

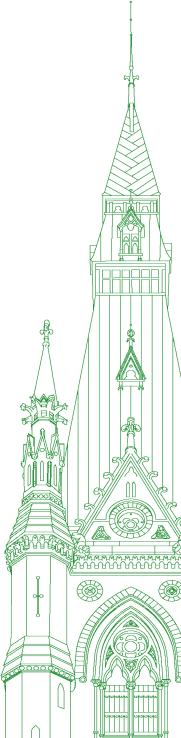
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Chair: The Honourable Judy A. Sgro

Standing Committee on International Trade

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● (1100)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting to order.

Thank you all very much. It's a pretty impressive group of people at the end of the table. Thank you for being here.

Welcome to meeting number 53 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 by using the Zoom application.

I'd like to make a few comments for the benefit of 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. To members in the room, if you wish to speak, please raise your hand. To members on Zoom, please 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.

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 can inform the committee that all witnesses have completed the required test. Should any technical challenges arise, please advise me. We will suspend the meeting in order to ensure translation is done.

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 with regard to supply management, as we all know it.

We have with us today Tim Carroll, as an individual, by video conference. From the Canadian Federation of Agriculture, we have

Keith Currie, president, and Brodie Berrigan, director, government relations and farm policy. From Canadian Hatching Egg Producers, we have Gyslain Loyer, vice-chair; from Egg Farmers of Canada, Roger Pelissero, chair, and Emmanuel Destrijker, second vice-chair; from the National Cattle Feeders' Association, we have Cathy Jo Noble, vice-president, and James Bekkering, board chair, by video conference; and from Tree of Life, we have Lisa MacNeil, president, and Francesco Mastruzzo, director of brand development.

Welcome to all of you on a bright and sunny Monday morning.

Mr. Carroll, I will invite you to give opening remarks of up to five minutes.

Mr. Tim Carroll (Professor, As an Individual): Thank you, Madam Chair. I'm appearing as an individual.

I'm a former MLA and minister of agriculture in Prince Edward Island. When I was still a graduate student, before I got into politics, I was directly involved with the PEI Marketing Council in the tumultuous early days that marked the formation of the Canadian Egg Marketing Agency and the Canadian Chicken Marketing Agency. After that, as part of my studies, I was hosted by marketing boards in Manitoba, Alberta, and B.C. to study their marketing board systems. Prior to academia, I served as secretary to the board and manager of the Ontario Processing Vegetable Growers.

I support Bill C-282. I see Canada's supply management programs in the dairy and poultry sectors as uniquely Canadian business practices that have proven themselves several times to be fair trading practices in the international market.

I recall the founding of the national egg and chicken marketing agencies, which was a response to the chicken and egg wars in the early 1970s between Quebec and Ontario. The response by each province threatened to interfere with open borders among Canadian provinces. As we do in this country, in our uniquely Canadian way, we came up with the concept of parallelism to solve the problem and at the same time respect the shared jurisdiction of the federal government and the provinces.

The federal government's unilateral move and recent trade negotiations to open up more of our market to trading partners was, in my view, disrespectful of the organized marketing system put together by producers under provincial legislation. Bill C-282, as I understand it, will restrict federal authorities from giving away further access to our well-served, organized and safe system of providing food.

I would point out that Canada's supply management system has survived scrutiny under GATT rounds, the World Trade Organization rounds—which is the new name for GATT—and then the 1988 Canada-U.S. Free Trade Agreement, shortly followed by the North American Free Trade Agreement, the European trade agreement, the TPP; and now the just-concluded USMCA.

What's the secret to Canada's brilliance? Could it be that we are tough negotiators? Is it because we are willing to give away anything to preserve supply management? That's nonsense.

Canada's supply management system has survived close examination over the last 40-plus years of trade negotiations because it has been found to be fair and does not break trade rules, regardless of what the other negotiator may say.

It is seen as not breaking rules because supply management in Canada is not a subsidy program that puts competitors at a disadvantage. Under Canadian law, farmers can stabilize prices legally by getting together and sharing the market. We have always shared a piece of our market with other countries. We are deemed fair because the share of the market is there.

Supply management is a standard business practice. Consider the logic. With any form of supply management, a business is simply trying to limit production of something to closely satisfy the demand in the market. There are great challenges in doing that in agriculture, but each commodity group has designed different systems in different ways of supply and management.

The idea that our trading partner, particularly the United States, doesn't engage in supply management is simply incorrect. Our main trading partners all practise some form of supply management for farm commodities.

I can talk about other examples, but I'm just going to mention one that I was very familiar with when I was with the vegetable board. In this case, the U.S. maintained several food purchasing programs for foreign aid, the military, school lunch programs and food stamp programs.

• (1105)

For example, if I was watching the price of canned peas softening, I could almost predict that within about two weeks or so the USDA would announce a major food purchase of canned peas for school lunches or the military or whatever. The point is that they remove product from the market, and subsequently the price of canned peas rises.

In supply management—

The Chair: Mr. Carroll, I'm sorry to interrupt, but perhaps you could do a quick closing remark.

• (1110)

Mr. Tim Carroll: That's the end of my comments, Chair.

I don't see this as any hindrance to our trade negotiations at all.

I'm happy to take questions. Thank you.

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

We have Mr. Currie, please, for up to five minutes.

Mr. Keith Currie (President, Canadian Federation of Agriculture): Thank you, Madam Chair.

As you heard at the beginning, my name is Keith Currie. I'm the president of the Canadian Federation of Agriculture. We represent nearly 190,000 farmers and farm families across this country from coast to coast.

We are, as I mentioned, the largest organization. Because of what we do, we represent nearly \$135 billion in GDP annually to the economy of this country.

The agriculture sector is resilient. It is very vital not only to our own national food security system, but also to food security worldwide. In other words, the world needs our products.

Our supply management system has been around since the sixties and promotes resilience and stability in the domestic food chain by matching production with demand, with the support of import controls. It also cuts down on overproduction and waste within the food supply chain and ensures that farmers receive a fair and predictable return for their work. This in turn encourages investments in on-farm efficiencies, helps mitigate the impact of diseases such as avian influenza and promotes environmental sustainability.

Something that gets lost in all this is that it also strengthens rural communities by creating stable jobs across the country, yet this has not precluded Canada from becoming a global leader in the world export of quality agricultural food products to markets around the world. As I am sure this committee is aware, Canada exported nearly \$93 billion dollars' worth of agri-food products in 2022, making us the fifth-largest exporter of such products. As such, we continue to support the Canadian government in its efforts to secure additional market access and trade diversification opportunities for Canadian agri-food and seafood products.

CFA has long advocated that no additional access to supply-managed sectors should be given in future trade agreements, and all political parties sitting in the House of Commons have committed to no additional access and no reductions in over-quota tariffs. Despite these commitments, significant concessions have been made in recent trade agreements, including CETA, CPTPP and CUSMA.

While we welcome the market access opportunities these trade agreements provide for Canadian agriculture, these repeated concessions threaten to undermine the resilience and stable food supply that supply management affords. Bill C-282 will require federal officials to respect this commitment during both ongoing and future trade negotiations, thereby protecting supply-managed farmers and the Canadians who rely on their products.

I would highlight that Canada currently maintains 15 free trade agreements with 51 countries around the world, providing market access to nearly 1.5 billion consumers. Outside the three recent examples I cited previously, these agreements were possible without requiring significant additional access to the supply-managed sectors. Rather than taking a divisive approach and focusing on agriculture trade negotiation tactics that pit one agriculture sector against another, we should be focusing on what unites us as a sector—i.e., non-tariff barriers to trade, which are limiting real market access to Canadian products even in areas where Canada has made concessions on access to supply-managed goods.

CETA, for example, is often held up as a model of comprehensive free trade by reducing or eliminating a broad range of tariffs. However, while trade generally has increased since CETA came into force, that's not the case for Canadian agriculture sectors. CAF-TA reported in 2019 that "Since the entry into force of the agreement, EU exports to Canada have increased by over 10 per cent, while Canadian agri-food exports have decreased by the same amount". As a result, Canada provided additional access to supplymanaged sectors as a leverage to gain greater foreign market access and provided Canadian tax dollars to compensate supply-managed dairy producers for this increased market access—yet we still have not realized the benefits of increased exports.

The real threat to increased global trade is not Canada's supply management system, but non-tariff barriers to trade that are limiting market access. International trade is critically important to the Canadian economy and Canadian agriculture, and we understand and support the need to pursue new market opportunities for export-oriented producers across Canada. However, Canada's three most recent trade agreements have had a considerable impact on supply-managed farm families and the system that supports them. It's our hope this new legislation will encourage Canada's negotiators to look to other negotiating strategies that do not place one agriculture sector against another, and instead focus our energy on issues that unite us, such as reducing non-tariff trade barriers.

