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Chair

The Honourable Mark Eyking

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• (1530)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good afternoon, everyone, and to any members who are visiting us, welcome to the trade committee.

Today's meeting is very important. We have discussed this before. It's about the challenging trade issues facing our canola industry. It is a very important industry. Canola is a crop that was developed in Canada and represents over 250,000 jobs, \$11 billion in wages and almost \$30 billion in sales.

Before I start, I want to give the committee a heads-up that things are working quite well with the whips on our very important trip to the United States that we're working on with the ways and means committee. It looks as though we might be going between the 8th and the 10th. I'm just letting the parties know they should put forward the names of your designated travellers. Right now, it's looking good and it could be a very important meeting.

Without further ado, we're going to get right into our meeting. We have a very busy one today. We're going to have to be done at 5:30 sharp because there are votes.

Mr. Randy Hoback (Prince Albert, CPC): No, they got cancelled.

The Chair: Did they get cancelled? Okay, we're still going to 5:30.

We have two ministers here with us today. We're going to give them an hour and then have the officials whom we also see in the room.

Welcome, everybody, and thank you for making the time to be here. We have a very efficient committee. Our members always keep their questions short and the ministers keep their briefings short so we can have a good dialogue. I'm hoping to get most of the members in so they can ask their questions.

Mr. Carr, good afternoon and welcome. Do you want to start us off?

Hon. Jim Carr (Minister of International Trade Diversification): Thank you, Chair and colleagues. Thanks for the invitation to appear in front of the committee.

For a long time, I've believed that parliamentary committees are really the heart of our democracy. That's where we are held accountable. That's where we have spirited debates about public

policy, sometimes contrasting in their points of view and perspective. It's open to the public and it's the kind of exchange that makes our democracy as vibrant as it is.

I am pleased to be here to talk about a very important issue, particularly for me as a Manitoban, because I know how important our agricultural and agri-food industries are. I know how vital the export markets are for the well-being of western Canadians. I know that they are the wealth creators of the prairie economy—indeed of the national economy.

I also know, as all members of the committee will know too, that China is a key market for our canola exporters. One figure always sticks in my mind. If I were to ask you in what year the Richardson family did its first deal with China, what might you say? It would probably not be 1910. For over a century, we on the prairie have been selling wheat to China. For over 100 years, prairie farmers have been growing and selling the highest-quality products in the world to customers in China.

As a former CEO of the Business Council of Manitoba, I know how critical our agricultural experts are to the overall economy, not only of the prairies but to the entire country. If our farmers suffer, we all suffer. If our farmers succeed, we all share in that success.

As Minister of International Trade Diversification, we must maintain our trading relationship with China. China is Canada's second-largest trading partner and an important market for Canadian exporters. In 2018, two-way merchandise trade between Canada and China reached \$102.2 billion. Canadian total exports of agriculture, agri-food, fish and seafood to China were valued at \$10.5 billion in 2018, up from \$8 billion in 2017 and even more from the year before that. Total Canadian exports of canola seed, oil and meal to China in 2018 were valued at \$4.3 billion, up from \$3.6 billion in 2017 and \$2.7 billion in 2016.

However, despite the depth and strength of our bilateral ties, as with any diplomatic relationship, ours is not without its challenges. This is as true today as it has been in the past, and as it was in 2009, the last time that China gave us a bit of grief over Canadian canola.

We were extremely disappointed in the decision by China to halt import of Canadian canola. Last week, the Prime Minister and I met with Richardson executives in Winnipeg. Minister Bibeau and I also met with both Viterra and the Canola Council of Canada last Friday in Saskatoon. Importantly, over those number of days, we have also met with our counterparts, the ministers of agriculture and ministers of trade from both Manitoba and Saskatchewan. We also met with the Premier of Saskatchewan, to show that we are working in lockstep with the industry, with producers and with our provincial counterparts.

I want to thank our provincial partners for their collaborative effort and their support on this very important file. We're all committed to resolving this issue for our growers.

Colleagues, this is not a partisan issue. I'll say to you what we told the producers and our counterparts. Our government is seized with this issue. We recognize the potential impact of China's decision, and we are working hard to restore our exports to China and mitigate the impact of their decision on our canola sector, and by extension, our economy as a whole.

Yesterday, we announced the formation of a working group, which includes the Canola Council of Canada, the Canola Growers Association, the Richardson company, Viterra, and representatives not only from the federal government but also from the governments of Alberta, Manitoba and Saskatchewan.

● (1535)

The CFIA and our officials are working diligently with the Chinese to refute the reasons for halting Canadian imports.

While those efforts continue, we are seeking other markets for Canadian canola. I have been working the phones to grow our canola exports in other markets. I've connected with, and will continue speaking to my counterparts in other countries worldwide to expand our canola exports.

Our government is committed, as you know, to diversifying trade and opening new markets for Canadian exporters. The newly implemented CPTPP and CETA agreements are creating significant export opportunities for Canadians, with the CPTPP alone expected to result in \$780 million in new canola exports.

Canada now has 14 trade agreements covering 1.5 billion consumers in our free trade zone, and access to nearly \$50 trillion in combined GDP.

Colleagues, we are the only G7 nation to have a free trade relationship with all of the other six, which positions Canada to be an international leader and investment hub.

Our government works diligently to help more Canadians export more goods to more places, creating more jobs and more wealth from coast to coast to coast.

Thank you very much.

The Chair: Thank you, Minister.

We also have with us the Minister of Agriculture and Agri-Food.

Minister Bibeau, thank you for coming and being with us, and welcome to the trade committee. You have the floor.

Hon. Marie-Claude Bibeau (Minister of Agriculture and Agri-Food): Thank you, Mr. Chair.

I thank all the members of the committee for your focus on this very important issue and for calling us here today to address your questions.

There is nothing more Canadian than canola.

[*Translation*]

It is a symbol of Canada's scientific achievement and agricultural innovation. The success of Canadian canola is a source of great pride.

[*English*]

Canola is a stable rotation crop for many farmers and contributes almost \$27 billion a year to the Canadian economy, a contribution that has tripled over the last 10 years. Our producers create a top-quality product and the science and inspection system that supports our exports is world class.

Our government knows that strong markets for our high-quality Canadian canola mean more money in the pockets of our farmers and good middle-class jobs for Canadians.

● (1540)

[*Translation*]

As you know, China suspended the licences of two Canadian canola seed exporters. It is also subjecting all Canadian canola seed to more stringent inspection. We want to reaffirm our support for producers and make clear that we are doing everything we can to resolve this issue, in conjunction with our partners and industry stakeholders.

