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# **Standing Committee on Agriculture and Agri- Food**

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**EVIDENCE**

**Tuesday, April 9, 2019**

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**Chair**

**Mr. Pat Finnigan**



## Standing Committee on Agriculture and Agri-Food

Tuesday, April 9, 2019

• (1100)

[English]

**The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)):** Welcome, everyone. Thanks for being here for this emergency meeting on the official notices of non-compliance from China for exports of Canadian canola seeds.

With us this morning, as individuals, are Mr. William Gerrard, of Invermorth Ltd.; and Mark Kaun, a canola producer.

As well, we have, from the Western Canadian Wheat Growers Association, Stephen Vandervalk, who is the vice-president, Alberta.

Welcome to our committee this morning. Thanks for being here.

Also, I would draw to the attention of fellow MPs that we have present in the audience a delegation from the Prairie Oat Growers Association. Several board members from across the Prairies are attending our meeting and would be grateful to exchange with you after the meeting.

Thank you to the oat growers from the western provinces for being here.

Members, as you know, there is going to be a vote. We have time for the opening statements, and hopefully we'll get back to ask the questions.

Mr. Vandervalk, you have up to six minutes for your opening statement.

**Mr. Stephen Vandervalk (Vice-President, Alberta, Western Canadian Wheat Growers Association):** Mr. Chair, members of Parliament, thank you for the opportunity to be with you today.

My name is Stephen Vandervalk, and I'm a fourth-generation farmer from the Fort Macleod area of southern Alberta. I've been farming my whole life. I'm past-president of the Grain Growers of Canada, and current director with the Western Canadian Wheat Growers Association.

Most grain farmers are entrepreneurial. We were pleased when the Wheat Board was disbanded, and we were able to sell our grain competitively on the world market ourselves. We were pleased when the current government said that they wanted to increase agriculture exports by 25% by 2025. We were pleased that the trade agreements, CETA and CPTPP, have been signed.

However, when grain growers are caught as innocent political pawns in events they have no control over, they always pay the price.

I currently plant 4,500 acres of canola. Since the announcement in early March by China that they were putting a stop on the importation of Canadian canola, the futures bids have dropped, costing me \$50,000 on my old crop, or what I have in the bin today. Looking at the 2019 crop, I potentially could lose another \$100,000, or much more if this continues.

The worst-case scenario is there will not be any bids for canola. Multiply that across 43,000 Canadian canola growers in western Canada and we face potential losses in the billions. Yes, let me repeat that: We face potential losses in the billions of dollars. That's real money out of every grain farmer's bottom line. Imagine a loss of that magnitude as it rolls out and impacts machinery and truck dealers, local suppliers, support services and all the ancillary services. The cost is enormous.

The timing of this issue and the timing of my being here could not be worse. I should be at home seeding. Thankfully, my family's able to help cover for me. The season is short, and this issue is weighing heavily on every grain farmer.

You already know that China is the largest end market for Canadian canola, accounting for approximately 40% of all Canadian canola products exported annually. In 2018, canola seed exported to China generated \$2.7 billion according to the Canola Council of Canada. That Canadian canola crop contributes \$26.7 billion annually to the Canadian economy.

The statement from China that they are not buying our canola because of dangerous pests is ludicrous. Canada is noted for consistently growing and exporting the best grain in the world. This is a political issue, pure and simple. Political problems need political solutions. If we must play the game of grain inspections, so be it, but in the meantime, Canadian grain farmers are the ones paying the price for the political failings.

I remind this committee that this is not the only current agricultural failing that grain farmers are facing. The list of significant trade issues for the Canadian grains industry has grown long.

Italy is no longer importing the world's best Canadian durum due to non-tariff trade barriers. Over the past few years we have usually exported one million tonnes valued at \$250 million. The durum market has been decimated. We can't even sell it.

Our sixth-largest market, Peru, has stopped importing Canadian wheat, claiming we have a weed seed issue. At over one million tonnes, that's another \$200 million.

Vietnam has stopped importing Canadian wheat, claiming that it has thistle seeds in it. That market was over \$4 million.

India has applied massive tariffs on our pulse crops, valued at over \$1 billion.

Saudi Arabia is not importing our wheat and barley valued at over \$4 million, due to a diplomatic dispute.

In case you weren't adding up these numbers, that's over \$4.2 billion in direct export sales annually. Using the multiplier effect of 1.5, this is a potential loss to our economy of \$6.3 billion.

Grain farmers aren't looking for financial handouts. We're looking to grow our exports, our crop sales, on a level playing field. We can compete with any country in the world if we don't have one arm tied behind our backs. Unfair non-tariff trade barriers and one-sided taxes, such as the carbon tax, force Canadian grain farmers into impossible situations. We ask you not to force us into uncompetitive situations.

The combined potential loss through export losses to China, Italy, Peru, Vietnam, India and Saudi Arabia is staggering. Canada can feed the world, but not if our government does not act strongly on our behalf, removing non-tariff trade barriers, enforcing existing trade agreements and removing political roadblocks.

This week the Minister of Environment and Climate Change announced \$12 million in funding to Loblaws, one of Canada's largest companies, owned by one of Canada's richest families. Frankly, it is embarrassing and a slap in the face to grain farmers when this takes place. If you truly want ingenuity and a clean economy, support agriculture. Support us not through handouts, but by getting out of the way of the modernization and growing practices that we've been developing for the past 20 years. Agriculture has been on the leading edge of environmental protections: sequestering carbon through our low-till and no-till seeding using GPS and AI, minimizing our inputs and carbon footprint, all the while maximizing grain output.

If you want to effectively maximize the benefits of Canadian agriculture, take the steps necessary to reduce and eliminate the barriers that farmers are facing today. We plan our crop rotations in a very scientific manner. Factors such as soil types, markets, history of crops on the piece of land, fertilizer and other inputs are all used to determine what crops we should plant.

● (1105)

We do this every year, well in advance of spring seeding. Now we are faced with a huge disruption that changes everything.

Are farmers concerned? We sure are, and rightly so. Our future depends on these outcomes. These combined issues are already becoming the largest crisis our farms have ever seen in 100 years.

Give us the assurance that you are resolving these issues, not with empty words but with actions. Show us that you mean what you say.

Thank you. We look forward to your questions.

**The Chair:** Thank you, Mr. Vandervalk.

Mr. Gerrard, the floor is yours for up to six minutes.

**Mr. William Gerrard (Invernorth Ltd., As an Individual):** Thank you for inviting me to Ottawa today to address the committee on this very important issue of canola trade to China.

My name is Will Gerrard. I'm a 35-year-old fourth-generation farmer. My wife Jacqueline and I have three young children. We're partners in a family farm located just south of Riding Mountain National Park in western Manitoba.

