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Standing Committee on Agriculture and Agri-Food

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• (1530)

[English]

The Vice-Chair (Mr. John Barlow (Foothills, CPC)): I call the meeting to order.

Welcome to meeting number 40 of the House of Commons Standing Committee on Agriculture and Agri-Food.

I have a couple of reminders.

I'm sure our witnesses have been through this before, but in case they have not, today's meeting is taking place in a hybrid format. The proceedings will be made available via the House of Commons website. Just so that you are aware, the webcast will always show the person speaking, rather than the entirety of the committee. Screenshots or photos of your screen are not permitted.

For the benefit of the witnesses, members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. If interpretation is lost, I will ask you to pause, I will stop the clock and then we will resume once we have interpretation back for the proceedings.

Before speaking, please wait until I recognize you. For those of you who are in the room, you know your microphone will automatically come on. For those on Zoom, specifically, wait until I recognize you to unmute. When speaking, please speak slowly and clearly for the benefit of translation. I would remind the members and witnesses to put their comments through the chair.

In accordance with the committee's routine motion concerning connections and tests for the witnesses, one of the witnesses did not complete the required connection test. That was Kathleen Donohue.

I want to thank the witnesses for coming to the committee on relatively short notice for this study on the Ukraine goods remission order.

Welcome to panel number one.

I welcome our witnesses here today. From the Department of Finance, we have Michèle Govier, director general of the international trade policy division, as well as Yannick Mondy, director of trade and tariff policy at the international trade policy division. From the Department of Foreign Affairs, Trade and Development, we have Doug Forsyth, director general of market access, as well as Blair Hynes, deputy director of the supply-managed trade controls division.

Each department will be given five minutes for opening remarks to, hopefully, shed a bit of light on this issue for our committee members.

I will raise my hand when you have one minute left, as a one-minute warning. You can carry on with the last minute and then we will move on to questions from our committee members.

Thank you very much, again, for being with us today.

I will now invite Ms. Mondy and Ms. Govier to begin. Your time starts—

Mr. Tim Louis (Kitchener—Conestoga, Lib.): I have a point of order, Mr. Chair. I'm sorry.

I'm in the process of switching some staff. I have a new team member in today. I would ask for unanimous consent to have my incoming and outgoing staff here, whose first and last weeks are at the same time.

The Vice-Chair (Mr. John Barlow): Do I have unanimous consent to have an extra staff member from Mr. Louis' office?

Some hon. members: Agreed.

The Vice-Chair (Mr. John Barlow): It's passed. Thanks.

Now, Ms. Govier and Ms. Mondy, please begin. Your five minutes start now.

Ms. Michèle Govier (Director General, International Trade Policy Division, Department of Finance): Thank you.

Thanks for the invitation to speak before this committee today.

My name is Michèle Govier. I am the director general of the international trade policy division at the Department of Finance. I'm joined by Yannick Mondy, the director of trade and tariff policy.

Our division is responsible for Canada's import policy, including measures related to the customs tariff and the Special Import Measures Act.

I am here to speak about the Ukraine goods remission order and will provide some context as to the rationale, process and key features of the order, as well as the results of our close and regular import monitoring, including on the imports of supply-managed goods.

The Ukraine goods remission order was introduced in the context of Russia's invasion of Ukraine, which has caused widespread human suffering and destruction.

[Translation]

Russia's invasion of Ukraine, with support from Belarus, has had untold impacts on Ukraine and its people, including a significant effect on its economy and its ability to export its goods to other countries.

In response, Canada has worked in close coordination with our allies to impose severe sanctions and continue to provide humanitarian and financial support to Ukraine. Canada has committed more than \$5 billion in financial, military, and other aid to Ukraine.

That includes \$2 billion in direct financial support for the Ukrainian government. This is money that has already been disbursed and is helping the government continue to operate.

As part of its response, the Government has also temporarily waived tariffs and trade remedy duties on imports originating from Ukraine. This was done by way of a temporary remission order, which came into force on June 9, 2022, and will expire after one year.

• (1535)

[English]

This measure was part of a concerted effort with Canada's allies who have taken similar measures. Notably, the European Union implemented comprehensive tariff relief for goods not already covered by its free trade agreement with Ukraine. The United Kingdom reduced all tariffs on goods imported from Ukraine to zero, and removed all quotas. The U.S. has also taken the step of removing Ukraine from its 25% section 232 tariffs applied to steel.

Canada's remission order temporarily lifts remaining customs duties on Ukrainian imports—for example, supply-managed agricultural goods, passenger vehicles and sugar—and makes it easier for importers to meet the rules of origin and shipping requirements when importing into Canada.

Canada and Ukraine enjoy a positive and growing trade relationship. The Canada-Ukraine Free Trade Agreement, or CUFTA, came into force in 2017, and is the ongoing subject of modernization negotiations. Canada's two-way trade with Ukraine expanded by 17%, from 2017 to 2021, to \$446 million annually.

While the remission complements these important steps, the remission is temporary. There are no plans to consider any permanent changes under the FTA.

We are also mindful of the importance of tariffs as a key pillar in Canada's supply management system, and that providing such temporary duty-free access to supply-managed goods is unprecedented.

In considering this measure, we assessed the potential for exports from Ukraine. In general, it was assessed that the scope for Ukrainian businesses to start exporting meaningful quantities of supply-managed goods to Canada could be hindered by the current conflict situation, the short time frame for the remission of one year, and the lack of recent exports to Canada and associated business ties.

Over the period from June 9, when the order came into force, to November 23, imports of supply-managed goods have been limited

to one importation of supply-managed products—ice cream—with a value for duty of \$6,000.

We are aware of concerns over the prospect that imports could increase, particularly related to chicken. The department is working closely with other departments to track the level of imports, including in the over-access supply-managed goods, and to promptly identify imports that could have an impact on domestic producers. If imports in meaningful quantities are detected, we will ensure that any risks and impacts to domestic producers are assessed and considered in a timely way, while being mindful of the intended purpose of the measure. Further, we would reinforce that in light of the exceptional nature of the current conflict and situation in Ukraine, the precedential risk of this order is very low.

In sum, the remission order was part of a broader Canadian response to the invasion of Ukraine, intended to support its economy, and was undertaken as part of a concerted effort with allies. We are closely monitoring its impacts.

I'd be happy to answer your questions.

Thank you.

The Vice-Chair (Mr. John Barlow): Thank you very much, Ms. Govier.

I would be remiss if I didn't also welcome Mr. Cannings to the committee today. He is subbing for our colleague Mr. MacGregor.

Welcome to the agriculture committee.

I'll now turn it over to Mr. Forsyth and Mr. Hynes for five minutes.

Mr. Doug Forsyth (Director General, Market Access, Department of Foreign Affairs, Trade and Development): Thank you very much, Mr. Chair.

It's a pleasure to be here this afternoon to discuss the Ukraine goods remission order. As noted, I am the director general for the market access bureau at Global Affairs Canada.

I would like to acknowledge that my team and I are joining you today on the traditional and unceded territory of the Algonquin Anishinabe people.

[Translation]

I would like to focus my opening remarks on the role that Global Affairs Canada plays in Canada's system of supply management and how we assist in imports of supply-managed goods.

[English]

Canada's supply-managed system operates on three separate pillars—production controls, pricing controls and imports controls. Global Affairs Canada administers the import controls. Most importantly, we administer Canada's various tariff rate quotas for supply-managed goods, or TRQs. A TRQ is a quota, implemented as a result of Canada's commitment within various free trade agreements, that establishes a quantity of a product that may be imported at a lower or within-access rate of duty.

Controls for supply-managed goods and their associated TRQs are implemented and administered under the Export and Import Permits Act, which requires that imports of supply-managed goods be authorized through the use of a permit.

For imports of supply-managed goods, there are two types of permits. The first is an individual import permit, which applies to a specific shipment of goods and allows the importer to claim the within-access rate of duty. This type of permit is issued to allocation holders under Canada's various TRQs.

• (1540)

[Translation]

Entities apply directly to Global Affairs Canada for an individual import permit for supply-managed goods. Upon approval, all pertinent information associated with the permits issuance is shared, via our integrated electronic systems, with the Canada Border Services Agency, who is the responsible authority for the enforcement of import controls for supply-managed goods at the border.

[English]

The second type of permit is called a general import permit, which is a regulation issued under the authority of the Export and Import Permits Act that allows a resident of Canada to import control goods subject to the terms and conditions of the regulation. These regulations allow for the import of supply-managed goods at the higher over-access rate of duty and, in certain cases, limited volumes of imports for personal use at the lower within-access rate of duty. From an administrative standpoint, the key difference between these two permits is how an applicant obtains and uses the permit and the volume of goods that can be imported.

As stated, for individual import permits, there is an application, which in turn requires a decision by Global Affairs Canada and, if approved, information is shared between Global Affairs Canada and the Canada Border Services Agency to ensure the efficient completion of the clearance process. Additionally, under shipment specific permits there is a limit on the quantity of goods that can be imported under the permit and the TRQ itself.

With general import permits for supply-managed goods, there is no application to, or decision by, Global Affairs Canada. An entity importing under the authority of a general import permit must simply cite its use on their import documentation. Furthermore, there is no limitation on the volume of goods that can be imported at the over-access rate of duty under a GIP—general import permit.

Mr. Chair, in closing, I would like to state that while the issuance of the remission order temporarily alters the long-standing environment under which import controls for certain supply-managed

goods functions, Global Affairs Canada, along with governmental partners, remain committed to ensuring the long-term health of our supply management system.

Thank you.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Forsyth.

We'll now go to the committee members for questions.

For the Conservatives we have Mr. Lehoux for six minutes, *s'il vous plaît*.

[Translation]

Mr. Richard Lehoux (Beauce, CPC): Thank you, Mr. Chair.

Thanks to the witnesses for being here.

My first question is for the representatives from the Department of Finance

Ms. Govier and Ms. Mondy, you said the department worked with partners to hold consultations. Were stakeholder groups in the industry consulted before the order was signed in June?

Ms. Michèle Govier: Because the order was made somewhat urgently, we did not hold formal consultations with the interested groups. However, we obviously spoke with the departments involved. That is how we proceeded.

Mr. Richard Lehoux: You said earlier that you had assessed certain things. Did you do specific calculations regarding the quantities of products that could be imported into Canada?

Ms. Yannick Mondy (Director, Trade and Tariff Policy, International Trade Policy Division, Department of Finance): We did not do calculations relating specifically to supply-managed goods, given that those products were not imported from Ukraine in recent years. Our assessment is based on average imports in recent years; it was published in the regulatory impact statement. The annual tariffs to be waived were estimated at \$2.6 million.

