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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Thursday, March 9, 2023

• (1530)

[English]

**The Vice-Chair (Mr. Kyle Seeback (Dufferin—Caledon, CPC)):** I call this meeting to order.

Welcome to meeting number 52 of the Standing Committee on International Trade.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of June 23, 2022. Therefore, members are attending in person in the room and remotely using the Zoom application. I'd like to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. When speaking, please speak slowly and clearly. If you are participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. With regard to interpretation, those on Zoom have the choice at the bottom of their screen of "floor", "English" or "French". Those in the room can use the earpiece and select the desired channel.

I remind you that all comments should be addressed through the chair. Members in the room who wish to speak can raise their hand. Members on Zoom can use the "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Please also note that, during the meeting, it is not permitted to take pictures in the room or screenshots on Zoom.

In accordance with the committee's routine motion concerning technical tests for witnesses, I am informing the committee that all witnesses have completed the required tests.

Pursuant to the order of reference of Wednesday, February 8, 2023, the committee is resuming its study of Bill C-282, an act to amend the Department of Foreign Affairs, Trade and Development Act, regarding supply management.

We have a number of witnesses with us today: Daniel Turp, emeritus professor, Université de Montréal, as an individual; Dan Darling, president, and Greg Northey, vice-president, Canadian Agri-Food Trade Alliance; Nathan Phinney, president, and Dennis Laycraft, executive vice-president, Canadian Cattle Association; Pierre Lampron, president, and David Wiens, vice-president, Dairy Farmers of Canada; Daniel Gobeil, president, Les Producteurs de lait du Québec, by video conference; and Jan Slomp, National Farmers Union, by video conference.

Welcome, all. We're going to start with opening remarks, and then proceed with the first round of questions.

Mr. Turp, I invite you to make an opening statement of up to five minutes.

That will be followed by Mr. Darling, Mr. Phinney, Mr. Lampron, Mr. Wiens, Mr. Gobeil and Mr. Slomp, all for five minutes. If you can't keep track of that, I'm happy to reorient you as to who is speaking next.

Mr. Turp, I invite you to go forward.

[Translation]

**Mr. Daniel Turp (Emeritus Professor, Université de Montréal, As an Individual):** Thank you, Mr. Chair.

Greetings to your fellow parliamentarians and to the clerk of the Standing Committee on International Trade.

I would like to express my pleasure at being back in the House of Commons, virtually. Like you, I have had the privilege of sitting in the House of Commons, as I was the member for Beauharnois-Salaberry during the 36th Parliament, from 1997 to 2000. Today, I am responding to your invitation to appear before you to present my comments on Bill C-282.

It is a very simple bill. As you've seen, there's a section that would add subsection 2.1 to section 10 of the Department of Foreign Affairs, Trade and Development Act. This subsection would essentially ensure that the Minister of Foreign Affairs could no longer engage in negotiations on Canada's supply management system or challenge it through negotiations.

I will make three points. A few hours ago, I submitted a written document to the clerk of the committee. I hope that you will be able to read this document.

My first comment concerns the advisability of improving the act by passing Bill C-282. In this regard, you will note that I have mentioned in my paper and in my notes the existence of a broad consensus on the need to protect supply management. This consensus is reflected in unanimous House of Commons motions, including the one of November 22, 2005, which was adopted almost 20 years ago in the context of negotiations at the World Trade Organization. In 2018, there were similar motions in the Trans-Pacific Partnership negotiations.

There are also statements from the Minister of Agriculture and Prime Minister Justin Trudeau, who reminded us that Canada's supply-managed sectors are pillars of rural areas. He added that his government had made a public commitment not to make further concessions in future trade agreements. The Conservatives, through their current leader, have also said that they support supply management. The New Democratic Party also did so in the discussions surrounding Bill C-216, which preceded Bill C-282, but was the same in content. The only party that is opposed to protecting the supply management system is the People's Party of Canada, and it has no members in the House of Commons.

So I say, very humbly, that there is a very broad consensus on this issue. Given that broad consensus, I believe that Bill C-282 should pass and that Parliament should tell the government that it can no longer question the supply management system during negotiations.

This would also send a clear message to trading partners that they can no longer expect the government to make concessions on this system, and it would protect a number of farmers who are calling for the protection of this system and its continuation.

With respect to the legality of the bill, as I mentioned in my written notes, I agree with my colleague from Laval University, Patrick Taillon, who presented his views to this committee when Bill C-216 was reviewed. I understand that you have a brief from him in which he comments on this issue. He says very clearly that this amendment to the act would be legal and would not pose a constitutional problem. In effect, a law could change the royal prerogative and limit the powers of the Minister of Foreign Affairs when negotiating international trade treaties that could allow concessions where there should not be any.

I will close, Mr. Chair, by suggesting that Parliament should play a much greater role when it comes to international treaties.

• (1535)

It should be given the ability to limit the powers of the minister, as the member who introduced this bill would like. Parliament should be able to approve international trade treaties, because they are important.

• (1540)

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Monsieur Turp, you are over your time. If you want to quickly finish your thought, I can give you a couple of seconds.

[Translation]

**Mr. Daniel Turp:** I will therefore conclude my remarks, Mr. Chair.

I would remind you that the Quebec National Assembly can approve treaties relating to international trade.

I thank you for your attention and I am prepared to answer your questions.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Mr. Darling, please proceed. I am going to give everyone a one-minute finger, while you're

looking, so you know when you might want to try to wrap things up.

Mr. Darling, go ahead.

**Mr. Dan Darling (President, Canadian Agri-Food Trade Alliance):** Thank you, Mr. Chair.

Members of the committee, thank you for the opportunity to present to you today. My name is Dan Darling, and I am the president of the Canadian Agri-Food Trade Alliance. I'm also a beef producer and grain farmer here in Ontario.

CAFTA is the voice of Canadian agri-food exporters, advocating for a more open and fair international trading environment for agriculture and agri-food. Today, I am here to convey to parliamentarians in the strongest terms possible that Bill C-282 should not be supported, given its negative consequences for the Canadian economy and our hard-won reputation as one of the great trading nations of the world.

This position is grounded in decades of Canada's experience in leading the way in negotiating various trade agreements whether multilaterally, regionally or bilaterally. We represent 90% of farmers who depend on trade as well as producers, food processors and agri-food exporters who want to grow the economy through better access to foreign markets.

Our members include producers of beef, pork, grain, cereals, oilseeds, pulses, soybeans and canola as well as the sugar and processed-food industries. Collectively we account for over 90% of Canada's agri-food exports and support about one million jobs in urban and rural communities across Canada. A significant portion of these sales and jobs would not exist without competitive access to the world market.

Free and open trade is essential to our prosperity. Canada is a trade-dependent country. International trade accounts for nearly two-thirds of our national economy and supports more than one out of every six jobs.

Bill C-282 threatens Canada's ability to secure and negotiate the best trade agreements to support our long-term economic success. The committee has been told that Bill C-282 will not affect Canada's major trade deals because they are essentially all complete. Nothing could be further from the truth. We are negotiating a massive deal with the United Kingdom, our largest trading partner in Europe right now. Agricultural negotiations at the WTO remain ongoing, and provisions to CUSMA state explicitly that it can be reopened and renegotiated at a moment's notice.

My point is that this is no time to be making it more difficult for our negotiators to do their jobs. Flexibility and balance are key components to successful trade negotiations, and this bill takes away these critical ingredients.

Canada has successfully concluded many of its most beneficial and meaningful trade negotiations, including CETA, CPTPP and CUSMA, through compromise and flexibility. Simply put, these trade negotiations would not have happened if Canada was not prepared to discuss everything at the table with a broader national economic interest in mind. This legislation weakens our negotiation position from the outset and increases the leverage of other trading nations against Canada by making it impossible for partners to even contemplate a win, big or small, in these sectors.

Bill C-282 reduces our opportunity to participate and gain market access in various bilateral and multilateral negotiations. Ultimately, this bill will put us on a collision course with the United States and other major trading partners, especially when it's time to renew, extend or modernize existing trade agreements. Trade disruptions would be catastrophic for Canada. The food manufacturing sector is bigger than the automotive and aerospace sectors combined.

Further Bill C-282 sets a new dangerous precedent, inviting our trading partners to adopt similar legislation and closing market opportunities for everyone involved. Canada has worked tirelessly to promote open and rules-based trade for agri-food and bilateral discussions, as well as through the Ottawa Group and international organizations such as the G7, G20, the WTO and the forum for Asia-Pacific Economic Cooperation. This legislation directly contradicts Canada's leadership at international fora like the WTO, where Canada opposes protectionism and supports rules-based trade systems.

A key part of Canada's economic growth will be trade diversification into other regions of the world where we don't have major trade agreements, such as the Indo-Pacific and Africa. While the government's Indo-Pacific strategy is a step forward in trade diversification, Bill C-282 is a step backwards.

• (1545)

To summarize, Bill C-282 threatens existing and future trade deals, erodes stability and predictability in trade, and jeopardizes the very foundation of Canada's economic growth: free and open trade.

Make no mistake. Agriculture will not be the only industry affected by this bill. Key sectors such as energy, manufacturing—

**The Vice-Chair (Mr. Kyle Seeback):** Mr. Darling, I gave you an extra 25 or 30 seconds, but I'm going to have to move on now.

Mr. Phinney, please go ahead with your five minutes.

**Mr. Nathan Phinney (President, Canadian Cattle Association):** Thank you, Mr. Chair.

Good afternoon. My name is Nathan Phinney. I'm a beef farmer from New Brunswick and president of the Canadian Cattle Association. With me today is Dennis Laycraft, executive vice-president of CCA.

We appreciate the opportunity from the committee to provide input on Bill C-282 from the perspective of the Canadian beef industry. Specifically, we will address our concerns regarding the detrimental and unprecedented nature the bill presents for future trade negotiations.