We have tried to implement a diverse crop rotation including hemp, wheat, canola, soybeans, peas and grass seed. The invention of canola was a huge boost to farms in western Canada, especially in the cool parkland region where I farm. This is quite evident if you drive through or fly over my area in the summer, as you will see a full 50% of the fields are yellow canola crops in full bloom.

Over the past 40 years of growing canola on our farm, it has evolved from a small acreage specialty crop to become a cornerstone of predictable profits. Of course, as with anything in farming, it is not without its ups and downs. In my short 17-year farming career, we have sold canola for as low as \$6.50 a bushel and as high as \$15 a bushel. Yields have ranged from 20 bushels per acre, when a disastrous August frost struck in 2004, to up to 70 bushels per acre, when everything clicks just right to produce a bumper crop.

Prior to 2019, three crops we produced faced significant trade and marketing issues. In 2017, low-cost Chinese hempseed hitting the international market played a significant role in buyers in the hempseed exporting and processing industry losing premium markets. This resulted in a price drop of 20% to 30% for this commodity, making it unprofitable for us to produce. Everyone is aware of the impact of the India tariffs on pulse crops, causing prices of peas and lentils to drop significantly for Canadian growers. More recently, the slump in soybean futures prices in the U.S., due in part to China backing away from U.S. soybean imports, has also impacted soybean prices in a negative way for Canadian growers.

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

The recent drop in canola prices caused a direct loss to our farm on remaining canola inventories from the 2018 year, totalling about \$70,000. If this issue is not resolved, I am concerned that prices will continue to drop as seed inventories build in Canada. Losses next year on our farm could be in the hundreds of thousands and this money would be lost from the local economy forever. Seeded canola acres will most certainly drop this spring, and this acreage will shift to smaller market crops and drive the price of those commodities lower as well.

As you can see, the trickle-down effects of the canola ban to China are numerous and significant.

Where I live in western Manitoba, grain farming creates a massive share of the economic activity in our local communities. Some of the big employers in the area consist of agricultural equipment dealers, crop input retailers and grain purchasing and processing companies. I have already heard talk amongst fellow growers about cancelling machinery orders and cutting back on crop inputs for the coming year. When farm profits suffer, the economic well-being of our entire community will suffer just as much.

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

I urge members of Parliament from all parties to work together with industry and farmers. We have worked hard to develop a safe and reliable oilseed crop in canola, and we don't want to lose it.

• (1110)

**The Chair:** Thank you, Mr. Gerrard.

Do I have the consent of the committee to continue to hear the third witness?

Okay.

Mr. Kaun, you're up for six minutes.

**Mr. Mark Kaun (Canola Producer, As an Individual):** Thank you.

My name is Mark Kaun. I'm a third-generation farmer on the land that I own. I produce wheat, barley, peas and canola—a rotation of crops for the best agronomic practices for minimum disease issues and maximum yield.

I have a GPS precision farming practice of variable rate technology for seed and fertilizer, sectional control of herbicide application to maximize my return on investment and to minimize

the environmental impacts. Yield data is collected digitally at time of harvest to build fertility maps for the next year's seed, and fertility variable rate maps.

We have practised minimum tillage for over 30 years.

In our operation, we use consultants for agronomy, fertility and grain marketing.

All seed is treated for soil-borne pathogens. In the case of canola seed, we use up-to-date genetics with resistance to blackleg and clubroot.

I'm a graduate of Olds College, in crop production. I am currently serving in my second term on the board of governors of that college.

I carry an Alberta environment licence to apply agricultural herbicides and seed treatments. I have over 40 years in seed production experience in wheat, barley, peas and canola. I was an authorized seed cleaner and seed grader under the CFIA and the Canadian Seed Institute.

The situation today is that I am holding 500 metric tons of unpriced 2018 crop on my farm. My 2018 production was just over 600 metric tons. My first 100 metric tons was contracted in the summer and sold and delivered in November for \$11.30. The first week of February, prices seen were around \$11 and I was getting ready to sell the rest of my crop. Then 10 days later, my crop was worth a dollar a bushel less, at the minimum—a cost of \$25,000 to my bottom line.

Changing cropping plans really doesn't work to maintain the best agronomic practices in this spring. Canola seed has been purchased. I have 50 bags waiting in the warehouse at \$600 a bag. Fertilizer has been bought and booked. Switching to other crops is hard, because cereal seed is in short supply in Alberta. Storage of last year's crop will be tricky. Some of the canola has a green count to it and it is susceptible to heating in the bins. I would like to move that as soon as possible. I don't have room to carry two years of production in my storage facilities. Cash flow is needed for all farmers.

Changing seeding plans impacts seed retailers. Seed purchases are made in January and February and are booked for May. I would hate to phone my seed supplier and tell him that I don't need that \$25,000 of seed—now what would he do with it? Then 15 other farmers phone him to do the same thing.

As a Canadian producer, I take pride in producing safe, clean products for export around the world. I have never had a contamination issue with any of my products. I have never been turned away at an elevator.

Unknown factors such as this situation are not foreseeable and cause great disruption in our operations, impacting future production and farm finances. If I were to be hailed out, I have insurance for that. If my canola has not been able to be hauled or delivered, I have no insurance for that.

The diversification of our markets needs improvement. Government intervention is needed and pressure is needed to be put on more forcefully.

Canadian canola is contaminated. It's contaminated with political dirt and bureaucracy. No pathogens or weed seeds are in our canola.

Thank you for your time.

•(1115)

**The Chair:** Thank you, Mr. Kaun.

I think we'll probably be back around noon, after the vote. My suggestion is that we do one round with this panel and then hopefully there won't be any other interruptions, and we'll move on with the other one. It might take some time.

**Mr. Randy Hoback (Prince Albert, CPC):** Are you proposing to lengthen the meeting by half an hour to accommodate everybody?

**The Chair:** Apparently some members can't stay afterwards. They have other meetings.

I can ask around, but that's what—

**Mr. Randy Hoback:** We can stay.

**The Chair:** We'll have to—

**Mr. Randy Hoback:** They've travelled a long way to appear in front of the committee.

**The Chair:** I certainly agree.

Again, I would have to have the consent of the whole committee.

I know some members already have other meetings.

I can ask around, but that's what I've been told by some of the members here.

We'll be back at noon, and we will have a question round.

•(1115)

(Pause)

•(1200)

**The Chair:** We might as well get going.

Let's continue with our panel and go right to the questions.

We'll start with Mr. Dreeshen, for six minutes.

Oh, sorry. Mr. Berthold.

**Mr. Luc Berthold (Mégantic—L'Érable, CPC):** I just have a quick question for Mr. Vandervalk.

[*Translation*]

Just before that, I would like to say something.

Mr. Chair, I am very disappointed. This morning, once again, the House refused to hold an emergency debate on canola. We think all parliamentarians should be involved in this matter and have the opportunity to speak to the concerns of those they represent. I just wanted to express my disappointment.