[*English*]

As mentioned by the Prime Minister last week, Canada is prepared to send a high-level technical delegation to China.

I have recently sent a letter to my Chinese counterpart requesting to send a delegation led by the president of the Canadian Food Inspection Agency, along with her team of plant health experts and the support of technical experts from the prairie provinces.

[*Translation*]

In the meantime, experts from both countries continue to share information, and the talks are ongoing. Just 10 days after my appointment as Minister of Agriculture and Agri-Food, I travelled to Alberta, Manitoba and British Columbia. Here, in Ottawa, and out west, I have already met with dozens of industry representatives, producers and processors.

[*English*]

Last Friday, with Minister Carr, we were in Saskatchewan to meet with our provincial counterparts and agricultural leaders.

Strong collaboration and ongoing dialogue between industry and governments is vitally important. That is why we have set up a working group that includes the Canola Council, the Canola Growers Association, Richardson, Viterra, and representatives of the federal government and the Alberta, Manitoba and Saskatchewan governments.

[Translation]

The working group will ensure a coordinated and collaborative approach towards resolving this canola market access issue in China. The group will also explore alternative markets for both the short and long term.

[English]

On top of that, we know that Canada's canola farmers have concerns about seeding, storage, prices and cash flow. We understand that.

[Translation]

We are continuing to explore the full suite of existing risk management tools and support mechanisms to help the industry and farmers as much as possible.

[English]

Mr. Chair, Canada has a world-class canola industry. Our government will continue to work together with partners and stakeholders to find a science-based solution to the current issues the industry is facing.

[Translation]

We will continue to stand firmly behind farmers.

[English]

The Chair: Thank you, Minister.

It looks as though we're going to have time for two full rounds, which is good. I know our motion dealt mainly with Richardson's situation, but I think I'll accept any questions dealing with canola and canola trade.

Without further ado, we're going to start right off with the Conservatives.

Mr. Hoback, you have the floor.

Mr. Randy Hoback: Thank you, Chair. Chair, I just want to get on the record that I'm disappointed that we didn't give the ministers an hour each as we had committed to doing before, but it is what it is, and I'll take what I get. I can count over here and I understand who controls the committee.

Having said that, Mr. Carr, I appreciate your comments about being non-partisan. I agree with that. I think if you look at Canadian farmers right now, that's the last thing they want. They actually want to see that you have a good handle on the situation and that you have a game plan going forward. That's what my questions are going to be structured towards.

Have you had a chance to talk to the Chinese ambassador about this issue? Has the Prime Minister talked to him? Have you talked to him?

Ms. Bibeau, have you had a chance to talk to him?

Hon. Marie-Claude Bibeau: No, I haven't talked to the Chinese ambassador. All of our discussions were science-based and led by the Canadian—

Mr. Randy Hoback: But even still, if you want a letter of invitation to China, if you want to speed up the visa process, just a

common courtesy call to the ambassador, I think, on something like this would be appropriate. Would it not?

Hon. Marie-Claude Bibeau: I've already sent a letter to my counterpart in China to ask for such a delegation. We've had quite a number of discussions between our representatives at the embassy and their counterparts in China. We had two significant scientific technical discussions between our officials at CFIA and their counterparts from China.

Mr. Randy Hoback: I understand that they are meeting.

Hon. Marie-Claude Bibeau: My letter asks, and actually the letter of the president of CFIA also asks, for a delegation.

Mr. Randy Hoback: Unfortunately, I only have five minutes. I don't mean to be rude, but there's urgency. Planting will be happening in John's riding in probably the next two weeks. On May 1, guys will be seeding. That's why I was really stressing to the committee when we first requested the emergency meeting roughly three weeks ago that we needed to move more quickly and faster to get as much information in front of them...so they could make the best decisions.

I understand now the reason for the technical delegation. I'm disappointed that it's not already there and being done. To me, that should have been done two or three weeks ago and it should already have been crossed off the list of reality. I think we've done everything in Canada that we can do.

I think, Mr. Carr, you were in the media saying that CFIA has taken another look at the samples, and there's absolutely nothing wrong. We already know that the end result after all of this will be that there's nothing wrong with our canola. It's a safe product. There's actually something other than that. It's a political statement.

You still have to check that box, and I get that. In the same breath, however, you have to be planning for alternatives. The reality is that if you've checked that box and we have said that, yes, this canola is safe, and we have not changed our processes, and this is actually a political issue, what are you prepared to do?

● (1545)

Hon. Marie-Claude Bibeau: We have to get to the end of this—

Mr. Randy Hoback: But I'm assuming you can do both at the same time. You can prepare for that as you do the other ones, right?

Hon. Marie-Claude Bibeau: We are doing that. This is what we are doing. We have been engaging with the stakeholders, with industry, and with farmers since the beginning, since the day after I entered this position. We are really working together in a collaborative manner, and I can tell you that the stakeholders understand and support and agree with the approach we have been taking since the beginning. We are ready to go forward, and this why we have also created this working group.

Mr. Randy Hoback: I think you have these farmers saying, okay, we want to know that when our crop comes off in the fall, you will actually have completed something, and you will actually have laid out something tangible so the Chinese understand there are consequences to their playing politics with food. It's hurting their reputation but it's also hurting our livelihoods.

What types of items have you put on that list? When you talk to your friends in the Chinese government you say, you know, there are going to be consequences if this is not an actual CFIA issue, and if it comes back and the reality is that this is a political issue, which is what everybody is speculating about, then these will be the consequences. Have you looked at that list and at what that list would look like?

It's similar to what we did with the country of origin labelling with the U.S., when we said, okay, here are the counter tariffs. We were very strategic, and we had a very unique goal to accomplish with those lists.

I know, Mr. Verheul, you worked on creating some of those lists.

Have you done that yet?

Hon. Jim Carr: The Chinese don't say it's a political issue; the Chinese say it's scientific.

Mr. Randy Hoback: Of course. They say that all the time.

Hon. Jim Carr: They say it's a scientific issue. They say they have evidence that this crop contains impurities, pests. We've inspected it twice, and they've shown us no evidence. The way we're going to resolve this and the way that works best for everybody is to have a meeting with Chinese officials and to have the scientists have a good go at what's in these samples. If there's a problem, we will work towards solving the problem. If there isn't, then we should move on. This is not the first time, as you know—

Mr. Randy Hoback: What does “move on” mean? You say there isn't, because I don't think there is. Most people are saying there isn't an issue.