CCA represents nearly 60,000 beef producers from coast to coast. The beef industry is a significant driver of our economy, as Canada's second-largest single source of farm income, contributing \$21.8 billion to our country's gross domestic product and supporting nearly 350,000 full-time equivalent jobs.

We, Canadian beef producers, pride ourselves on creating a high-quality, nutritious and sustainable protein that is less than half of the world's greenhouse gas emissions intensity per pound of beef. Simply put, we are producing food, benefiting the economy and at the same time protecting and conserving environments across Canada.

Free and open trade is key to the beef industry's success in Canada, with 50% of Canadian beef being exported around the globe. In being in an export industry, CCA has always emphasized the need for strong trade rules and principles in facilitating global trade.

Today we will outline some important considerations both specific to Canada's beef producers and the broad interests of the Canadian economy. We encourage the committee and all parliamentarians to consider these comments before moving forward with this bill unamended.

Increased market access has been essential to our sustainability as an industry. Beef producers earn approximately an additional \$1,500 per animal because of our ability to sell on international markets. For our industry to continue to grow and diversify our exports, we will need the improved market access that comes through trade negotiations.

Closing future market opportunities is closing our economic growth as an industry. Allow us to demonstrate how impactful trade negotiations have become for economic success in an export-driven sector.

First, since the start of the CPTPP in 2017 and the removal of tariffs that followed, Canada's beef exports increased 192% to Japan. In 2022 we exported \$500 million to Japan in beef and beef products. Additionally, when NAFTA was adopted, the Canadian beef industry saw an increase in value of exports of 650% from 1994-2022. Without these high-value agreements, we would not be exporting \$6 billion a year.

If Bill C-282 moves forward, Canada will be at a disadvantage before negotiations even begin. Bill C-282 will tie the hands of our trade negotiators and severely constrain the Government of Canada's ability to negotiate and renegotiate the best deals for all of Canada. We understand, from previous trade officials' testimony under the bill's previous iteration as Bill C-216, that their ability to negotiate would be limited and that our trading partners would also limit their offers to Canada.

Canada's most beneficial and progressive trade deals, like CPTPP and CUSMA, have been achieved through flexibility and compromise. Our negotiators have balanced the need for ambitious outcomes while protecting Canada's interests. Bill C-282 takes away this needed flexibility to secure ambitious trade deals. In an already tense trading environment with protectionism on the rise, it is counterintuitive for Canada to add more barriers to trade. Bill C-282 sets a dangerous precedent that certain industries and sectors would have their trade interests protected through legislation. Further, this bill could see a domino effect around the globe for further protectionist actions from our trading partners. This risk is not worth the economic impact to Canada's economic sector, which relies on trade, and the broader interests of Canadians.

Market access losses will be counterproductive to Canada's wider economic interests. While many other countries have trade-sensitive sectors, we understand that no other country has chosen to legislate the work of trade negotiators. Bill C-282 is unprecedented in terms of global trade principles. Trade is essential for Canada and the world's food security. Closing ourselves to future trade is closing access to food for Canadians and the countries that depend on food exports.

Open and free trade allows access to food at lower costs. Canadian cattle producers provide some of the most sustainable beef to the world at a time when we're globally discussing climate change, sustainability and food security. The world needs more beef from Canada, not less.

To conclude, I want to emphasize that the growth of the Canadian beef industry will depend on international trade. Hindering trade is hindering our ability, as an industry, to grow. We strongly encourage members of Parliament to oppose Bill C-282 as currently written in order to allow Canada to preserve its robust ability to negotiate comprehensive trade agreements that help secure Canada's long-term economic success with the national interests of Canadian consumers in mind.

• (1550)

CCA appreciates the opportunity to provide input on Bill C-282 and would be pleased to provide any further information that the committee may seek.

Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much.

Monsieur Lampron and Mr. Wiens, please go ahead. You have five minutes. I will give you the one-minute warning as well.

**Mr. Pierre Lampron (President, Dairy Farmers of Canada):** Mr. Chair and honourable committee members, thank you for the invitation to address the committee today.

My name is Pierre Lampron. In addition to being a dairy farmer myself, I am the president of Dairy Farmers of Canada.

[*Translation*]

Joining me for this presentation is our vice-president, Mr. David Wiens. We welcome this opportunity to express the strong support of Canada's 10,000 dairy farmers for Bill C-282.

If passed, this legislation will ensure that supply management will no longer be on the table in current or future trade negotiations, thereby strengthening the Canadian dairy sector. It will give us greater predictability and stability to invest and plan for the future. It will also allow us to continue to play the vital role we need to play for the benefit of Canadian families.

The past few years have been challenging for all Canadians. In addition to a global pandemic and the resulting high inflation, there was the war in Ukraine and unreliable global supply chains because they were weakened.

Dairy farmers have also faced these significant challenges and have done their utmost to adapt. However, we have also faced an additional challenge: the impact of market access concessions granted under three successive trade agreements: the Canada-European Union Comprehensive Economic and Trade Agreement, or CETA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, and the Canada-United States-Mexico Agreement, or CUSMA.

Dairy farmers in Canada estimate that the combined market access afforded by these agreements equates to an average annual loss of revenue of \$450 million for dairy farmers.

I will now turn the floor over to Mr. Wiens.

[*English*]

**Mr. David Wiens (Vice-President, Dairy Farmers of Canada):** Thank you.

I'd like to point out that Bill C-282 comes at an inflection point for the country. Since the pandemic, Canadians have come to understand in very concrete terms what it means to be vulnerable to unreliable foreign suppliers. Canada's unique system of supply management was designed to put the needs of Canadians first. It ensures that Canadian families have secure and stable access to dairy, eggs and poultry products. For dairy farmers, it also means producing nutritious, sustainably produced, high-quality milk under some of the world's most stringent standards and practices for food safety and animal care.

This unique Canadian framework is weakened any time that dairy, poultry and egg market access concessions are negotiated and granted as part of international trade agreements. This results in replacing Canadian-made products with imported products on our store shelves. It significantly impacts our producers' ability to plan and make needed investments for the future of their farms, such as for our commitment to reaching net-zero emissions on Canadian dairy farms by 2050.

[*Translation*]

**Mr. Pierre Lampron:** Dairy farmers recognize that some sectors are highly dependent on the export market, but Canadian trade policy must also ensure that the needs of all sectors are balanced.

A truly Canadian model must ensure the success and long-term viability of all sectors, without pitting some sectors against others.

The compensation for dairy farmers and the investments in dairy processing announced in the 2022 fall economic statement will help our sector make the transition that will be required as these agreements are implemented.

Granting repeated market access concessions, followed each time by compensation, is not a model that will support the long-term success of our industry, nor would it work in any other sector of the Canadian economy.

Canada's dairy, poultry and egg producers have paid their dues.

Bill C-282 would protect the sustainability and viability of Canadian farms under supply management by preventing the granting of further market access concessions under current or future trade agreements.

Parliamentarians sent a very strong signal in the second reading vote. They can send an even stronger message by quickly passing the bill and putting dairy protection into law.

Thank you, Mr. Chair.

• (1555)

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much.

So far, you win best in class.

**Voices:** Oh, oh!

**The Vice-Chair (Mr. Kyle Seeback):** You were exactly five minutes.

Monsieur Gobeil, please proceed with your opening statement of five minutes.

[*Translation*]

**Mr. Daniel Gobeil (President, Les Producteurs de lait du Québec):** Good afternoon, members of the committee.

My name is Daniel Gobeil, president of the Producteurs de lait du Québec and a dairy farmer in La Baie, Saguenay—Lac-Saint-Jean.

It is clear to me and to the 4,500 dairy producers in Quebec, spread over 14 beautiful regions, that the adoption of Bill C-282 is

essential to the survival and predictability of dairy farms in Quebec and in Canada.

My predecessors talked about concessions. They mentioned these various agreements: the CETA, the CPTPP and the CUSMA. These agreements include concessions that have resulted in a market loss of 8.4%. In addition to this figure, there are tariff quotas already imposed by the World Trade Organization, the WTO. Today, 18% of the Canadian market is occupied by products supplied by other countries.

The supply management model dates back to 1971. It is not a business model, it is an agricultural policy that Canada has maintained over the years. All countries have agricultural policies and more fragile sectors, which they want to protect when they sit at the negotiating table. The European Union's Common Agricultural Policy, or CAP, is one example. The large subsidies associated with the U.S. Farm Bill are another.

During negotiations, each sector works to protect certain policies. In our case, however, it is always the same thing at every negotiation: the dairy sector is sacrificed at the last minute. It is very important to protect the supply management sector, i.e., milk, eggs and poultry produced throughout Canada. Supply management ensures profitability and balance on the farm, while meeting Canadian demand.

This model allows Canadian producers to offer a quality product that fills grocery store shelves. We have seen this in recent events following the pandemic and supply chain breakdowns. It is very important that our food and our health are supported by quality local products. It is important to protect those sectors that want to provide those products to Canadians.

By protecting the supply management system, Canada has, over the years, been able to negotiate trade agreements with many countries. In terms of trade, we have access to over two thirds of the world's population. It is not the supply management sector that has been detrimental to these agreements.

We hear comments from some players. We sincerely believe that it is possible to protect interesting market sectors and production methods such as supply management in Canada, while developing export markets for certain products for which there is a global demand. As we have proven in previous agreements, in Canada, we are able to do this.

We are really counting on the support of all political parties for Bill C-282. That is what we have seen. The last few weeks have shown us that there is real support from all four major parties, and especially from their leaders, to protect jobs across Canada.

I thank you for listening and for giving me the opportunity to speak to you. I am available to answer your questions.

• (1600)

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** That was under time, so that's now best in class.

Mr. Slomp, I invite you to make your opening statement of up to five minutes.