Mr. Richard Lehoux: It seems that a number of countries have closed their doors firmly to entry by those goods.

In that case, does Canada not risk receiving more goods from Ukraine?

Was that one of the things you considered?

Ms. Michèle Govier: I want to make sure I understand your question correctly. What you are saying is that Canada might receive more goods from Ukraine because other countries are no longer importing them. Is that correct?

Mr. Richard Lehoux: Yes.

Ms. Michèle Govier: That wasn't really included in our analysis. I don't know whether the representatives of the Department of Foreign Affairs know a bit more about the measures adopted by the other countries, but we didn't particularly look at that question.

• (1545)

Mr. Richard Lehoux: Right.

My question is very simple and is for the representatives of the Department of Foreign Affairs, Trade and Development.

There is much talk in the House of Commons, for example, about environmental footprints and food insecurity, two factors we have heard a lot about in the last six months.

Here, some products are under supply management and there are rules governing them. When it comes to imports, could Canada not have supported countries close to Ukraine? Those countries could have benefited from our aid. We would have reduced the environmental footprint and we would have tackled food insecurity.

[English]

Mr. Doug Forsyth: Thank you very much for the question, Mr. Chair.

I think that our internal analysis of the types of information that we would provide as a decision was being made.... No, there was no decision with respect to the carbon footprint or the environmental impact with respect to the export of the goods into the Canadian market.

[Translation]

Mr. Richard Lehoux: However, on the question of food insecurity, should those things not have been considered before signing the Ukraine Goods Remission Order?

[English]

Mr. Doug Forsyth: Absolutely, that was part and parcel of the overall government response to the Ukraine situation and looking at how we could provide help and what type of assistance we could provide globally in and around that area. Global food security was top of mind in our overall government reaction.

[Translation]

Mr. Richard Lehoux: I'm going to come back to the Department of Foreign Affairs, Trade and Development.

The bottom line is: was or is the department aware that the company that sells 70% of the poultry produced in Ukraine for export is not even owned by Ukrainians? Were you aware that that company is owned by people from a country other than Ukraine? In that case, how are we helping Ukraine by making the order?

[English]

Ms. Michèle Govier: I don't know all the details of the company that is exporting. I think the idea is that the companies that are exporting from the Ukraine are providing added value in the Ukraine market. Ukrainian people are working at those companies, so I think that's where it would come from; but we don't have a lot of detailed information about particular companies that might be benefited from the remission order.

[Translation]

Mr. Richard Lehoux: The bottom line is that you were actually aware that the main exporter of chicken from Ukraine is owned outside Ukraine, is that right?

Ms. Yannick Mondy: If I may, I would like to try to flesh out the answer.

As my colleague said, the purpose of the remission order is to benefit Ukraine and so we base our decisions not on who owns goods, which may be a foreign investor in Ukraine, but on the added value of production that then happens within Ukraine. So it is related to the location of the goods, not on who owns them.

The Vice-Chair (Mr. John Barlow): Thank you, Ms. Mondy and Mr. Lehoux.

[English]

Now to Mr. Drouin for six minutes please.

[Translation]

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

I want to thank all the witnesses who are appearing before the committee.

My first question is for the representatives of the Department of Finance.

You said you had done an analysis of the supply-managed goods imported into Canada over the last five or six years, and, if I understood your remarks correctly, it came to \$6,000, essentially for ice cream. Is that correct?

Ms. Michèle Govier: That was only during the period covered by the remission order, between June 9 and November 23.

• (1550)

Mr. Francis Drouin: To date, it comes to \$6,000. Is that correct?

Ms. Michèle Govier: Yes, it is.

Mr. Francis Drouin: I see.

That was to be my last question, but I'll ask it now.

You are currently determining the value of what is entering Canada at present.

How long will the order be in force? What is its end date?

Ms. Michèle Govier: It is June 9 of next year. The order lasts for exactly one year.

Mr. Francis Drouin: So that would leave about six months to go for the goods to enter Canada.

Ms. Michèle Govier: That's right.

Mr. Francis Drouin: My next question will be for Global Affairs Canada.

[English]

You talked about TRQs versus general import permits, and you've highlighted the differences. What was the rationale for using a general import permit as opposed to a TRQ?

Mr. Doug Forsyth: The general import permit is for over-quota access; that's what you would use it for. In this case, because there is no TRQ for this particular good at this point in time, there's no need to use a TRQ. The importer would use a general import permit. You don't need an allocation in fact now to import the product.

Mr. Francis Drouin: In general, if somebody wanted to, they could import as many products as they want to Canada.

Mr. Doug Forsyth: Subject to whether they are allowed to import it, yes. There are other import regulations and rules. You'll hear from some of our other colleagues later about that.

Mr. Francis Drouin: That question would be for CBSA on how they monitor this, but specifically, once GAC issues the general import permit, its role for monitoring stops there. It's CBSA that would do the monitoring of what comes in.

Mr. Doug Forsyth: That's correct. They would have the information when the goods are entered into Canada. That's right.

Mr. Francis Drouin: I don't think the goal is to displace our supply-managed sector, obviously, but if suddenly we're caught off guard and the imports are extremely high, Canada would be in a position to determine that the imports are extremely high and we are displacing the marketplace.

Ms. Michèle Govier: I can answer that.

Our monitoring is intended to see what the imports are looking like and whether they are potentially getting to a level that might cause concern. We are looking at that and an assessment would be done at that time to see if any action could potentially be needed, while balancing the overall intention of the remission order as well.

Mr. Francis Drouin: You've said you didn't have the opportunity, because of the urgency, to necessarily consult prior to. Are you talking to the sector right now?

Ms. Michèle Govier: We have not have much engagement with the sector. They've been in touch with different officials, but not directly with Department of Finance officials.

We're certainly open to having any conversations and would welcome any information they would want to provide on the potential import risks that we should be looking at.

Mr. Francis Drouin: Is that the same thing for you at Global Affairs?

Mr. Doug Forsyth: Exactly. We haven't had any direct discussions with any of the stakeholders, but we're absolutely open to having those discussions and we're continuing to monitor the situation.

Mr. Francis Drouin: Great. I still have two minutes.

I want to go back to the analysis.

[Translation]

The last analysis you did concerned the \$6,000 in tariffs for ice cream. Before that, we were not interested in importing goods from Ukraine because of the tariffs in place.

Ms. Michèle Govier: That's right. Because of the tariffs, there were no imports from Ukraine for supply-managed goods.

Mr. Francis Drouin: Right.

There was \$6,000 worth of ice cream imports in a six-month period. Are we expecting significant imports of certain goods?

Mr. Lehoux mentioned an exporter in Ukraine. Do you know who is going to be exporting goods from Ukraine, yourself?

Ms. Michèle Govier: We are working very closely with the other departments that have related responsibilities, as my colleague from Global Affairs Canada said. They include the Canadian Food Inspection Agency, which also has a role to play in all this. That is how we obtain information in advance about what may be coming.

Mr. Francis Drouin: I think this information is important for supply-managed sector. Obviously, it needs predictability, for its production. I think that is the main concern. I don't think that sector is questioning our government's support for Ukraine. Canadians support Ukraine. It is simply that we have to make sure that there is some predictability in the market. Their chicken producers, for example, have to know how many chickens to raise in order to increase production in the months to come.

Thank you for your testimony.

• (1555)

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Drouin.

Mr. Perron will now have the floor for five minutes.

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you, Mr. Chair.

I would like to thank the witnesses for being with us today. I am very grateful to them.

To begin, I would like to say, as Mr. Drouin did, that everyone agrees we must help Ukraine. That is not the question; the question is how to do it, since we must not damage ourselves at the same time. There might be other ways of doing things, and that is what my questions will be about. If they happen to be meant more for the other witnesses who will be coming shortly, tell me and we will move on to something else.

Ms. Govier, I will start with you. There have not really been any imports. However, you said in your presentation, and you then reiterated it, that if there was a large quantity of imports, you would assess the situation.

First, I would like to know what you are going to consider to be the threshold for a large quantity. Mr. Drouin was just saying that supply-managed producers need predictability in order to plan their business. Otherwise, the system doesn't work. That is a fundamental issue.

Ms. Michèle Govier: I understand.

We will have to work closely with the other departments, whose representatives will be appearing here a little later today, and in particular the Department of Agriculture and Agri-food, to determine whether the volume of imports expected will be problematic. We will have to discuss it to get a better understanding of the supply and know whether it is going to cause problems.

As I said, there has to be a balance. The intent of the measure is to help Ukraine and support its exports, but it is also very important to consider its impact in Canada, so we are trying to find that balance.

Mr. Yves Perron: Thank you for your answer, but it seems a bit vague to me.

Do you not think this could be discussed with the industry now, to establish the volume of imports that would be problematic, so you could then be prepared to respond?

Ms. Yannick Mondy: When we adopted this measure in June, we worked with the departments that have expertise, particularly Agriculture and Agri-Food Canada, to immediately establish the tariff lines we should be closely monitoring. So with the data that is collected by the Canada Border Services Agency, we are monitoring the supply-managed goods more closely.

The question of the threshold that would have to be reached in order for it to become problematic can also be put to our colleagues who will be testifying in the second hour of this meeting.

Mr. Yves Perron: You are monitoring it closely, but, unless I have misinterpreted what you said, there is not a lot of contact with the supply-managed producers. It is important to work with them.

Ms. Michèle Govier: Yes, we could do that.

Mr. Yves Perron: Thank you.

What kind of measures are you going to use, if you and the industry people agree that the volume of imports is getting too big and there is a risk it could destabilize the system? What might the reaction time look like?

Ms. Michèle Govier: It's hard to say exactly what we will do. It will depend on what we see.

The measure is in the form of a remission order, which requires the approval of the Governor in Council. We were able to make the order relatively quickly the first time. If changes had to be made to the order, we could also do that relatively quickly, provided that we have all the information we need for making a recommendation. However, that decision is up to the government, not the public service.

Mr. Yves Perron: Thank you.

You said that for ice cream alone, we had collected \$2.6 million less in customs duties, and nothing else had been imported to date. Have I understood correctly?

Ms. Michèle Govier: No.

In the case of ice cream, I think \$17,000 has not been collected because of the order. The \$2.6 million was an estimate of all duties not collected on all goods for the entire year, not just for supply-managed goods.

Mr. Yves Perron: Right.

So it is \$2.6 million for the entire year, but to date, \$6,000 in products have entered.

Ms. Michèle Govier: That figure related only to supply-managed goods. Overall, I think it was \$732,000.