Hon. Jim Carr: We have resolved—

Mr. Randy Hoback: We have to check that box, yes, but what are you going to move on to? What are you going to do?

Hon. Jim Carr: We have resolved issues with the Chinese before, a number of times over the last decade or so. Scientists have agreed that a resolution is possible.

We are waiting, and we have been waiting for a while now, for Chinese officials to show us they have evidence that contradicts ours. That is what many with whom we've had this conversation and who have history with the Chinese—producers, associations, provincial governments, ministers—say is the right way to proceed on this issue now.

The Chair: Thank you, Minister. The time is up, and I suggest that members of Parliament leave the ministers enough time to be able to answer the questions. Then if the ministers can their answers short, we can have good dialogue without cutting anybody off.

We're going to move over to the Liberals, and we have Madam Ludwig. You've got the floor.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you all for being here today.

Minister Carr, looking at the situation we've been in for decades with our reliance on the United States as our primary export partner, when we're looking at China and canola, what has been done since we formed government to diversify trade and find new markets for our canola products?

Hon. Jim Carr: We've signed trade agreements. We signed a trade agreement with the European Union, and that means we now have 500 million customers in Canada's free trade zone. We have agreed to NAFTA 2, for lack of a better acronym. Very importantly for canola in particular, we have signed and ratified the CPTPP.

Importantly, we were among the first six nations to ratify it. That made record speed through the House of Commons and the Senate, and I want to pause for a moment to thank my Conservative colleagues, in particular Ed Fast, who did a lot of work on this file. Because of the co-operation of the opposition and the Senate, we were able to ratify the CPTPP before the end of the year, which meant we have had two tariff reductions, one at the end of December 2018 and one at the beginning of 2019. This means our producers have been first to take advantage of this market. We now know that in the month of January alone, our exports to CPTPP countries grew by 17% year over year.

That is the kind of diversification of markets that matters. We now sell canola to 50 countries internationally, and we continue to redouble our efforts to make sure that countries other than China are reminded of the high quality of our canola and to deepen our trading relationship with them.

• (1550)

Ms. Karen Ludwig: You also mentioned in your testimony, Minister Carr, that in 2009 there was a challenge between Canada and China regarding canola. What did governments learn from that experience then that we could apply today?

Hon. Jim Carr: I think what we learned is that when we can engage the Chinese on common ground—and the common ground is science, even though we have to say, colleagues, that scientists can disagree on evidence too, because it's not pure, but it's a very good start.... The way to work through an issue when Canada says we have inspected a crop and the Chinese say they disagree with the result is to compare results and work through it. That's what trading partners do for each other.

This is the finest canola in the world. There are markets in 50 countries for this canola. China is one of our most important markets. We want to safeguard that market, and the best way to do that is to engage them. We seek to engage them.

Ms. Karen Ludwig: Do I have more time? Yes. That's great.

I compliment both of you for your work with our provincial counterparts. Like Mr. Hoback, I think that's an excellent example of non-partisanship. Could you explain to us how that process has worked, and how it's going to move forward?

Hon. Marie-Claude Bibeau: The first thing I did was to call the three ministers of the prairie provinces, I think the Wednesday, the day right after this situation started, to make a first connection and to assure them that I was following the situation closely and that I wanted to make sure that we collaborated well for the benefit of our producers and exporters.

Then I had the chance to meet with Minister Eichler of Manitoba and then with our counterpart in Saskatchewan as well. We had a couple of discussions. We're all on the same page. We understand that we have to stand up for the fact that we have very high quality canola. We have a world-class inspection system, and we have to stand by it. This is the best way to protect our exports in the agricultural sector on a sustainable and long-term basis.

Ms. Karen Ludwig: Great. Thank you.

The Chair: Thank you, Madam Ludwig. That wraps up your time. We're going to go to Mr. MacGregor for the NDP.

Go ahead, sir. You have five minutes.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you very much, Chair. I'm glad to be here.

Thank you very much, Minister Carr and Minister Bibeau, for appearing today. I very much agree with you that this is a world-class product that we've made and we should be very proud of it. I very much agree with the Team Canada approach that you talked about in your opening statement.

I am a member of the Standing Committee on Agriculture. Last year we did a trip across Canada. We've heard grumbling from farmers about the CFIA's onerous standards, but at the same time they realize that those standards are what makes us rise above...and that when you see the maple leaf on agricultural products, you know they're backed by world-class standards. We've retested our products and we've never had phytosanitary concerns with canola, so we know those science-based claims do not hold much water.

Assuming that this problem is in fact a political problem and, just hypothetically speaking, is linked to Huawei and other problems we're having in our bilateral relationship, and looking at China's fairly spotty track record for respecting WTO rules, how do we ensure that if we resolve this particular crisis, Minister Carr, we'll have the tools in place going forward to ensure that it doesn't happen again? What will the Government of Canada come to the table with so that our agricultural producers in another year or two years or five years down the road are not going to be put in the exact same position? We know that our farmers are very concerned right now.

• (1555)

Hon. Jim Carr: We first want to engage with Chinese officials, and we want to engage with them at the scientific level. Second, we want to make sure there is support available for producers from the Government of Canada if that becomes necessary. Third, we think trade diversification is part of the road ahead. We know it's not something that can happen overnight, but I want to say something more. I want to say that we will travel anywhere at any time if we believe that the trip will lead to a resolution of this issue.

Mr. Alistair MacGregor: But specifically, if they're going to raise phytosanitary concerns in the future—and you've already acknowledged what an important market it is—I'm just wondering in

what way we can appeal to some kind of an international rules-based convention so that when the aggrieved party finds a phytosanitary concern.... How do we resolve it quickly? Let's assume the worst, which is that this doesn't get resolved quickly and drags on for months and possibly a year.

Hon. Jim Carr: I appreciate the question because it drives at the heart of an anxiety that many nations around the world are feeling at this moment in the rules-based trading order, which is that the World Trade Organization needs to be reformed, and it needs to be reformed soon, because the Americans have not appointed appellate court judges and the whole dispute settlement mechanism of the WTO is at risk.

Canada has led an international initiative to reform the WTO that includes the EU and nations from every continent. It's not easy. I like to say that if you invite 164 of your neighbours to your backyard on a July night, give them a barbecue and have a conversation about where the cell tower should go, are you going to get consensus among the 164? Probably not, regardless of how good your burgers are.

To reform the WTO, you need consensus among 164 nations, so where do you start? You start with those who agree with us that liberalized trade and a rules-based trading order are in the interests of the world, as they have been since the Second World War. We are very aggressive in bringing together that group. It happened first in Ottawa. We had a second meeting in Europe in January. We meet again in Paris in May, and we meet again in Japan in June.