**Mr. Jan Slomp (Farmer, National Farmers Union):** Thank you.

I speak in support of the bill.

I am originally from the Netherlands as a dairy farmer. I have been living in Canada for the last 35 years as a dairy farmer and beef producer.

It is timely to have a bill like this. We are now in three or four decades of international policies focusing on trade agreements. Those were important years and probably important agreements, but in the meantime, our system has deteriorated. We are now losing 18% of our domestic market, as we heard the previous speaker say.

It is time that we have a close look at that again. I believe the circumstances have changed. There are fallacies that have come into this notion that free trade is good for all of us.

If we look at CETA, we find new concessions for the importation of cheese. Canada has lived up to that commitment in full. In exchange for that, we had further access for beef and pork into Europe.

If we look at the actual numbers, they are not panning out very well. We do export to Europe, but even at the time of the agreement, there was way more room to export in the agreement, but we've never filled it. With our rapid commitment to allow European cheese into Canada, we have not seen any step-up of this increased importation of Canadian pork or beef by Europe.

We need to be less eager to sign trade agreements with partners if they are not eager to live up to them. I think Canada is a boy scout when it comes to positive attitudes toward more trade, but we need to be critical of that. Like I said, circumstances have changed.

I have many friends in Europe who are dairy producers. They do reasonably well. They are not aware of how much cheese comes into Canada from their production, because the European policy-makers are protecting their industry in other ways. It's time we realize that in Canada.

It is the same with friends in the U.S. who produce milk. They have mailbox cheques coming in to support their bottom line, which we don't have in Canada. We don't need them as long as we are committed to our system.

Like I said, the circumstances have changed. We now have supply problems in the economy. It looks like they are here to stay, at least for the foreseeable future. What aggravates it further is unpredictable weather with more erratic extremes. I'd like to point out what was happening in the Lower Mainland a year and a half ago. We had an atmospheric river coming from the Pacific Ocean, bringing us extraordinary amounts of water.

In the last four decades, the Lower Mainland has attracted more and more B.C. dairy and chicken quotas. There is a heavily concentrated production taking place in that area, yet this inundation of water and complete elimination of functioning farms did not disrupt supplies of products out of the supply-managed sector. It was the organization, provincial and interprovincial, that was foremost responsible for that steady supply to consumers.

We also have demographic issues. The average age of a farmer in Canada is very high, yet in supply management there is a way healthier situation. This is because of our commitment to long-term sustainability in the system.

I'd like to point out the possible greedflation that is taking place in the grocery sector. The best answer is a regulated system in which prices are transparent and visible.

• (1605)

I'd like to come to the conclusion here that we cannot allow further deterioration of the system. We need to strengthen it, and it doesn't have to be at the expense of other commodities that need more trade.

Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much.

We will begin our rounds of questioning now.

[*Translation*]

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

**Mr. Richard Martel (Chicoutimi—Le Fjord, CPC):** Thank you, Mr. Chair.

I would like to thank all the witnesses for being here today. Their testimony is very interesting.

The committee realizes that some of them are against the bill while others are in favour of it. We will certainly know more about this issue.

My first question is for Mr. Lampron.

If there were no supply management, what would be the consequences for rural Canada?

**Mr. Pierre Lampron:** It would certainly have a very significant impact.

The agricultural model that we have designed in terms of supply management ensures that everyone shares the income, as well as the expenses. So smaller farms can survive in the regions, because everybody has the same income. So this model is now applied to many farms, which may be a little smaller, but are still very efficient.

**Mr. Richard Martel:** My next question is for Mr. Gobeil, whom I know very well. He comes from my riding, a rural riding.

We always say that supply management promotes the vitality of small municipalities, particularly in rural areas.



Mr. Gobeil, what is the relevance of supply management in the Canadian economy?

**Mr. Daniel Gobeil:** Thank you very much for your question, Mr. Martel.

When we talk about collective marketing, it doesn't matter whether the producers are in L'Anse-Saint-Jean, Quebec, or in the north of western Canada, the prices are the same throughout Canada for the work done. This provides a fair price for an efficient producer. In fact, this last element is one of the principles of the Canadian Dairy Commission Act. This can be seen by looking at the increases in recent years.

In spite of this, farms across Canada have ceased operations. However, productivity has been maintained everywhere, resulting in an agricultural model.

In Quebec and Canada, we have chosen a family farm model to support our families and our communities. This small-scale production model is very well suited to consumers, and to your constituents as well, and allows us to provide a decent income for farm families in Quebec and Canada.

**Mr. Richard Martel:** I'm going to ask you one last question.

Without supply management, what would the situation be? Would there be farms in jeopardy? Would prices keep rising?

• (1610)

**Mr. Daniel Gobeil:** I don't want to be too alarmist, but we know that 10% of the world's milk production is exported. Canada and Quebec also participate.

We produce less milk than the state of Wisconsin, and I can tell you that, without supply management, dairy producers in Canada and Quebec who are far from the major markets and large urban centres would see their farm gate price drop considerably because of the long transportation distances.

This would lead to farm consolidation and bring us closer to the American model, where there are 10,000 to 15,000 cows on a single farm. In a region like yours, in Saguenay—Lac-Saint-Jean, there would be only one farm, and it would be that size.

It is clear that this would have a very significant impact. The latest agreements have shown that you can protect a certain agricultural policy, while at the same time entering into contracts and agreements that allow other sectors to export their products.

**Mr. Richard Martel:** My next question is for you, Mr. Lampron.

As of today, has the compensation promised as part of previous agreements been fully paid?

**Mr. Pierre Lampron:** Not all the compensation has been paid, but full payment has been promised. It's coming. However, as I said earlier, this is not a model we want for the long run.

We don't want to lose a market and then be compensated for it. We want to produce for the market. We have our infrastructure and we can always improve our efficiency. When there is no growth, it becomes more difficult to meet profitability goals.

**Mr. Richard Martel:** Are you sure all the compensation will be paid?

Nothing has been put in writing yet, and we don't know whether this will be in the next budget. At the end of the day, it's all talk so far.

**Mr. Pierre Lampron:** It's in the economic statement that was presented in September. I do believe it will all be paid. I'm confident about that.

**Mr. Richard Martel:** How much time do I have left?

[English]

**The Vice-Chair (Mr. Kyle Seeback):** You have 30 seconds.

[Translation]

**Mr. Richard Martel:** Okay.

My next question is rather long and since I only have 30 seconds remaining, I'll stop here.

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Could we use your time?

**Mr. Richard Martel:** You can take it; there are only 15 seconds left.

**The Vice-Chair (Mr. Kyle Seeback):** It's 10 seconds now.

**Mr. Simon-Pierre Savard-Tremblay:** Mr. Lampron, I'm going to use these 10 seconds to ask you why a small percentage more would mean the end of the system.

**Mr. Pierre Lampron:** It's like a horse—

[English]

**The Vice-Chair (Mr. Kyle Seeback):** I'm sorry. We're out of time.

Mr. Arya, please go ahead for six minutes.

**Mr. Chandra Arya (Nepean, Lib.):** In Canada, we are lucky to live in this wonderful country. We are prosperous. The prosperity of Canada comes from international trade: 60% to 65% of our GDP comes from international trade.

Many times when I meet with Canadians for various things, one of the fun things I enjoy telling them is that Canada, with its small population and tiny population of farmers, for food grains and agri-food exports, Canada is the fifth-largest in the world. That is something I'm very proud of, and I keep repeating it.

My riding is in Ottawa. Mine is a suburban bedroom community. I don't have many farms, but I'm cognizant of how much Canadian farmers and agri-food exporters contribute to Canada and how much they contribute to the prosperity that we all believe in and we all live in. I would like to thank the Canadian Agri-Food Trade Alliance members for the hard work they have been doing.

I have some questions.

Let's come back to NAFTA or the CUSMA renegotiation at a later stage.

Right now Canada is looking at Indo-Pacific countries for future growth, because that is the area where the population is growing and the economies are growing. That's where our exports will grow. One of the countries there is Indonesia, which we're also trying to have a bilateral agreement with. They have their own palm oil there.

Another country we are negotiating with currently is India. Obviously we want a free trade agreement with India, but right now the negotiations are an early or preliminary trade agreement. Again, this is a fun fact I mention to many of my audiences many times. The biggest export from Canada to one of the biggest markets in the world, one of the growing markets in the world, India, is lentils.

Now, Mr. Darling, my question is this: If this bill becomes law, as the negotiations are going on with India, with Canada being the major exporter of lentils to India—and India also exports dairy products, I think more than 400 million dollars' worth of dairy products—do you think that it is not a real possibility that the Indian trade negotiators will use this as a tool to block the market we want India to open up for our exports?

• (1615)

**Mr. Dan Darling:** Thank you for the question. It's a very good question.

That's exactly what we're concerned about and our members are concerned about. Even for countries that we're negotiating with that have no interest in supply management here in Canada, just making this law would put that on their radar. They may use other commodities we're trying to get into those countries, like lentils, as a trade bargaining chip, and we would not get as good a deal as we may have had otherwise. It's a serious concern for sure.

I might add that it's not just in agriculture. It could be steel, aluminum or forestry products.

**Mr. Chandra Arya:** Yes, we'll come to that.

Do you agree that the Asia-Pacific countries are one of the growing markets for cattle producers and for beef exports.

**Mr. Nathan Phinney:** Yes, it's a market that we are 100% hungry for. When you look at the vast size of the Indo-Pacific market and what could potentially happen there....

One thing I want to remind the committee is that our sustainability in the environment and climate change is world-leading. We have room here to grow this industry with the markets that are available. Closing this market will hinder our ability to do that.

**Mr. Chandra Arya:** The argument we heard that we have to protect our dairy industry and supply management can be used by every single sector that is not export-dependent. I am so surprised that some Canadians are arguing that we should start protectionism when our entire prosperity is dependent on our ability for international trade. I am very unpleasantly surprised by this.