It's our belief that this country needs a strong and united agriculture sector that is composed of both robust supply-managed and export-oriented production, particularly as we strive to meet the global challenges of the day around food security, emissions reduction and environmental protection.

I thank you for this opportunity to speak today, Madam Chair, and I look forward to any questions that members may have.

• (1115)

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

We'll go on to Mr. Loyer.

[Translation]

Mr. Gyslain Loyer (Vice-Chair, Canadian Hatching Egg Producers): Thank you, Madam Chair.

Honourable members of the committee, thank you for the opportunity to appear before you today.

My name is Gyslain Loyer, and I am a hatching egg farmer from St. Felix de Valois, Quebec. I am also the vice- chair of the Canadian Hatching Egg Producers, also known as CHEP for short.

CHEP is a national organization that represents close to 225 supply-managed farmers across Canada. Under supply management, our farmers produce high-quality broiler hatching eggs. These hatching eggs contribute to a steady supply of safe, high-quality, and nutritious chicken for Canadian consumers and the food service industry.

Madam Chair, in the simplest terms, we are the very important first step in the chicken supply chain. I am sure that many of you would be interested to know that hatching egg farmers produce more than \$35 million broiler hatching eggs every year. These eggs are worth more than \$450 million. The broiler hatching egg sector supports close to 8,000 jobs in Canada. We are proud of the important role we play as sustainable farmers in Canada's domestic food security. If COVID taught us anything, it taught us the benefit of local production. Supply management guarantees domestic food security. We would not have the same level of broiler hatching egg production here in Canada without supply management. That is why it should be no surprise that Canada's hatching egg producers strongly support Bill C-282.

During a previous meeting, the need for this bill was questioned. Madam Chair, I can assure you that this bill is needed. Earlier this month, the Prime Minister publicly promised that there would be no more market access granted to supply-managed commodities in future trade negotiations. I hope that this promise will be kept.

The farmers I represent all advocate for the opportunity to have another support method to strengthen supply management here in Canada. That opportunity for additional support is before you today in the form of this private members' bill, Bill C-282.

We are not opposed to Canada entering new trade negotiations with other countries. In recent years, Canada has exported more agri-food products at a higher value than ever, while still maintaining support for supply management. I think it is reasonable for our farmers to expect that any future trade negotiation will not negatively impact our sector or the supply management system in Canada.

The recent trade deals that have been negotiated have permitted access that could result in an estimated loss of \$343 million for our farms over the next 20 years. Our sector historically has imported over 21% of products to meet Canadians' needs. That amount has been increased by recent deals and is at a level that can impact our predictability. We do not want any of our fellow supply-managed farmers to be in that situation. There simply is no further space for market access concessions in Canada's sustainable system of supply management, and this proposed bill reflects that fact.

The next time Canadians sit down to enjoy chicken, they should realize that they are benefiting from a stable supply from a Canadian-based supply chain supporting quality jobs because of the strong supply-managed system that we have—which is, I might add, the envy of farmers in many countries. That system should not be used as a bargaining chip during our trade negotiations with other countries

In conclusion, I would encourage all members of the committee to pass this legislation without amendment through the committee stage, and further support Bill C-282 until it becomes law.

(1120)

I am prepared to take any questions you may have.

[English]

The Chair: Thank you very much.

Mr. Pelissero, you have up to five minutes, please.

Mr. Roger Pelissero (Chair, Egg Farmers of Canada): Thank you.

Good day, Madam Chair, vice-chairs and members of the committee.

My name is Roger Pelissero. I'm an egg farmer from Ontario and chair of Egg Farmers of Canada. With me today is Emmanuel Destrijker, who is an egg farmer from Quebec and second vice-chair of Egg Farmers of Canada.

Egg Farmers of Canada manages the national egg supply and promotes egg consumption while representing regulated farmers from coast to coast, as we have done since 1972. We had a 50-year celebration at our AGM this year, so it's a fantastic system we have.

There are 1,200 of our family farms. They are in every province and in the Northwest Territories. Together we produce fresh, local, nutritious eggs that Canadians enjoy every single day. In fact, our sector produces over nine billion eggs per year. We support nearly 19,000 jobs and deliver over \$1.3 billion to our nation's GDP.

We appreciate the committee's dedication in supporting the federal government as they negotiate trade deals on behalf of all Canadians. These trade agreements are an important part of helping

Canada's agriculture sector achieve its full growth potential. However, pursuing these ambitious targets must not be—I can't emphasize it enough—at the expense of food security for Canadians.

This is why we are here to express our support for measures to strengthen Canada's system of supply management and offer stability to a broader agriculture and agri-food sector. Bill C-282 recognizes the unique agriculture landscape we have in Canada, where the combination of our domestic and export-oriented industries brings advantages to Canadians and our entire country.

You see, while export-oriented commodities are subject to the ups and downs of the global market and to volatile world prices, the supply-managed sectors are like a blue chip investment that balances these risks. They are a stabilizing force in our agriculture sector. The balance that is achieved through the combination of our export and domestic-focused commodities is a competitive advantage for Canada.

How is this achieved? At times when world prices plunge, making it difficult for export-oriented farmers to recover their cost of production, supply management farmers continue to receive a steady income. These farmers continue to purchase feed, equipment and other services from their local suppliers, ensuring that rural businesses like our local feed mills, veterinarians and equipment dealers remain in business. They offer steady employment to the community members and directly support local economies while other sectors navigate unpredictable market forces through growing export opportunities. Because of this dynamic, when the global commodity prices return to their normal profitable cycles, export-oriented farmers have a thriving rural infrastructure to tap into.

In our opinion, it's not a question about one sector versus another or judging the merits of one system against the other. That view is both narrow and careless. The opportunity ahead of us is about celebrating the benefits that supply management and non-supply management commodities bring to our system of agriculture and leveraging this platform that delivers growth for everyone.

The second matter I wish to highlight is the vital importance of maintaining small family farms. Through our global engagement, we've seen first-hand the struggles of farmers around the world who cannot recoup their cost of production. This results in family farms disappearing and young or newer farmers no longer seeing a future in farming.

We have to only look to our American neighbours to witness the effects of centralized systems, where becoming bigger is the only way to survive. This model favours industrial farming and drives smaller farms out of business. These farms disappear, as do their local businesses and the people who live and work in these rural regions. This high degree of consolidation has triggered serious issues in the U.S. food supply, with over 47 million layers out of production due to the unprecedented impact of avian influenza, which has erased 18% of production in the U.S.

Our main strength here in Canada is that we have smaller farms and a greater number of farms, with production distributed across the country. With the model we have, we are well positioned to handle supply chain pressures and do not experience the market disruption impact that we've seen in a highly concentrated industry. Last year in Canada, only 1.4 million layers were affected by high path AI, which was 4.6% of our production.

If there is an influenza outbreak again here in Canada in one of the regions, we can move production around. We can increase it in other provinces and keep a supply balance to make up for potential gaps. This allows farmers across Canada to work together to maintain the domestic supply of eggs.

The final item I wish to highlight today is the impact of trade agreements on our sectors.

Excluding supply management sectors from trade agreements is not a barrier that prevents other sectors from conducting trade abroad. However, trade agreements should not be at the expense our domestic sectors.

• (1125)

Market access concessions made under CUSMA, combined with the requirements under the WTO and CPTPP, will have a lasting impact on the livelihood of our farms. Under these agreements, a total of 51.4 million dozen eggs will come into our country from the U.S. and other parts of the world. The combined impact is a total of 7% of our current market production for the entire annual production of eggs each and every year.

That would be removing every egg farm east of Quebec. There would be no egg production in Atlantic Canada at all. Can you imagine those devastating effects and what it would mean to those rural communities? This outcome would result in billions of eggs that Canadian farmers and their children will never be able to produce. It also has an impact on communities across the country that rely on farms for jobs and to support their local businesses and communities.

In closing, we are pleased to hear the government commitment to giving no additional access to our sector in future trade agreements. Going forward, we request that you champion this commitment to protect and defend supply management, as the outcome of recent trade agreements failed to do. By supporting legislation that protects Canada's system of supply management, you are strengthening our vital domestic food supply.

Thank you for the time today and for allowing us to present our views. We look forward to your questions.

The Chair: Thank you very much, sir.

Ms. Noble, you have up to five minutes, please.

Ms. Cathy Jo Noble (Vice-President, National Cattle Feeders' Association): Thank you. James is going to begin.

The Chair: Okay.

Mr. James Bekkering (Board Chair, National Cattle Feeders' Association): Thank you, Madam Chair.

Good morning. I am James Bekkering, past chair of the National Cattle Feeders' Association. I am joined by Cathy Jo Noble, vice-president of NCFA, who is there with you today.

I speak to you today from my farm in Taber, Alberta. I own and operate a cattle feeding operation with my family. We operate four feedlots with a total capacity of 30,000 head. Of the cattle we ship out of our yards, approximately 25% are exported directly to the United States.