Mr. Vandervalk, this morning you clearly stated that, in your opinion, this crisis is political. What makes you say that the problems in the current crisis are political?

[*English*]

**Mr. Stephen Vandervalk:** It is a tough one because you can speculate that maybe a specific executive could have been tipped off

and not taken into custody. Maybe that would be part of what this is. That's all speculation, so it's hard to say.

We know China has done this in the past, but we need to get to the bottom of it. We need to be sending the people over to figure out what their excuse is and tell them that this is not true. The problem with that is they're not taking those people, from what I understand. Is that because of the relationships between the two governments? I don't know. I don't have the answer to that. That's what we're here for and that's what your job is. We're here to grow the crop and it's your job to make sure our markets are there. At least, that's what we feel.

Hopefully, we can do whatever needs to be done to fix that relationship. We need to get that done ASAP. We're almost out of time. Within the next three weeks we'll be out of time.

[*Translation*]

**Mr. Luc Berthold:** Well, Mr. Vandervalk, there certainly is a problem.

A request to have that technical meeting was sent over eight days ago. I'm not sure if the request was sent by boat, but, more than eight days later, no answer has been received. That tells you how difficult the relation has become between the two countries.

I will give the floor to my colleague Mr. Dreeshen. He also has some important comments on the issue, Mr. Chair.

[*English*]

**Mr. Earl Dreeshen (Red Deer—Mountain View, CPC):** Mr. Chair, I appreciate Mr. Vandervalk's points. We more or less said that we have a government that's in crisis management mode. Unfortunately, the crisis is the plight of western Canadian canola producers.

We've heard from CFIA. We've had to go to the trade committee—not ag—in order to speak to the ministers on this and to talk to some of our trade officials. We've also heard from national commodity groups. The point now is to talk to farmers who are being affected—the ones who are going to be out there putting the seed in the ground.

Mr. Kaun, very few people understand the seed business and the things that are associated with it, like insurance, inspections and all of the other things associated with it. When you see seed that is going to be perhaps held over for another year, there are issues associated with that as well.

I wonder if you could give us some insight on that.

**Mr. Mark Kaun:** In my case, as I mentioned in my presentation, seed is ordered early on in the year. It has to be because some years it is short. Carrying over seed can cause depletion in germination. Quite often the seed is already treated. I also mentioned that canola seed is about \$600 to \$700 a bag, which is a big investment to have sitting on your shelves. For a seed retailer to stock and hold this stuff year after year is formidable.

This year, due to the severe fall we had, other seed crops that we could switch to are basically unavailable because of poor germination and things like that. It's fine if one or two farmers change their decisions in your area, but if the whole province all of a sudden doesn't want to grow canola, now there's a shortage on cereals or peas or whatever else. Seed stocks are an expensive thing to keep year after year.

It's really hard to change your rotations in that regard, too, because if there's no seed, you're stuck. I have 50 bags of canola sitting in my warehouse at \$600 or \$700 a bag and I want to use it. I don't want to change to something else because there's another cost to switching.

• (1205)

**Mr. Earl Dreeshen:** Some of the discussion has to do with our being left on the sidelines as far as China's discussions and the U.S. discussions on trade are concerned. Of course, if it is true that something may be happening between those two countries, and the fact that we are on the sidelines because we have chosen to be aggressive with both countries, how likely is it that we're going to find co-operation as we expand through those trade deals?

Stephen, perhaps you could talk about that.

**The Chair:** You'll have to do this very quickly because we have only 10 seconds.

**Mr. Stephen Vandervalk:** Okay.

It's a huge concern because if tomorrow there is a new deal with China and the United States, there goes potentially 25% of the canola market. They might bring in soybeans or whatnot because they're easily interchangeable. It's a huge concern that we may be on the outs because of something that had nothing to do with us. If they have a new agreement with the U.S., then we could be on the sidelines and not able to sell the canola.

**The Chair:** Thank you, Mr. Vandervalk.

[Translation]

Mr. Drouin, you have the floor for six minutes.

[English]

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Mr. Chair.

I want to thank each of you for making the trip here.

We did get the opportunity to hear from your associations last week, and one of the points made was to raise the advance payments increase to \$1 million. Is that something you guys would see as useful? Would it help with cash flow?

I'll start with Mr. Vandervalk.

**Mr. Stephen Vandervalk:** I'm not sure I want to dig a deeper hole and take on more debt. Yes, I guess it helps with cash flow, but is that the answer? If you don't have enough money to put your crop in, you just take on more debt and they allow you. Even if it's interest-free, hypothetically, it's not a long-term solution at all. In fact, it may be making the problem worse.

Maybe that's the easy, short-term solution to making everybody feel okay about it, but I don't think that's a long-term solution

whatsoever—unless it's something where the money doesn't get paid back. Obviously that's not going to happen.

It's a short-term solution, not a long-term one.

**Mr. Francis Drouin:** That's right. I think that's the point. It was to help alleviate some of the cost pressures.

**Mr. Stephen Vandervalk:** If the markets aren't there, all you've done is take on more debt that you can't pay back.

**Mr. Francis Drouin:** Mr. Kaun, do you have a comment?

**Mr. Mark Kaun:** Yes, in my mind that's just a band-aid effect. As Stephen said, you're just digging yourself into a deeper hole. It's nothing that I would do because I try to stay as far away from debt as I possibly can.

I think if this gets hung out to dry much longer, I'm going to cut to the chase and take my losses. That affects what I buy next year or what I don't buy.

At present, if I get through this year, I doubt that I'll really see anything in the black. When you take 10% of my canola price away, that's the cream of the crop and that's what I sometimes have to live on. It's kind of a double negative: I have \$25,000 of seed sitting there to pay for and I'm minus \$25,000. When I went to school, that was \$50,000. I'm basically a small farmer, so no, that's not the way I'd like to do it.

• (1210)

**Mr. Francis Drouin:** Okay.

Mr. Gerrard.

**Mr. William Gerrard:** Yes, I would echo what the other guys said.

Personally, I wouldn't use that money, at least not this year. I guess it might be a different story if down the road we were actually losing money, but I don't think that's a situation we want to get ourselves into. I think we want to focus more on recovering the trade and on getting the trade somewhere else if we have to. We need a fair world price that's reflected back to us here in western Canada so we can be profitable.

I think if there is a way to give farmers something financially, it's through the agri-stability program.

**Mr. Stephen Vandervalk:** If I may add one comment to that, I think sometimes the numbers are a little behind. I'll give a quick example. We have probably about 600,000 bushels of storage on our farm, times about \$2 a bushel; it may be even 700,000 bushels, so just call it 1.4 million dollars' worth of grain storage. That's just bins.