Indonesia is also a growing market with a huge population.

I wanted to ask Mr. Phinney and Mr. Darling quickly, if a new president comes up in the United States and he or she ends the CUSMA agreement and wants to renegotiate, if this bill becomes

law, what do you think will happen with the negotiations with our largest trading partner?

Mr. Darling, you can go first. Mr. Phinney, you can finish.

**The Vice-Chair (Mr. Kyle Seeback):** You both have about 20 seconds.

**Mr. Dan Darling:** I don't think you even need a new president in the United States for this to happen. Just as soon as this happens, it will come to their attention. CUSMA will have to be relooked at in their minds.

We could come at the bad end of the stick. This is not good.

**The Vice-Chair (Mr. Kyle Seeback):** Give a very brief answer. We're at time. Be very quick, please.

**Mr. Nathan Phinney:** I will defer quickly to Mr. Laycraft.

**Mr. Dennis Laycraft (Executive Vice-President, Canadian Cattle Association):** First of all, thank you.

We've seen in the past, when you get into these negotiations.... We saw an unusual approach in the previous administration, when they arbitrarily started to throw tariffs around. It can become very unpredictable, but we know there will be an issue with it.

**The Vice-Chair (Mr. Kyle Seeback):** Mr. Savard-Tremblay, you have six minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair. You may be vice-chair, but today you're the chair.

I would like to say hello to all of my colleagues.

I thank all the witnesses for their evidence today.

Mr. Turp, you are an expert in international law, I believe. You have taught, you have been a professor, and you have supervised many master's theses and doctoral dissertations on these issues.

In your previous career as a member of Parliament, you worked on the making of trade deals and accountability to Parliament.

We've heard all kinds of arguments today, both for and against Bill C-282. Among the concerns that have been raised, we are told that it could undermine the way negotiations are concluded.

As an expert on the subject, do you share that concern?

• (1620)

**Mr. Daniel Turp:** No, I don't share that concern, because the supply management system, as it was pointed out, has existed since 1971. Has that really prevented Canada from being part of agreements that have benefited all industries? I think it's a little odd we now find it okay to say that this system, which in the past has not harmed Canada, could harm it now.

Why would it harm us? Because other states are telling us we need to open our markets. We didn't agree to do that before, so why would we do it now, especially when there are countries like the United States or Japan that protect some of their industries? I think this argument shows a certain lack of solidarity with our dairy producers. We must keep in mind that the system that was put in place is a unique model and a policy that should be protected.

**Mr. Simon-Pierre Savard-Tremblay:** To your knowledge, internationally, there are no written or unwritten rules that would make it bad form—or at least make things difficult—for a country looking to negotiate an agreement to have such a mandate ahead of the negotiations.

**Mr. Daniel Turp:** No. There are no rules preventing Canada, which created this system, to preserve it, which is still possible. On the contrary, there are rules that allow it. We should continue to rely on those rules to protect this system, whether at the WTO or in plurilateral or multilateral negotiations.

Also, one of the arguments that should perhaps be made is that of food sovereignty. It was clear to us during the pandemic that there were concerns about sovereignty in terms of our dependence on exports. However, we have an industry that is very well established in its environment and that should be able to continue supporting this sovereignty and provide us with goods protected by the supply management system.

**Mr. Simon-Pierre Savard-Tremblay:** We've heard several times that the system was good but the bill was not, and that tying our hands before coming to the negotiating table and showing our cards would be a bad idea.

You were saying earlier that Canada was anything but a role model when it came to transparency and consultation with its parliamentarians on the mandates we give negotiators.

As an expert, can you tell us what is happening internationally? What is happening in other countries?

We know, for example, that the United States and the European Union have measures that protect cotton and sugar. We know that the European Union holds debates in advance.

It seems to me that, in reality, they're not such bad negotiators.

**Mr. Daniel Turp:** No.

In fact, I think that Parliament, and you, parliamentarians, should demand more power in your dealings with the government when it comes to negotiations, to transparency in negotiations.

Before agreements are signed, before they are ratified, Parliament should approve them. It should also be continuously updated on the negotiations.

The benefit of the proposal in Bill C-282, in restricting the prerogative and powers of the minister to negotiate on supply management issues, is to ensure that there will be no negotiations on these issues and that there will be no concessions.

That is strong and sustainable, unless a new government wants to change that provision later. In my view, this is a very definitive way of ensuring the objective is met. I will say, as I did at the beginning of my remarks, that in this particular case of supply management, it comes down to keeping a promise.

I hear some parliamentarians saying the opposite of what their leader said today. All leaders of all parties have said they would protect the supply management system.

I think that parliamentarians and the parties should respect their respective leaders and honour their word; they should agree to pass this bill because it would ensure this system is upheld.

• (1625)

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Turp.

To conclude, I'll give the floor to Mr. Perron.

**Mr. Yves Perron (Berthier—Maskinongé, BQ):** I would like to sincerely thank all the witnesses for joining us.

First, I would like to say that the Bloc Québécois and all parliamentarians have a deep respect for all agricultural production sectors, as well as all industries.

We will always be there to help them. Everyone who opposes the bill knows that.

[*English*]

**Mr. Arif Virani (Parkdale—High Park, Lib.):** I have a point order, Mr. Chair.

Was the six-minute time allocated to the Bloc?

[*Translation*]

**Mr. Yves Perron:** No, there are 20 seconds left.

[*English*]

**Mr. Arif Virani:** I'm sorry. I didn't appreciate that you were sharing your time.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** That being said, if Mr. Virani wants to chair—

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** As he was finishing his question, he had about 20 seconds left. As of now, he has 20 seconds.

[*Translation*]

**Mr. Yves Perron:** I was saying that we have a deep respect for each of our producers and we will always be there to help you, but you know that already, because we know each other.

I still have some questions for you.

Mr. Darling, can't you envision that there might be other models?

That is actually quite obvious. There are different production models that were chosen in different ways.

Is that coexisting well so far?

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Answer very briefly.

**Mr. Dan Darling:** Agriculture, in general, is a competitive business. If I understand your question right, I compete with my neighbours all the time.

Does supply management have a bit of an upper hand on us because of their industry? Yes, but we manage that. We manage it through international trade. That allows us to get more money out of our products than we otherwise would.

**The Vice-Chair (Mr. Kyle Seeback):** Now we go to Mr. Cannings for six minutes.

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

I'm going to turn to Mr. Slomp with the National Farmers Union. It seems that your organization represents a broad part of the agriculture sector, or I assume much of it, in many ways. I think you said you have experience or do produce both dairy and beef. It's nice to have someone who can probably look at this from all angles.

You started to mention some numbers around the CETA negotiations. I'm wondering if we could dive down into those a bit. The ones I have are that, at the start of the CETA negotiations, Canada had 30,000 tonnes of tariff-free market access for beef and pork together, but it only exported 1,000 tonnes of beef and 100 tonnes of pork annually. Under CETA, the negotiators gave away 17,500 tonnes of the cheese market, which is equivalent to the entire Nova Scotia dairy market, yet we still are not exporting significantly more beef to Europe, by the numbers I have.

I'm just wondering if those things are totally unrelated. Was the cheese market given away for other negotiations? It doesn't seem like beef and pork really need any more help in Europe. I just want to get some clarity there.

**Mr. Jan Slomp:** I think the success of Canadian pork and beef sectors cannot be expected from a new trade agreement, because there is lots of room to export into Europe from both sectors. We need to have a close look in Canada at the profitability at the farm level of those sectors. They are clearly lacking.

As we have deteriorated supply management, starting with the WTO—right away, a 3.5% loss in the supply management sector—we have increased market access, but we have, at the same time, allowed the market within Canada to be open for importation. For every success that the beef and the pork sectors claim for export, we import at least the same amount, if not more. I think, from an economic perspective, we shouldn't be so gung-ho on more trade agreements if we lose internal market all the time.

It is the profitability that is lacking. I think there's only way of fixing it, and that is to focus less on trade and to focus more on profitability on the farm. That is exactly what supply management accomplishes.

Rural Canada has been in a downturn for a long time. It is only the supply management sectors in agriculture that have withstood that deterioration. Any other way of improving profitability in the farming community, I welcome, but I do know supply management is one of them.

• (1630)

**Mr. Richard Cannings:** You touched on another factor there again that differentiates the dairy market from the beef market. As you said, in the beef industry, we have about the same number of exports as we do imports, whereas in cheese, for instance, or dairy in general, we import five times more than we export. It would seem that the dairy sector is more sensitive to these agreements that allow more exports into a market that we're already fighting for domestically. Is that the case?

**Mr. Jan Slomp:** If you look at the success of CETA, you have to admit that Europe has been very successful in terms of agriculture trade. It managed to get, right away, 17,500 tonnes of cheese coming into Canada in exchange for hypothetical beef and pork exports from Canada to Europe, which has not matured at all. Who has been the smart negotiator here?

**Mr. Richard Cannings:** Okay.

Quickly, I think one of the agreements that we still have yet to complete, as I understand it, is Mercosur, with some of the South American countries. There, we have a country like Argentina, from which we import a fair amount of beef. I don't think we export too much beef to Argentina. What do you think the risks are with an agreement like that, this bill before us and the supply management system in general?

**Mr. Jan Slomp:** Is that a question for me again?

**Mr. Richard Cannings:** Yes.

**Mr. Jan Slomp:** Thank you.

Yes, I think we cannot underestimate the potential of the pampas in Argentina to produce cheap beef. Definitely, if the Mercosur agreement goes forward and we are not looking at that as a potential major impediment to our beef industry, we overlook important things. It would be terrible to—

**The Vice-Chair (Mr. Kyle Seeback):** I'm just going to have to cut you off there. We're about 30 seconds over.

**Mr. Jan Slomp:** Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** We're now going to Monsieur Martel.

[Translation]

Mr. Martel, you have five minutes.