We believe that there is momentum growing for the reform of these rules that are so important. We're not naive. We know that if it's going to work, ultimately the Chinese and the Americans are going to have to support it.

Mr. Alistair MacGregor: Do I have time for a quick question, Chair?

The Chair: You have half a minute, but go ahead.

Mr. Alistair MacGregor: Minister Bibeau, let me say as a member of the Standing Committee on Agriculture that I hope we can have you appear. The last time we had a minister there was at the end of November.

Today at the committee we heard from the canola growers, who said that there are about 10 million tonnes of canola in bins and a lot more on track going to export. Given the lack of storage space and the fact that farmers are about to plant their crop going forward and this is going to lead to a crunch, how soon are we going to see the details of what the Government of Canada is prepared to do to help our farmers? When will we start to see the details roll out?

Hon. Marie-Claude Bibeau: I've travelled there and I've had the chance to meet with some farmers in many different round tables, so I understand the issue. I understand that this time of the season is particularly difficult for them because they have to make decisions.

We have a lot of programs already in place to support them. They have access right away, today, to the advance payments program. For example, they can get an advance of \$400,000 including \$100,000 free of interest, and actually, it was the start of the new year yesterday, and we have already received 1,200—not we, but Canada

The Chair: Sorry, Minister, I didn't want to cut you off but we're quite a bit over time there. Maybe you can pick up on your thoughts with another question.

We're going to go over to the Liberals now.

Mr. Fonseca, you've got the floor.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Chair.

Chair, you will remember that as a committee we were able to travel from coast to coast to coast as we were doing our consultations on the CPTPP. We know that canola is such an important industry to our country. It is a Canadian-made product. It was founded here. I know we're hearing from many of the prairie provinces where it is a predominant crop, but we heard about it from B.C. and all the way to the Atlantic and in my province of Ontario.

Minister Bibeau, my first question is for you. The Chinese have added further restrictions, and we question the science of their decisions. Why are we sticking so closely to the science-based approach?

• (1600)

Hon. Marie-Claude Bibeau: I strongly believe it's the best way to find a lasting solution actually, because the Chinese are telling us that the issue is that they have found some kind of pest or irregularities in our shipments, and we have taken—as we normally do, or always do—samples and analyzed them before shipments left Canada, and then we did it again. We returned to our samples and we haven't found anything.

As Minister Carr just said, sometimes scientists don't agree, so they have to sit together and compare notes and see what methodologies they have used and everything. We really have to stand by this very robust system that we have because I think it's the best insurance for us, for our various agricultural products in various markets, that our system is reliable and that we are selling very high quality product. This is why it is so important to really go to the end of this questioning, to protect our Canadian brand and have our system recognized.

Mr. Peter Fonseca: Following up on the testing, Minister, the nature of these tests and how we do them here, and then how they're conducted in China, when they look for these pests, would the tests be similar? How are they done there? How do we do those tests here? This might be a technical question.

Hon. Marie-Claude Bibeau: I'll let the president of the CFIA answer your question since it's more technical.

Dr. Siddika Mithani (President, Canadian Food Inspection Agency): Sometimes the methodologies are very different. For example, the sampling methodology may be different or the testing methodology may be different, and therefore, it's critical for us to have those technical discussions face to face, to talk about these methodologies and differences and also to look at what their level of acceptable risk is around the pests.

It's not just the methodology, but a much bigger discussion around level of acceptability of risk and what it means to each country in the context of canola.

Mr. Peter Fonseca: Thank you, Ms. Mithani.

Ministers, you had an opportunity to meet with your provincial counterparts as well as the stakeholders. Looking at a strategy to get us to where we want to be, can you say how well aligned we are, in terms of what the stakeholders have said and then what the government is doing?

Hon. Marie-Claude Bibeau: I would say that we are very well aligned. We all agree that we have to protect our brand and protect our system as well. This is why we have created the working group as well. We think it's very important to keep working in a collaborative manner and to share information on a regular basis, to find the best way to proceed depending on how the situation evolves.

I think we're really working together, and if I may take a few seconds just to complete my answer, I was about to say that the Canadian Canola Growers Association and other organizations that are managing the APP, the advance payments program, have already received more than 1,200 applications; AgriStability is also there; and with the working group we will be looking at the different ways we could improve the support we already have in place.

[Translation]

Mr. Peter Fonseca: Thank you, Minister.

[English]

The Chair: Thank you, Mr. Fonseca.

We're doing quite well here. That wraps up the first round. We're going to start the second round with the Liberals this time.

Mr. Sheehan, you have the floor.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much.

Minister Bibeau, first of all, let me congratulate you on your recent appointment as Minister of Agriculture, Canada's first female minister of agriculture. Congratulations.

You started talking about the working group. Could you delve a little more into that and tell us some of the details, for example, when it might start? Again, you mentioned who was going to be a part of it, but what role will they play? Exactly how can they help resolve this very serious issue?

Hon. Marie-Claude Bibeau: Thank you.

Maybe I can start by remembering everyone who is participating in the group: the Canola Council of Canada, the Canadian Canola Growers Association, the two companies involved, Richardson and Viterra, and obviously our federal government, but also our counterparts from Alberta, Manitoba and Saskatchewan.

I will be represented by my deputy minister in this group. I might be meeting with them as well. They have planned their first telephone meeting for this Thursday.

I would say there are three objectives for them. The first one is to make sure that we collaborate and share information throughout the process; the second that we also work on alternative markets; and the third that we discuss, as I said earlier, and potentially improve, the different programs in place to support the farmers in this particular situation. These are the main objectives of the working group.

• (1605)

Mr. Terry Sheehan: Minister Carr, you mentioned that this isn't the first time this particular issue has come up. As soon as you mentioned that, I remembered that when I was in high school the minister of trade, Jim Kelleher, spoke to us. There was a particular country that had basically barred an agricultural product, an animal based upon a certain food product we were using, or something or other. He talked about backdoor protectionism, but he also talked about food security. I will never forget that.

In your opinion, how important is Canada's agricultural business to a country like China? It seems like they are cutting their own nose off to spite their own face. That's just a personal observation.

Would you like to comment on how important we are in supplying places like Asia?

Hon. Jim Carr: China is the second-largest economy in the world. It is by far the largest importer of Canadian canola. It's growing rapidly, and it will continue to.

I take a fair bit of comfort, by the way, in remembering that date in 1910 when the Richardsons signed their first deal with China. That's a long time ago. I would go out on a limb and say we will be doing business with China 100 years from now.