Mr. Yves Perron: Right.

I imagine your estimate of \$2.6 million corresponds to a certain quantity of goods and that this information could be provided to the industry for discussion.

Are you getting a lot of requests from Canadian importers who want to import goods from Ukraine that are included in the category of supply-managed goods?

• (1600)

Ms. Michèle Govier: We have not had any contact with importers on that subject.

Mr. Yves Perron: Right.

I don't know whether you are going to be able to answer my next question.

Following inspections done in 2019, the importation of supply-managed goods was not authorized. Today, in 2022, since the remission order came into force on June 9, we seem to be rushing to authorize the importation of these goods. It usually takes three years for it to be authorized?

Is there a direct link between the two, or is that a coincidence?

Ms. Michèle Govier: I think that subject will be addressed in the next hour.

Mr. Yves Perron: Right. I did say earlier that you had to watch out for me.

Mr. Lehoux mentioned the foreign ownership of one of the biggest companies, which owns over 75% of the poultry production, among other things. To what extent are we able to verify that these goods are not coming from neighbouring countries or regions occupied by the Russian Federation?

Ms. Yannick Mondy: In the order, the definition of eligibility is based on the last segment of production, which must take place in Ukraine. That is what is called the origin rule. Processing that is referred to as minimal, such as repackaging or dilution with water, is excluded by definition. The order sets out the goods that are eligible for remission, to ensure that the last segment of the production process in fact takes place in Ukraine.

The Vice-Chair (Mr. John Barlow): Thank you.

[English]

Just to my colleagues, if you're asking a question and the witnesses are taking over your time to answer, I'm just going to let them answer. I think we're all here to try to get as much clarification and information as we can. I'm not going to cut off our witnesses in answering your questions. So if you're keeping an eye on the clock and it goes a little long, I want to allow our witnesses to finish their responses as best we can. Time shouldn't be a big issue today.

It's now over to Mr. Cannings for six minutes, please.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you for being here today. This is all quite interesting.

I just want to make sure I understand the whole process that's involved here. I assume this remission order was made to help Ukraine in its situation.

Was it just a general removal of most or all tariffs we would normally charge? There wasn't an analysis, sector by sector, of what would help Ukraine the most?

Ms. Michèle Govier: It was a blanket removal. Many of our tariffs are already at zero as a result of our free trade agreement with Ukraine, but there were some categories, including among the supply-managed goods, that still had tariffs.

Yes, those were all brought to zero. I would say, therefore, that we did not target any particular sectors or do analysis to be able to target them, though we were trying to be aware of what sensitivities there might be in moving it forward.

Mr. Richard Cannings: So, in particular with the supply-managed sectors, do we know where Ukraine was exporting those products? I assume very little or none were coming to Canada before. Are those markets compromised because of the war?

I'm trying to get at whether there's some pressure on Ukraine to develop new markets in perhaps Canada. I'm trying to find out whether Ukraine has a real reason to send these products to Canada now.

Ms. Michèle Govier: You are correct that there were no imports coming in before that, just because of the tariffs that were in place. We were aware of interests, from our negotiations with Ukraine, in certain products.

I can't speak to the whole of their trade interests. Obviously, they're very close to the European Union, so I think that is an important market for them. As I noted in my remarks, the European Union also took measures to remove tariffs from Ukraine. So I don't know that they have pressure from that side.

I can't say, for all of their trading partners, whether there are other pressures that are arising that might be driving them towards Canada as a partner.

Mr. Richard Cannings: As you monitor the situation in the Ukraine, is there any sense of how production of some of these materials has been perhaps compromised and also how the domestic market within Ukraine has been affected? I'm just trying to get at how much pressure there is on exporting these materials out of Ukraine to Canada.

• (1605)

Ms. Michèle Govier: Those are good questions that I would like to have answers to. I think going into it we knew that the conflict was going to have implications for Ukraine's economy and its ability to export to Canada. I believe exports actually declined quite a lot in the first half of the year.

But with respect to these particular products and the particular companies that are in question, we don't have the details on that.

I don't know if others want to add....

Mr. Doug Forsyth: Thank you.

If I could just add a little bit to that, yes, you're absolutely right: the situation in Ukraine itself is very difficult for companies and for their citizens, of course. So that has had an impact on what they can produce.

It's also had an impact on what type of intelligence we would have in the marketplace on the trade commissioner side of things. We don't have people in the market who would be able to provide all of that information, but I think my colleague from Finance has indicated quite a bit of the current intelligence we have. They would be looking first to the European Union, just because it is the closest market, and not necessarily to Canada as a primary or even secondary market.

Mr. Richard Cannings: Just to wrap up this line, basically you're monitoring the situation. I don't know what the timeline is on when you said you would look at the situation and, if you saw big spikes, you could maybe change. Is that monitoring ongoing? Would there be a situation where you'd say that we don't really need to have these supply-managed goods on this list and that we can take them off because there seems to be absolutely no interest or no ability to export?

Ms. Yannick Mondy: I'll respond with respect to the monitoring. We receive data right now on a monthly basis and we disseminate aggregates and by tariff line to our colleagues at Agriculture and Agri-Food Canada and Global Affairs, as well amongst other federal partners. It was always noted from the start that if some problematic products started to appear in certain quantities, we would increase the frequency of this monitoring to biweekly, weekly, or however we needed to. At this time we're doing it monthly, because there are no major issues that have come up.

Ms. Michèle Govier: I think the second part of your question is whether we might discontinue the measure with respect to supply management, because there is no interest in the market. We haven't considered that. I think we would want to leave it open. I would say that, yes, there is a risk that if a large quantity of products comes in, it could potentially cause problems, but perhaps in more modest amounts it would not and yet would still provide a benefit for Ukraine. So I think we would want to leave that open for that kind of potential scenario.

The Vice-Chair (Mr. John Barlow): You have about 30 seconds left.

Mr. Richard Cannings: I'll leave it, then.

Thank you very much.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Cannings.

I will now move on to our second round of questions.

We'll go to Ms. Rood for five minutes, please.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair.

Thank you, witnesses, for appearing here today.

I have a couple of quick questions.

Could we have had the remission order intact without including supply-managed goods?

Ms. Michèle Govier: Yes, there is discretion to do it on a subset of projects.

Ms. Lianne Rood: Okay. Do you know how much poultry Ukraine produces compared with Canada?

Ms. Michèle Govier: I don't have that figure. I don't know if my colleagues would. Perhaps in your next panel, I think Agriculture and Agri-Food Canada might have that information.

Ms. Lianne Rood: Okay, thank you very much.

Was the decision to add supply-managed goods to the order a political decision, or was it an idea of the department?

Ms. Michèle Govier: I really wouldn't want to comment on the process towards getting to a decision. We provide information on what the potential action could be and what the implications are, and decisions go from there, but I wouldn't comment on the briefing process.

Ms. Lianne Rood: Who would trigger the conversation of how much is too much chicken supply to come into Canada? Would that be the Department of Agriculture or is that Finance?

Ms. Michèle Govier: I think we would have that discussion together. I think Agriculture Canada is more familiar with the implications of what particular quantities might have effects on the supply management system, so we definitely want their expertise, but I think we'd want to be part of that conversation as well.

Ms. Lianne Rood: Going into those conversations, would you have decided on what the threshold should be for allowing a supply-managed product into Canada as part of this order before going ahead with the order?

• (1610)

Ms. Michèle Govier: No, we did not establish thresholds that would trigger one thing or another ahead of the order.

Ms. Lianne Rood: You mentioned the impact on tariffs to be about \$2.6 million. I'm just wondering if you've done an assessment on what the economic impact would be to our producers and our farmers, especially in the high-managed sectors.

Ms. Michèle Govier: Just to reiterate, the \$2.6 million is with respect to all products, not just agricultural products.

Ms. Lianne Rood: That is tariffs on products, correct?

Ms. Michèle Govier: Yes, that's the tariffs—

Ms. Lianne Rood: I'm just wondering if you did an assessment on what the economic impact on the actual producers would be—not tariffs but on the producers themselves.

Ms. Michèle Govier: We did not do a fulsome economic impact assessment on all of the different sectors that could potentially be implicated by this. I think we had a general sense of where the input could come from and the sectors that could be affected, but we didn't get down to that level of granular detail in the time that we had.

Ms. Lianne Rood: Okay. Was the CFIA consulted prior to supply management being added onto the list—onto the order?

Ms. Michèle Govier: We engage with Agriculture and Agri-Food Canada; we did not deal directly with CFIA. I am not sure whether AFC did at the time or not.

Ms. Lianne Rood: Was CBSA were they consulted?

Ms. Michèle Govier: CBSA was consulted because they administer these types of measures. We always make sure to engage with them so that they are prepared for it.

Ms. Lianne Rood: I'm just wondering about the tariff relief explicitly. Was it requested by Ukraine, or was this something that we did on our?

Ms. Michèle Govier: Canada did so. I mentioned other partners that had also taken these measures, so I would say it was kind of a collective measure between us and like-mined partners, including the EU and U.K. There was a measure by the U.S. as well.

I believe Ukraine has identified an interest in various economic measures that could help its situation. I can't remember specifically if this was one, I apologize, but it's possible that they did, so I shouldn't rule it out, but I don't recall exactly.

Ms. Lianne Rood: Okay, and just to note, countries in the EU don't have supply-managed sectors; it's something that is unique to Canada. From what we've heard today, hearing that the EU has an impact on what Canada does and not taking into account that we have supply management, it sounds like we're allowing other regions like the EU to actually have more control over our own supply-managed system here in Canada than we do in Canada with some of these things.

One—

Ms. Michèle Govier: Can I address that quickly?

There's no supply management system in those countries, but there are areas of sensitivity, and these were broad-based measures, both by the EU and the U.K. The U.S. one was narrower but also in a sensitive area of steel. There are different considerations that countries have to take in doing these types of measures, and we weren't simply following one or the other; it was a self-assessment as well.

Ms. Lianne Rood: Okay, thanks.

The Vice-Chair (Mr. John Barlow): Thanks, Ms. Rood. Thank you very much.

Now we'll go to Ms. Taylor Roy via video conference. You have five minutes.

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for being here today. I just want to start by establishing some facts as I understand them. This Special Import Measures Act, the remission order, came into force on June 9, 2022. Is that correct?

Ms. Michèle Govier: That's correct, yes.

Sorry, just to clarify this, though, the Special Import Measures Act is a different law. It's just the remission order, which relieves—

Ms. Leah Taylor Roy: Okay, so it's the remission order.

How much has been imported in the approximately six months since it came into effect?