If we're carrying half the crop over, where do you come up with \$700,000 to buy new bins?

We're talking about \$300 of inputs on 4,500 acres of canola. That's 1.3 million dollars' worth of inputs alone that's not going out into the economy. That's just on my farm, so that gives you some examples of some numbers.

**Mr. Francis Drouin:** I understand that obviously the ultimate solution and the perfect solution is to get China to buy canola again. Nobody around this table is disputing that, but if it doesn't happen.... In the short term, I know the Canola Council of Canada was asking to increase the biodiesel standard from 2% to 5% to generate more demand locally.

Is that something you see as a good step?

**Mr. William Gerrard:** I don't know the numbers well enough off the top of my head, I guess, to know how much canola that would use up. My gut feeling is that it wouldn't make a huge amount of difference. It can't hurt, I guess, to use more in biodiesel. Again, it's probably going to require help from the government to make that work, but I wouldn't really know if that would be a huge game-changer for us or not.

**Mr. Stephen Vandervalk:** I think it's nice for things like that to be market driven and not be government driven. At the end of the day, we want things to be market driven, so I just worry about what the consequences to that would be later on, but yes, that would help with demand. There's no doubt. It's just nice for things to be market driven.

**Mr. Francis Drouin:** Mr. Kaun, do you have any comments?

**Mr. Mark Kaun:** Yes, every little bit helps, but being from an oil province, I don't think my oil counterparts are going to support that either.

The real thing is that we have to get this canola going, and we have to stop the light-footed dance around the subject. We need our current government to pay attention to what's going on with this issue. It is an issue, and it's really concerning to our sector. The lack of interest and the lack of—

**Mr. Francis Drouin:** I'm sorry, but how do you say lack of interest? I'm asking you the question, because they've been meeting with—

**The Chair:** I'm sorry, but I'm going to have to end it here. Your time is up.

We'll move to Mr. MacGregor for six minutes.

**Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP):** Thank you very much, Chair

Thank you to the three of you for appearing before our committee today.

I think the level of concern that people have is quite evident from your opening statements, and I hope that we as parliamentarians can find a way to bring this debate to the House of Commons as well. We have a lot of members of Parliament who represent canola-producing regions. I'm not one of them, but I think, as the elected representatives of the people of Canada, that, especially in canola regions, we need to have that ability to focus our attention on this.

I substituted on the international trade committee last week when we heard from Minister Carr and Minister Bibeau. Both explained some of the efforts that the Government of Canada is making, the working groups that have been formed and the need to send a high-level delegation to China.

I want to know, given what you have seen from the Government of Canada.... I agree that we need a team Canada approach where we don't make this a partisan issue and where we're all working together because of the value of this crop. It's one of our flagship agricultural exports, but are we doing enough?

I would like to hear from the three of you about your ideas, because you're the producers, and this is your chance to provide testimony on what more you'd like to do. I heard in your opening statement that more forceful pressure is needed. How long do we wait for China to agree to this high-level delegation before we regard it as a loss of face? Furthermore, when we're looking at the size of the Chinese market, are we sometimes blinded by that with regard to how they've dealt with other countries in the past when threats to their national pride have been made? They've dealt quite harshly with other countries before in completely unrelated matters, and now we're suffering this.

Going forward, are we doing enough? How long should we wait before we start looking at other things like the fact that we have a \$40-billion trade deficit with China? I'd love to hear some of your comments about that.

• (1215)

**Mr. William Gerrard:** I'll go first.

I think it's tough with China. I don't pretend to be an expert on international trade or negotiations, but I think we may have to send some kind of a message back to them. That's my personal opinion. I don't know. If they won't have us over there, then that's a problem. We either have to find another market or we have to find a way to get back in there. As I said, I don't really think I'm qualified to say how that should be done, but it would be nice to see something done.

**Mr. Mark Kaun:** As I said before, I think it's time to start playing hardball. There's a pile of imports coming into this country from China. Maybe some of their ships should also sit and wait in the water while we decide to unload them. Two can play the game. I don't think the way the situation is being dealt with right now is really getting us anywhere, so what's next?

**Mr. Stephen Vandervalk:** I can speak as a farmer; that's my expertise. I'm not an international trade lawyer or a politician. It seems that they would have more to lose than we would if we have a trade deficit.

With respect to putting more pressure on them, I don't know what the answer is to that. That's what we lean on you guys to do. It seems that what we're doing isn't working. Their not even entertaining the idea of having a delegation come is probably the place to start. Why is that the case? Has the relationship broken down that much or is this just part of their negotiation tactic? We all know they've done it before.

At the end of the day, I can speak as an expert in agriculture that we just need this problem fixed. We need to figure that out. That's your job, right? I know it's not easy. It's not easy just to say, "Put more pressure on." I get that. It's just not that simple, but there have to be ways. This has happened before. We have to know what the solution is and we just have to get to it. It can't be a year from now. I get that it's not going to be next week, but....



**Mr. Alistair MacGregor:** As part of the conversation over diversifying our markets, I note the Canola Council of Canada, in its 2018 report, states that it wants to increase our oil processing capacity to 14 million metric tons. Of course, there's quite a big differential in the value of oil compared to seed. Do you think we need to pay more attention to increasing our refining capacity? When it comes to phytosanitary concerns with oil, it's hard to make the same kind of argument.

**Mr. Mark Kaun:** I would agree with that.

I personally haul my canola to a crush plant. That way I don't have to wait for the trains to show up at the grain elevators. Approximately 10 days after I've signed a contract, I'm hauling. They give you a day to haul and a time to be there.

In dealing with other inland terminals, the lack of rail space or railcars showing up has caused grief. Two or three years ago, I recall signing a contract in February and getting to haul in May, when I should have been seeding. Crush plants are the end users. They need product. If I go home and I want to sell my canola, I know which facility I'm going to phone.

• (1220)

**The Chair:** Thank you, Mr. Kaun.

That will be all the time we have for this panel. I want to thank you, Mr. Vandervalk, Mr. Kaun and Mr. Gerrard, for taking the time to come and express how it is down on the farm.

That will be all. We shall break for two minutes to get the other panel in, and then we shall....

Monsieur Berthold.

[*Translation*]

**Mr. Luc Berthold:** Mr. Chair, I simply wanted to ask the question one last time. I am certain people have had time to consult their agendas. I would like to know if it's possible to prolong the meeting by 30 minutes. If we do that, each of the two groups would have an extra 15 minutes.

**The Chair:** I am told there are other meetings.

**Mr. Pierre Breton (Shefford, Lib.):** I cannot.

[*English*]

**Mr. Randy Hoback:** They flew in to be here. Can't you change things?

**Mr. Luc Berthold:** I didn't want to put a motion on the table to request—

**Mr. Randy Hoback:** We're going to QP. Seriously—

**The Chair:** Mr. Hoback, please.

Mr. Berthold.