By way of background, Canada's beef industry contributes \$21.8 billion to the national GDP annually. Each year we export about half the value of Canada's live cattle and beef. The U.S. receives about 75% of those exports. Thus, we have a strong interest in diversifying to other markets through new trade agreements.

I would like to clearly state NCFA's strong opposition to Bill C-282 due to the profound, immediate and negative impacts it will have on Canada's economy if passed into law. I am a cattle feeder, but first and foremost I am a Canadian farmer. I work every day, the same way all Canadian farmers do, to produce high-quality food while providing for my family and contributing to my community. Unfortunately, this bill will not only tie the hands of our trade negotiators; it will also pit Canadian farmer against Canadian farmer, neighbour against neighbour, even though they are part of the same agriculture community.

Over the years, the agriculture sector has worked hard to find solutions that ensure that all succeed, and yet Parliament, by pushing this bill forward, is damaging that sector partnership. There is so much global opportunity for Canadian agriculture—enough for all of us to win—so when I consider government legislating trade negotiations to protect my neighbour down the lane at the expense of my own business, I become frustrated. I implore all MPs to prioritize the long-term economic and trade stability of Canada and not support Bill C-282.

It's over to you, C.J.

Ms. Cathy Jo Noble: Thank you.

Bill C-282 is quite simply bad trade policy that profoundly changes Canada's historic approach to trade negotiations. The bill sets a harmful precedent that impacts all sectors but provides limited benefit to the supply-managed sector.

Bill C-282 would share our universal negotiating position before we've even sat at the table. In response, our trading partners will model this and will also take products off the negotiation table at the outset. Canada's upcoming trade policies are with many countries that do not even have a strong interest in our supply-managed products, yet this proposed legislation would give these countries free licence to begin to take products off the trade table before we've even begun.

One of Canada's senior trade negotiators, Aaron Fowler, stated to this committee that he was "not aware of any" of Canada's trading partners that had legislation prohibiting negotiations in the manner that this bill does. I ask why Canada would want to be a global leader on this front. Mr. Fowler also stated to this committee that Canada has "consistently been able to conclude high-quality trade agreements and support" the supply-managed sector. He said he thought there was no reason "we could not continue to do [this] with or without this piece of legislation".

The reason he said that was that there are safeguards built into the system through required cabinet approval of negotiating text and the federal government publicly stating their commitment to supply management. If this bill passes, there are limited gains to the supply-managed industries but significant losses to the rest of the Canadian sectors. Why are we doing this to ourselves? What will we do when the next Canadian sector puts forward trade protection legislation?

This bill is not a one-off trade policy: It will be incredibly difficult to reverse the momentum and the damage to our global reputation, the damage to our trade opportunities and the impact on food security.

NCFA asks that the committee not support Bill C-282.

Thank you.

• (1130)

The Chair: Thank you very much, Ms. Noble.

We'll go on to Ms. MacNeil, please, for up to five minutes.

Ms. Lisa MacNeil (President, Tree of Life): Thank you.

Members of the committee, good morning. My name is Lisa MacNeil, president of Tree of Life Canada, and I'm joined by my colleague, Francesco Mastruzzo, our director of brand development

Today I am here to impress upon the committee that given Bill C-282's negative impact on many small businesses across Canada, such as our customers and ourselves, it should not be supported by parliamentarians.

Tree of Life is one of the largest natural and specialty distributors in Canada. Though we import a broad range of products, we come to you today as the importer of British clotted and double creams. Traditionally served as part of an afternoon tea alongside scones and jams, these specialty creams are sold in tea shops and retail

stores across the country. All told, Tree of Life supplies these creams to roughly 2,000 small and medium-sized enterprises throughout Canada.

These products are prepared in a dedicated glass bottling plant in the U.K., using a proprietary production process that yields export-ready creams with a long shelf life and a fat content just below that of butter. It's important to note that these products are not made elsewhere in the U.K. or anywhere in Canada, or in any country with whom Canada has trade agreements. They really are unique.

Despite the fact that there is no similar product produced in Canada, Tree of Life has faced many obstacles while trying to import British specialty creams. Indeed, for years we were nearly denied access to the Canadian market outright, simply because the products do not naturally fit into any of the categories across the cream TRQs.

Over the years, at GAC's request, we undertook good faith efforts to find a domestic supplier that could help us meet the demand of our Canadian customers, and despite our diligent efforts, these attempts have proved fruitless. We found that domestic dairy producers are unwilling to invest in the customized equipment necessary to produce these specialty products, as the domestic market for these products is deemed too small for them to make the required capital investment.

Coombe Castle's investment, made several decades ago, was based on serving the much larger U.K. market, as well as on exporting to foreign markets where this delicacy is sought.

With steady consumer demand but no domestic producer, one would expect that obtaining permission to import the product would be relatively simple. Unfortunately, it has been anything but.

From 2019 to 2021 we were unable to bring in any of these products tariff-free. We've since been able to secure temporary permits, but this method of access provides little room for business planning and growth. We regularly run out of product and have to turn customers away. Canadian SMEs and consumers have to go without the product for absolutely no good policy reason.

The upcoming Canada-U.K. negotiations provide the best opportunity for Tree of Life to secure access to the Canadian market for U.K. specialty cream products. However, the implementation of Bill C-282 could put an end to any such possibility. As Bill C-282 calls for the exclusion of supply-managed sectors from future trade negotiations, including the Canada-U.K. FTA negotiation, importers such as ourselves would be unnecessarily and unfairly affected by this bill, as it would thwart even the possibility of having a tailored Canada-U.K. cream TRQ.

Essentially, in the case of these specialty creams, Bill C-282 would have the perverse effect of protecting a non-existent sector of Canada's dairy industry, all at the expense of very real Canadian enterprises and their customers who depend on Tree of Life's ability to consistently import U.K. specialty cream products at an affordable price.

For these reasons, Tree of Life respectfully urges members of this committee to consider the unintended consequences of this bill and to vote against Bill C-282.

Thank you.

• (1135)

The Chair: Thank you very much, Ms. MacNeil.

We'll go on with our committee members. Mr. Seeback, you have six minutes, please.

Mr. Kyle Seeback (Dufferin—Caledon, CPC): Great. Thank you very much.

As a Simpsons fan, I will say that Ned Flanders would say this is "a dilly of a pickle", this bill.

Mr. Currie, I think you said in your statement that we shouldn't pit one agricultural sector against another, and you're urging this committee and the House of Commons to pass Bill C-282. We've repeatedly heard from other agricultural sectors, including just today when we heard from Mr. Bekkering, that this is exactly what Bill C-282 does. It pits one agricultural sector against the other, because other agricultural sectors believe that if there is a future trade negotiation in which supply-managed sectors are not included—they're absolutely out—other ag sectors would be affected as a result of getting less access to those markets.

Would you agree with me that Bill C-282 would actually divide the agricultural sector?

Mr. Keith Currie: No, I would not.

Canadian agriculture is very vast, very wide and very broad. It covers a lot of commodities—some 250 different commodities—and in a trade negotiation, that's a lot to deal with from a negotiating standpoint.

I think we have around 10,000 lines in trade negotiations that include agriculture. The supply-managed sector makes up 1% of the total number of discussions that go on in the trade negotiations with respect to agriculture, so why are we continuing to sacrifice only that sector as we go forward?

Mr. Kyle Seeback: We don't get to choose what a trading partner wants to trade with us. That's not how it works.

We've heard from department officials, and they said if the supply-managed sector was off the table for the renegotiation of CUS-MA/USMCA, it would have been extraordinarily difficult to reach that deal, which really translates to "probably wouldn't have happened". When we exclude the sector absolutely, it affects the ability to negotiate a trade agreement. Do you agree with that?

Mr. Keith Currie: Only from the aspect of negotiating fair non-trade barriers, because many of our products that were included in recent deals—the three that I mentioned were included—still do not get access into those countries—

Mr. Kyle Seeback: Yes, and we're going to study that. It's on the agenda: non-tariff barriers within existing FTAs. I hope you'll come back to testify on that.

What I keep going back to is this: We're negotiating an FTA with the U.K. right now, and the U.K. has said, "We want some access to supply-managed industries." If this bill passes, that can't happen, and the U.K. might then say that there's no deal. How can you say that doesn't divide agricultural sectors, then, because the deal is dead and other agricultural sectors don't have access on a free trade basis to the U.K. market?

Mr. Keith Currie: Would you agree with me that "the deal is dead" is also a negotiating tactic by the U.K.? I think that's where their stance is right now.

Mr. Kyle Seeback: It could be, but what I'm saying is that the effect of this bill could lead to free trade agreements not being completed. Would you agree with that statement?