This is a tough moment in Canada-China relations. We have serious disagreements over the treatment of Canadian citizens in China who we believe have been arrested arbitrarily. We have an issue with the case of a Canadian national whose sentence has been moved to the death penalty. We talk about these issues.

There was a question before about the international community. I don't think I have had a conversation with any of my counterparts internationally without bringing up Canadian values vis-à-vis our relationship with China. That is our responsibility.

Because we believe in the rules-based world international trading order, we have allies. We have allies who understand that it's in the interest of their people to know that when you sign an agreement, you can solve disputes in ways that will be accepted by both parties. That's why we are working so hard internationally, not only to try to build a consensus on how to reform the WTO, but also for Canada to

make alliance with those who understand what we're now facing in some of our bilateral relationships.

We're moving on both those fronts.

Mr. Terry Sheehan: Thank you.

The Chair: We're going to move over to the Conservatives now. They have five minutes.

Mr. Barlow, you have the floor.

Mr. John Barlow (Foothills, CPC): Thank you very much, Mr. Chair.

I appreciate the ministers being here on this very important issue. I can tell you that my producers in Alberta are seized with this. Its urgency cannot be overstated. As my colleague said, many of them are heading to the fields in the next couple of weeks.

I just want to mention something to Minister Carr. I know you said that you're waiting for the Chinese to make a statement on this and that this is a scientific issue. China's foreign ministry spokesperson, Geng Shuang, has already said, when asked if this is connected to Meng's arrest and Huawei, that that is a scientifically sound and reasonable question and that "the Canadian side should take some concrete measures to correct its previous mistakes". That is his quote. China is admitting this is a political issue. I'm hoping that the government is dealing with that, as well as the science side of it. We have to understand the reality we're faced with here.

I wanted to ask a question of both ministers—whoever can answer. There were 23 million acres of canola planted in 2018. As I said, our growers are at home making some very difficult decisions right now. Do they plant canola? Many of them have spent hundreds of thousands of dollars on their input costs. They've bought the seed and they've bought the fertilizer.

Yes or no? Should these producers plant canola this season or should they be looking at something else?

• (1610)

Hon. Marie-Claude Bibeau: Obviously, I'm not the one who can tell farmers what to plant. I can say that we are really doing our best all together in a non-partisan way with stakeholders because we understand the importance and the emergency of this issue for them right now at this time of the season. We have a number of programs to support them through this difficult period as well. One part is by engaging in different ways to find a solution, but also supporting them. We all know it's more a medium-term solution, but still we are working on diversifying our markets.

We made sure also with our trade commissioners in the various countries where we export elsewhere that our partners still have confidence in the high quality of our products. This is still the situation, so there are other opportunities. They should know that their government is really standing up for them.

Mr. John Barlow: Thank you for that, Minister.

We have heard today that Richardson and Viterra have had their permits revoked. We also learned today that a third company is in jeopardy of having its permit revoked. Do we know which company that is?

My concern here is that our stakeholders and producers have certainly raised their worries that canola is just the first commodity to be targeted. While we've certainly heard from stakeholders that current contracts that have been signed are being honoured by China, new contracts on other products are not being signed. Do we know who this third company is that has had its permits revoked? Do we know of other commodities that may or may not be targeted?

Hon. Marie-Claude Bibeau: We've been informed there's a third company that received a noncompliance notification, but at this time I'm not allowed to share the details on this. It doesn't mean they are suspended at this time. We will obviously keep working with them and see how it goes.

I forgot the second part of your question.

Mr. John Barlow: Do we know of other commodities that may be targeted? We have heard that with commodities other than canola, China is not signing new contracts.

Hon. Marie-Claude Bibeau: We haven't been informed officially that there is an impact on other commodities. Of course the situation is creating uncertainty in the markets. As is always the case, uncertainty might bring some buyers or importers of our product to delay. This is a possibility, but I have no evidence at this stage.

Mr. John Barlow: I have a last question.

You were talking about the cash advance program. It's my understanding that \$116 million has already been applied for and has gone out on the first day. We've also been told that if this continues, the funding that is available will be maxed out. Is that going to be discussed as part of this task force, as the Premier of Saskatchewan has asked for? Could there be an expansion of the advance payments program?

Hon. Marie-Claude Bibeau: Yes, this will definitely be on the agenda. This is why I want to work with the working group, to get as much data and information as possible to make sure that whatever we decide on to improve this program, or another one eventually, we choose the best one—the one that will have more impact on the biggest number of producers, for example. I just want to be sure; before engaging any additional funds, I have to go through a due diligence process, obviously.

Mr. John Barlow: Thank you.

The Chair: Minister, as you know, there are so many ridings and farmers affected. You can see how many MPs are attending at the table here today. Many of them don't have a chance to speak, but I appreciate their being here. We have Mr. Kitchen from Souris-Moose Mountain, Saskatchewan; Mr. Maguire from Brandon-Souris, Manitoba; and Mr. Dreeshen from Red Deer-Mountain View, Alberta.

It's good to see you guys here.

A voice: There are others too [*Inaudible—Editor*].

The Chair: I know, but they'll be able to ask questions. These gentlemen are here because they're very interested, but they won't be able to get the floor. That's why I recognized them.

We have some people splitting their time. When members do so, they should keep in mind that they have to make sure their colleague gets enough time for their question.

We'll go right to the Liberals. Mr. Hébert is starting off, and he is splitting his time with Mr. Peterson.

Go ahead, Mr. Hébert.

• (1615)

[*Translation*]

Mr. Richard Hébert (Lac-Saint-Jean, Lib.): Thank you, Mr. Chair.

I'd like to begin by congratulating you, Minister, and I thank you for being here today.

My fellow member pointed out that you are the first female agriculture minister. What's more, you come from Quebec, so double congratulations are in order.

Ms. Bibeau, yours is an agricultural riding, so I have no doubt that you're able to understand what farmers need. You know what the agricultural industry is all about. My questions will focus on that.

What role does the agricultural sector play in your efforts? How are you keeping the industry apprised of what you're doing?

Hon. Marie-Claude Bibeau: I've been working on this issue since the day after taking office as Minister of Agriculture and Agri-Food. I'm in talks with departmental and CFIA experts, as well as my provincial counterparts and the various associations that represent grain farmers, specifically, canola farmers. Those discussions began immediately after I took office and have not stopped. Since the very beginning, we've been sharing a lot of information.