Ms. Michèle Govier: The total imports in that time had a value of \$8.55 million.

Ms. Leah Taylor Roy: It was \$8.55 million. Was any of that in the supply-managed sector?

Ms. Michèle Govier: Just that one importation I referred to earlier, the importation of ice cream.

Ms. Leah Taylor Roy: The ice cream, yes. Okay, so there's been one importation in six months.

This is supposed to be in effect for one year according to the remission order.

Ms. Michèle Govier: That's right, yes.

Ms. Leah Taylor Roy: Okay, so we're halfway through it, and there's been one import of ice cream, basically.

Ms. Michèle Govier: Yes, that's right.

Ms. Leah Taylor Roy: Okay. Will the imports under this affect our supply-managed sectors' quotas at all?

Mr. Doug Forsyth: No, we don't see the importations affecting the quotas at all. The importations under the remission order would be over-quota importations, so there would be no effect on the quotas themselves.

• (1615)

Ms. Leah Taylor Roy: Okay. I'm just trying to understand the concern. Obviously, our supply-managed sector is very important. I have a cousin with a chicken farm and we know how important this protection is, but I also know that in the fall economic statement, Minister Bibeau allocated \$1.7 billion, I believe, to the sector, to compensate for any impact under CUSMA, and we've said that we're going to basically protect this sector from impacts under imports. Do you have any concern about the impact of this measure on the supply-managed sector?

Ms. Michèle Govier: At this stage, knowing what we know, I would say no. I think the risks and the concerns that have been brought forward are something we need to monitor to see if there is the potential that there could be some risks, but as I've said, we are really trying to monitor things very closely and stand ready to make those assessments and react if need be.

Ms. Leah Taylor Roy: Do you feel the government is ready and prepared to offset any damage or anything that happens as a result of this to the supply-managed sectors, especially the chicken and egg sector?

Ms. Michèle Govier: That's not something that's being considered right now. I know that's been done in the context of various free trade agreements. I don't think we're at that point, we don't see the kinds of imports at this point that would warrant that discussion.

Ms. Leah Taylor Roy: Okay, so you don't think there's going to be damage from this that would warrant that kind of compensation?

Ms. Michèle Govier: Not from what we see now.

Ms. Leah Taylor Roy: Not from what you see now, okay. Very good.

Do you see any other issues? It seems to me that we don't have a lot of data since there's only been one import in the half-year this has been in place. We don't really have much data to go on for the impact this is having on the sector, and we only have six months

left to go with the remittance order. Are there any other aspects of it that concern you?

Ms. Michèle Govier: With respect to this sector in particular, I would say no. People have raised some possible concerns, and those are the types of things that we're certainly trying to track. We haven't seen anything else beyond that to cause us concern at this point.

Ms. Leah Taylor Roy: Okay, thank you very much.

The Vice-Chair (Mr. John Barlow): Thank you very much, Ms. Taylor Roy.

Monsieur Perron, you have two and a half minutes, please.

[*Translation*]

Mr. Yves Perron: Thank you, Mr. Chair.

Earlier, when Ms. Rood asked a question about the possibility of removing supply-managed goods if the order is renewed, you said you wanted to keep the remission open and thus keep supply-managed goods in it.

Are you really considering renewing the order after June 9? Might the order end on June 9?

Ms. Michèle Govier: I may have misunderstood the earlier question. At the moment, there is no plan to renew the order, which ends on June 9, 2023. We have not discussed it.

Mr. Yves Perron: Right.

In the event that the order is renewed, would it potentially be possible to consider removing supply-managed goods?

Ms. Michèle Govier: That could be part of the discussion. We would give our advice based on what we see with the...

Mr. Yves Perron: It should at least be discussed with people in the industry, to find out what can be agreed to without destabilizing the systems.

Ms. Michèle Govier: Yes, we would look into it.

Mr. Yves Perron: In my previous round of questions, I asked you whether you were certain that it was not coming from outside Ukraine. You answered my question. The objective is to help Ukrainians.

Are you certain that it is not coming from regions of Ukraine currently occupied by the Russian Federation? Is there a way of measuring that? Might there be goods coming from Ukraine where the profits would be going to the Russian Federation?

Ms. Michèle Govier: Imports from zones occupied by Russia are prohibited, so we don't think there is any risk in that regard.

Mr. Yves Perron: Right.

For the future, you say you are going to monitor the situation. To date, there have been no poultry imports. There has been ice cream and so on. We know that people at the Canadian Food Inspection Agency are working on authorizing the importation of those products. So there have not been any, because it was not approved.

Are meetings being planned with people in the industry for the future, for example with representatives of the supply-managed federations?

Ms. Michèle Govier: There have not been any for the moment, but I know there is a lot of interest in this. There are starting to be meetings with various people. I think the Minister's office has held these discussions. We are certainly going to think about it.

• (1620)

Mr. Yves Perron: Thank you.

[*English*]

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Perron.

Mr. Cannings, you have two and a half minutes, please.

Mr. Richard Cannings: Thank you.

Perhaps you've answered this before, but there have been a lot of numbers and things coming at me. I know it was a very rapid decision to bring in the remission order.

Mr. Forsyth might be best to answer this.

Was there any analysis done before, or has there been some analysis done, on how much chicken imports would increase into Canada, for instance? What's the effect on other markets? Has there been an increase in the EU market?

We're all trying to help Ukraine, but is this the best way? Has there been some analysis on how this might have helped Ukraine, overall—our efforts and, say, the EU's?

Mr. Doug Forsyth: Our department hasn't done any of that type of analysis.

Have you guys done any?

It might be that you have to ask the next group of officials. I think they would probably be the best placed to answer that.

Ms. Michèle Govier: Yes, I would say the same thing. We didn't specifically look at that and who was benefiting.

I mean, we're aware of the companies that are there, but as we've heard, they're not certified just yet, so it's a little bit hard to have a good understanding of what those impacts might be.

Mr. Richard Cannings: Is there any sense, again, say with the poultry market, of how many additional imports from Ukraine would be necessary before there would be some significant impact on prices to consumers and producers here? It's supply managed, so I'm assuming the producers are getting a set price. How is that whole market affected by this?

Mr. Doug Forsyth: I would think that the next group of officials would be best placed to answer that. I don't think we're talking about the type of importation that would have any impact on the marketplace like that. There would not be that level of imports.

The Vice-Chair (Mr. John Barlow): I'm sorry, Mr. Cannings, but the time is up.

Mr. Richard Cannings: I'm out of time.

Thank you.

The Vice-Chair (Mr. John Barlow): Last, we'll go to Mr. Nater for five minutes, please.

Mr. John Nater (Perth—Wellington, CPC): Thank you, Mr. Chair.

Madame Govier, you kind of avoided answering the question earlier from my colleague, Ms. Rood.

The decision to include supply management wasn't obligatory. Supply management didn't have to be included in the remission order. Is that correct?

Ms. Michèle Govier: Yes, that's correct.

Mr. John Nater: Was the decision made by someone? Was the decision made by the minister on the recommendation of the department or was that decision made by the minister on her own reasoning?

Ms. Michèle Govier: Ultimately, the minister is the one taking the decision and making the recommendation to the Governor in Council. That's how it comes into force. Ultimately, the decision is the minister's.

Mr. John Nater: Did the department recommend that supply management be included?

Ms. Michèle Govier: This is what I do not feel very comfortable talking about. This is the decision-making process within government.

As I said, we provided advice on the different elements that could be included because it includes both tariffs as well as trade remedy duties. We provided advice on those and the potential implications.

Mr. John Nater: Okay, you're not willing to give us the advice that you gave to the minister. I can accept that.

You mentioned earlier that you're not aware of the size of the market in Ukraine and their production capability. You rely on departments such as the Department of Agriculture and Agri-Food and perhaps CFIA to provide advice to you as a department.

I'd be curious to know what advice you received from the departments that made you comfortable going ahead with including supply management.

Ms. Michèle Govier: On the supply-managed goods, as I may have noted before, we were aware, from our free trade negotiations with Ukraine, that there was an interest in the chicken market. On the scope and the exact nature of the interest, we did not have a lot of details.

As I said, we did engage with Agriculture and Agri-Food Canada on that. They were aware of those same issues and raised them with us. Those were things that we took into consideration as we moved forward.

Mr. John Nater: I would just note that there's always a great interest in our supply management sector beyond simply negotiations with Ukraine. I'd say there are many countries worldwide.... and I think many of our trading partners are probably watching very interestedly that at the first opportunity, our supply management industry was opened up.

Now, you've mentioned that you may not have the information on the size of the market, but I would be curious to know if the Department of Finance has done any studies on what the impact of avian influenza would have on Canada financially, were there to be a widespread outbreak within Canada.

Does the Department of Finance have any information on the economic impact that would have?

• (1625)

Ms. Michèle Govier: I believe that would be for the CFIA, which is going to be appearing after this.

Mr. John Nater: I have a follow-up question, then. What is the size of the Canadian chicken market and its impact on the economy in Canada?

Ms. Michèle Govier: Do you mean the avian influenza?

Mr. John Nater: No. In general, what's the benefit of the chicken industry in Canada for the economy?

Ms. Michèle Govier: Again, I think that would be for—

Mr. John Nater: No, this is a—

Ms. Michèle Govier: If you're interested in knowing whether I have that information now, I do not.

Mr. John Nater: Perhaps you could follow up with us on the economic impact of the chicken market in Canada.

I ask because this is a big issue for a lot of farmers in a lot of communities across our country. When they see—even if it's just a crack, even if it's just one aspect being opened up in the supply management situation....

I would point out as well that you mentioned that as of this point, you're unsure of how much chicken may be imported in the future. There's nothing in this that would prevent a back-end loading of this situation, where a large amount is imported into Canada late in the period of the time immediately leading up to June 2023. That chicken will come into Canada, sit in freezers for a long time and have an impact on our domestic market.

I get the impression that you're relying on your partners in government and Agriculture and Agri-Food in particular. At the end of the day, this is a decision that is made by Finance. If you're making a decision with a relatively limited amount of information, I think it's concerning to a lot of farmers who may be paying attention.

I'll leave my time there. Thank you, Mr. Chair.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Nater.

Now, our final questioner is Mr. Louis for five minutes, please.

Mr. Tim Louis: Thank you, Mr. Chair.

Thank you to all of the witnesses. I really appreciate your being here for this conversation.

We are challenged, in that the data is coming in and it's still early stages for us to be having these conversations. You can feel people straining to answer the questions.