Mr. Keith Currie: No, I wouldn't. Canadian products are sought worldwide. They always have been. They always will be. Our farmers are some of the best in the world. We produce high-quality, high-demand products, so I do not think that any country would necessarily say, "No, we're not going to deal with Canadian products because we can't have access to supply management."

Mr. Kyle Seeback: Are you saying, then, that the government negotiated a bad deal in the renegotiation of CUSMA by including supply-managed sectors in that deal?

● (1140)

Mr. Keith Currie: I think they could have made a better deal.

Mr. Kyle Seeback: Okay. That's interesting.

My next question is for Mr. Carroll.

You're strongly supporting Bill C-282, and I understand that. However, you wrote an article in Policy Options in which you stated:

And giving a small amount of dairy market share under the Comprehensive Agreement for Trans-Pacific Partnership...and the Canada-EU Comprehensive Economic and Trade Agreement...did not undermine our supply management. We have always shared some of our market with other countries, so now we will have to share a bit more. It's nothing to fear. Canada believes in trade and we're world class players.

That seems to be at odds with what you've come to the committee to say today, which is that we should absolutely never negotiate away any further access to supply-managed industries. Why have you changed your view from when you wrote that?

Mr. Tim Carroll: First off, on the idea that we're protecting our supply management, Canada is not weak. Canada is able to compete in the world market. The point I was making was that because of part of the agreement, more access was given to our trading partners. That doesn't mean they automatically get it; it means they have to get it away from us. They have access to it, but we can still compete for it.

Mr. Kyle Seeback: That's exactly it, right?

The Chair: You have 20 seconds.

Mr. Kyle Seeback: That is exactly it. It just gives them the opportunity to compete.

Mr. Tim Carroll: It does, yes.

Mr. Kyle Seeback: It doesn't mean they automatically have—

Mr. Tim Carroll: You can't undermine the entire supply management system. We've always, from the formation of the Egg Marketing Agency and the Chicken Marketing Agency, had quotas drawn up for each province, but also, quotas were drawn up on the same basis for products that were being imported into Canada on a five-year average. I believe that's what we did at the time—

The Chair: I'm sorry to interrupt, Mr. Carroll—

Mr. Tim Carroll: People entering the market were simply given their share of the market as well.

The Chair: Thank you, Mr. Carroll.

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

Mr. Arif Virani (Parkdale—High Park, Lib.): Thank you very much.

I want to thank all of the witnesses for their contributions in feeding Canadians and indeed the world, and for their contributions today.

By way of commentary, it's probably painfully obvious to most members of the committee that the United Kingdom's desire to conclude trade agreements with the rest of the world post-Brexit is quite strong given their interest in CPTPP and their interest in the Canada-U.K. deal, but I'll just leave that where it is.

Mr. Currie, I want to start with you. If you could, give me your response in about 90 seconds or so.

Usually when we talk about supply management and its 50-year legacy after it was created by Pierre Trudeau's government, we talk about what it's done domestically. Mr. Currie, you talked about the idea of food security around the planet. I think that's come into sharp focus for all of us as parliamentarians, given the unjust and illegal war in Ukraine and Russia's invasion.

Can you elaborate a little bit on how domestic supply management rules of the kind we're trying to do with this bill actually help shore up not just food security for Canadians, but also how Canadian farmers get food to the rest of the planet?

Mr. Keith Currie: It's probably a better fit to ask that very question to my supply management colleagues who are here today, but certainly, from a CFA perspective, people are extremely aware of food security, not so much in terms of availability as in terms of affordability of food products.

The one thing supply management does is stabilize both the cost of the product for consumers and the return for the producers who are producing those products. That results in greater investment on new technologies on the farm. It results in different job creation across the country. It stabilizes small rural communities. It enhances small rural communities right across this country.

Something that gets lost a lot, particularly in the halls of government, is the impact that this has, but it also ups the gain for other countries around the world to look at our other products that are out there, saying that they're also producing at a high-quality level, an affordable level, and we're doing this with very little government support. I think that's very important to know.

(1145)

Mr. Arif Virani: Thank you.

I'm going to turn to Mr. Pelissero now.

I want to comment on something you mentioned, but also link it to something that was mentioned a couple of weeks ago.

You talked about small farms and protecting small farms, sort of the mom-and-pop operations as opposed to the large industrial farms. I'll tell you quite candidly that I represent a riding in Toronto. We don't have a lot of farming in Parkdale—High Park in downtown Toronto, but we do have a lot of people who believe in reducing and maintaining family farms and smaller farms. They also look at it through the lens of environmental impact. This came up last week, actually, this idea of thinking globally and shopping locally and obtaining your produce and your goods from something that's maybe a 20-minute drive away as opposed to a four-minute drive away or a plane ride away.

Can you comment on how supply management actually helps with that broader piece about farming and farming stability and its environmental impact?

Mr. Roger Pelissero: Yes, exactly. You're in the GTA. I'm down in Niagara, so my eggs are probably reaching the grocery store and you might be buying the eggs from my farm.

In the domestic supply that we have in Canada, the average-size family farm is about 30,000 laying hens. In the U.S., you're talking four and a half million birds. There are 50 companies in the U.S. that control over 95% of the production in the U.S. Their average production is about 330 million layers a year. We have 30 million layers in Canada, obviously because of the difference in population.

When you take a look at the environmental impact, the carbon footprint, we have a much smaller carbon footprint. We have a much smaller environmental impact. We follow the same animal care program from coast to coast in this country. That's every farmer. We're not competitors against each other. We work together as a family to supply the market, because we have a cost-of-production formula that we can use.

During this recent bird flu outbreak, egg prices in the U.S. reached six dollars a dozen. In Canada, they never got there. I have family members in the south who said, "How come egg prices are so expensive?" I said it was because of bird flu. They had 18% of their production affected by bird flu. We had 4.6% of our production affected, and the difference is due to smaller farms and in being able to control our biosecurity better than those large farms. When a large farm goes down and you have three and a half million birds you need to repopulate, imagine the size of the hole you're digging in the ground to bury all those birds. When you talk about environmental footprint, have a little picture of that.

Mr. Arif Virani: This dovetails with Mr. Currie raised in his submissions, which was about preventing disease. Would it be fair to say that supply management both helps to green Canadian agriculture and also helps to improve the safety, quality and health standards of Canadian agriculture?

Mr. Roger Pelissero: Yes, I would agree, for sure.

We put out our first sustainability report a couple of years ago at Egg Farmers of Canada, and it talked about how we've reduced our water usage and land usage but have increased our capacity to produce eggs by more than 50% over that time.

Mr. Arif Virani: Mr. Currie, do you want to dovetail on this point about preventing disease? I think you mentioned it in your opening submissions.

Mr. Keith Currie: Certainly. Biosecurity is the reason, as Mr. Pelissero pointed out, that we're able to control much better here in Canada, and that's true through most of our commodity organizations. They have tremendous biosecurity protocols in place that allow us to do that.

Mr. Arif Virani: Thank you very much, Madam Chair.

The Chair: Thank you.

Monsieur Savard-Tremblay, you have six minutes, please.

[Translation]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

I thank the witnesses for being here, and for their statements today. Mr. Loyer, you mentioned earlier that the government made a clear commitment to keeping the system whole and untouched. Yet you are calling for passage of the bill.

Why are you doing this?

Mr. Gyslain Loyer: Actually, there are two reasons.

First, the fact that that promise is included in the bill will reassure our producers and the industry.

It will also signal to other countries that want to negotiate regarding a group of products that there is a small sector that will be untouchable. That's what Bill C-282 is about.

So I see two benefits to passing this bill.

Mr. Simon-Pierre Savard-Tremblay: In other words, words are no longer enough and passing legislation would strengthen that political will, right?

Mr. Gyslain Loyer: I would tell you that what the Prime Minister said is very important to us.

If the government wants to go down that road, they can put it in a bill without any problem. That's what everybody wants.

Mr. Simon-Pierre Savard-Tremblay: That's great. Thank you.

We often hear about table eggs, dairy, and poultry, but really, you are at the very beginning of the chain.

Could you tell us why supply management is fundamentally important to your sector, which is perhaps a little less well known?

• (1150

Mr. Gyslain Loyer: I mentioned in my report that 21% of Canada's needs came from the U.S., which is about 2% of U.S. production. I may be wrong on the number. It's probably less than that.

Our little sector needs confidence and needs confirmation that it is valued and that the country wants production to stay here. As I mentioned, the negotiation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, is also likely to take a few percentage points away from us over the next 20 years, when eggs and chickens start coming into the country.

Mr. Simon-Pierre Savard-Tremblay: Thank you, Mr. Loyer.

My next question is for the Cattle Feeders' Association.

I also thank you for your presentations.

You urged us to reject the bill as being detrimental to other sectors and a bill that would tie our hands. I must confess I didn't quite understand why. It is an argument that we have heard several times.