**Mr. Richard Martel:** Thank you, Mr. Chair.

Mr. Gobeil, on November 14, 2022, in an article published on Radio-Canada's news wire for Saguenay—Lac-Saint-Jean, you said that you were happy with the compensation granted by Ottawa for the losses resulting from the signing of the Canada-U.S.-Mexico Agreement, or CUSMA. You said that this ended more than three years of negotiations with the government.

I would like to know whether those negotiations with this government actually happened. In fact, we keep hearing that the government doesn't usually negotiate.

**Mr. Daniel Gobeil:** Good afternoon, Mr. Martel.

Yes, the negotiations happened. We made many representations in the first round of negotiations for compensation, because the government was supposed to announce compensation for the three agreements in that first round. In the end, it announced an initial compensation payment for the impacts of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, and the Canada-European Union Comprehensive Economic and Trade Agreement, or CETA, and then another one to finalize the negotiations.

That said, yes, the dairy producers from Quebec and across Canada worked with the government to help announce this compensation.

**Mr. Richard Martel:** I would like to ask Mr. Lampron the same question.

• (1635)

**Mr. Pierre Lampron:** Thank you for your question.

It's important to understand that we want to turn the page, and I think the bill helps us do that. We've given up enough. Canada has signed 15 free trade agreements, and only the last three provided access to our dairy market. That means we can engage in trade without those concessions, but little by little, they crept into the last three agreements.

As Mr. Gobeil said, we are glad it's over, but we don't want it to happen again. We don't want the sector to need compensation every time a trade deal is signed. That's not the model we want. We've committed to achieving net-zero emissions and other things, but producers need stability and predictability so they can plan for the future. That's why we are glad, but we don't want any more agreements like that.

I want to be crystal clear. That's not the model supply-managed dairy farmers want.

**Mr. Richard Martel:** Mr. Gobeil, you are supposed to receive a total of \$1.7 billion in compensation, to be paid out over six years, until 2030, if I'm not mistaken. Are you certain you're going to get the money? It may have been in the economic statement, as you said, but there's nothing in writing, and we don't know whether the compensation will be in the government's budget.

Do you have a written agreement? Is it supposed to be in the upcoming budget?

**Mr. Daniel Gobeil:** Yes, we are very confident. For CUSMA, producers will receive \$1.2 billion in direct assistance, and we are certain we will get that money. As Mr. Lampron mentioned, the government made a commitment in the economic statement.

What we care about, Mr. Martel, is meeting the needs of the market and producing milk for Canadians. The compensation model doesn't work for dairy farmers or any other supply-managed producers. Every entrepreneur in Canada wants to grow their business. Some want to achieve that growth by going after export markets, but we want to grow by meeting Canadians' dairy needs.

These agreements take that ability away from us. With all these agreements being signed one after another, there has been no growth for those in the dairy sector who invested in farms, not anywhere in the country. That is why we need to stop following this model.

**Mr. Richard Martel:** Thank you, Mr. Gobeil.

Mr. Lampron, I'm curious. Did you get a commitment from the Minister of Finance that the budget would include the \$1.7 billion in compensation over six years?

Do you have an agreement on that?

**Mr. Pierre Lampron:** Your implication that we won't be getting our money is starting to stress me out. I believed we were getting it and we could move on, but your persistent questions are making me think twice.

We will look into it to make sure. In my mind, it was a sure thing. Farmers are expecting that money. I don't think the government can toy with farmers like that. It made a commitment.

We'll take a closer look, to see if there's anything we could be missing.

Thank you.

**Mr. Richard Martel:** How much time do I have left, Mr. Chair?

[English]

**The Vice-Chair (Mr. Kyle Seeback):** You have 20 seconds.

[Translation]

**Mr. Richard Martel:** Those payments are expected to start in January 2024 or at the end of 2024. It's hard to keep track. When is the department going to announce a date? There isn't much in the way of details.

**Mr. Pierre Lampron:** As Mr. Gobeil said, we received a compensation package for the first agreements, and those payments were made, as promised. We hope things will continue that way. In the first years, everything went fine.

Thank you for your concern.

**Mr. Richard Martel:** Thank you, Mr. Lampron.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Mr. Virani, you have five minutes.

[Translation]

**Mr. Arif Virani:** I'd like to thank all the witnesses for their contributions.

Welcome back to Parliament, Mr. Turp.

[English]

I'm going to start with.... Obviously, this is an important system of Canadian policy, which was created by the government of Pierre Trudeau in 1972.

I want to start with David Wiens.

If I heard you correctly, you talked about climate targets in your opening statement. When I think about food and food purchasing ideas, in my simplistic mind.... We hear about thinking globally but shopping locally—reducing the carbon impact of a product we can get locally, as opposed to one we get from somewhere around the world. It sounded to me as if you were talking about climate targets and efforts on the part of farms in Canada to get to net zero.

Can you elaborate on how protecting supply management helps with meeting climate targets?

**Mr. David Wiens:** Thank you for the question.

We set a target to be carbon-neutral by 2050. Of course, it's going to take more work to get there. We are doing very well. At this point, we have about half of the average carbon footprint of dairies around the world. We're off to a good start. This means farms across the country are going to have to continue to make changes and innovate. Of course, this cannot be done without the revenue we have now, on a per-farm basis. It's impossible.

Environmental sustainability comes with economic sustainability. Once that begins to erode, there will be things we can now do, very proactively, that we won't be able to do. That is a huge concern for us. As it begins to erode, a lot of these actions we want to take are delayed. Of course, that makes it more difficult to reach those targets.

• (1640)

**Mr. Arif Virani:** Thank you.

I want to turn to my second question. I will address it to Mr. Slomp, but I would appreciate it if Mr. Gobeil and Mr. Turp could also weigh in. I will build on this climate point.

Mr. Slomp, you mentioned the atmospheric river in B.C. last year and how extreme climate events can have devastating impacts on food security. Notwithstanding that atmospheric river, the folks in B.C. were still able to meet and provide what they were allocated. It created a stable supply chain. Mr. Gobeil mentioned this, and Mr. Turp talked about it as “food sovereignty”—this idea of national food security and food control and the ability to nourish your own people.

When we're dealing with supply chain disruptions, either from an unlawful war in Ukraine or atmospheric climate events.... Can you elaborate on how protecting supply chain management ensures predictability, in terms of the supply of food and the price of that food?

Perhaps Mr. Slomp can go first, then Mr. Gobeil and Mr. Turp.

**Mr. Jan Slomp:** The provincial marketing boards are always working on supplies to processors and, indirectly, to retailers. They have a tight-knit organization that makes sure these things are done on a daily basis. The system, very predictability, produces on the basis of needs.

We also have interprovincial relationships among those marketing boards that allow for interprovincial transportation, if needed. They back each other up. In the case of a drastic event, we have a secure system in place to guarantee a steady supply to Canadian consumers. The other sectors that are always looking for export opportunities don't have that. They totally rely on the grocer to do that for them in that process.

We have the system in place to deal with more erratic events in the future.

[Translation]

**Mr. Arif Virani:** Would you care to add anything, Mr. Gobeil or Mr. Turp?

**Mr. Daniel Turp:** I would add this. During the pandemic, we saw what happens when you rely on exports. We realized that we needed greater sovereignty over food and medical supplies.

Thanks to the supply management system we currently have, we don't have to depend on exports. If that system comes under fire, we'll see more and more exports coming in, and farms will disappear. If that happens, we could become export-dependent and struggle with food sovereignty.

**Mr. Daniel Gobeil:** Thank you for your question.

My fellow witnesses gave some great answers.

I talked about supply management earlier. It's about sharing the costs as well as the risks. Those risks are weather-related, but also productivity-related. Mr. Turp touched on this. During the pandemic, we saw how products could be missing from the supply chain. The effects of the flood in British Columbia were felt right across Canada's dairy sector.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Monsieur Gobeil, I'm going to have to stop you there. We're about 40 seconds over time.

Monsieur Savard-Tremblay, you have two and a half minutes, please.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I'm going to give my time to Mr. Perron for this round.

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

Let's pick up where we left off, Mr. Darling.

I asked you whether two models could coexist. You said that the people under supply management had an upper hand. However, the people you represent operate under a different model, which we respect, I repeat. They have access to business risk management programs, while those under supply management do not. The two models are hardly comparable, but they are the models that producers chose.

Don't you think it would be more constructive to focus on improving business risk management programs rather than working against supply management?

• (1645)

[English]

**Mr. Dan Darling:** First of all, we're not speaking against supply management, not in the least. We have coexisted, and we will continue to coexist. However, all we're arguing is that by putting this law into effect, yes, you're protecting supply management and you should protect supply management, but you are putting the rest of us—the other 90% of us—at a disadvantage in gaining those markets into Europe, which we depend on.

[Translation]

**Mr. Yves Perron:** We disagree on the principle.

Mr. Phinney, you said that you weren't against supply management and that it should be protected. In the same breath, you also said that it shouldn't be protected because you want to grow your market share.

You make it sound as though we want you to stop exporting your products and to switch models.

Don't you think that's a contradiction?

I'm not attacking you. I want to hear your point of view.

Don't you think it's possible to protect supply management and still enter into trade deals? If I'm not mistaken, 15 or 16 deals were signed before any supply management concessions were made.

Over to you, Mr. Phinney.

[English]

**Mr. Nathan Phinney:** One thing I can say—not pegging one agriculture industry against the other—is that we're in a unique position with the dairy industry, in that their animals will become beef at some point. As I stated before, \$1,500 an animal is the increase in value by export trade and having strong export trade, so without that market the value of that on both sides of the spectrum is completely depleted.

[Translation]

**Mr. Yves Perron:** We are at 18% in that market, Mr. Phinney. If you know anything about supply management, you know it's about controlling quantities, and that will no longer work.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** That's the time.