The way I see it, we're boiling it down to about three factors. First, Canada and other countries are supporting Ukraine with these remission orders. Secondly, we want to make sure that the economic impact on our supply management sector is minimal. From what I've heard so far, it appears to be. Thirdly, we want to make sure that the food that's being imported is safe.

Maybe I could ask both the Department of Finance and Foreign Affairs, within your jurisdiction—the food safety thing would be

for the next panel—do you think that the agreement strikes that balance? Are the measures in place to monitor the data and to continue assessing?

Ms. Michèle Govier: I would say that I hope we have found the right balance. Clearly, we understand that there are concerns being raised here today and we have been mindful of those, and that's why we wanted to put a monitoring system in place that is looking at things quite carefully.

The overall purpose of the order was to provide benefit for Ukraine, so I think we can't lose sight of that, but as I said, it has to be balanced with what the impacts are here in Canada, and that's what the monitoring is intending to do.

Mr. Tim Louis: May I ask the same question of Foreign Affairs?

Mr. Doug Forsyth: Thanks for the question.

I think my colleague handled it perfectly well. I don't think I could add anything to that. I think that's exactly the right balance we're looking for.

Mr. Tim Louis: Also, on the tariff relief we're talking about, have we done this with other countries over the years? Have we done something similar with other countries in different times that you know of where we have some data?

Ms. Michèle Govier: No. This is a fairly unique instance, not just with respect to the supply management aspect, but to having something where all imports from a particular country are affected. I think that reflects the really unique circumstances we're in with respect to Ukraine.

Mr. Tim Louis: We're having conversations with other countries. Are we working in step with other countries? You mentioned the EU and the U.S. Are we having those conversations to learn from each other's remission orders?

Ms. Michèle Govier: We're in contact with those various countries through different mechanisms on a regular basis on the overall responses to Ukraine, so those conversations do continue.

Mr. Tim Louis: Finally, just in general, on the free trade agreement we have with Ukraine, what are the major sectors that our trade shares?

Mr. Doug Forsyth: The current free trade agreement we have with Ukraine that was brought into force in August 2017 covered basically goods, excluding supply management goods, of course. There have been efforts at modernizing that agreement, and we had been having ongoing discussions with Ukraine officials even before the war started to try to modernize that and to look at services, investment and digital chapters and make it more of a comprehensive FTA.

Those discussions are ongoing. That excludes goods. The goods portion of the free trade agreement is finished, and we are looking now at services, investment and digital.

• (1630)

Mr. Tim Louis: Thank you.

I believe I have about a minute left, Mr. Chair, but I just want to thank the witnesses. I appreciated this discussion.

I'll cede my time. Thank you.

The Vice-Chair (Mr. John Barlow): Thanks, Mr. Louis.

Since you're ceding your time, I had one question.

On the fact that we talked a lot about the threshold, why was a threshold not set beforehand—before you included supply management in this remission order—to provide some assurance to our producers, who are obviously a bit concerned about this?

Would Finance and Ag Canada not get together and say that this is a line we will not cross and have that consultation with producers and say, “Do you feel comfortable to import this amount of product at this amount of time?” Why was that threshold not set beforehand? Maybe there's a reason.

Ms. Michèle Govier: I think there are a couple of things.

First, it is difficult to establish exactly what that threshold is. Perhaps my colleagues who will be appearing later from that department will have more to say on that.

Also, it was done in a relatively expeditious way, so there was not perhaps as much opportunity to do some of the things we've been asked about today in terms of analysis ahead of time, but it's certainly something that we're taking back and we'll be considering further as we go forward.

The Vice-Chair (Mr. John Barlow): Maybe Foreign Affairs and Trade could answer this.

For my knowledge, and with some good questions from my colleagues, on the ice cream, for example, it's my understanding that in the initial remission order, supply-managed goods like poultry weren't included, but there's going to be or will potentially be an export certificate signed that will include that.

We haven't had supply-managed imports from June 9 until now because they weren't included, but now there's a potential decision to include supply-managed goods with that export certificate, if signed. Is that correct? Or am I incorrect on that?

Mr. Doug Forsyth: I'd probably clarify that a bit. That's mostly correct.

There are some processed dairy products that are allowed to come into the country, and they have a certification process in place for those. There is not yet a certificate for poultry or eggs to come in. Our CFIA colleagues will have some more information on that, but there is no export certificate in place yet for those products. That's why there are no imports.

The Vice-Chair (Mr. John Barlow): Thank you for the clarification on that.

I appreciate everyone's time.

That was a great job, colleagues.

We will now take a break for a couple of minutes. Please don't wander off too far.

Our officials can be excused. Thank you again for your time.

We'll take five minutes. Grab some food and head back as quickly as you can. We'll get our next panel set up on Zoom.

● (1630)

(Pause)

● (1640)

The Vice-Chair (Mr. John Barlow): Okay, colleagues, we will bring the meeting back into session.

I will try to condense the preamble here just so that we can get going as quickly as possible. We only have about 45 minutes or so left. I want to make sure the colleagues get as many questions in as possible.

There are just a few reminders for our witnesses. We have all of them on hybrid, on Zoom today. No screenshots are permitted—not that I expect you would take any. Please speak in the official language of your choice. We do have translation. If there is an issue with translation, I will just put my hand up and ask you to stop. We will recommence once the translation is resolved.

We do have one witness, Mr. Band, who does not have an official headset. If we have some issues, we may have to address that. Ms. Donohue has changed her headset. She has passed her test. We're good to go.

With us today as our witnesses, we have from the Department of Agriculture and Agri-Food, Tom Rosser, assistant deputy minister, market and industry services branch; and Marie-Noëlle Desrochers, acting chief agriculture negotiator and director general, market and industry services branch.

From the Canada Border Services Agency we have Mr. Band, director general, trade and anti-dumping programs directorate.

I believe we also have from the Canada Food Inspection Agency, Kathleen Donohue, the assistant deputy minister and vice-president, international affairs; and Kanwal Kochhar, senior director, food import and export division.

Each department will have five minutes for their presentation. Then we will commence with questions from my colleagues.

Maybe we will start with the Department of Agriculture and Agri-Food. Mr. Rosser, I'll pass that over to you for five minutes, please.

● (1645)

Mr. Tom Rosser (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): Thank you very much, Mr. Chair.

There had been an issue with my headset earlier. I've changed it. I trust that you can hear me okay.

[*Translation*]

I welcome the opportunity to appear before this committee.

My remarks will focus on the impact of the Remission Order on Ukrainian goods, specifically with respect to the duty-free and quota-free importation of supply-managed goods into Canada.

But before I start, let me share a few quick facts on Canada's supply-managed sectors.

Supply management is the production and marketing system under which dairy, eggs, hatching eggs, chicken, and turkey are produced in Canada.

Through the three pillars of the supply management system—planned domestic production, administered pricing, and import control—Canadian producers are ensured a reasonable return for their labour and investments, while consumers receive a continuous and reliable supply of products.

The supply-managed sectors are important within Canada's agricultural sector. They generated \$13 billion in farm-gate sales in 2021 and created over 100,000 direct jobs in Canada in production and processing activities.

In addition, dairy and poultry processing activities contributed \$24.8 billion to Canada's manufacturing shipments, equivalent to 19.5% of Canada's total manufactured shipments of food and beverage products in 2021.

[*English*]

The actions taken by Russia have had a significant effect on Ukraine's economy, including its ability to export goods to other countries. That's why the government decided to temporarily waive tariffs and trade remedy duties on imports originating from Ukraine, including for supply-managed products. The measure came into effect on June 9 and will expire after one year. This means that supply-managed products from Ukraine are eligible to enter Canada duty free and quota free until June of next year.

As I highlighted before, supply management is based on planned domestic production, administered pricing and controlled imports. Domestic requirements are established taking into account anticipated imports. Unpredicted imports may impact production planning, which is a pillar of the Canadian supply management system. We understand the consequences of this measure may be a source of concern for supply-managed sectors.

Due to a lack of a finalized official meat inspection certificate, Ukraine has not exported any poultry products to Canada in the past. Since the implementation of the remission order, imports of supply-managed goods have been limited to one shipment of ice cream. There were no Canadian imports of dairy products from Ukraine in the past five years. Given the low volume of supply-managed products that have been imported from Ukraine into Canada to date, and considering the various logistical challenges facing Ukraine, it's difficult to estimate the potential volume of imports during the term of the remission order. However, the Government of Canada monitors the situation closely and will continue to engage with industry on potential or observed impacts throughout the duration of the remission order.

In conclusion, it will be important for the government to continue to work collaboratively with the industry to ensure that the potential impact and challenges associated with the remission order are identified in a timely manner and understood. In that regard, AAFC will continue to engage directly with dairy, poultry and egg sector representatives to help address their concerns.

Thank you.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Rosser. As always you were succinct and well detailed. It's good to see you again as well.

Now we'll go to Mr. Band, from the CBSA for five minutes.

Go ahead, please.

• (1650)

Mr. Doug Band (Director General, Trade and Anti-dumping Programs Directorate, Canada Border Services Agency): Thank you, Mr. Chairman. I'll be brief.

[*Translation*]

As was mentioned already, my name is Doug Band. I am the Director General of the Trade and Anti-dumping Programs Directorate at the CBSA.

Thank you for giving me the opportunity to appear before the committee to discuss the Ukrainian Goods Remission Order.

If I may, I would like to give you an overview of the role the CBSA plays in administering the remission order.

[*English*]

As has been mentioned, while most goods from Ukraine already enter Canada duty-free as a result of the free trade agreement, tariffs still apply on certain goods that are being phased out under the agreement or that are excluded from it.

CBSA is responsible for administering this remission order in accordance with the parameters and eligibility requirements outlined in the order. To assist importers with claiming relief under the order, CBSA in June published Customs Notice 22-12 on its website. That notice lays out what goods imported into Canada are eligible for remission, what types of duties can be remitted and the time period within which remission is granted—one year. It also reiterates the requirement that goods originate from Ukraine.

For all goods originating in Ukraine and imported into Canada, the order remits customs duties paid or payable under the customs tariff as well as duties paid or payable under the Special Import Measures Act. The Special Import Measures Act, as members know, is the anti-dumping regime that governs CBSA's anti-dumping investigations to protect Canadian companies. Importers can claim remission of duties under these two acts for a period of one year, from June 9, 2022 to June 9, 2023.

As with the tax regime, Canada's customs duty regime is a voluntary, self-assessment regime, backstopped by CBSA monitoring and risk-based compliance verification after the goods have been imported. Importers of commercial goods may apply for relief of customs duties at the time of import simply by entering a special authorization code on their Canada customs code form B3. In the case of importers having overpaid or not having claimed remission when they were eligible, they can also seek a refund for remission under the order by filling out a form B2.