However, we have had experts, constitutional scholars and international law scholars tell us that this is not a problem and that it would not tie our hands, and that it is also not true to say that no country protects its agriculture by force of law. There are laws in the United States regarding cotton and sugar. The European Union votes mandates in Parliament before negotiating.

So I must confess that I don't really understand your arguments on this. I would like to hear from you on that point.

[English]

Ms. Cathy Jo Noble: Sure. I can go first and James can add to it.

There are many countries that protect agriculture and non-agriculture commodities, but they don't do it in a legislated manner which.... Before you're even sitting at the table, you've already put items aside that you're saying we're not going to even have a conversation on.

I turn to Mr. Carroll's comments. He went through a very long list of trade negotiations and stated that supply management has survived every one of them. Right there is the reason we don't need the legislation to proceed.

I'll turn it over to James, if he wants to comment.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I would like you to reply briefly, please. I have more questions coming.

[English]

Mr. James Bekkering: Cathy reiterated our position quite a bit.

I think that legislating this into trade negotiations is showing our hand before we are even at the table, and I think that is detrimental to any trade negotiation.

I'll turn it over.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I understood that in your presentation, but I told you in my first comments how inaccurate that was, according to the experts we heard. The United States has laws that protect certain sectors. Obviously, you ignored my introduction

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

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

I thank the witnesses for being with us today.

Mr. Currie, you represent the Canadian Federation of Agriculture; therefore, you represent everyone. In your presentation, you made it clear that supply management could exist, that we didn't have to go and dip into it to favour other sectors, that the two models could coexist, and that your federation still believes in international trade.

I'd like you to expand on that a little bit and talk about how other sectors that are not supply managed are supported, such as through export support programs or government agricultural programs.

Don't you think we should be emphasizing these things rather than trying not to protect supply managed sectors?

[English]

Mr. Keith Currie: Thank you for the question.

At the end of the day, this can't be about a zero-sum game. We can have a robust and vibrant supply-managed system domestically and still have tremendous opportunities for other commodities internationally.

I don't think we need to continue to have one sector of our agriculture that's constantly first on the agenda for cutting in a trade negotiation. It doesn't have to be that way. Supply management has proven over the last 50 years how strong it is, not only domestically in supporting farmers but also for the economy as a whole, and that can continue going forward, so I don't think we have to have one without the other. It's not that you're taking something off the table right off the bat, and therefore somebody else has to give up. It doesn't have to be that kind of a game. We have tremendous commodities production here in Canada and we have lots of opportunities for those products to go worldwide.

The Chair: Thank you very much.

We go now to Mr. Cannings for six minutes. Go ahead, please.

(1155)

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you.

Thank you to all the witnesses here and online.

I want to start with Mr. Carroll. You mentioned some of the ways in which other countries have supported their agricultural sectors. You mentioned the United States and the government procurement strategies. I'm wondering if you could expand on those with regard to, say, Europe and what the European Union does to support its agricultural sector.

Mr. Tim Carroll: I was going to say that in the same way that Canada has different ways of controlling the supply into the market for different commodities, you see the same, as you said, in Europe and the United States.

For example, there's one I know of in Europe simply because I was doing some work on it at one time. The hog producers in Denmark have a system whereby they more or less create a fund. The producers that are producing pay into the fund, and for those who have restricted their production or strengthened the market, the board does a projection of what they need, and they run a program like that.

In the U.K. or in Europe in general, the control of the number of commodities that are grown is usually handled within the countries, but they are also paid fairly well to remove land from production and to use it for environmental purposes. That works as well in terms of the supply management.

As I said, there are many programs. It's not that they all have the same kind that Canada does, but there are other producer-controlled or government-controlled programs.

The Netherlands got rid of supply management in milk, as did New Zealand, but their supply management programs for milk cost money. There was taxpayer money involved in dealing with producers and making payments to producers to reduce supply. The United States pays for corn acreage that is taken out of production.

As I said, what I tried to put forward in my presentation was that supply management is a normal business practice. It's just a matter of who controls it. I don't know of any industry or business that doesn't project their demand and try to fit their supply to it. The poultry and milk sectors seem to have done that very well.

Mr. Richard Cannings: Thank you.

I want to turn to you, Mr. Currie, because you mentioned nontariff barriers and this whole idea that somehow we are pitting one sector against the other if we try to protect the supply management sector.

In CETA, it seems that the beef industry got greater access to Europe, but from what I understand, our exports of beef to Europe have dropped since CETA has happened, so something else is going on there.

How connected are these sectors in these trade agreements, in the negotiations?

Mr. Keith Currie: From my experience, all agriculture commodities do a very good job of working with their federal government to make sure that their best interests are carried forward in any trade agreement.

You're right that in CETA in particular, I think it's only 3% of beef that has actually got into the European Union. My beef colleagues are better able to answer that, but I know that pork has literally zero access.

For example, we've had examples of durum wheat not getting into places like Italy as a result of non-trade barrier issues, so that's a constantly ongoing issue.

I know that you asked Mr. Carroll a question about support. I can use a reference to our friends south of the border. Here in Canada the average income we receive from the federal government through programming is 4%. Our U.S. counterparts are receiving 40% of their annual income. That is a non-trade barrier all in itself. Supply management does not affect that aspect of our trade. They don't need support from the federal government. They can continue to return costs on their production while maintaining stable prices for consumers.

There are all kinds of ways that governments internationally manipulate the borders to make sure that product does or does not get in, and that's something we need to look at further as our negotiations go on in new deals. We need to know how we avoid those situations.

• (1200)

The Chair: Thank you very much.

You have 30 seconds remaining, Mr. Cannings.

Mr. Richard Cannings: I'll turn to Mr. Pelissero and ask about how American producers—these small farms that seem to be going under in the States—view their own country's policies.

The Chair: Could we have a brief answer, sir?

Mr. Roger Pelissero: Yes.

A small farm in the U.S. would be one million birds. When the USDA looks at bird flu, they say that a backyard flock is something less than 500,000 birds.

The Chair: Thank you very much for that very pointed answer.

Mr. Carrie, you have five minutes, please.

Mr. Colin Carrie (Oshawa, CPC): Thank you to all the witnesses for being here today.

I want to start with Ms. Noble.

You reiterated that all parties support supply management. Supply management has survived our recent trade agreements, but as Mr. Carroll said, countries like New Zealand and Denmark have gotten rid of their supply management for some reason. I am not sure how that's affecting them.

You came up with a significant concern that when you're taking something off the table, there may be consequences for future agreements. I know that your organization did send a letter to Minister Ng explaining some of these concerns about a precedent, concerns that perhaps other sectors will want similar exclusions from the negotiations and that prioritizing one sector over the other could have serious long-term effects.

It does seem to be divisive. We have Mr. Currie, as part of the Canadian Federation of Agriculture, who has said that they're taking a strong stance to support this bill.

First of all, did you get a response from Minister Ng to your letter dated February 16, 2023?

Ms. Cathy Jo Noble: Not yet, no.

Mr. Colin Carrie: You haven't.

Could you explain for the committee, specifically for your sector, what you see as the precedents that are being set if we pass this bill?

Ms. Cathy Jo Noble: To set the context, what we're here to discuss today is the legislation, not supply management versus nonsupply management. All these guys at the table can have a beer and debate that until the end of time. What we're talking about is whether this legislation makes good trade policy. Our viewpoint is that it does not.

It's for all the reasons that I have outlined, in that we're putting our hand forward before we've even sat at the table, but even if you go outside the trade negotiation table—and I think about how this committee is going to be studying non-tariff trade barriers—as MP Seeback said, we don't get to tell other countries what to do. If they don't like what they see we're doing through this—and we can be sure they're watching, just the way we watched COOL happening in the States—they can respond how they want. It may not be at the trade table; it may be through non-tariff barriers or other approaches to our relationship.

As I said, I think that when our trade negotiator from the Government of Canada comes to the table and says that he thinks he can continue to protect supply management with or without this legislation, he is the one at the table, and I take his word on that.

Mr. Colin Carrie: All right. Thank you very much.

I come from Oshawa, where we build cars. There's a significant amount of money going back and forth, so this piece of legislation is really important for precedent, because I'm worried that if one sector gets something, other sectors may be demanding something, and there's the issue of compensation. I don't know if there's anything in that regard.

Perhaps I could ask Ms. MacNeil something. Given that the minister of trade must table the negotiating objectives to Parliament in advance of trade negotiations, can you comment on why Bill C-282 is necessary?

I'm also wondering if you have any idea.... The government trade officials previously condemned Bill C-216, but it seems that they've flipped and they're changing their mind on Bill C-282. It's pretty much the same piece of legislation. Does that discrepancy warrant further investigation with officials? Maybe we should call them back, because I'm seeing that this is not something that is a really unified position, especially even at the table here.

• (1205)

Ms. Lisa MacNeil: Thank you.