I can tell you that, when department officials initially told me about the science-based approach, I wanted to know what producers thought. I learned that support for the approach was unanimous. Everyone agreed on the importance of finding an evidence-based solution. Canada's agricultural products are of the highest quality, and we have an excellent reputation, which we must protect. We also have a robust food export inspection system, one of the world's best, so we need to protect it at all costs.

Chinese officials told us that they found impurities in our canola exports, so we want to know what they found. We did testing before the product was shipped and after, once the information about the samples came in, and we still haven't found anything.

The experts have to come together to discuss the matter. Currently, the discussions are happening over the phone and by video conference, but I sent my Chinese counterpart a letter asking if he would agree to host a delegation from CFIA to examine the matter in greater detail.

Mr. Richard Hébert: Thank you very much.

[*English*]

I'll share my time with Mr. Peterson.

[*Translation*]

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Hébert.

Thank you, Mr. Chair.

I'd like to welcome the ministers.

[*English*]

I think I have time for about one quick question. It has two parts to it, and it's for Minister Carr.

Are we leveraging our relationship with our trading partners as much as we can to help with this problem? I think it impacts all of our trading partners. As a corollary to that, are we ensuring that producers in Canada are aware of and are able to tap into the other trade agreements that don't involve China? What are we doing to support on that front?

Hon. Jim Carr: We are very aggressive in making Canadian producers and small and medium-sized businesses aware of the new trade agreements that are available to them. You might have noticed that in the fall economic statement there was considerable investment in trade, in trade infrastructure, and in the trade commissioner service, which will be substantially increased as a result of these investments because of the tens of millions of dollars added to Canada export....

The trade commissioner service is a service, by the way, that's free to all exporters. For those who feel uncomfortable with too much reliance on any one market, whatever that market might be, there is now more and more opportunity to expand their export possibilities. The Government of Canada seeks to partner with them. We talk all the time with our trading partners about liberalized trade and the rules-based system—we did that even before this and we certainly will after this—because we believe it's in the long-term interests of Canada and the international community.

Mr. Kyle Peterson: Okay. Thank you.

The Chair: We'll go over to the Conservatives now. They are also splitting their time.

Mr. Sopuck and Mr. Berthold, you're on.

To start off, Mr. Sopuck.

Mr. Robert Sopuck (Dauphin—Swan River—Neepawa, CPC): Thanks.

Ms. Mithani, you said something that really stuck out to me. Did you say that the canola testing methodologies are different between Canada and China?

That's just a simple yes or no.

Dr. Siddika Mithani: I said maybe. We are not sure.

Mr. Robert Sopuck: Okay.

Dr. Siddika Mithani: That's the exchange of information. The interpretation of data is also different. There's the interpretation of data and some of the methodologies may be different.

Mr. Robert Sopuck: I get it.

I was shocked by that statement, absolutely shocked, because the essence of the scientific process is replicability. If the two

methodologies are different, the Chinese will have an out every single time.

What are you going to do if the Chinese use the excuse that their methodology shows that our canola is substandard, and then you say...? Then we get into a he said, she said thing.

Why haven't we pursued the notion that the testing systems have to be identical?

My questions are for the ministers.

• (1620)

Hon. Marie-Claude Bibeau: We have to rely on a rule-based trading order. This is very important. It's the same not only for Canada and China. We are having these discussions; it's not the first time that we have to enter into a technical and scientific discussion with another country to compare notes. It happens all the time between scientists.

There's no very clear answer to your question. It's a normal process. We have to go to the end of it. To do that, we have to have face-to-face meetings between scientists. Then they can challenge themselves.

Mr. Robert Sopuck: Just really quickly though, if the presence or absence of weed seeds, for example, is one of the things that they allege, that's very easy.

How can there be a difference in testing processes to determine if a weed seed is present or not?

Hon. Marie-Claude Bibeau: I understand that there's also the risk aversion.

Maybe you can complement on that?

Dr. Siddika Mithani: As far as the interpretation of the weed seeds is concerned, it's actually based on photographs. It's the photographs that people look at. It's the interpretation. That's one.

The second is that, when you look at detection methods, for example, we have no information about how many samples they've tested or how many weeds they've seen per sample. That is another one.

The third thing is that they've talked about bacteria that they have seen present. They've reported a presence. We haven't. We've asked for their methodology. We are currently looking at that methodology. We are trying to replicate what they've done. The studies are still ongoing.

So, that's—

Mr. Robert Sopuck: Okay. Thanks.

I'll turn it over to my colleague.

[*Translation*]

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you.

Ms. Bibeau, first I'd like to congratulate you on your appointment as Minister of Agriculture and Agri-Food. My questions won't take long.

Obviously, I'd like you to appear before the Standing Committee on Agriculture and Agri-Food as soon as possible to discuss this issue, in particular, the market concerns of Canadian farmers. Your timely appearance before that committee would be very appreciated.

If I understood correctly, you said you didn't anticipate the matter being resolved in the very near future.

Hon. Marie-Claude Bibeau: I don't believe I said that. We're doing everything we can to get the matter resolved as quickly as possible. Obviously, it's a two-way street.

Mr. Luc Berthold: The Chinese government hasn't responded to your letter yet. Is that right?

Hon. Marie-Claude Bibeau: No, but there is some follow-up happening. Officials from both countries met in Italy, if I'm not mistaken.

Mr. Luc Berthold: This morning, CFIA representatives told the Standing Committee on Agriculture and Agri-Food that discussions were taking place regularly to resolve the technical or scientific problem with China, but that the Chinese weren't making nearly as much of an effort as usual.

You being the minister, I would think not having an ambassador is probably a challenge. You said that Ms. Freeland is in charge of the talks with China on this issue. Is that still the case?

Hon. Marie-Claude Bibeau: Yes, it's still Ms. Freeland. Ultimately, the Prime Minister is the one who appoints ambassadors, of course.

Since the beginning, as Minister of Agriculture and Agri-Food, I've been making every effort to find a science-based solution. At the same time, work is happening on various fronts. Minister Carr is working on the market diversification and trade piece.

Mr. Luc Berthold: Has Ms. Freeland spoken to the Chinese government about the canola crisis?

Hon. Marie-Claude Bibeau: No. Our goal right now is to keep the discussion on a scientific level. We don't want to add to the anxiety or speculation on the issue.

The Chinese officials are faulting our product for being of lower quality than it should be or of lower quality than they were expecting. Keeping the discussion focused on that is key. Otherwise, we would just be making the situation worse and running the risk of derailing any progress, something we absolutely don't want to do.

Mr. Luc Berthold: Thank you.

[English]

The Chair: Thank you, Mr. Berthold.