**Mr. Luc Berthold:** I didn't want to put a motion. I wanted it to be a friendly amendment to prolong the meeting. I just heard that the Liberals won't accept.

**The Chair:** Yes. We have to have everyone, yes.

We shall suspend and return. Thank you.

• (1220)

(Pause)

• (1225)

**The Chair:** We'll start our second panel.

Thanks, everyone, for being here today for our second hour.

[*Translation*]

I would like to welcome Pierre Murray and William Van Tassel, respectively the president and vice-president of the Producteurs de grains du Saguenay—Lac-Saint-Jean.

Welcome to our meeting this morning.

[*English*]

Also, as an individual, we have Mehgin Reynolds, farmer, LPG Farms. Thank you for being here.

Also, by video conference, we have Terry Youzwa, canola producer.

**Mr. Terry Youzwa (Canola Producer, As an Individual):** Yes, that's correct.

**The Chair:** You are from Nipawin, Saskatchewan.

We'll start.

[*Translation*]

Representatives of the Producteurs de grains du Saguenay—Lac-Saint-Jean have six minutes for their presentation.

**Mr. Pierre Murray (President, Producteurs de grains du Saguenay-Lac-Saint-Jean, As an Individual):** Good morning.

I have been a grain producer in the Saguenay—Lac-Saint-Jean region since 1987.

We were pleased to accept the invitation to appear before the House of Commons Standing Committee on Agriculture and Agri-Food.

As farmers in Saguenay—Lac-Saint-Jean and canola producers, we are directly affected by the canola crisis.

The first rumours of a canola ship being rejected in China began circulating in mid-February 2019, followed by confirmation by the Chinese authorities on March 1. The impact on canola futures contracts, and therefore on canola prices, is very clear.

Between February 4 and 8, 2019, May canola prices were stable at around \$492 per ton. The market decline began during the first week of April. The May contract closed at an average of \$457 per ton. That is a price drop of \$35 per ton in two months, a loss of more than 7%, due to the closure of the Chinese market.

It is true that Quebec canola is not intended for export. It is mainly used locally by the Bécancour crushing plant, but the local price structure is tied to the future contracts. As a result, Quebec canola producers are being hit hard by the dropping prices.

On top of the measurable exchange prices and losses, we are also affected by the uncertainty surrounding access to the Chinese market. Indeed, China is a major market for Quebec soy beans, both GMO and non-GMO. Despite the statement that the conflict with China is limited to canola, grain trading is undeniably affected by this perception of risk hovering over the Canada-China trade relationship.

Markets dislike uncertainty. We hear from various sources that soy bean trading has slowed down in Quebec, which could result in a substantial increase in end-of-season stocks. It should be noted that Quebec canola producers are also major soy bean producers.

Further collateral damages are looming on the horizon. According to Richardson International's President, canola acreage in Western Canada could decline by 10% this year. This would mean that more than 900,000 hectares normally reserved for canola would be seeded with other grains, mainly cereal grains. That could lead to a surplus in Western Canadian grain production in 2019-2020, which would result in lower grain prices in Quebec, since we operate in a North American free market for grains.

As mentioned earlier, the canola issue must be seen as another layer of problems that are harming canola producers in Quebec.

Thank you very much.

**Mr. William Van Tassel (Vice-President, Producteurs de grains du Saguenay-Lac-Saint-Jean, As an Individual):** My name is William Van Tassel. I have been growing canola since 1988 in Lac-Saint-Jean.

The impact on markets only reveals one aspect of the problem. What is also detrimental to Quebec producers is the support given to competitors, particularly in the United States. This support, intended to stabilize the incomes of U.S. grain producers or to offset the effects of trade disputes or discriminatory economic and trade policies, create a significant competitive disadvantage.

In the case of canola, the U.S. PLC Program paid out between \$90 and \$125CAN per hectare during 2016 and 2017.

For pork, Quebec producers will receive, mostly from the Canadian government, support from the Agri-Invest Program, which amounts to less than \$10 per hectare, or 1% of eligible net sales.

One should not underestimate the U.S. crop insurance program, which is very generous in the United States for canola. The average net premium fell between \$35 to \$40CAN per hectare, from 2016 to 2018. The comparable amount is approximately \$8 per hectare in Quebec and we can say across Canada as well.

When it comes to soy beans, the core U.S. programs, the ARC and the PLC, anticipate paying out between \$800 million and \$900 million per year, over a total area of 34 million hectares. This amounts to between \$20 and \$26CAN per hectare. In the context of the trade dispute with China, the U.S. government will contribute nearly \$9 billionCAN more to soy bean production in 2018 and 2019, which is nearly \$269CAN more per hectare. The amounts paid in Quebec—and normally in Canada—under the Agri-Invest Program are between \$10 and \$12 per hectare for soy beans.

In addition, there is the trade dispute between the United States and Canada over tariffs on steel and aluminum. According to the industry, this trade dispute will add 6% to the price of machinery and parts. Given that depreciation costs are \$125 per hectare for canola and \$165 per hectare for soy beans, these are additional annual costs of \$7 and \$10 per hectare, respectively.

In closing, the trade dispute with China over canola has major impacts on production and income, and these impacts may continue. However, they must be put into perspective with regard to all the ongoing trade disputes, which affect grain producers in Quebec and Canada, particularly canola producers. We are seeing that the safety net in place in Canada to deal with these crises is insufficient and threatens the sustainability of our farms. The Government of Canada must adopt, as soon as possible, a farm business risk management policy that reflects the trade disputes, the subsidy policies of competing countries, and the market access restrictions that grain producers face on a daily basis.

• (1230)

**The Chair:** Thank you, Mr. Van Tassel. Your time is up.

[English]

Ms. Mehgin Reynolds is next for six minutes.

**Ms. Mehgin Reynolds (Farmer, LPG Farms, As an Individual):** I'd like to start by thanking the standing committee for the opportunity to be here today. I'm a grain farmer in southwest Saskatchewan who, like many other producers across Canada, is very concerned about the notices of non-compliance we are seeing from China with regard to our canola seed exports. I'm sure many of you already know that China is the largest market for Canadian canola, accounting for approximately 40% of all canola generated in Canada.

In 2018, canola seed exported to China generated \$2.7 billion, and according to the Canola Council of Canada, the Canadian canola crop contributes \$26.7 billion annually to the Canadian economy.

Canola is a very important crop for the producers who grow it. Traditionally, it has been one of the main commodities to generate revenue for our operations. Canola is often a crucial part of a crop rotation, allowing for producers to diversify with crops that do not bring in as much revenue but allow for more sustainable farming practices. On my farm, we rotate between cereals, oilseeds and pulses. An example of a four-year crop rotation is lentils, barley, canola and durum wheat.