I would say that we don't feel that Bill C-282 is necessary. From our perspective, Canadians would lose out if this bill came into play. By that, I mean in importing British creams, specialty creams from the U.K., we're an orphan. We don't really fit into any of the categories within the dairy sector or the dairy categories.

Canadians would lose two things. They'd lose access, because we would be stuck in the supplemental loop from now until forever. We already know that we've been denied access to that, and we're not able to get specialty clotted double creams to our customers in Canada.

More importantly, I would say that Canadians would be losing out on a unique experience. If you've ever had the opportunity to read *The Lion, the Witch and the Wardrobe* to your children or your grandchildren, you know there's a chapter in there that talks about having a British tea, an afternoon tea, and they talk about clotted cream. Imagine if you couldn't go to the grocery store and buy some of that cream in those little jars and take it home and actually bring that story to life.

The Chair: Thank you, Ms. MacNeil.

We will move on to Mr. Drouin for five minutes, please.

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

I want to thank the witnesses who are here.

I would say that if the British can't export to Canada right now, it's because of Brexit. There was a deal that was signed with CETA, and they chose to exit that particular deal. Now they're having to renegotiate with Canada. I'm confident that we will be able to come to a longer-term agreement, but that's not really Canada's fault. It's other external pressures that were put in place.

Mr. Currie, you talked about an issue that's really important to me, and it's uniting the agriculture sector. I understand and I respect all sectors in agriculture. I come from a supply-managed riding, but I also come from a non supply-managed riding. A lot of dairy producers have cash crops and export grains. Free trade agreements are as important to them as protecting supply management.

Not that I want to give you the task publicly, but because you're newly elected, sitting in that chair, and the CFA did come out in support of Bill C-282, how do you see the vision of making sure that what's good for supply management is good for free trade and that what's good for free trade farmers is also good for supply-managed sectors? How do you show that unity?

Mr. Keith Currie: At times, I have to admit, it is like herding cats, because, as I mentioned earlier, we have some 250-plus different commodities in this country. At some point in time, someone's not going to be happy. At the end of the day, we do want balance. We have long stood behind our members at our table who have asked us to support the supply-managed sector, including through Bill C-282, which looks to protect further. At our AGM two weeks ago, we had all five party leaders, including the Prime Minister, stand up and say they are going to support Bill C-282 and support supply management going forward. We will take them at their word, but this legislation will ensure that supply management is protected.

In the same sense, we also want our governments, both today and going forward, to protect all of our commodities to the best of their ability going forward in trade negotiations as well as domestically, because it's just as important to be supported domestically from a food security aspect, an economic aspect and an environmental and societal well-being aspect. We do need the government to protect agriculture to the best of its ability, and that also includes in future trade deals.

Mr. Francis Drouin: I want to reassure everyone here that we are talking about the definition of the Minister of Foreign Affairs and de facto the Minister of International Trade, Export Promotion, Small Business and Economic Development. They—and I say "they" because right now there are two "shes"—have the mandate to promote free trade in the definition in terms of what they are to do, but the mandate to negotiate free trade agreements does not come from the minister herself. It comes from cabinet. It is cabinet that makes that decision. That's an important difference that we do have to make.

Mr. Pelissero, welcome to committee.

I want to address another thing that we often hear, which is that supply-managed products are often more expensive than any other products in Canada. I was recently in Florida, and a dozen eggs cost eight dollars U.S.

I just want you to comment. You know the sector. I know you exchange with your U.S. colleagues, so could you explain the rationale for that and how supply management has helped keep egg prices down in Canada?

• (1210)

Mr. Roger Pelissero: Thank you, Mr. Drouin. It's nice to see you, as always.

We're able to keep the costs down because of our smaller farms and less risk of bird flu. In the U.S., when they get impacted, it's larger farms that are being hit. Facilities with three and a half million birds are being hit. They've lost 18% of their production in the U.S.

We have to get 7% of our domestic supply from the U.S., so when their market is that short, it hurts us here also, but we have been able to maintain a low price. Producers get paid. We don't set the price in the grocery store, so whatever the retailers do—and I know there have been some hearings with retailers on food pricing—is out of our control. We are able to make sure that farmers get a fair return for what they're doing in maintaining a very affordable rate for nutrition for consumers in this country.

In terms of trade implications and deals that happen, we're not opposed to free trade deals. We want Canada to be a trading nation. Our U.S. counterparts, United Egg Producers, did not ask for any more access to our market, yet our government gave more access. That's why this bill is needed.

The Chair: Thank you very much.

We'll go to Mr. Savard-Tremblay for two and a half minutes, please.

[Translation]

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

My question is for representatives of the National Cattle Feeders' Association.

You mentioned earlier that during round after round of negotiations, the system was maintained. In your assessment, at what percentage will the system no longer hold? In exchange, did you receive any substantial gains in the quotas that were relinquished?

[English]

Ms. Cathy Jo Noble: I didn't say that. I simply stated what Mr. Carroll had said. I can't speak for the supply management sector on what percentage they believe....

What I do know is that our trade negotiators need flexibility, and if there's anything we've learned after the past three years, it's that there are a lot of unexpected things that can happen around the globe geopolitically and otherwise. When you legislate something, you take away flexibility, and we may greatly regret this down the road.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: In your humble opinion, is the United States, because it has had a sugar law since 1934, a weak negotiator?

[English]

Ms. Cathy Jo Noble: The trade experts I spoke to indicated that there was not another trading partner that has legislated. Every country protects. Everybody protects something, but my understanding from my conversations with trade experts is that it's not legislated. Maybe it's in the interests of the committee, if you haven't already, to have some of those individuals who can confirm that from their experience.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I assure you that I did not invent the existence of a sugar law in the United States; I even give you the most solemn assurance. We have also had experts confirm that there is no problem with passing such laws.

Mr. Currie, what are your thoughts on this idea? To your knowledge, is one law going to represent all of the productions? Does it really burden the protection of any particular sectors?

[English]

Mr. Keith Currie: I don't think it has to. As I mentioned earlier, this can't be a zero-sum game. We look at commitments by governments in the past to protect supply management, for example, in trade negotiations, and that hasn't happened even though they committed to protecting them.

If you look at CUSMA and the loss of 10% to 11% of market access, this legislation would further entrench into government that they need to protect a very vital sector in this country. Supply management, by and large, does not export, so we don't affect other countries from that aspect. I don't think you have to have one without the other.

• (1215)

The Chair: Thank you very much.

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

Mr. Richard Cannings: I'd like to continue with Mr. Currie along those lines.

It seems that one of the big issues here is the promise from all parties not to allow any more access to our supply-managed sectors versus legislation that says that. Legislation can be changed as quickly as a political promise, in my experience.

I'm wondering if you could expand on that and compare what, say, the United States does with cotton, sugar and things like that, versus what we're trying to do here to protect our supply-managed sectors.

Mr. Keith Currie: There's been a lot of focus on.... Obviously, the intent of the bill is to protect supply management. A part of this has to be improving the conversation, as I mentioned earlier, around non-trade barriers. Going forward, hopefully the enactment of Bill C-282 will impel our negotiators and trade officials to make sure that those non-trade barriers aren't in the way of successful trading between countries. We really need to make sure that this happens as well, along with the protection of the supply-managed commodities.

Mr. Richard Cannings: I'll put that same question to Mr. Carroll about how this might affect our negotiators going into any future trade agreements.

Is Mr. Carroll still with us?

The Chair: I don't see him on the screen at the moment.

He's back. Okay.

Did Mr. Carroll hear the question?

Mr. Tim Carroll: No. Could you repeat the question, please? I'm sorry.

The Chair: Can you be concise and reduce it very quickly, Mr. Cannings?

Mr. Richard Cannings: Basically, it is about how this will impact negotiators going into a new free trade agreement when, on the one hand, we have a promise from all parties not to take any more access out of our supply-managed sector, versus legislation.

The Chair: We need a brief answer, Mr. Carroll, please.

Mr. Tim Carroll: Yes.

I reject the horse-trading portrayal of negotiations that says it's "this for that". Most often in negotiations.... If people think it's about the issues only, then they're missing the whole point. There are other factors involved.

I see no evidence or past experience that would suggest that because supply management is off the table, our negotiators would be severely compromised. There's a lot more going on in the room than just one item.

The Chair: Thank you very much.

We'll go on to Mr. Baldinelli for five minutes, please.

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

Again, thank you to all of the witnesses for being here today.

I enjoyed speaking with Mr. Pelissero at the beginning. I indicated to him that in a previous life, before getting into politics, I worked with the Dairy Farmers of Ontario. I got to know one of his former employees, Mr. Mitchell. I had the pleasure of working with him for several years on the supply management aspect.

I think you can see that many here—I believe all of us, in terms of the political side—support the supply management side. If we have any concerns, I would say it's just the aspect of codifying this and the impact it might have on other agricultural sectors going forward in any potential trade negotiations.

