Barry Senft: Well, we haven't done the estimate of that, but the opening of this market puts some more demand on it, either through the livestock industry or directly. As I said, for the first time ever we have exported some corn into that market. Up until this point, we have been pretty well in a corn deficit in Ontario, importing corn from the U.S. But with new trades being introduced, corn production yields are rising, and as I said, we can't be as reliant on our domestic market as we have been in the past.

Mr. Joe Preston: Well, let's spread those markets around. That's a fantastic piece.

Mr. Kurbis, concerning the tariffs on pulses and the products you're talking about, you said there will be no tariffs, but on processed products there are tariffs.

What is coming off?

Mr. Gord Kurbis: Well, every pulse and special crop goes into Europe duty-free, except for a tariff of 37 euros per tonne that has been applied, albeit unevenly, to buckwheat. That will be immediately eliminated.

There has been a 7.7% tariff on pulse flour, a 5.1% tariff on bran and fibre, and a 12.8% tariff on protein. All of that will be immediately eliminated upon the signing of the agreement. There is a tariff of 166 euros per tonne on starch that will be phased out evenly over seven years.

Mr. Joe Preston: Is that already a pretty good market for our starch and for the other items you mentioned?

Mr. Gord Kurbis: This, for our industry, is a medium- to longer-term opportunity. Currently we're in the business of sending over whole and splits. Increasingly, we hope to get into the business, but we're on the really early part of the growth curve.

Mr. Joe Preston: If you're taking 40 euros to 120 euros a tonne off the price of some of those products, even if it's over the course of seven years, it sure makes a big marketing opportunity for our Canadian farmers, doesn't it?

Mr. Gord Kurbis: Yes, the higher end of those tariffs would be prohibitive, there's no doubt.

Mr. Joe Preston: Sure.

The Chair: Thank you very much, Mr. Preston. You're right on time; it's amazing.

I'll now go to Madam Brosseau, please, for five minutes.

Ms. Ruth Ellen Brosseau: What I've noticed throughout the past few meetings we've had on CETA is that everybody is very hopeful and optimistic that this is a great deal for everybody. It does seem pretty amazing. But how are farmers going to actually seize this opportunity?

It seems that this whole working group on biotechnologies and GMOs will be like a big make-or-break kind of group. I really hope things work out in the end, because we mentioned that this is a very emotional subject, and when politics are involved, they can make it a little bit tougher to work together and get things done.

Can you people comment a little bit more on value-added exports? We had barley people in earlier and we talked about barley being used to feed our beef and pork, and then exporting that. What kind of value-added products would we be able to send or would interest the European Union?

• (1715)

Mr. Barry Senft: As much as it's direct, it's in the pork and the beef sectors. I mentioned that some of the other increased exports—and Gord has touched on this—are in bakery goods, spirits, and soybean oil.

Soybeans, for example, and for that matter, corn.... We always think of corn as livestock feed and ethanol, but corn is the basis of a lot of our food products, along with soybeans. They are integrated in a number of these food products. I think this agreement will open up these products to be—

Ms. Ruth Ellen Brosseau: So there is benefit for our farmers but also for more jobs and expansion for value-added here in Canada. The government talks about trade agreements being good. There is also an opportunity for more good, well-paying jobs in Canada with value-added exports to the European Union in the next few years.

Mr. Barry Senft: The more we can add value within Canada and move that on—

Ms. Ruth Ellen Brosseau: I'm like a cheerleader for you guys.

Mr. Barry Senft: —rather than ship the raw product, the better, absolutely.

Ms. Ruth Ellen Brosseau: Can you comment a little bit on that, Gord, on opportunities for value-added jobs and transformation of foods before product is shipped over to the European Union?

Mr. Gord Kurbis: Our viewpoint would be right in line with various comments, the difference being that we see the particular products for us as being flours; protein concentrates and isolates, which are the protein part of peas, for example, that are isolated either by dry or wet milling; and then precooked frozen or even puréed products.

As Barry said, anything we can do to add value before we send it over is better for all concerned, in general.

Ms. Ruth Ellen Brosseau: Okay.

I don't have any more questions.

The Chair: Thank you very much.

We'll now go to Mr. Payne for five minutes.

Mr. LaVar Payne: Thank you, Chair.