• (1625)

Hon. Jim Carr: I would just add, Chair, if I could for two seconds—

The Chair: Just a quick response, then.

Hon. Jim Carr: Jim Nickel is the acting ambassador of Canada in Beijing. He's very senior—you know of him—and a very competent and able public servant. He is leading on-the-ground initiatives on behalf of Canada in Beijing now.

The Chair: Thank you, sir.

We're going to the NDP now for three minutes. Mr. MacGregor.

Mr. Alistair MacGregor: Minister Carr, in 2015 China and South Korea signed a free trade agreement. Subsequent to that, South Korea decided to install an anti-missile battery. China responded with the following actions: It curbed tourism to South Korea by manipulating tour packages, it found alleged fire code violations in a chain of South Korean department stores, and then it promoted popular boycotts against Korean exports like Kia and Hyundai.

I'm not saying we're installing an anti-missile battery, but Chinese officials have alleged that the current imbroglio we're in is related to the Huawei case. Going forward, given that China has no reservations about using heavy-handed tactics when it feels that national pride or national interests are at stake, at what point does the Government of Canada look at the fact that we have a trade deficit with China that's over \$40 billion? At what point do we start looking at a list of Chinese imports to Canada and saying that we're going to start looking at what we take from their country, because they are treating us with absolutely zero respect?

I appreciate that you are following a scientific-based approach, and I think that's the correct way to go, but we also have to keep in mind the elephant in the room. This may in fact be a political problem and we're dealing with a government that has a history of using heavy-handed tactics against countries like South Korea, which we're a little more closely aligned with.

Hon. Jim Carr: We don't think it's in Canada's interests to escalate the tension. We think it's in Canada's interest to resolve the problem, and the way to resolve the problem is to agree on what the problem is. That's why our efforts were so focused on dealing with the issue on that level.

If we were to all of a sudden make speculative accusations, if we were all of a sudden to raise this to the highest levels of diplomacy and politics, that perhaps wouldn't be the fastest road to a solution to this problem. We have to be measured. We have to be scientific in our approach. We want to be aligned with our provincial counterparts, with the industry and with producers—and we are.

That's not always easy to do in Canada. All of us around here are students of Canadian federalism. We probably could enjoy sharing stories about occasional tensions between the Government of Canada and the provinces. It's not the case here, and it's not the case here because there's clearly a Canadian interest. We've seen it before.

Mr. Alistair MacGregor: Can I just add a quick question with respect to the—

The Chair: You'll have to be very quick.

Mr. Alistair MacGregor: Okay.

When do you expect the composition of the trade delegation to China to be known and the date when it can be sent to China?

Hon. Marie-Claude Bibeau: Actually, I sent a letter to my counterpart in China and this delegation would be headed by the president of CFIA. They want it to be technical in the first step, at least. Hopefully we will resolve the situation there.

The Chair: We're now going to move over to Mr. Dhaliwal. You have a question, so go ahead.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair, and thank you to the ministers and staff for being here.

Minister, as you know I come from beautiful British Columbia. Canola counts for a large amount of field crops, country grains and oilseeds produced in British Columbia. I'm just wondering if there's an impact on British Columbia. If there is, what have you and your counterparts done to mitigate that effect so it would help British Columbians?

Hon. Marie-Claude Bibeau: Actually, British Columbia represents less than 1% of the production of canola that is exported. It's really the three provinces of the Prairies that are the most affected by the situation.

Hon. Jim Carr: You have other assets.

Hon. Marie-Claude Bibeau: Obviously, yes, all the programs I've talked about, like the advance payments program and AgriStability, they are all—

Mr. Sukh Dhaliwal: However, it's my understanding that 30% of the grains and oilseed crops that are grown in British Columbia are canola, and that's why I was a little concerned. If it is 30%, and particularly in the Peace region, is there anything you can do to find out how that will impact the farmers in British Columbia, and what can we do?

• (1630)

Hon. Marie-Claude Bibeau: We want to support all of the producers.

The information I have in front of me is production in 2018 in tonnes. It shows that, really, Saskatchewan is the most affected, with 53.7%; then Alberta with 28.9%; Manitoba with 16.3%; and British Columbia with 0.6%.

Mr. Sukh Dhaliwal: Thank you.

Hon. Marie-Claude Bibeau: Obviously, we're working at diversifying our markets for all the provinces.

Mr. Sukh Dhaliwal: Thank you.

The Chair: As my father would say, every acre is important.

Hon. Marie-Claude Bibeau: Of course.

The Chair: There's a tipping effect. It affects exporters. It affects the domestic.... We know that.

Mr. Weir, welcome to our committee. We have unanimous consent here for you to ask a question.

Go ahead, sir. You have the floor.

Mr. Erin Weir (Regina—Lewvan, CCF): Thank you, Mr. Chair.

I want to thank members of this committee for giving me a chance to participate, since reopening the Chinese market to Canadian canola is a huge priority for Saskatchewan.

I also want to ask ministers what actions the government will take to support canola producers until the Chinese market is reopened. As you know, the Saskatchewan government has asked for an expansion of the advance payments program to provide interest-free loans of up to \$1 million. Is the federal government prepared to do that? And if you need to wait for the working group, when can we expect a concrete answer to that question?

Hon. Marie-Claude Bibeau: I'm open to review the different programs we already have, but I want to take the time to get all of the relevant information. Sharing information on that is one part of what I'm asking the working group to do. Their first meeting will be this Thursday. It will be a telephone conversation. Since we already have a variety of programs that farmers and the producers can apply for, it gives us the time to really review the different programs, like the advance payments program and AgriStability, and to make sure that the best decisions will be made in considering how the situation evolves.

If I may add, I want to apologize if it got lost in translation, because I really didn't mean to say that British Columbia growers are not important. I'm sorry. It would have been lost in translation if I said something to make you feel this way. Obviously, I understand all of them. Each and every farmer is very important.

The Chair: Yes, I think you understood. It was how much was grown, not the importance.

Hon. Marie-Claude Bibeau: Of course. Yes.

The Chair: That's fine. Thank you for that clarification.

That ends our second round, but there's consent among the parties to have one more question.

Mr. Maguire, you can be the last one up. Go ahead, sir.

Mr. Larry Maguire (Brandon—Souris, CPC): Thanks.

I just have a quick question now. I also have about six or seven questions here, Mr. Chair, that I was going to put to CFIA. I wonder if I could just hand them in and maybe have them supply the whole committee with replies.

The Chair: Sure.

Mr. Larry Maguire: Thank you.