I'm going to go to Mr. Currie first.

We've had Pulse Canada, the Grain Growers of Canada, the National Cattle Feeders' Association, the Canadian Cattle Association and the Canadian Agri-Food Trade Alliance come forward and speak about their concerns about what putting this into legislation may do.

My question is how CFA considers that when it comes forward. I think Mr. Drouin was reaching the same point. Others have come forward sharing their concerns.

As a global organization representing all of Canada—this is for the Canadian farm association—how does one rectify that or coalesce those competing ideas?

● (1220)

Mr. Keith Currie: Well, as was mentioned, it's always difficult when you have so many commodities that you're representing.

At the end of the day, our policy on defending supply management comes at the wish of our membership. The membership around our table has supported the policy of defending supply management, so we continue forward. It doesn't mean that we don't support other aspects of agriculture as well, because we represent everybody, by and large, by default, from some of our provincial general farm organizations that sit around our table.

As I mentioned, you don't necessarily have to give up one for the other. I will go back to CETA as a prime example, in which there was consensus to bring dairy imports into Canada, yet we've seen almost no reciprocation by the European Union from a trade standpoint with respect to agriculture. If we can't gain access by giving up supply management, maybe we should stop giving up supply management until people are willing to give us access to other products.

Mr. Tony Baldinelli: That's all about negotiating and negotiating the best deal. Again, my only concern—and I support supply management—is the notion of codifying it. Even with respect to whether this legislation is in fact required, we have government negotiators, and all government officials are saying they are committed to supply management.

I in fact asked Mr. Aaron Fowler from Global Affairs, when they testified at the beginning, whether this legislation is even required. He commented that Canada, in the past, regularly concluded ambitious comprehensive free trade agreements that did not make commitments with respect to market access for supply-managed goods. That was in the absence of this piece of legislation. Therefore, I would conclude that this legislation is not required in order to achieve such outcomes.

I was just wondering if you would agree with that.

Mr. Keith Currie: Well, the 11% in CUSMA would say that Mr. Fowler did not follow through on that commitment. If you want to get down into details, supply management gave up 11% in CUSMA, and yet there was a commitment not to give any further access to supply-managed commodities.

Mr. Tony Baldinelli: At the same time, when you look at the statistics provided by the Government of Canada, milk production has gone up from 75 million hectolitres in the year 2000 to 94 million hectolitres today. Market access into the United States for exports of dairy products has gone from \$189 million to \$241 million in 2022. It's gone up by \$52 million.

Again, our concern is that if we're not sitting around the table talking about it and excluding certain sectors, these types of results may not be achieved.

I am looking for your comments on that.

The Chair: Could we please have a brief answer?

Mr. Keith Currie: Your reference to what we've exported is good and it's accurate. What you didn't comment on are the dairy imports that have come back in return. They have almost tripled in some cases, depending on the commodity within dairy that you're talking about. While it may be fine that we have increased the dollar value of the price going in, the products coming back into Canada have almost tripled in some cases.

Numbers are what you use them for, right?

Mr. Tony Baldinelli: Yes, but our milk production has gone up as well.

The Chair: I'm sorry, but your time is up.

Mr. Arya, go ahead, please, for five minutes.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Madam Chair.

This is a quite interesting discussion. As I'll keep repeating, in Canada we are prosperous because of trade. Trade, especially international trade, makes up 62% to 65% of our GDP. Though Canadian farmers are numerically small in number, forming a small part of our population of 39 million, their excellent exports have placed Canada fifth in worldwide exports of agriculture and agri-food products. I think we should all be proud of that fact.

I am quite surprised that the Canadian Federation of Agriculture, which I thought was supposed to represent the interest of all farmers.... But I'm so glad that we have organizations like CAFTA, which represents Pulse Canada, the Canola Council, Grain Growers of Canada, the Canadian Pork Council, Cereals Canada and the Canadian Cattle Association. The members of these organizations work hard to export Canadian products across the world.

We have access through free trade agreements to 51 countries. Currently we are negotiating a free trade agreement in the Asia-Pacific region. As you know, outside of China, the Asia-Pacific region is a growing market. The population is growing there. The economies are growing there. That's a growing market for Canadian exports. Among those countries, we are currently negotiating a preliminary free trade deal with India, and with Indonesia, the third most populous country in the Asia-Pacific region, and possibly the fifth most populous in the world.

Now, with this legislation, we are tying the hands of our negotiators and giving a tool to the negotiators from India, Indonesia and other countries. We are handing them a tool through which they can limit Canadian exports and free trade agreement rules that would be beneficial to Canada.

I think, Madam Chair, when you study different bills, different studies, etc., there'll be one witness who comes out with a very important statement. I think here it was by Mr. James Bekkering, a farmer himself, of the National Cattle Feeders' Association, who said this bill pits "Canadian farmer against Canadian farmer, neighbour against neighbour". I think that's absolutely right.

Ms. Noble mentioned that this bill has limited benefits for the supply management sector, but will cause a significant loss to most of the agricultural sector's exports.

Ms. Noble, I don't think your members are directly exporting to the Asia-Pacific region, but at the end of the day, you understand the significance of the Asia-Pacific markets and the free trade agreement negotiations that are going on there.

Do you agree with me that this bill, if passed, will provide a tool to the negotiators from India and Indonesia to bring down access to, or to offer fewer concessions to open, their markets to Canadian exports to their countries?

● (1225)

Ms. Cathy Jo Noble: Thank you for the question.

I'd just like to clarify your earlier comments. The Canadian Federation of Agriculture is a very credible, excellent association, but it doesn't represent all of agriculture, and the CFA isn't a member. We're a member of the Canadian Agri-Food Trade Alliance, and I think it's important to clarify that.

Canada is a trade-dependent country, and we need the ability to negotiate. As James stated, 75% of our beef exports go to the States. That's dangerous. We know it's dangerous to rely on that market, because we don't know, politically or otherwise, how that market may unfold in the future.

We need new trade agreements and we need to diversify our exports. The Indo-Pacific, as you state, is one very exciting opportunity for beef and for all of the agriculture sector.

The Chair: Thank you very much, Mr. Arya. Your time is up.

Next we have Mr. Seeback for five minutes, please.

Mr. Kyle Seeback: Thank you very much, Madam Chair.

Mr. Currie, you said that in CUSMA, 11%.... I want to back up.

Everyone around this table supports supply management. I support supply management. I have many supply-managed farms in my riding. I visit them often and I fully support them. Supply management is a fantastic and excellent system. I know all Conservative members agree with this. I want that to be very clearly stated on the record.

When we're asking these questions, we're trying to understand how this bill could affect future trade negotiations. When we ask these questions, we're not asking them because we don't like supply management or because we feel that it shouldn't be protected; it should be protected.

What I think we get to is this. You said that 11% access was granted through CUSMA. We have had Government of Canada officials come and say that we do everything we can to protect supply management, everything. When we go into a trade negotiation, we say that we are not giving access to supply management.

Does it not then lead you to the only inevitable conclusion, which is that they granted that market access because if they didn't, there would be no trade deal?

• (1230)

Mr. Keith Currie: Well, to be fair, I also was not in the room during those discussions, so for me to comment on how those negotiations went is not fair to me, or anyone else, because we don't know what the conversations were like. Yes, I know that governments have committed to not giving up further access for quite some years now, but the reality is that they continue to give up access.

I know it's a negotiation. We understand that. However, it seems like supply management is always first on the chopping block when it comes to giving concessions in trade deals.

Mr. Kyle Seeback: Why do you say it's first? To me, it seems like it's last. To me, it seems like it's absolutely last. It's the last resort to get the deal done, and if they don't do it, the deal doesn't happen. That's how it appears to me when I look at these negotiations, because every party supports supply management. Every political party in this country says, "If we go to make a trade deal, supply management is not on the table." Then ultimately, occasionally, it is on the table. To me, the only logical, inevitable conclusion is that if it wasn't on the table, there would be no deal.

When government officials came here, I asked that question. I asked, "If supply management was off the table with the United States, would there have been a deal?" They said that it would have been extremely difficult, or something to that effect, which I take to mean pretty darn near impossible. This bill will make it impossible for that concession to be made, and therefore it could very clearly affect the ability of this country to sign a future trade deal.

Do you see the logic of the statement that I'm making?

Mr. Keith Currie: I see the concept of the logic of what you're saying, even though your party is supporting this bill, but to your earlier point, when I said it was the first one on the chopping block, what I should have said was that it was the only one on the chopping block. That has been fairly consistent in some recent trade negotiations.

We have many other examples of trade negotiations in which it did not have to be negotiated. What this bill is saying is that you can go forward and do a trade negotiation without putting supply management on the table.