I thank my colleague across the way for all those wonderful comments she's making in terms of CETA.

An hon. member: Hear, hear!

Mr. LaVar Payne: I'm not sure if she's thinking about changing sides here or just what's going on.

Ms. Ruth Ellen Brosseau: No, I'm not. My blood's orange here.

Voices: Oh, oh!

Mr. LaVar Payne: At any rate, I want to thank the witnesses for being here, and of course via video conference.

First of all, Mr. Kurbis, you did talk in your presentation about the overall potential for the pulse and so on. You're talking about a million tonnes of pulse flour per year.

Just in terms of that, do you see some additional investment happening, and obviously creating those jobs that our colleague across the way talked about? Do you have any kind of estimates on how many new jobs that might create for the pulse industry?

Mr. Gord Kurbis: You know, we haven't done that analysis. It wouldn't be hard for us to plug in some of the multipliers to the number of tonnes that we're speaking about, but we haven't quite gotten around to that.

Mr. LaVar Payne: Okay. So do you have some information today—based on what you currently ship into the EU on those particular products, on how many jobs are created...or have—to do that right now?

Mr. Gord Kurbis: The opportunity we're discussing right now is really contingent upon the continuation of trends in processed food products that are prevalent in both North America and the European Union today. The bet that seems to be on by the food manufacturing sector is that if you can take established brands that consumers are already used to eating and you can reformulate, at least partially, some of those brands with ingredients that have better health, nutrition, and maybe even better sustainability attributes than the current products, then the substitution effect can begin to be quite large.

At this very moment in time, we're really making inroads into the North American market. The European market is one that we expect future growth in, but we still have a trickle in there today.

• (1720)

Mr. LaVar Payne: You did talk about brands. I'm not sure of the brands that are already going into Europe and how those brand names are affected by the agreement.

Do you have any sense of what that means for those pulse products going in?

Mr. Gord Kurbis: In general, the first range of products that we expect to make inroads on is baked products and also pastas. As you have probably seen, there are examples on North American retail shelves today of pastas that have been reformulated to include lentil and chickpea flours, essentially providing a more complete nutritional and protein quality profile of the pasta. This is an example of the sort of thing we expect to see much more of in the future.

Mr. LaVar Payne: Okay.

You both talked about the potential of looking at the technology. I was interested in one of your comments, again, in terms of the underscoring of the EU; they have increased their factor by 100 parts per million under health.

Do either of you, or both of you, see this potential to make some headway with some of the issues we've seen with the European Union?

Mr. Barry Senft: Yes.

Mr. LaVar Payne: Well, that was short and sweet.

Mr. Barry Senft: Again, formalization of these discussions is needed. As I have said before, it hasn't worked to the speed, or to what we feel is required, in the past.

So yes, we're hopeful that this working group will help move some of these issues to resolution.

Mr. LaVar Payne: Any comments, Gord?

Mr. Gord Kurbis: Yes. To that I might add that from time to time we really do encounter an issue that is technical in nature, with respect to moving along the process to establish regulatory tolerances. And when it's only technical and it hasn't yet gone political, then the forums that can bring regulators together, to try to figure out solutions, can be much more helpful than when you have a political, small "p", issue you're trying to contend with.

The Chair: Thank you very much for your questions.

And now we'll go to Mr. Allen for five minutes, please.

Mr. Malcolm Allen: Thank you to both.

I want to go back to talk about what you just talked about with Mr. Payne. I agree with both of you about having some sort of formalized group that says, "Let's sit down and address these issues", but let's break it into two pieces.

Gord, you had your example that talked about glyphosate, saying, "Well, they'd said this was the regulatory regime and then all of a sudden it's this", agreeing that's somewhat arbitrary as to how you plucked the number. And so do you have a sense that this area is more hopeful for you? Because, Gord, you said you felt that was more of a technical issue. Did you see, perhaps, better results in that, in the sense of both parties finding a place where they can land on an agreeable regulatory regime in a relatively speedy amount of time, albeit that's not speedy, but at least it's a relative amount of time?

Mr. Gord Kurbis: Yes, sure. I think that how that issue was resolved could almost be a case study for how well things could work if this one outcome, where we sped along the development of that MRL on a sort of ad hoc relationship basis.... I think the potential is to take that ad hoc, speedy approach that was achieved, because as an industry we threw everything we had at it, and to formalize that into a committee structure. Rather than having a blow-up before you start talking to each other, you do it as a regular matter of course. On that case study, I would like to see the outcome that we ultimately had replicated through the committee.