Thank you. I look forward to answering the committee's questions.

Merci beaucoup.

The Vice-Chair (Mr. John Barlow): Thank you very much.

For our final witnesses, Ms. Donohue, I will pass it over to you if you're doing the presentation.

Go ahead for five minutes, please.

Ms. Kathleen Donohue (Vice-President, International Affairs, Canadian Food Inspection Agency): Thank you.

[*Translation*]

Good afternoon and thank you everyone.

Mr. Chair and members of the committee, thank you for inviting me to appear before this committee.

I am here on behalf of the Canadian Food Inspection Agency, the CFIA. I am the Vice-President of the International Affairs Branch. With me is my colleague Kanwal Kochhar, who is the Senior Director of the Food Import and Export Division.

My remarks will relate to granting access to the Canadian market for the import of dairy, eggs and raw and cooked poultry products from Ukraine and the process that was undertaken by the CFIA.

I would like to start by saying that all food sold in Canada, whether it is manufactured in Canada or imported under a tariff or tariff-rate quota or duty free, must comply with Canada's federal regulations. When a non-compliance is identified, the CFIA takes immediate action regardless of country of origin.

[*English*]

Licensed importers are responsible for ensuring that the food they import is safe and that it meets Canadian requirements. Under the safe food for Canadians regulations—SFCR—importers are required to source from foreign suppliers who manufacture, prepare, store, package and label the food under conditions that provide at least the same level of protection as those in Canada.

Meat, or poultry in this case, and animal by-products, such as eggs and dairy products, are regulated by the safe food for Canadians regulations and the health of animal regulations. To import these products, food safety requirements, as well as the animal health requirements outlined in the regulations must be met.

• (1655)

[*Translation*]

CFIA has followed its rigorous process to approve imports of poultry from Ukraine. This included CFIA's successful on-site audit of three Ukrainian poultry facilities, CFIA's approval of the Ukrainian poultry inspection system and successful negotiations of the import requirements.

In 2017, the Canada-Ukraine Free Trade Agreement came into force, and in 2019, the CFIA audited Ukraine's meat inspection system and animal health controls.

Audits are conducted to verify that the food safety controls in another country, in this case Ukraine, are effectively applied to the production and export of implicated products and to confirm that these controls meet Canadian import requirements.

[*English*]

Since 2019 CFIA has been working with Ukrainian officials to allow for the export of raw and cooked poultry products from Ukraine to Canada. However, the completion of this work was delayed due to the COVID-19 pandemic and other competing priorities.

Given the current situation in Ukraine, the CFIA has sought additional assurances regarding the food safety as well as the animal health controls in Ukraine. Ukrainian officials have assured us that food safety and animal health standards and controls are still at the same level as they were at the time of the audit, and that Ukraine can inspect and certify exports as per the certificate conditions. Ukrainian exports continue into such third countries as the European Union, which maintains strict food import requirements that are similar to Canada's.

New imports of any meat products from a newly approved establishment undergo full inspection by the CFIA for the first 10 shipments. Imports from Ukraine would also follow this process. Only compliant shipments will be released to the importer. Subsequent to that, the CFIA will continue ongoing monitoring of imports of poultry from Ukraine on a risk-based inspection approach, including sampling as well as testing.

The CFIA has met with the Chicken Farmers of Canada and the Canadian Poultry and Egg Processors Council to discuss the impacts of the imports of poultry products from Ukraine under the remission order.

There have been no previous imports of poultry from Ukraine. As such, Canada has requested pre-export certification data for type and volume of product on export shipments of poultry from Ukraine in an effort to help the Canadian industry better plan their domestic production.

Ukraine officials have confirmed to the CFIA that they will share, twice a week, requested pre-export information with the CFIA, and that it will be provided for every export certificate that is issued.

The Vice-Chair (Mr. John Barlow): I'm sorry, Ms. Donohue. You're past your five minutes. Can you wrap it up as quickly as you can?

Thank you.

Ms. Kathleen Donohue: Okay. I will do so.

In August 2021, CFIA also received a request from Ukraine for the export permit to allow for milk and dairy products. This certificate was finalized and approved back in July 2022. This negotiated certificate means that Ukraine is able to export milk and dairy products to Canada.

I would note, just quickly, that certain products, such as cheese, ice cream and yogourt, are not recognized as milk products under the health of animals regulations. They have always been permitted from Ukraine without a certificate.

Under the SFCR, the import of shell eggs and processed eggs into Canada also requires certificates. In May 2022 the CFIA received a request from Ukraine to negotiate a certificate for the export of these products. That is something that we are looking into.

The Vice-Chair (Mr. John Barlow): I'm sorry, Ms. Donohue—

Ms. Kathleen Donohue: That concludes my remarks.

The Vice-Chair (Mr. John Barlow): Thank you. If not, I'm sure you'll have a chance to finish it up during the questions. I apologize for that, but we have a limited amount of time.

Ms. Kathleen Donohue: No worries.

The Vice-Chair (Mr. John Barlow): We'll now go to questions from our colleagues.

Ms. Rood, you have six minutes, please.

Ms. Lianne Rood: Thank you, Mr. Chair.

Thank you to the witnesses for appearing today on this important topic.

Has there been an increase in imports of supply-managed goods since the order was made?

• (1700)

Mr. Doug Band: Go ahead, Tom.

Mr. Tom Rosser: I was going to say, Mr. Chair, that other than the shipment of ice cream, we've seen no supply-managed products imported from the Ukraine. In terms of overall trends in imported supply-managed goods, I don't know offhand, but I certainly would be happy to compile and share with the committee the latest available data.

Ms. Lianne Rood: That's excellent. Thank you. If you could table that information with us, that would be great.

Ms. Donohue, you were mentioning in your remarks that the last inspection of critical infrastructure in Ukraine that took place was in 2019. You also mentioned that because of the pandemic, things were lagging, and now we have a war in Ukraine. I'm just wondering, is the audit from three years ago still valid for a country at war?

What assurances can you give Canadians that what's actually happening in the processing plants—specifically if we look at chicken, when we have our own domestic supply of chicken readily available here—and in the inspections there is still accurate? Have you had somebody on the ground in Ukraine in recent months to make sure that what they're saying is true? Can you give Canadians assurance of that today to say that the safety of their food is not in jeopardy right now?

Ms. Kathleen Donohue: The CFIA met with Ukrainian officials on October 18, just last month, to seek assurances regarding food safety as well as the animal health controls in Ukraine presently. Ukrainian officials assured the agency that food safety and animal health standards and controls are at the same level as they were at the time of the audit that was conducted in 2019, and that Ukraine inspects and certifies exports as per the certificate conditions.

This was also reaffirmed in writing by Ukrainian officials to the agency following that meeting.

Thank you.

Ms. Lianne Rood: So the answer to the question is, no, you haven't actually put somebody on the ground in Ukraine to look for themselves on behalf of Canadians. You are taking the word of people there right now. Do I understand that correctly?

Ms. Kathleen Donohue: We have not conducted a second audit.

Ms. Lianne Rood: Thank you very much.

In Canada right now, we're worried about avian influenza happening and the potential threat from imported chicken from Ukraine, whether fresh or frozen. We know there's a big potential of bringing avian flu into Canada through meat brought in from Ukraine, and it can be transported in frozen food. Frozen food can be kept in refrigerators and freezers here in Canada for a year. I'm just wondering if that was a consideration at all when allowing chicken to be included in this order.

Ms. Kathleen Donohue: In 2019 the CFIA conducted its on-site evaluation and audit of Ukraine's poultry system, leading to Canada's recognizing Ukraine as being free of highly pathogenic avian influenza. As part of that poultry meat evaluation, the CFIA requested to receive formal notification of avian influenza disease outbreaks in Ukraine.

Canada did receive notifications of outbreaks of AI directly from the Ukrainian competent authority in 2020, as well as in 2021. The last notification of an AI outbreak in poultry was received back in February of 2021. A notification regarding wild birds was received back in March of 2021. Since then, there have been no further communications by Ukraine regarding any additional AI outbreaks.

I would add that, in addition, Ukraine is also a member of the World Organisation for Animal Health, also known as WOAH, and is obligated, therefore, to notify this international organization of any outbreaks of AI, as well as its trading partners. No AI outbreaks have been reported by Ukraine to this organization, nor to any other trading partners, such as the EU, for example—

Ms. Lianne Rood: Thank you very much. I'm sorry to interrupt. I have only a minute and a half here.

For CBSA, we know our resources at the border are stretched pretty thin already for testing products coming into Canada from the U.S., whether it's chicken or milk. How do we know that the product coming from Ukraine is what it says it is? Also, have there been tests developed that will ensure that the chicken coming into Canada is in fact what's listed on the import certificates?

• (1705)

Mr. Doug Band: If I may ask, is the question in relation to the remission order or generally speaking?

Ms. Lianne Rood: It's in relation to the order, but also generally speaking, because we already know that at the border generally we have issues and we don't have enough resources, so how much further are our resources going to be stretched? Can we have assurances that the products coming in are actually what they say they are on the certificate?

Mr. Doug Band: Thanks for the clarification. I appreciate it.

When we are doing risking of goods—in this case we're referring to chicken—we do that jointly with the lead department, in this case the CFIA, from an animal and human health standpoint. Up front there's the assurance, as you mentioned, that all of the appropriate certifications and documentation to confirm eligibility and admissibility have been met, including for origin.

If there are identified risk changes in the risk environment from CFIA, then we would identify shipments that would pose high risk or higher risk for intervention at the border.

I think from the standpoint of where we are today, we're in a good place in terms of resource availability. As you've heard, the environment has not altered significantly from a CFIA human and animal health standpoint, so where we are is where we've been and that is sufficient.

We have focused principally up until now in the marine area of shipments coming into Canada, and those monitoring efforts continue and will expand to other areas as the risk environment adapts.

Mr. John Barlow: Thank you, Mr. Band. I appreciate that. We're out of time there.

Now I'll turn to Mr. Turnbull for six minutes, please.

Mr. Ryan Turnbull (Whitby, Lib.): Great.

Thanks to our witnesses for being here today.

I think this whole study seems to revolve on a bit of a hypothetical.

I think to date, Mr. Rosser, if I were to ask you has our supply-managed sector really been impacted by the Ukrainian goods remission order, would it be fair to say that it's been minimal to negligible? Would you agree with that?

Mr. Tom Rosser: Mr. Chair, I would agree completely. To date, we've seen a couple thousand kilos of ice cream arrive, but no volumes that would be material to the size of any of the supply-managed markets.