Farmers are resilient. We are often referred to as eternal optimists. We have worked hard to hedge our bets. We have worked hard to find ways to mitigate the risk that we face day to day. We grow a variety of crops not only to be more sustainable but also to allow us to manage the risk that comes from relying on a global market to sell our product.

If canola were the only commodity we grow that was currently facing a trade barrier—and I'm sorry but I don't believe for a second that this has anything to do with science; this is political retaliation—we would be able to hunker down and take a couple of years of lower prices. The frightening reality is that almost every crop being grown in Canada is currently struggling with one trade barrier or another.

Italy has shut out our durum wheat. India has enforced heavy tariffs on Canadian pulses, effectively shutting their border to our product. Saudi Arabia has cancelled grain imports, affecting approximately 122,000 tonnes of barley feed. Now China is turning away our canola seed. Let's add to this a carbon tax and areas that are heading into their third year of challenging weather, be that extreme drought or excess moisture. What we have brewing are conditions for the perfect storm.

According to Statistics Canada's 2016 census of agriculture report, there are just over 107,000 farms in western Canada. These farms account for approximately 85% of the crop acres in Canada, and approximately 97% of these farms are family owned and operated. Agriculture and crop production are very important to the Canadian economy, so much so that the recent Barton report named agriculture as one of six possible top drivers for the Canadian economy moving forward.

This information was used to create ambitious targets for us to hit both domestically and internationally by 2025. Now, I ask you, how are we in agriculture going to have any hope of meeting these targets when we do not have healthy bilateral trade agreements, relationships or respect on the global trading platform that our country relies on?

There are different possibilities for how this can all play out. I think it's safe to say that we will see some last-minute changes being made to the number of canola acres planted. I stood beside a farmer at the local co-op a couple of days ago and listened to him cancel some of his canola seed order to take 160 acres out of his canola rotation. He's still going to seed that 160 acres, so the question becomes what crop is a safer bet? If he's looking to keep his oilseed rotation, then it's most likely flax or mustard that he will put down. These are more niche markets, and what we can see happening is that these contract prices will drop as supply increases. We also could be looking at other end markets using China's notices of non-compliance to push the canola price lower as we have limited trading options and, quite frankly, are still trying to move 2018's crop.

Farmers are not looking for a handout, nor are we wanting to require a subsidy for cash flow in our operations. That being said, increasing the amount farmers have access to in the cash advance program would help many manage the capital required to get through this year. Many producers are sitting on canola, lentils and other crops from last year in the hopes that prices will go up and trade disputes will be resolved.

We want regulations and policies in place that are science-based allowing us to grow, invest and continue fuelling our sustainability and the Canadian economy. We want a government in power that isn't so internally focused on scandals that it forgets the importance of our global trade. Canada is a nation dependent on global trade and we are at a logistical disadvantage when it comes to our location and

the means by which we transport our export goods to market. We need to be very aware of these challenges and put the appropriate level of respect into our trade agreements and partners.

• (1235)

As a grain farmer, I deal with a huge amount of risk and uncertainty because I cannot control the weather. We can control our actions, our relationships and our bilateral trade agreements. Trade should not be the biggest wild card in the deck when it comes to the success of my family farming operation.

Thank you.

**The Chair:** Thank you, Ms. Reynolds.

Now we go to Mr. Youzwa for six minutes.

**Mr. Terry Youzwa:** Thank you.

Good day.

I'm speaking today as an independent farmer from northeast Saskatchewan. I've represented growers in various capacities for over 25 years. I am a past-chairman of the Canola Council of Canada and I appreciated the opportunity I had to represent growers and be an ambassador for canola by participating in a federal trade mission to China in 2014.

I'll start with some comments on the economic impact and pain on our revenue streams. Then I'll talk about the importance of open and stable trade relationships and finally, I'll offer some solutions and steps on how to work towards solving this important matter.

You've heard a lot about how important canola is. It has been by far Canada's largest cash revenue generating crop for over 10 years now, with 250,000 jobs across the country and 43,000 farmers, roughly speaking. On our farm it has already declined over a dollar a bushel. If it isn't solved soon, it could easily decline by \$2 a bushel over the coming months. Let's do some rough math: about 20 million acres, at \$2 a bushel and 50 bushels an acre, that's \$2 billion. This is only canola we're talking about and it doesn't include current inventory that's in the bin from last year's crop. Let's realize that canola is only one crop we grow, but for many of us, it's our most important and most profitable crop, and it has the largest percentage of acres on our farm.

Farmers would rather receive their revenue from the marketplace. If the government does not play a role in resolving this matter quickly, the need for additional substantial business risk management program increases will be very real. How will that impact your fiscal deficit?

When trade is unpredictable, risk increases and prices decrease. Farmers may reduce inputs to reduce the risk and lower the cost as well. This has ramifications up and down the value stream. Grain companies, processors, railways, economic activity and volumes at ports like Vancouver and the St. Lawrence Seaway will all experience negative impacts as the entire industry contracts because of this risk in the marketplace. What multiple of \$2 billion does this contraction of our economy become when all sectors of the canola industry are taken into account? Predictability and planning projections are thrown under a bus for all players up and down the value stream. In this environment capital expenditures both on our farms and throughout the industry contract and reduce as organizations of all sizes reduce risk. This is a troubling trend. We see these non-science-based barriers to trade in multiple markets, like China, India, Saudi Arabia and Italy.

Predictable, stable trade is a vital component to our nation's economy. Actions have consequences. A lack of action is also a decision and not a solution. It allows the problem to fester, grow and exacerbate. We must learn from the past. Trade relationships must be nurtured constantly to maintain functionality and predictability. We rely on our national organizations and our federal government to constantly act on our behalf, to keep trade functioning in a proper, predictable manner.

China, India, Saudi Arabia and Italy are all examples of countries we suddenly have trade issues with. Even getting the CPTPP agreed to was more challenging than it needed to be. This is a troubling trend. Why do we have these issues we've never had before? What have we, as a nation, learned from the recent past? There's a message here that, when dealing with trade agreements and contracts, countries should only be dealing with commerce and specific tolerances must be based on science. Surely we have learned that deviating from this only leads to massive risk and market disruptions.

Actions do have consequences. When countries work and negotiate in good faith, issues can be resolved. We need open, stable trade, and we expect our government to help provide that. It shouldn't be too much to ask. Market access is vital to my bottom line and that of the other 43,000 growers. The ramifications run up and down the entire value chain. They also impact the entire nation when we start talking about the reduced volumes for Canadian National Railway, Canadian Pacific Railway, Vancouver port, Thunder Bay and the St. Lawrence Seaway.

What can we do now that we are in this situation? First of all, let's realize the Asia nations respect people in positions of authority. They also appreciate ongoing stable relationships. Canada has not had an ambassador in China since early January. Why was this important position not filled months ago? What message does that send? Fill this position immediately with an agriculture champion who understands China.