We will go to Mr. Cannings for two and a half minutes.

**Mr. Richard Cannings:** Thank you.

I'm going to turn to Professor Turp, and I have similar questions along the lines of what Monsieur Perron was asking. It seems that if we should be protecting supply management, one of the pillars of that is the amount we import. That has to be controlled, and here we have a piece of legislation that seems to do that. How related are say the dairy and beef industries when it comes to negotiations, if that's one of your areas of expertise?

It seems that we can do both. We can chew gum and walk at the same time, if you know what I mean. I don't know if that question is clear, but how related are those two sectors when we do the negotiations? Isn't this an important thing to do to control the import supply to protect our supply management system?

[Translation]

**Mr. Daniel Turp:** That's a good question.

They aren't necessarily related. They haven't been in the past. They seem like they're related, or people want to link them, as other industries do—which we've heard today—because other countries are looking for concessions in that area in terms of their dairy, poultry and egg exports.

There is something we have to make clear. Canada mustn't be a Boy Scout, as one of the other witnesses put it. Basically, what we have to say is this: now, Canada is protecting the industry. We put a system in place. You've lived with that system all these years and throughout all those trade negotiations, and you have to keep living with it because we won't be making any concessions on that front. We aren't linking it to something else. Let's focus the negotiations on other products and other concessions.

[English]

**Mr. Richard Cannings:** I'll just pose that to Mr. Lampron or Mr. Wiens.

If we're going to protect supply management, part of that is protecting the supply. Can you just comment on that and this piece of legislation?

• (1650)

[Translation]

**Mr. Pierre Lampron:** I'll sum it up quickly.

The supply management system is our priority, of course. We have to supply the Canadian market. We said and did that despite the disasters.

We aren't against export markets. We are in favour of them. Some countries need Canadian products, and we should be able to bring those products to them. We work on that together, just as we are working together to realize Canada's potential when it comes to net-zero emissions and efficiency. I think there's a lot of potential in Canada.

However, for supply-managed sectors, we decided to focus on the domestic market. We ensure that supply. That is our responsibility. The government's responsibility is to close the border to imports. That is why the bill before the committee today helps to strengthen the system and gives producers some assurance.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** That's the time.

Mr. Carrie, you have five minutes.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you, Mr. Chair.

Mr. Darling and Mr. Phinney, I come from Oshawa. We do cars. Our supply chain is important. It's very sensitive and very accurate. We just want to make sure we get trade deals that are the best we can get for all Canadian interests.

The government committed to not giving up any more concessions to supply management. That's something that all parties agreed on. In the last iteration of this bill, which was Bill C-216, trade negotiators pointed to the risk of losing future trade opportunities for Canada in the sectors that depend on trade.

Based on that type of consideration, would you say Bill C-282 poses more risks or benefits to the Canadian economy? Could our trade partners retaliate by adopting similar legislation? What would you say the risk is?

Mr. Darling, could you start?

**Mr. Dan Darling:** Nobody really knows.

Common sense would tell me that in a negotiation, you're going to use whatever advantage you can get. If another country protects a certain commodity—which they all do—the other country is going to put up something as well to have that protected. That will put us at a disadvantage.

Yes, I think it can create even more issues moving forward than it has before.

**Mr. Nathan Phinney:** I'm going to divert to Dennis Laycraft.

**Mr. Dennis Laycraft:** I wanted to share some numbers, because I think there was the impression that our exports and our imports... We had a net export last year of \$4 billion. That was a record net. During the pandemic, we increased production. Every year, we fully met the needs of Canadians and we set new export records.

We helped Japan. We helped all of the countries we're exporting to meet their food security needs as well. We don't necessarily adopt "food sovereignty". We have a bigger moral obligation than that, in our view.

As we get into the trade with United States, we had a \$3.4 billion trade surplus with the United States last year. Whenever you get into negotiations, it is going to get into sensitivity and the sensitive products that are down there.

I was involved in the original work to actually get agriculture under the GATT, as it was in those days. It became the WTO. The whole purpose there was to actually get... The exact words were "fair and market-oriented trade", so that we didn't have everybody hiding their own particular special interests and we could actually bring the entirety of agriculture under a comprehensive agreement that would allow for negotiation and fair trade.

We worry that if everybody starts to build legislation around everything they think is sensitive, we're going to set back that whole process in the exercise.

**Mr. Colin Carrie:** Thank you for that, and thank you for those numbers. I didn't realize you guys did so much during the pandemic. I do believe we have a moral responsibility, because we're so blessed here in Canada to help out the world.

My concern is with the different sectors. Do you see this bill potentially pitting one sector against the others? What could be the repercussions of that?

**Mr. Dennis Laycraft:** We work closely with our friends in the dairy sector. It's how it compromises the negotiations that take place. Over the years.... We do have very skilled trade negotiators who try to balance the interests that the Government of Canada establishes. Unfortunately, that is the nature of a negotiation. Both sides are going to have interests that they're trying to pursue. At some point, if we get into another negotiation with the United States, I can guarantee you right now that it is going to come up. There's no question.

• (1655)

**Mr. Colin Carrie:** If Bill C-282 passes, would industries such as yours seek economic compensation for the missed market access opportunities that the bill could create? Is that something you guys have pondered?

**Mr. Nathan Phinney:** The precedent has been set. If there is damage.... Obviously, with the loss of quota on some of the negotiations, there was a precedent set where they were compensated. If we're looking at economies of scale, as I put it in my opening statement, \$1,500 a head on three and a half million head of cattle gets to be a lot bigger number than what was paid out before.

**Mr. Colin Carrie:** Thank you very much for that.

**The Vice-Chair (Mr. Kyle Seeback):** We will now go to Mr. Drouin for five minutes.

[Translation]

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

I'd like to thank all the witnesses for being here today. I also want to say that I don't think it's necessary to pit one sector against another. The agriculture industry should speak with one voice, and that bears repeating.

At the same time, I want to correct some of the false statements made by members on the other side.

I want to reiterate that the government committed to providing \$1.7 billion in compensation. I want to thank the Bloc Québécois and the NDP for voting in favour of Bill C-32. I don't want to thank the Conservative Party, however, for how it voted on the \$1.7 billion in compensation. Just to clarify, I want to say that Mr. Lehoux and Mr. Martel voted against the bill. That is very clear, and I think people need to know that.

Canada was nevertheless able to make progress. I know the dairy sector experienced market loss. I meet with the 300 producers in my region, in Saint-Isidore, and I know it's a problem.



That said, Mr. Lampron or Mr. Weins, supply management is often framed as being very costly to consumers. I know you represent the dairy sector, but two or three weeks ago, news reports coming out of the U.S. indicated that consumers were paying eight dollars for a dozen eggs. It's a country with a free-market system. I was in Florida, in fact, visiting my parents. Here, in Canada, I can get a dozen eggs at Foodland for \$3.29, and those eggs are from a local farm, the Laviolette Poultry Farm.

Certain professors whom I won't name always seem to be saying that supply management costs consumers more.

What do you have to say to them?

[*English*]

**Mr. David Wiens:** I would certainly disagree that supply management would do that. In fact, some of the studies that have been done show that when you compare, for example, dairy products in Canada versus in countries around the world, Canada is pretty much in the middle of the pack. What happens with supply management is that the farmer ends up with more of the consumer dollar. It's not the final price, so certainly, supply management is not impacting retail prices in Canada.

[*Translation*]

**Mr. Francis Drouin:** Thank you.

I want to talk about this because I think it's important. I wholeheartedly support Bill C-282, and I'd like to thank the members on the other side for their support. We work together closely on this issue.

Other falsehoods were going around during the pandemic. One of them was that we could use a tube to get cows to stop producing milk, and then all of a sudden, supply management was blamed for it all.

Again, a professor whom I won't name blamed supply management, and people knew this was going on in the states. The market changed. Consider this. Last year on December 24, my region was hit by a big storm. When drivers can't get to the farm to pick up the milk, producers have to dump it. That has nothing to do with supply management.

I would just like to hear your opinion on that.

**Mr. Pierre Lampron:** Thank you for your question.

We produce milk. We also explained today how every rule has been put in place to ensure that we produce enough to meet domestic demand. Obviously, some things we can't control, like snowstorms, and producers have to respond accordingly.

• (1700)

[*English*]

**Mr. Francis Drouin:** That's just speaking more about milk dumping and the relationship between supply management and milk dumping and how, to my knowledge, it's not related, but please go ahead.

[*Translation*]

**Mr. Pierre Lampron:** We produce the milk. We don't process it. Something has to happen in between.

[*English*]

**Mr. David Wiens:** What we experienced during the pandemic were supply chain issues. Everything went from this balance between retail and food service to where suddenly there was no demand in restaurants, hotels and so on. It took a while for the supply chain to readjust. On the farm, we had to make some massive adjustments, because at first the demand went way down, then it spiked and then it came back down again. We were having to respond to it, which we could do very quickly.

**Mr. Francis Drouin:** Absolutely, and I want to that say every country protects certain agriculture products. They protect them whether it's in the form of subsidies or tariffs. They all do it. Whether it's the sugar industry or whether it's a farmer making money or not but gets subsidized per acre, every country has an interest in protecting their agricultural products, because we need to feed Canadians. I want to thank all of you who are sitting at the table for doing that.

I know that I didn't get the chance in five minutes to ask a question of my other friends here, but I want to thank you for doing what you do.

**The Vice-Chair (Mr. Kyle Seeback):** So—

[*Translation*]

**Mr. Richard Lehoux (Beauce, CPC):** I have a point of privilege to raise, Mr. Chair.

I don't want to take anyone's time away, but may I respond to the honourable member since he referred to me by name?

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** Unfortunately, no, we are in the rounds of questioning, so you cannot.

On that, we will now turn to the third round, and we will go with Mr. Baldinelli.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here.