Mr. Ryan Turnbull: Thank you. That's helpful

Looking ahead, we're looking at the next roughly seven months until June 9, 2023, I take it from our earlier panel.

What impact do you anticipate this remission order will have on our supply-managed sector between now and then?

Mr. Rosser, that's to you.

Mr. Tom Rosser: We certainly have looked at this. I should preface my answer by saying the nature of the situation is such that it's really hard to put a precise estimate on what's going to happen.

What I would say, though, is that we have looked at trends of imports from Ukraine into the European Union and other jurisdictions that have relaxed their input measures. Just given the logistical difficulties, given the shortness of time and given that Canada has no history of importing poultry products from Ukraine, we think it unlikely that the volumes of imports we're likely to see over the next several months will be material to the market.

That said, we will continue to monitor the situation closely and talk with stakeholders.

Mr. Ryan Turnbull: Thank you, Mr. Rosser.

I was going to ask you that. How much dairy, poultry and eggs does Canada normally import from Ukraine in a year?

Mr. Tom Rosser: Until the aforementioned shipment of ice cream, we'd imported no dairy products in the past five years and to my knowledge have no history of importing poultry or egg products from Ukraine.

Mr. Ryan Turnbull: Thank you.

With this remission order, you've already answered for the past five months or so, but we'll have to see the seven months that follow. In terms of the \$5.5 billion of cash farm receipts in egg and poultry, which is what that industry represents, what do you think the loss of market share might be?

I know that's hard to answer, but are we talking a half a per cent, are we talking about less than that? Is it 10%? What do we think?

Mr. Tom Rosser: Again, it's hard to be definitive and precise.

My view from what I've seen, as I said from trends in other countries and so on, is that it seems improbable to me that we would be talking about anywhere close to 1% of the annual size of the market.

• (1710)

Mr. Ryan Turnbull: So potentially it would be a fraction of one per cent.

You mentioned the logistical challenges. I imagine that if Ukraine could export chicken products to Europe, it would be a lot easier to preserve the cold chain that's necessary, would it not? Would it not be a lot more expensive to actually export chicken all the way to Canada versus Europe, which I understand probably has somewhat similar measures in place?

Mr. Tom Rosser: The European markets would certainly be quite a bit closer and, one would think, quite a bit cheaper to access from Ukraine. I would only add, Mr. Chair, that my understanding is that the rule of thumb is that it takes about four to six weeks for a container to ship from Ukraine to arrive at a Canadian port.

Mr. Ryan Turnbull: I just assume, being a business person, that you'd probably go to where you could get the highest value for that chicken and not spend on the longest possible supply chain. Anyway, that's just my assumption.

I'm going to go to Ms. Donahue and ask about avian flu.

How stringent are the CFIA's policies and processes for ensuring that imported products from Ukraine do not contain avian flu? You gave us some detail already, but can you give us more detail?

Ms. Kathleen Donohue: I'm going to pass that to my colleague Dr. Kanwal Kochhar.

Dr. Kanwal Kochhar (Senior Director, Food Import and Export Division, Canadian Food Inspection Agency): Thank you, Kathleen.

Good afternoon, everyone, and thank you for the question.

As Kathleen mentioned, for any new imports from a new country or a new establishment, CFIA conducts full inspections on at least 10 consignments from that particular establishment, in this case, Ukraine.

When the certificate is approved, full inspection will be conducted. When I say "full inspection", it basically means visual inspection as well as organoleptic inspection.

At that time, CFIA inspectors also take samples for microbiological contamination, chemical residue contamination and species identification. At that time, only when CFIA confirms that the inspection is satisfactory will the consignment be released to the importer. Should there be a problem with any of the consignments, CFIA, of course, works for the competent authority and takes actions as necessary.

Mr. Ryan Turnbull: Thank you.

I understood that you—

The Vice-Chair (Mr. John Barlow): You have about 15 seconds.

Mr. Ryan Turnbull: Thank you.

I'll try to wrap up, then. I understood you to say that the first 10 shipments of exports would be tested and that there would be a risk-based assessment approach after that. Is that correct, Ms. Kochhar?

Dr. Kanwal Kochhar: That's correct. There are 10 inspections from each establishment. In this case, three establishments will be approved, so at least 30 shipments will go through full inspection.

Mr. Ryan Turnbull: Thank you very much.

The Vice-Chair (Mr. John Barlow): Thank you, Mr. Turnbull.

Now we go to Mr. Perron for six minutes, please.

[Translation]

Mr. Yves Perron: Thank you, Mr. Chair.

I would like to thank the witnesses for making themselves available for us today.

I have a lot of things to address in a short time, and I would like you to give me brief answers, if you are able to.

I would like to begin with you, Mr. Rosser.

In the last round of questions, you said you estimated the damage caused to supply-managed sectors to be negligible. Of course, we are talking about damage caused so far. It is important that committee members understand that, since import authorizations are currently being validated. In fact, that is the reason why we are doing this study.

There are fears that there will be a major impact on supply-managed sectors. Other witnesses have said they were monitoring the situation very closely and they were going to take the industry into account in responding. I was happy to hear, in your opening remarks, that you have been in contact with industry people.

What will the reaction time be if it is found that large quantities of goods from Ukraine are getting ready to enter Canada?

Mr. Tom Rosser: I'm going to try to answer as briefly as possible.

As I said earlier, there is a bit of uncertainty about the exact volume of goods that might enter Canada. Given the logistical difficulties attributable to distance and other factors, I am assuming that the volume of goods will not be very large as compared to the size of the market. However, we are going to continue following the situation closely and talking to the stakeholders...

• (1715)

Mr. Yves Perron: I'm sorry to cut you off, Mr. Rosser, but time is limited.

You say you are not expecting a large volume. However, if a substantial volume of goods were to enter Canada, what would your reaction time be to make adjustments and talk to industry people? You stressed the three pillars of supply management, which include management of domestic production. If too many goods entered Canada, it wouldn't work.

Would you be prepared to respond quickly, taking the industry into consideration?

Mr. Tom Rosser: As my colleague Ms. Donohue said earlier, we are discussing the creation of a system with the Ukrainians that would let them know whether their exports to Canada are authorized and, if so, give them information about it. We have also discussed it with the industry. That would enable us to know what volume of imports to expect in fact.

Mr. Yves Perron: Thank you.

I would like to address the representatives of the Canadian Food Inspection Agency.

Is it usual for an audit that was done in 2019 to not yet be approved to allow imports three years later, in 2022?

Is it always like that?

Is that audit still valid, three years later?

From what I understood from your answers to the earlier questions from my colleagues, there have been no new inspections in the field. You are really relying on the word of the people over there.

Have they given you reports, analyses and audits from the field?

Are you satisfied that the people in Ukraine have the necessary resources at this moment?

Let's be clear. Everyone wants to help the Ukrainians. We need to do it properly without hurting ourselves. We have concerns about bird flu. We know there are numerous cases in Poland, for example, and in several neighbouring countries, and yet there are none in Ukraine, a country being bombed that often has no electricity or water in some of the big cities. It is to be expected that people here will wonder about the Ukrainians' ability to access disinfectants, for example, and about whether there are enough veterinarians.

Do we have any data on that? My question is very broad, but I appreciate your reassuring us.

Ms. Kathleen Donohue: Good afternoon.

Thank you for your question.

In terms of the timing, I would say that it is not outside the norms, given the complexity of the audit system. I'm referring to the fact that we do an audit relating to both public health and animal health. In this area, it is not necessarily a lengthy audit, given that there was also the pandemic during that period.

Mr. Yves Perron: Are you sure that people in Ukraine have access to essential basics like disinfectants and so on?

I want to stress the importance of inspections, if I may. You talked about taking ten samples. That may be sufficient for you, but we also understand people here. For several years, we have been talking with our primary trading partner, the United States, about offering a DNA test that is very simple to set up, and yet it has still not been done.

I understand that people would be concerned about the inspection that is done on things entering Canada from a country that has been destabilized and is at war.

Ms. Kathleen Donohue: Thank you for your question.

As I said, the Agency met with the Ukrainian representatives on October 18 to address this subject, in order to obtain assurances concerning food safety and animal health controls in Ukraine. The Ukrainian officials assured the Agency that the standards and controls relating to food safety and animal health are at the same level as at the time of the audit. They also assured us that Ukraine inspects and certifies exports in accordance with the conditions of the certificate. As well, they confirmed everything in a letter sent to the Agency after our meeting.

Mr. Yves Perron: Thank you.

Mr. John Barlow: Thank you.

[English]

We'll go to Mr. Cannings for six minutes, please.

Mr. Richard Cannings: Thank you to the witnesses for being here.

I'm going to start with Mr. Rosser, or whomever has some of this information. I want to get clarification on something.

I get the impression that there were no poultry exports from Ukraine to Canada before the remission order. Is it correct that there's no history of any?

• (1720)

Mr. Tom Rosser: I can confirm that's correct. Yes.

Mr. Richard Cannings: What does the Canada-Ukraine Free Trade Agreement say about poultry and other supply-managed products? Is there any language there at all, or is it that they are just not allowed?

Mr. Tom Rosser: Mr. Chair, I will turn to my colleague Marie-Noëlle to see if she can briefly elaborate on that. As I think it was described in earlier testimony, the agreement covers a large range of goods, but it does not provide market access for supply-managed goods.

That's my understanding, but perhaps Marie-Noëlle can confirm it.

Ms. Marie-Noëlle Desrochers: Good evening.

From a tariff perspective, Canadians could import chicken from Ukraine within the volumes that are set in our WTO tariff rate quotas. However, for sanitary reasons and due to the lack of a certificate, there are no precedents of imports of chicken from Ukraine.

Mr. Richard Cannings: Thanks.

Now I'll go to Ms. Donohue about the 2019 audit that was done.

I want to make sure there were audits done of poultry production sites. I was curious, because I thought there was no export-import action going on, so I was wondering why audits would be done there. I'm getting the impression they were done in 2019.

Ms. Kathleen Donohue: Subsequently, after the coming into effect of the Canada-Ukraine FTA, the agency received a request for access for chicken and chicken products. With that, we sent an audit team to look at three establishments in Ukraine. This audit was conducted in 2019.

As it was noted, in the subsequent intervening time, we met with Ukrainian officials this fall to see assurances they had the capacity and the controls in place that we saw and witnessed back in 2019. We received those assurances from officials. We received, in addition, these assurances in writing subsequent to our meeting.

Mr. Richard Cannings: Thank you.