• (1725)

Mr. Malcolm Allen: From what I hear, you would see using this case study as a way to formalize other processes when it comes to the regulatory regime. Is that a fair synopsis of what you're saying?

Mr. Gord Kurbis: Well, yes, in a way. The EU, for us, is a 110,000-tonne market for lentils, which is huge. It's our second largest. And because of that, when this problem hit, we pulled out all the stops in trying to resolve the technical issue that underpinned the issue that resulted in the rapid food safety alert problems and retail shelf recalls.

So my point is that it would be great if this committee structure could achieve the same technical outcome without having to have a blow-up on one of your largest markets first, and instead have those outcomes develop as a routine matter of course. That would be part of the objective.

Mr. Malcolm Allen: And then I'll get to the elephant in the room, which is the small "p" political, and I'm glad you used the small "p", about GMO. It becomes the issue of, regardless of what we think and what we believe, if that customer says, "I don't care...." And I've said this before, it's like getting a red shirt or a blue shirt. They're both shirts. I don't want a blue one. I want a red one, or in my case, probably an orange one. So the issue becomes, "I don't want your blue shirt." But you actually want to sell me the blue shirt because it's good for me. I keep saying, "I don't care, I don't like blue."

How do we break that nut? How do you see yourselves breaking through—to use your term—the small "p" politics of a customer who's reluctant to buy? I don't buy everything that's on a store shelf. Some things I don't want. So if you don't get to a point where the customer finally says, "Okay, we agree with you. We'll just take whatever. We'll take your results. We'll just do exactly how you do it." If they say no, how do we adjust to that?

Barry.

Mr. Barry Senft: I think you continue the discussion with them and try to answer the questions they have about the technology. Given the size of the market, I don't think anyone would suggest that we just walk away and say that the EU is never going to accept

biotechnology, our GMs specifically, so let's not discuss it any further with them.

GM technologies have been around since 1996. We've had other markets that have changed their minds on this and have understood, after discussion, and accepted the technology. I think it's an ongoing dialogue with the EU that takes place. As you know, the EU is a patchwork of a number of different governments, which makes it very difficult, so I think we continue to have that dialogue, now through a more formal process, and continue to talk about the technology that we've had around for a long, long time.

The Chair: Thank you very much.

I'm going to go my last questioner, but for only two minutes.

Mr. Lemieux, I know you can do it.

Mr. Pierre Lemieux: I have listened patiently.

The Chair: You can do it. I'll let Mr. Allen take up a bit of your time.

Voices: Oh, oh!

Mr. Pierre Lemieux: I'm going to follow up on the GM and non-GMO types of products, maybe with you, Barry.

For example, on the soybean, I would imagine that Europe will accept GM soybean, perhaps for feed, because they allow that now. That has been a change. I think it's a change that has been brought about by the realities of the marketplace. Maybe you can comment on that.

Mr. Barry Senft: Yes, absolutely. There is GM soybean moving into countries within Europe on the basis of the meal for the livestock, and they're all going into the biofuels market.

You're right. That didn't start in 1996. That was after significant discussion occurred over just the last few years, and it has opened up for that opportunity. There has been movement in the market—absolutely.

• (1730)

Mr. Pierre Lemieux: Yes.

Would you say that one of the competitors with Canada might be the U.S. selling into...?

Mr. Barry Senft: Yes.

Mr. Pierre Lemieux: Yesterday we heard one of our witnesses say that we have possibly a three-to-four-year window of opportunity before the U.S. locks in a deal with Europe. Do you see this three-to-four-year window being advantageous to our grain farmers?

Mr. Barry Senft: Yes, absolutely. I think that any time you introduce trade agreement technology, that's the issue: is your timing ahead of when somebody else adopts it? That's for any trade agreements, whether it's introducing a new cellphone or what have you. It's really the timing and how much out front you can get on that particular issue, so yes.

The Chair: Thank you, Mr. Lemieux.

I really want to thank our witnesses for being here.

Barry, and Gord from Winnipeg, thank you so much for joining us.

At this time, I'll declare the meeting adjourned. Thank you.

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