This is kind of interesting. I'll just build on what I indicated at our last meeting in the interest of disclosure. During the late 1990s and early 2000s, I worked as a lobbyist for a consulting firm in Ontario. One of my clients was Dairy Farmers of Ontario. I'm pleased to have worked for them and the school milk program throughout Ontario. I think all of us recognize the importance of supply management to our farm organizations and our farm families.

I want to follow up on two comments.

Mr. Darling, you indicated in your comments the fear of the possibility of a protectionist response, in that if Bill C-282 were implemented, it would encourage, for example, our largest trading partner, the United States, to adopt similar legislation. What would be the impact on our farm sector if that were to occur in certain sectors such as, for example, the beef sector?

Mr. Phinney, you can follow up as well.

**Mr. Dan Darling:** Thank you. I won't answer on the beef, but maybe I'll defer this question to my vice-president, Greg Northey.

**Mr. Greg Northey (Vice-President, Canadian Agri-Food Trade Alliance):** Thank you, Mr. Chair.

That's a good question.

If you can, imagine if every country legislates protection for anything. As Canada, we tend to try to sign comprehensive trade deals. Countries could decide that they would like to not sign the chapter on labour, say, or on the environment, or on anything else that we would like to see in that deal. It could be on the agriculture sector. It could be on anything. They will follow Canada's example. Because we are so dependent on trade, Canada tends to set examples for the world.

We're productive at WTO and productive all over the place in terms of trying to develop quality trade deals. If any country that we go into a bilateral or multilateral with sees how Canada is going to legislate protection for any sector—supply management is sort of secondary in this case—you can imagine that we would never get to commercially functional deals.

**Mr. Tony Baldinelli:** If I can just build on the second comment, which I just want to follow up on, Mr. Lampron, you talked about how the legislation would lead to greater stability and predictability. I fear that, if we legislate this, if we codify it, it may lead to the opposite result.

For example, building on what my colleague said in the last meeting, look at dairy production in Canada. We went from 75 million hectolitres in 2000 to 94 million hectolitres in 2021. Today I just pulled off the exports of dairy products by country of destination and, to the United States, the value of our dairy exports went from \$189 million in 2019 to \$241 million. It went up by \$52 million.

I would imagine that those exports were negotiated—weren't they? That market access was gained through a trade negotiation—wasn't it? If we codify through Bill C-282, what would stop the Americans from renegotiating our trade agreement and saying, "Forget it. Trade dairy exports into Canada are not permitted".

Do you not feel that's a risk to the sector, a risk we want to try to avoid?

• (1705)

**Mr. David Wiens:** I can start off.

First of all, in terms of the exports, right now the Canadian dairy industry is still not experiencing the full impact of the trade deals that have already been signed on to. There may have been an incremental increase, but in fact, there's more to come because it's being phased in over a number of years. It will be another three or four years before the full impact of past trade agreements are felt here in this country.

**Mr. Tony Baldinelli:** Okay, but will that impact exports? It seems that exports are going up.

**Mr. David Wiens:** In fact, with the latest CUSMA agreement, we're restricted in certain of our exports. There's a cap placed on some of our skimmed milk and—

**Mr. Tony Baldinelli:** Would you not like greater access?

**Mr. David Wiens:** Well, that's—

**Mr. Tony Baldinelli:** If you said no, on the other side what's to stop the Americans from saying no? In fact, forget the \$241 million; it's all off the table.

**Mr. David Wiens:** Yes. I think it's already been said before that every country has sensitive areas that are a no go. For the Americans, it's sugar, cotton and so on.

Overall, when you look at it, Canada is a good place to do trade, and I think a lot of countries want to do it. I think it's a bit over-speculation to say that there's a restriction in one area, and all of sudden people are not interested in trading with Canada. I don't believe that for a minute, because I think Canada is a very attractive market for many different areas within the economy.

**The Vice-Chair (Mr. Kyle Seeback):** With that, we have to move on, because we're 29 seconds over.

We'll go to Mr. Miao for five minutes.

**Mr. Wilson Miao (Richmond Centre, Lib.):** Thank you, Vice-Chair.

Just to put it on the record, on December 8, 2022, Conservatives voted against Bill C-32, which certified the \$1.7 billion for supply management. Furthermore, the leader of the official opposition did not commit his full support of Bill C-282.

I'd like to ask my first question of Mr. Slomp.

In your policy briefing on the previous version of the bill, the National Farmers Union stated that passing the bill was in the national interest. Do you believe that this bill, Bill C-282, will impact the competitiveness of the Canadian agriculture sector on the global market?

**Mr. Jan Slomp:** I probably misunderstood you, but we are in support of this bill and not against it.

Did I understand you wrong?

**Mr. Wilson Miao:** No. The initial statement was for me to put it on the record, but my question to you was because.... You stated that it was of national interest in the last Parliament. Do you believe that this bill will impact the competitiveness of the Canadian agricultural sector on the global market?

**Mr. Jan Slomp:** I don't quite know how to answer. I think this bill definitely strengthens the position of supply management in Canada. It doesn't have to impede other sectors, in my opinion.

I'm pretty sure that doesn't answer your question, but that's all I have to say about that.

**Mr. Wilson Miao:** That's good. Thank you very much.

I would like to have my next question go to Mr. Lampron.

Can you tell the committee why predictability and stability are so important to Canadian supply management, particularly in the dairy sector?

• (1710)

[*Translation*]

**Mr. Pierre Lampron:** Thank you for your question.

Supply management is important because it's a good system, based on the cost of production, not on the market. It's a system that really examines the cost of production. What producers are paid is based on their production cost, in other words, an average production cost. That way, every farm is always trying to be more efficient to bring down prices and make the product more affordable for consumers.

Supply management is not based on the global market, so it affords producers stability. We don't make huge profits, but we also don't incur huge losses. We can survive quite a while without making a lot of profit. That's how the system works. It provides predictable conditions. That's the system we chose, and that's the system people want to keep. It does the same thing for consumers. It keeps the price stable, without any major jumps or drops. Producers are able to survive, and consumers have peace of mind that the product will be on store shelves.

[*English*]

**Mr. Wilson Miao:** Thank you for that.

Would Mr. Gobeil have input on this question, as well, regarding predictability and stability?

[*Translation*]

**Mr. Daniel Gobeil:** Our market here, in Canada, isn't subsidized, as we often say. That means consumers pay a fair price in relation to the cost of production. When it comes to our ability to compete and exports, it's hard to draw comparisons because other countries' sectors are often subsidized, as are other sectors in Canada. Therefore, we can't compete with our counterparts in heavily subsidized markets.

In Canada, the principle behind supply management is to control the border to keep subsidized products out of the Canadian market.

[*English*]

**Mr. Wilson Miao:** This is a follow-up question for you. It's a bit about Quebec's collective marketing of milk.

Can you share with the committee how it is unique and how it benefits Quebec farmers?

**The Vice-Chair (Mr. Kyle Seeback):** Answer in about 20 seconds.

[*Translation*]

**Mr. Daniel Gobeil:** As mentioned, we share the costs and expenses, so all the transportation and marketing costs are shared collectively. The cost to access markets and growth is the same for all

producers. That's why it's referred to as collective marketing. That model ensures that farms can survive in every region of Quebec.

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** We'll go to Monsieur Savard-Tremblay for two and half minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you.

I have a quick question that requires a quick answer. A yes or no would be perfect.

Is it true that, before Canada signed the three trade deals that undermined the supply-managed dairy sector, Canada said officially that it would support supply management and pledged to preserve the integrity of the system?

**Mr. Pierre Lampron:** Yes.

**Mr. Simon-Pierre Savard-Tremblay:** Very good.

Mr. Turp, I'm going to ask you something that will make you laugh. None of your first-year students would ever dare to ask you this, but I think we're at the point now where the clarification is necessary. That tells you what we've come to.

Mr. Turp, does legislation carry more weight than a verbal commitment?

**Mr. Daniel Turp:** Of course. You should know that. You are all parliamentarians, after all.

Bill C-282 carries weight. It would prevent Canadian negotiators from being able to make concessions. The bill very formally sets out a commitment restricting the prerogative of the government and the minister.

I'd like to say something, if I may. When I hear people describe the supply management system as outdated or protectionist, it brings to mind a question. Instead, why not suggest that other countries adopt the system?

The system has proven its worth. What's more, it contributes to food sovereignty. Some U.S. states—Wisconsin, for instance—are now looking at the system. They think it may be the way to protect farmers and ensure food sovereignty.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Turp.

You said that we should know the answer. We should, and that's why I was counting on you to remind us of that.

I'm coming back to the dairy producers for the little time I have left.

When I hear people say that we need to stand up for supply management but keep the door open so we can stay in the game, here's what I take that to mean. Dairy farmers could once again be sacrificed if there's something to be gained in another sector.

Do you share that concern?

• (1715)

**Mr. Pierre Lampron:** We definitely do. What we are saying is that Canada did pretty well, but it always makes concessions at the 11th hour. No more 11th hour concessions. Canada has to negotiate without giving up additional market access. Every country has similar protections in place for certain products. In Canada, those products are supply-managed. There are a growing number of hungry people on the planet, so let's be smart about how we manage this.

**Mr. Simon-Pierre Savard-Tremblay:** How much time do I have left, Mr. Chair?

[English]

**The Vice-Chair (Mr. Kyle Seeback):** You have 10 seconds.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** If the government is telling you that it's supportive of that but isn't willing to give the system ironclad protection, to me, that means the government is leaving itself a little room to sacrifice the system. That's my fear.

**Mr. Pierre Lampron:** We have the same fear, and that's why we support the bill.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Mr. Cannings, you have two and a half minutes.

**Mr. Richard Cannings:** Thank you.

I'm going to turn to Mr. Phinney.