I had a lot of questions—but Monsieur Perron asked a lot of them—about how confident we are, considering the state of affairs in Ukraine now. How can we be confident in the state of those production facilities and, in particular, the avian influenza situation?

I'm a bird ecologist by training. I know that birds fly. If we have reports coming in from around Ukraine and from Poland regularly.... I'm a bit skeptical. A lack of reporting might say more to what Ukraine is capable of doing, given the horrific situation they're in.

I'll go back to Mr. Rosser, because I tried to ask this of a previous panel and they said to ask you. It is more about the volume of poultry product that would have to come into Canada before it would impact our supply management system. I think you partly answered that by saying there is such a small amount that's expected.

How much would have to come in before that system would be impacted and before there would be, for instance, a change in price to consumers or producers? How would that price system change?

Mr. Tom Rosser: Mr. Chair, I'd say, as I described earlier, we haven't done a formal analysis of this, in part because it's very hard to estimate what the next few months will bring. That said, we have looked carefully at the volumes of production and the volumes of exports from Ukraine, and have considered what the scenarios are. As we described previously, we think it improbable that the volumes of a product that are likely to arrive will be material to the operation of the supply-managed system.

That said, given the uncertainty, we'll continue to monitor the situation very carefully and remain actively engaged with sector stakeholders.

• (1725)

Mr. Richard Cannings: Okay.

Very quickly, does anybody want to comment on the possibility, if we think about renewing this agreement, of whether we could carve out supply-managed goods? I ask because there doesn't seem to be any market for that.

Hearing none—

The Vice-Chair (Mr. John Barlow): We'll move on.

Mr. Tom Rosser: Our analysis, to date, has been based on the assumption that this situation will last until June 7. Our work is proceeding on that basis.

Mr. Richard Cannings: Thank you.

The Vice-Chair (Mr. John Barlow): Thanks, Mr. Rosser.

It's now the final round. Mr. Lehoux has five minutes.

[Translation]

Mr. Richard Lehoux: Thank you, Mr. Chair.

I would like to thank the witnesses for being with us this afternoon.

My first question is for one of the representatives of the Department of Agriculture and Agri-food.

Mr. Rosser, why would Canada authorize the importation of poultry products from Ukraine?

Regarding that question, I will repeat: I want to help Ukraine, but I don't want us to be robbing Peter to pay Paul, or vice versa.

Why are the Americans not accepting Ukrainian poultry products when Canada would accept them? What is the reason?

Mr. Tom Rosser: Thank you for your question.

I can't say why the United States decided as it did. As I said earlier, Canada is not the only country that has improved access to its markets for poultry and other goods in order to help Ukraine; the United Kingdom and the European Union have done the same thing.

Mr. Richard Lehoux: Thank you, Mr. Rosser.

Along the same line, given all the problems associated with bird flu, something that was in fact raised by my colleagues earlier, what would the risk be if the importation of raw poultry were authorized? Why not import only cooked products, and not raw products? We know that if products are frozen, if they are cooked, there is less risk. Why not limit the exports to cooked products?

Mr. Tom Rosser: With respect to animal health, I don't know whether my colleagues at the Canadian Food Inspection Agency can answer your question. I think they are in a better position than I am to answer you.

Mr. Richard Lehoux: If the representatives of the Agency can answer my question, I will ask them to reserve their answer, because I want to ask them another question quickly.

Initially, you said that the first ten cargoes from three different companies were audited in order to obtain authorization to export to Canada. However, for the future, in terms of the various inspections done by the Agency, is it like in the past, when one cargo in ten was audited? Is that still the case?

Ms. Kathleen Donohue: Thank you for your question.

Yes, that is the usual process. After the ten inspections, between one and ten cargoes would be audited.

Mr. Richard Lehoux: With respect to my first question, why not authorize imports of only cooked products?

Ms. Kathleen Donohue: I just want to say that all food sold in Canada, whether frozen or cooked, has to comply with federal regulations in Canada. The three Ukrainian poultry establishments have met those requirements.

Mr. Richard Lehoux: Thank you, Ms. Donohue.

I will now let my colleague John Nater have the floor.

[English]

Mr. John Nater: Mr. Rosser, did the Department of Agriculture and Agri-Food recommend to Finance Canada that supply management be included in the remission order?

Mr. Tom Rosser: We certainly have ongoing dialogue with the Department of Finance. I don't recall our providing advice on that matter, no.

Mr. John Nater: Would you suggest that it should be in there?

Mr. Tom Rosser: I only heard a portion of the earlier testimony from the Department of Finance, when they described the process that ultimately led to their minister making a recommendation. As I said, we certainly have ongoing dialogue with Finance on matters related to agriculture.

• (1730)

Mr. John Nater: Thanks for that.

I offer the observation that it's a great time for us to reaffirm our support for supply management. Hopefully, the department and minister will do that, in this case.

My question is for CFIA and Ms. Donohue.

Do you have certainty that there are no cases of avian influenza in Ukraine? You mentioned that there haven't been any cases reported, but do you have assurances there haven't been any in the last year?

Ms. Kathleen Donohue: As noted previously, we have no evidence that there are cases of AI. Ukrainian officials have not reported anything to the WOA, or to other trading partners, as they are obliged to. We have no evidence.

Mr. John Nater: On a risk-based approach, are you comfortable with that?

Ms. Kathleen Donohue: Yes, we are comfortable with that.

Mr. John Nater: You mentioned earlier that there were sanitation concerns, and you were provided assurances by your Ukrainian officials that they had addressed certain issues.

Would you accept the same assurances from a Canadian processor without physically inspecting the facility?

Ms. Kathleen Donohue: We saw those initial assurances. In fact, after meeting with our industry, they outlined a number of areas of concern, and we then met again with Ukrainian officials to seek their assurances, and, as I said, we also received those assurances in writing.

As my colleague Dr. Kanwal Kochhar has mentioned, too, upon receipt of any imports from these establishments, they undergo 10 full inspections, so based on that, we're comfortable.

The Vice-Chair (Mr. John Barlow): Thank you, Ms. Donohue.

Now we'll go to Ms. Valdez for five minutes, please.

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): Thank you to the witnesses for joining.

Ms. Donohue, your opening reminded me of the time when I had to complete my food safety handler certificate and how important food safety is to Canadians.

You explain in your opening the process at a really high level to ensure that food or supply-managed products imported from Ukraine would comply with Canada's food safety guidelines, but can you clarify what the checks and balances would be for poultry that's imported to Canada from Ukraine, the pre-entry to Canada and then upon entry to Canada before it gets distributed?

Dr. Kanwal Kochhar: As Kathleen mentioned in her opening remarks, CFIA has audited the three establishments that will be approved to export to Canada. We have negotiated the official meat

inspection certificate of Ukraine, and every shipment from Ukraine to Canada will need to be certified as per the certificate conditions, which include Public Health attestations as per the last animal health attestations. On arrival at the border, CFIA will conduct full inspections of those certificates.

I also want to highlight that, under the safe food for Canadians regulations, the importers must have a safe food for Canadians licence prior to import, and they need to have preventative control plans that include traceability. If there is any issue of food safety, CFIA can recall the product, and if at any time during the inspection at the border or after, there is an issue noted of non-compliance, CFIA does take action, which includes recalls, or it could mean returning the product or even suspension of the foreign establishments, dependent on the outcome of the inspection.

We have controls prior to import, at import as well as post-import.

Mrs. Rechie Valdez: Thank you.

Mr. Band, can you explain what CBSA's monitoring or tracking process is when receiving imports from Ukraine?

Mr. Doug Band: Mr. Chairman, we have the ability to monitor all of the imports that come to Canada at the individual firm level. Importers are required, as always, to provide true and accurate declarations with supporting information. Origin on all things coming from Ukraine as well as other countries is one of the core requirements. We have [*Technical difficulty—Editor*] clear understanding of what's coming into the country and has been released into commerce, and we provide that information to Finance Canada and others, including Statistics Canada for their reporting purposes.

• (1735)

Mrs. Rechie Valdez: Thank you.

How long are the records kept?

Mr. Doug Band: They would be under the Government of Canada broader rules around information management. We typically produce them on a monthly basis, but they would be subject to the rules of the retention of public records. Six years, I believe, is what it is.

Mrs. Rechie Valdez: Thank you.

In your opinion, are there any challenges with the process, or is there anything preventing more trade from Ukraine?

Mr. Doug Band: I would say that we're pretty comfortable with our ability to provide information, in this case to Finance Canada, and for sharing with other departments to assist them in the kind of analysis and understanding of what the current impacts look like in the marketplace.

It's fairly raw data, but, as you saw with the ice cream shipment—that's our data that was used to understand the current impact—it is sufficiently robust to understand what has come into Canada from Ukraine.

Mrs. Rechie Valdez: Thank you.

Mr. Rosser, can you explain what you've observed since putting in place this Ukrainian goods remission order, in terms of the benefits to Ukraine, given that the war is continuing?

Mr. Tom Rosser: When it comes to supply-managed goods, the imports to date have been pretty minimal. It does create additional opportunities and additional market access, which may be of some economic benefit to the country.

Like I said, to date, the imports, at least of supply-managed goods, have been very small in volume.

Mrs. Rechie Valdez: Thank you.

The Vice-Chair (Mr. John Barlow): Thanks, Mrs. Valdez.

Thanks to our witnesses. We are past the time, but I just have one quick question for Ms. Desrochers.

I want to pick up on what you said during your answer. You had mentioned that although our trade agreement with Ukraine does allow imports on supply management, there haven't been any to date. One reason was that there is a sanitary concern with Ukraine, so no certificate was provided previously.

Is that no longer a concern then? Has the sanitation issue been addressed, which would pave the road to now sign an export certificate for Ukrainian poultry?

Maybe you can say what that sanitary concern was previously and whether it been addressed.

Ms. Marie-Noëlle Desrochers: The absence of a sanitary certificate is not relevant to any specific concern. There is a process to make that happen. Our colleagues from the Canadian Food Inspection Agency can run through that process.

Dr. Kanwal Kochhar: Thank you, Marie-Noëlle.

I think Marie-Noëlle was indicating that there was no official meat inspection certificate negotiated with Ukraine.

Kathleen outlined the process in her opening remarks. We did go through several steps, including an audit of the establishment, negotiation of the import conditions and approval of the official meat inspection certificate, which gives us the assurance that Ukraine has the ability to issue a certificate, as per Canada's import requirements.

The Vice-Chair (Mr. John Barlow): Thank you very much.

Thanks to my colleagues for great questions and to our witnesses for staying a little bit extra. I appreciate the clarifying information that you've provided with us this evening.

With that, I will look for a motion to adjourn.

We are adjourned.

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