● (1240)

Second, we can learn from past experience with China. There have been trade issues before regarding dockage and blackleg concerns for canola. Through proper negotiation with high-level, technical people from both countries these issues were resolved.

I would suggest high-level negotiations from our country are required. We should strive to obtain a working arrangement immediately with a timeline to resolve the matter. This was done in the past with China where trade was extended allowing enough time for the specific issue to be resolved by a deadline. China has not yet been forthcoming with this information on this occasion. Since they have not proven it is a specific tolerance issue, we are overdue for a high-level political meeting to discuss what is going on and how to resolve it.

I do support the efforts of the relatively new canola working group. Time is of the essence. It is already over a month since this canola issue started and we are no closer to it being resolved. I would also encourage high-level political discussions led by two senior ministers to get this file moving. I am encouraging you to take action on two fronts, one technical and one political. Time is precious and our future and the economy of our nation are at stake.

Third, increase the renewable fuel—

**The Chair:** Thank you, Mr. Youzwa. Unfortunately, we ran out of time.

**Mr. Terry Youzwa:** Can you at least let me conclude?

**The Chair:** I have six minutes and—

**Mr. Terry Youzwa:** My message is to take action.

**The Chair:** You will have time to answer the questions. I have to be fair to everyone.

[*Translation*]

Mr. Berthold, you have six minutes.

[*English*]

**Mr. Luc Berthold:** Mr. Youzwa, please finish.

**Mr. Terry Youzwa:** This had better not be some study that is put on the shelf. Our very livelihoods are at stake. Market access is vital to the well-being of our nation.

We are proud of the quality of our products. The quality is not in question. Stable and open trade is vital and governments must constantly nurture our trading relationships.

Canada must push back when appropriate with no exceptions. Canada has a team of world-class negotiators with people like Steve Verheul and others who have the ability to effectively negotiate on our behalf.

China is a vital market. They like and need our product. Reach out to them with two high-level groups, one technical and one political. Fill the ambassador position with an ag champion.

This matter needs urgent resolution.

Thank you.

● (1245)

[*Translation*]

**Mr. Luc Berthold:** Thank you very much, Mr. Youzwa. I think your conclusion was absolutely necessary.

Mr. Van Tassel, since I started working on the canola issue, several people have asked me whether canola is grown in Quebec. You tell us that indeed it is, and that it is mainly sold to the crushing plant in our province.

How big is the canola industry in Quebec?

**Mr. William Van Tassel:** It is similar to Ontario's. Canola is grown in slightly higher, less central areas where it is cooler. The tonnage is not the same as in Western Canada, but for those growing it, the issue is as important. Canola plays a major role in crop rotation. In my fields, I plant canola every fourth year. I have been growing canola since 1988. My region produces one-third of Quebec's canola.

Of course, our acreage is not the same as out West, but for the regions involved, it is a very significant crop.

**Mr. Luc Berthold:** Thank you very much.

Mr. Chair, in light of the testimony we have heard today, I would like to table a motion. I think it is important. Virtually all the producers who appear before us today agree that the current canola crisis is a major political issue.

The motion reads as follows:

That, in light of today's testimony that this is also a political issue, the committee invite the Minister of Foreign Affairs and the Minister of Agriculture and Agri-Food to appear before the committee on the canola crisis, and that the meeting be televised.

**The Chair:** Mr. Berthold, this motion is virtually identical to your previous motion, which the committee voted down.

**Mr. Luc Berthold:** Mr. Chair, I understand your argument, but ever since this study began, new facts have been emerging every day. So, I cannot accept the fact that you will not allow us to table a new motion in light of recent developments and of the fresh evidence we have heard.

**The Chair:** Mr. Berthold, the motion is not debatable.

**Mr. Luc Berthold:** You have not made your decision. You gave me the floor, Mr. Chair.

**The Chair:** I am telling you it is the same as the motion the committee already voted down. So, I will not allow it to be debated.

**Mr. Luc Berthold:** Thank you very much, Mr. Chair.

How much time do I have left?

**The Chair:** You have four minutes left.

**Mr. Luc Berthold:** Mr. Chair, can you tell me why the Liberals are so afraid of talking about the canola crisis? Why are they so afraid of letting the Minister of Foreign Affairs and the Minister of Agriculture and Agri-Food talk about the canola crisis before the Standing Committee on Agriculture and Agri-Food? It's totally unacceptable.

Today, we heard evidence from Mr. Vandervalk and Mr. Youzwa. Everyone is telling us that action is absolutely necessary on two fronts: the technical front and the political front.

We have been calling for the politicians to appear before this committee and are told no each time. We asked for this meeting to be extended by 30 minutes in order to hear from people and were told

no. We requested emergency debates in the House and we were told no.

What is the problem? What are the people opposite afraid of? Why do the Liberals get frightened whenever we talk about the canola crisis? Why can't we talk about it, Mr. Chair? I find this absolutely absurd.

It is not complicated; we are asking for the Minister of Agriculture and Agri-Food to come and tell us how she plans to manage this file politically. We are also asking for an appearance by the Minister of Foreign Affairs.

We have heard evidence from Mr. Youzwa and Mr. Van Tassel. Lots of people have told us that the canola crisis is a reflection of what is currently going on internationally. It is not just about canola. Trade with India, Italy and many other countries is problematic too. Unfortunately, whenever we try to talk about these problems and what the government or parliamentarians could do to find a solution to this crisis, we have been told there will be no discussion and those ministers will not be invited to appear.

Some farmers will be appearing this afternoon before the Standing Committee on International Trade. Farmers can appear before this committee. We are asking for the Minister of Agriculture and Agri-Food to come and testify, but we are told that it cannot be done. They are afraid.

Mr. Chair, this is unacceptable. I do not understand why. This is an urgent crisis. The people here this morning are calling on us to move swiftly and take concrete action immediately.

We are offering the committee an opportunity to get some answers and for producers to find out what is going to happen. Unfortunately, we are unable to hear what the Minister of Agriculture and Agri-Food and the Minister of Foreign Affairs have to say, neither here nor at the Standing Committee on International Trade, for reasons unknown to me. And yet, it is an international crisis.

We called again for the appointment of an ambassador. That is the responsibility of the Minister of Foreign Affairs, of Global Affairs Canada, but we cannot have her here.

I am asking that we discuss the motion with fresh facts and I am told I cannot. People will be able to judge for themselves how willing each party here is to resolving this canola crisis. We, on this side, genuinely want to find a solution on all fronts and to work with producers to that end.

Today, producers have repeatedly said that, in their opinion, this crisis has a significant political dimension. For that reason, one would expect the committee to be able to hear from the Minister of Agriculture and Agri-Food and the Minister of Foreign Affairs.