Mr. Kyle Seeback: I don't know how you define the chopping block. The chopping block is reducing tariffs and granting access. We do that with all other industries in trade deals. That's the whole nature of a trade deal. You reduce tariffs in certain sectors, right? It's not that you're the only one on the chopping block; every industry is on the chopping block when you enter into a free trade agreement.

Mr. Keith Currie: I'm only speaking in agricultural situations. That's why we're here: It's because of supply management in agriculture. In the three deals I cited in my comments, only the agricultural sector had to make supply management concessions.

Mr. Kyle Seeback: Is there no access to beef from other countries in any of these deals?

Mr. Keith Currie: There is, both ways.

Mr. Kyle Seeback: Right.

Mr. Keith Currie: By and large, supply management in Canada does not export. Yes, we do have some exports of some peripheral products, but by and large, it's about supply and demand in this country.

I heard earlier about how much domestic product had increased, but that goes along with demand. It would not have had to increase if the demand was not there for those products. That's how the system works.

The Chair: Thank you very much.

We'll now have Mr. Sheehan for five minutes, please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Again, thank you for all of your testimony on this important subject.

I have a couple of questions.

One thing I'd like to ask Keith is this: What happens if supply management is off the table and is dismantled? What happens to farms in my area, like Lock City Dairies? Your predecessor and my good friend, Ron Bonnett, was from Bruce Mines. There is Farquhar's Dairy on Manitoulin Island.

What happens to the smaller dairy farms if there's not supply management?

• (1235)

Mr. Keith Currie: Again, it would depend on the trade deals that are in place. That question would be very difficult to give an accurate answer to, but in all likelihood I think you're going to see them disappear rapidly.

The U.S. is looking every day at getting further access to our products. What people don't understand is that if the U.S. had 100% access to our dairy products, it still wouldn't fix their oversupply problem, but it would kill our dairy sector here in Canada.

I don't see a really bright future with the loss of supply management. Maybe I'm wrong and maybe it would be fine. Maybe they'd figure out a way, because our farmers are extremely inventive and have great initiatives, but I don't see a really bright future for it.

Let's not forget the quality of the products that our supply-managed sector is producing, as well.

Mr. Terry Sheehan: Keith, on that, I've been down in Washington a few times talking with American legislators on a number of issues. I was talking with a legislator from Pennsylvania. He kind of got it. He started talking about what's happening in the United States with technology that's being integrated. It's happening across the world. He was talking about multiple milking times in a day. They're overproducing. The price goes up and everyone overproduces, and then they start dumping their milk.

Could you make some comments about that? I think you went down that route about living beside the United States. With ten times our population, what they're doing with their dairy farmers could create some jeopardy if there was not supply management. Is that correct?

Mr. Keith Currie: Well, it already is.

The U.S. works on a world milk price, so their solution to low milk prices is to add more cows. Their solution to having access to high milk prices is to add more cows. What that means is increasing production. It's not a good formula for their producers from an economic standpoint.

The producers I talk to in the U.S. would love to have the type of system we have here in Canada, because it controls production and it is also a guaranteed return on investment for the farmers.

Mr. Terry Sheehan: The other thing is that we know that all political parties are currently supporting supply management. However, it seems that every time there's a leadership contest within certain parties, this question comes up. The students of political science history would tell you that this subject does come up, usually in leadership contests, and that in some cases it's been very close to being a reality.

Do you have any comments on that? Would you agree?

Mr. Keith Currie: All I can do is go back to what I said earlier. Two weeks ago, we had all five leaders at our annual general meeting. They all stood on the stage and all committed to supporting and keeping supply management. I have to take them all at their word.

Mr. Terry Sheehan: You're a good politician.

Joe Biden is coming to town this week. We know his favourite food is ice cream, so I hope he stops somewhere in Ottawa for some delicious Canadian ice cream.

Mr. Tony Baldinelli: Get Chapman's.

The Chair: You have one minute left.

Mr. Terry Sheehan: Okay.

My next question would be on the non-tariff barriers.

When I was in high school, Jim Kelleher was a Conservative trade minister. He started talking about how the Americans are using non-trade barriers to stop...I think it was pork. I guess the Canadians were inoculating our swine with a certain formula that the Americans said they had not tested.

Is it still a reality that they could come at us in these ways with non-trade barriers and that we still have to stand on guard for all sorts of agricultural...?

I'll finish with Keith, since I've been talking with him.

The Chair: Give a brief answer, sir.

Mr. Keith Currie: Absolutely. It happens all the time around the world. There are non-trade barriers that go on. We just have to continue to work with these countries to make sure that we get over those hurdles, whatever they are.

Mr. Terry Sheehan: Thank you.
The Chair: Thank you very much.

We'll now have Mr. Savard-Tremblay for two and a half minutes, please.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'm going to turn them over to Mr. Perron.

Mr. Yves Perron: Thank you, Madam Chair.

Mr. Pelissero, what amazes me is hearing several elected officials being in favour of supply management, but not wanting to put it on paper. I'll give a silly example: when you buy a house, you sign an offer to purchase.

I'd like you to explain why Bill C-282 is important to your productions. Why do you need it? What would be the impact of the bill if a government later decides to put supply management back on the table?

● (1240)

[English]

Mr. Roger Pelissero: I'll bring some comments and I'll also turn to my counterpart, Mr. Destrijker, to add some.

I'd say it's death by a thousand cuts. Support supply management. Support supply management. It's another piece of the pie back to everybody around this table. We're the carrot, either at the beginning or at the end of the trade deal. I feel for my beef and pork producers; I used to have a hog farm. There are non-trade barriers in place such that our counterparts can't ship. For every pound of beef that we ship to the EU, there are 11 pounds that come back, and Mr. Currie has talked about that.

When our government finally stands up and addresses those issues and we talk about non-trade barriers, here in Canada our farmers have to meet certain standards to produce food to put on the Canadian table. Eggs can come in from other countries, and those farmers don't have to follow those same standards.

I remember going to a trade deal, and Steve Verheul said all our government has to do is stand behind you, put them in place, and the product won't come in. Where is our government? Where are they standing with us, or behind us? They're not. It's not about defending us and saying there's no more.

This bill will really put the rubber to the road. We need to promote supply management around the world, because it's a great system that brings fair returns for farmers.

Mr. Destrijker, I'm not sure if you want to add to that.

Mr. Emmanuel Destrijker (Second Vice-Chair, Egg Farmers of Canada): Thanks, Roger.

[Translation]

For decades, we have heard our governments say that they will protect and defend supply management. Yet with each negotiation, a small part of it is cut.

So we're asking the government to stop cutting that small piece to give our producers back their confidence to reinvest and pass the businesses on to their children in the future. That is what we are asking for, quite simply.

We believe you, our members of Parliament, and we trust you, but this happens every time. We want it to never happen again. [English]

The Chair: Thank you very much.

We'll go to Mr. Cannings for two and a half minutes, please.

Mr. Richard Cannings: Thank you.

I want to follow up on that discussion. It seems very important and it's at the core of this.

We're talking about supply management. At the core of that is managing the supply, and we can do that domestically. Obviously, we do that. We manage the domestic supply and we manage pricing to make it fair for farmers and consumers, but we have to manage the supply that's coming in from the outside. Over the years, in the

last three agreements, we've lost 10% of that market share. There was something like 8% already there, so we're at 18%, as I understand it. When does supply management stop working? You say death by a thousand cuts. Is there a point where you say, "What's the point?"

The Conservatives here seem to think it's okay that we use this as a negotiating chip and that we give it away every time just to get the deal done. I'm wondering, when does it stop working?

Mr. Kyle Seeback: That isn't what we said.

Mr. Roger Pelissero: I don't know the magic number when it stops working. All I do know is that when our young people stop coming back to the farm because they don't want to be involved....

My children say they don't want to be involved in a hog farm because there's really no future there. Thirty per cent of our egg farmers in Canada are under the age of 45. That tells you that they want to be involved, but at some point that will change. If we're looking at trade negotiations and things that have happened, if it's so good for us, why are they giving us compensation packages to mitigate the trade deal they gave us? I'm sorry. It doesn't matter what the party of the day is; they're looking to give us a compensation package. If it doesn't have a negative effect on our industry, why are we getting a compensation package?

Sure, you can talk about stats that show growth, but we have population growth, so the growth is also related to that. This country needs more immigrants, more people coming in. We want to fill those markets with Canadian eggs and we can do that. However, please look at what's happening when we have counterparts in beef—James and his family farm, and my family farm—and you're pitting us against each other. Find a way that he can ship beef to other parts around the world without giving part of our domestic supply away to the Americans and other countries around the world

Mr. Richard Cannings: Thank you.

The Chair: I had a request for some committee business time.

I want to thank all of the representatives this morning. Thank you very much. It was very informative.

I will suspend for a moment for all of you to exit the room, and we will go in camera for committee business.

[Proceedings continue in camera]

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