I have far more ranchers in my riding than I do dairy producers, so I wanted to make sure I gave you fair time. I don't know if you remember, but we met briefly in Penticton when your organization met there. Thank you for coming to Penticton for that. It meant a lot for us in terms of our conference industry.

I wanted to give you a chance to respond to some of the questions I've been asking. I'm assuming, when I look at import and export numbers, that the major market you're concerned with is the American market. It seems to be something like 75% to 80% of your market. I'm wondering how concerned you are that these two things are really connected. They don't seem to be, for instance, when we look at CETA where you have way more capacity than you've been using or can use. Can you comment on that?

**Mr. Nathan Phinney:** Yes.

You're exactly right. The U.S. is our biggest trading partner: 80% of what we're producing in beef products is going into that market. Together, among the U.S., Mexico and Canada, we have created the world's largest beef-integrated system in the world. To our point, we have a moral obligation in Canada to help feed the world. The only way that we can do this is to continue to have these open and free trade markets.

There is one point I want to make. Back in my opening comments, I talked about the sustainable protein that is less than half the world's greenhouse gas emissions. There is an absolute need globally for meat protein. It is going to be produced. If we're going to be world leaders on a global front on the sustainability and environmental front, Canada is best positioned to do that. If not, it's going to go to somewhere else in the world other than Canada to be

produced, to somewhere that doesn't have the same moral obligations on an environment stand as what Canada has.

Our fully integrated U.S.-Canada-Mexico system on beef is unlike any other in the world.

**The Vice-Chair (Mr. Kyle Seeback):** You have about 30 seconds, Mr. Cannings.

**Mr. Richard Cannings:** That's okay. Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** Then we will go to Mr. Lehoux for five minutes.

[Translation]

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

Thank you for the opportunity to participate in the Standing Committee on International Trade and ask questions. It's a pleasure to be here this afternoon.

Since the honourable member on the other side Mr. Drouin referred to me by name earlier, I'd like to correct the record on a few things.

The government made commitments in its November economic statement, but I only hope those amounts make their way into the budget. These are compensation payments that will be made from 2024 to 2030. As we speak, producers are being directly impacted. It wasn't long before our neighbours to the south took their place in the market. I want to make sure we are on the same page when we discuss those things.

I have a question for Mr. Phinney about non-tariff barriers. As we know, some are in place now and more could be added. You said this legislation could hinder Canada in negotiating future trade agreements. I don't think a country can intervene when there's a non-tariff barrier. The World Trade Organization has rules, of course, but we are already seeing some of the effects.

I'd like you to talk about the impact of those non-tariff barriers in relation to Canada's recent agreement with the European Union and Canada's ability to export beef to Europe. Are you exporting beef to Europe right now?

There were a lot of questions in there, but I'll let you answer.

• (1720)

[English]

**Mr. Nathan Phinney:** I'm going to defer to our trade expert, Dennis.

**Mr. Dennis Laycraft:** That's a great question. We haven't realized the potential from the European agreement that we were expecting. We do have an application in on one of the non-tariff trade barriers to get the products we use in North America in our food safety system. Part of the reason we're not selling more is that our processors aren't prepared to turn down our food safety system to go to Europe. That's basically it in a nutshell. We're going to see by this time next year whether Europe is prepared to approve a product that they use extensively throughout the entire continent, so that will be a real test of that.

I do want to clarify this idea that there aren't trade negotiations going on. One of the most important things we're working on right now is our accession to the CPTPP, and that is probably the gold standard for ambition in trade agreements. The last thing we want to do is see that ambition eroded. It is proven to us. We lost access to China for a number of reasons that are not science-related, but because of the CPTPP and the ambition we achieved there, we were able to move on very successfully and still have a record level of exports.

There are active trade negotiations. These are real conversations, and it's important that we have the best opportunity to negotiate the most ambitious agreements. We did export 85 billion dollars' worth of Canadian agri-food products. This is pretty important to the Canadian economy.

[Translation]

**Mr. Richard Lehoux:** Thank you.

Aren't you worried that the Americans will change their labelling rules?

We've heard a lot about that, but we haven't heard much from the Minister of Agriculture about it.

I imagine that would affect you directly.

[English]

**Mr. Dennis Laycraft:** Yes, I'm sure everyone's aware that we actually took the U.S. to the WTO and won on a case like that. There's some new product of U.S.A.... There's a proposed rule about to come forward. I will say we have very strong allies in the United States who are going to oppose that rule. There are two groups. There are those who recognize the benefits of the market integration, and then those who are taking a more protectionist approach—and giving more fuel to the protectionist approach is not going to help.

[Translation]

**Mr. Richard Lehoux:** I agree with you. It doesn't help anyone, but it won't stop other countries from taking that approach.

That's why we should protect ourselves before protecting others.

I'm not saying we should stop exporting to other markets, but we need to always keep in mind the fact that any country could impose a non-tariff barrier tomorrow and we would be very limited in our ability to respond.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** Answer very quickly.

**Mr. Dennis Laycraft:** I'll use a different example. When we first began negotiations with Japan, what was their most sensitive product? It was beef. Over time, what actually happened was that they came to realize that Wagyu beef had a special place in the world. They were able to export and still maintain a very viable sector, but now they've become our second-largest export market. We were able to demonstrate that there was a mutual benefit to trade, and if it had just been strict protectionism, we would have never achieved that opportunity.

**The Vice-Chair (Mr. Kyle Seeback):** Unfortunately, that's the end, Richard.

We'll turn to Mr. Drouin for the last question today for five minutes.

[Translation]

**Mr. Francis Drouin:** Thank you, Mr. Chair.

My turn is always after the honourable member's. I have the utmost respect for him, but once again, there's something I need to correct.

The Minister of Agriculture, along with the Minister of International Trade, came out very strongly on the voluntary labelling issue, and I encourage people to read the news release the ministers put out on March 7 if they haven't had a chance yet.

Mr. Lehoux obviously hasn't had a chance to read the news release, so I encourage him to do so. I won't read it, because I know he has resources and he'll be able to find it.

The ministers' position was loud and clear in the news release: Canada will always protect its meat sector.

• (1725)

[English]

To the Cattle Association, I know exports are extremely important and that you guys have done a tremendous job of protecting the environment and the grasslands. Protecting the grasslands is something you have championed for years and years, and that story's not being told enough. I tell it as much as I can. I'm not attacking media, but it's not being told enough by our mainstream media. They need to tell this story. We have a great environmental story to tell. The dairy farmers are doing the same thing, and everyone's doing their part.

We often talk about net zero in terms of consumers and export opportunities, and I think your sector is playing a major role. What do you think the export opportunities are? How does that tie into our Indo-Pacific strategy, especially related to agriculture?

**Mr. Dennis Laycraft:** Yes, we're excited about the Indo-Pacific opportunities. I think it's all of Canadian agriculture. We talk about beef and we talk about dairy, but the crop sector is doing some of the best work in the world too. I always like to say that the world needs more Canada. As we start to work and see the growth in the middle income in the Indo-Pacific area, one of the first things they increase is the quality of protein they consume. That has happened in every developing market around the world.

We see not only a great opportunity there, but also we have a tremendous environmental story to tell. I was really pleased to see the Government of Canada release their grasslands advertisement this past week. Unlike other parts of the world, that's our most endangered ecosystem. How do we protect grasslands? As we work together on that, I think everybody in Canadian agriculture is pretty proud of the role we're playing in developing some of the most sustainable agri-food products in the world. I truly believe, over the long term, that is going to be well-received around the world, and that's going to improve demand for Canadian agri-food products.

**Mr. Francis Drouin:** Absolutely, and I look forward to continuing to work with your sector and with other farmers.

My next question goes to the good folks at CAFTA.

I know that, obviously, you represent members who are export-oriented. I won't talk about cattle this time, but I'll go to grains. I wonder if you can speak specifically to grains and perhaps what the Indo-Pacific strategy can do. What do you look forward to within that particular strategy, and how can we increase our exports in that particular region?

**Mr. Greg Northey:** The Indo-Pacific is incredibly important for the same reasons Dennis outlined. One of the biggest things for us in that region is to present to all of those potential markets, the developing markets, how to model behaviour around dealing with trade: making sure it's predictable, making sure there are no irritants and making sure it's open and free.

One of the things we absolutely need, as we move into those markets, is to ensure that what we're modelling in Bill C-282, particularly around how to protect a sector through legislation, will not be damaging for us as we try to achieve our objectives in that region. If we're taking things off the table, and it doesn't matter what sector it is or what protection of the sector we're doing, it means we will never be able to have commercially viable deals with any country. In fact, we won't be able to speak to countries around their regulatory system about anything, because they will simply say to us, "Well, you're protecting a sector. We're going to do it, but we're going to do it in a different way with a non-tariff trade barrier or some kind of SPS issue."

We won't have the standing, as Canada, if we're demonstrating a behaviour where we're legislation a protection for a sector, a region or any kind of issue that we deem should be protected.

**Mr. Francis Drouin:** We need to understand that Canada is a 38.5-million person market versus 338 million down south, versus billions of people in the Asia-Pacific and 500 million people in Europe. The understanding is that we are a major player, and we already export over 50% of our agricultural products. We do have a great future. I know that we're working extremely hard to unclog, if I can say, transportation issues. I don't think we have transportation representatives at this table right now, but I know this is an issue we're working on in collaboration with your sector.

I'm going to finish on a high note. Thank you for what you do. Thank you for representing your members, including all the sectors that CAFTA represents and those in cattle. I've spoken to many of you before.

● (1730)

[*Translation*]

Thank you to the dairy producers.

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** That brings us to the end of our meeting.

I want to thank all our witnesses today. Thank you for your evidence. Also, if you ever have additional evidence you want to submit to the committee other than what you testified to here today or documents you've submitted, please do that.

With that, I wish everyone a good Thursday evening.

The meeting is adjourned.









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