Mr. Chair, I am truly disappointed in your decision. I am sure the motion I presented today is not identical to the one I submitted before. Initially, our motion called for three ministers to appear. You rejected it. For three ministers, I quite agree. However, the thing to do now would be to invite the two ministers involved, who came up in today's evidence. I take it from this that the Liberal government does not intend to make any further effort to gather all of the information on this situation.

Thank you.

• (1250)

**The Chair:** Thank you, Mr. Berthold.

Mr. Breton, you have six minutes.

**Mr. Pierre Breton:** Thank you, Mr. Chair.

I would like to inform you that I will be sharing my time with my colleague, Mr. Poissant.

We are seeking solutions on the canola crisis matter. In recent weeks, the Minister of Agriculture and Agri-Food and the Minister of Foreign Affairs have appeared before the Standing Committee on Foreign Affairs and International Development.

Currently, Ms. Bibeau, the Minister of Agriculture and Agri-Food, is working extremely hard and in close collaboration with the industry to manage this issue. We are working in partnership with the industry to make progress on and deal with this issue appropriately.

My thanks to the witnesses for joining us.

Mr. Murray and Mr. Van Tassel, you are from Quebec, so my questions will be for you.

You talked about harvesting once every four years. At least, that is what Mr. Van Tassel said, if I am not mistaken. I don't know what Mr. Murray's situation is.

How do the current restrictions on canola exports to China affect your stock and liquidity?

Do the Agri-Stability and Agri-Invest programs tools address the problems that you may be experiencing?

**Mr. William Van Tassel:** Personally, I do a four-year rotation. One reason is to avoid diseases that attack grains, particularly fusariosis. One year, I grow canola, another year, I grow soy beans and, between the two, I grow other grains. Like producers all across Canada, I try to follow the best cycle possible to minimize disease.

As for the way the current situation is affecting me, I will say that, normally, the level of canola in my silos is starting to get low, with almost no stock left. But it's surprising, but there is still some left at the moment and this creates a liquidity crisis. It started before last February or March. In fact, it is tied to the tariffs that the Chinese placed on American soy beans. The prices started to drop in May of last year. This drop affected soy beans, then canola. As a producer, I'm affected, given that canola covers 25% of the land that I farm and that soy beans cover another 25%. In both cases, the prices have dropped.

I will give you an example. Under the contracts that I signed for the 2018 crops, before these crises started, I was selling canola for between \$500 and \$507 a ton. Currently, I'm being offered between \$430 and \$440 a ton. For the same 2018 harvest, that is a drop of \$60 to \$70 per ton. For soy beans, the situation is less pronounced, but the amounts are similar.

As for the Agri-Invest Program, we're talking about 1% of the eligible net sales. Therefore, the lower our sales are, the less support we receive from Agri-Invest. We are using our reserves. This program does not really address the problem. We become eligible for

the Agri-Stability Program when losses reach 30%. I believe that 30% of Canadian producers have used that program, which we sometimes call "Agri-Disaster".

• (1255)

**Mr. Pierre Breton:** Thank you.

I don't know if you wanted to add something, Mr. Murray. If not, I will give the floor to Mr. Poissant.

**Mr. Jean-Claude Poissant (La Prairie, Lib.):** My thanks to all of the witnesses.

I was a farmer and experienced crises a bit like the one that you have faced.

I would like to know how you plan your sales. As we all know, there are variations from one year to the next, even if they are not always as pronounced as they are right now. However, they do exist and, generally, sales are spread out over several months to compensate for the losses.

How do you proceed?

**Mr. William Van Tassel:** I will answer and Mr. Murray can then answer as well.

In about November of 2017, I started putting the 2018 harvest on the market. I made a few sales during this time, but there is a limit to what we can sell, because we need to ensure that we have stocks in reserve. Last May, because the prices started dropping, I slowed my sales a bit. My sales can be spread out over 12 months, or even nearly 16 months, as was the case for 2018.

Some of my sales were at a good price. When we see the prices dropping, we don't want to sell too much, because then we will lose money. So we wait and we keep grain in the silos. Of course, I didn't pay back the advanced payments that I had received, given that my silos are still full.

**Mr. Jean-Claude Poissant:** Ms. Reynolds, your farm is different. It is much more focussed on canola. How do you proceed with your sales?

[*English*]

**Ms. Mehgin Reynolds:** As I mentioned earlier in my presentation, part of the reason we rotate our crops is so that we have diversity, so that we have ability to go into different markets with different commodities.

If I'm looking at every single commodity that I grow being hit with a lower price because of a tariff or a trade issue, then I don't have any tools in my tool box anymore to mitigate that risk. This is a huge issue, because everything that I'm doing on my end doesn't work if the government isn't doing what they need to do on their end.

**The Chair:** Thank you, Ms. Reynolds.

Mr. MacGregor, you have a couple of minutes.

**Mr. Alistair MacGregor:** Thank you, Chair.

Thank you to all the witnesses who came today. I don't really have a lot of time for a meaningful exchange, so I would just invite you to submit further briefs if you would like this committee to consider them for our report.

I would like to add to what Mr. Berthold was saying. Just so everyone in this room can hear this, the last time we had a minister of agriculture appear before this committee was on November 29. I was at the Standing Committee on International Trade last week with Minister Carr and Minister Bibeau. We had our one hour. But Chair, and Liberal colleagues, I think what's very clear is that this is an evolving issue and we need all hands on deck. We absolutely have to look at inviting a minister. If ministers are so sure of their policies and what they are doing and they are doing everything possible, surely they can come before this committee and defend their policies. We absolutely must consider that at some point.

I just want to put on the record that it's April 9, 2019, and the last time we had a minister before this committee was November 29. We absolutely need to have someone.

Ms. Reynolds, I have a quick question for you. You gave some great testimony during our mental health study. I was looking over that testimony. I'm wondering if you could say a few words as to what kind of questions you would like the Minister of Agriculture to answer if we are successful one day at getting her to appear before this committee.

● (1300)

**Ms. Mehgin Reynolds:** Thank you.

I would like to ask, moving forward, if we can be a little more aware of what our actions and reactions will be. We always seem to be on the defence and I don't understand why. In regard to what's going on with canola, I'd like to know why the thought process did not exist when we arrested Meng that China was going to retaliate. That is what they do. We should have had someone in China at that point working on our trade agreement, so that we didn't get to here.

Moving forward I would like to ask what we are going to do to mitigate these risks. What are we going to do so that we don't keep being on the reactionary side of the fence?

**The Chair:** Thank you.

Thank you, Mr. MacGregor.

Unfortunately, that is all the time we have.

I want to thank Mr. Murray, Mr. Van Tassel, Ms. Reynolds and Mr. Youzwa for participating.

That will conclude our meeting.

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