My question is this. There's no doubt about the quality. We're pursuing the scientific testing. We all agree on that, for accountability. To secure the long-term trading relationships that we need with our trading partners in the world—China being one of them—given what our colleagues have just said here in regard to the announcements at the table on this being more political, even from the Chinese themselves, how do we proceed from here? In relation to that aspect of it, while we try to keep it separate from the scientific side, are we in consultation, given that Chinese officials are in Washington this week talking about trade agreements between China and the U.S.? Are we in any consultations with the U.S. and our other counterparts in regard to this particular issue?

Hon. Jim Carr: We are.

Mr. Larry Maguire: How should we handle that, and what can be done there, Mr. Carr?

Thanks.

Hon. Jim Carr: In all of our conversations with our trading partners, we share what trading issues might be the focus of attention of our government and issues that may not even be associated with international trade. So there is a continuing conversation. You develop, in pretty short order, good relationships with your allies. You are able to pick up the phone and have these honest conversations, and we are doing that.

Just as important, we're also on the phone with our trading partners around the world to do whatever we can do now and in the medium term to expand and deepen our trading relationship with the countries with whom we do business.

We know where the bulk of the trade is. We know where the opportunities lie. We know where populations are growing. We know what the needs of those populations are. And it's not only the case with agri-food. It's also true with natural resources and all of the other commodities that we produce, and the services that we can offer internationally as Canadians.

So those conversations happen all the time.

• (1635)

The Chair: Thank you.

That wraps up our time. We had a very productive time.

Thank you for coming, ministers.

As you know, our committee is very seized with this situation, and if you can send updates on this situation as you go along, we'd appreciate it.

Colleagues, we're going to suspend for a few minutes, so we can get the officials in. Then we'll go at it again. Thank you.

• (1635)

(Pause)

• (1640)

The Chair: MPs, please take your seats.

We're continuing our meeting on the situation with our canola industry and trade, the challenges we're facing right now. For this last part, we have about 45 minutes and we appreciate the officials coming here. We have officials from Foreign Affairs and the Department of Agriculture and Agri-food, and also from the Canadian Food Inspection Agency.

Thank you very much for coming, folks.

We're going to change a little bit of the format. We're going to go with four-minute slots for the MPs, but I understand there's one official speaking.

Mr. Verheul, are you going to have opening comments? Okay. There will be no opening comments.

• (1645)

Mr. Randy Hoback: What a good speech, wow.

Some hon. members: Oh, oh!

The Chair: It was the shortest speech in the House. No, it's good to see you here, Mr. Verheul. You're not new to trade deals, trade challenges and trade agreements, and we've seen your face here

many times. Thank you for coming. The rest of the officials are coming with us.

Without further ado, we're kicking this off with the Conservatives.

Mr. Hoback, go ahead for four minutes.

Mr. Randy Hoback: Thank you all.

It's good to have the CFIA here, because we have to talk about checking off that box before we get to what really is the problem. I think everybody has come to that conclusion: you have to deal with the science part of it and then eliminate that from the equation as quickly as possible so that you actually get to the true heart of the problem. If it's political, then that's what it is.

In checking those boxes, have we changed our processes in how we examine canola? Is there any way that you think they could have made a mistake in the process that could have created a problem with what we sent to China?

Absolutely not. Okay. We'll get that on the record.

Is there anything you've seen in the samples, when you re-looked at them, that said "Hey, this is a problem" or raised concerns that would be unusual compared to other samples you've had from other companies?

Mr. Fred Gorrell (Assistant Deputy Minister, International Affairs Branch, Department of Agriculture and Agri-Food, Canadian Food Inspection Agency): No. We've checked the ones using the methodology we have, and the results came back negative. There's nothing to suggest anything is different this time or in the times before—

Mr. Randy Hoback: As to the pictures of weed seeds, you're looking at the pictures, and those are the same pictures they would have in China, I assume.

Mr. Fred Gorrell: As noted, on the pictures, that's one of the issues. You can't really judge something by a picture. You really do need to examine them, because they're done by visually distinguishing, so you actually need to see them be part of it. That is one of the main reasons we would like to have a face-to-face meeting.

Mr. Randy Hoback: One of the concerns I think would be if people say, "Okay, I don't trust your science, and you don't trust mine". So one of the paths forward would be to actually take the next vessel and say, "Okay, you come and inspect the vessel in Vancouver as we load it; you take your samples, with us, and we'll analyze the samples together; and if you want to do it again, we'll come and join you in China and re-analyze those samples." That would show that we're actually dealing with true samples that haven't been doctored from us or from them.

Is that on the game plan? Is that a way you see the path forward here?

Mr. Fred Gorrell: Yes, from my perspective, with due respect, we wouldn't use language like "doctored", but I think your point about—

Mr. Randy Hoback: Be more appropriate, yes.

Mr. Fred Gorrell:—having joint export and arrival inspections would be an opportunity to make sure both people see it the same way.

Mr. Randy Hoback: Okay.

Mr. Verheul, on the ground right now we have customers in China who actually need that canola. What are our trade officials, the trade commissioners and people like that, doing on the ground to make sure they understand what it means to them by not having this product available to the market...similar to what we did in the U.S. ?

Mr. Steve Verheul (Assistant Deputy Minister, Trade Policy and Negotiations and Chief Trade Negotiator of the Canada-United States-Mexico Agreement, Department of Foreign Affairs, Trade and Development): Well, we are doing considerable advocacy with the companies in China, to the extent we can do that. Our trade commissioners are very active and engaged in this file as well, and other officials in the embassy in addition to them. So we're making every effort we can to keep some constant touch and keep up to date and—

Mr. Randy Hoback: Would you be able to share any intelligence? Do our customers there on the ground have any concerns with our canola?

Mr. Fred Gorrell: Do you mean our importers? I think at the AGRI committee this morning you had the major exporters, Richardson and Viterra. They talk about contracts. Obviously, there are contracts—people are pleased with our canola, our quality. I think that right now we and the importers are looking at it from a regulatory point of view, what the—

Mr. Randy Hoback: So, it comes back to the Chinese officials, not the actual purchasers, that have an issue with this.

Mr. Fred Gorrell: That is correct.

Mr. Randy Hoback: Okay.

As we move forward and look at opportunities or alternatives, what timelines to you see for having this box checked? If there's a true desire by both parties to solve this, could we have this solved—at least this box checked—within the two or three weeks? What's a fair time frame to say, “Okay, we can have this cleared?”

The reason I ask—and this is why I was really pushing this committee to meet earlier—is that time is of the essence. Even though we have our own calendars here in Ottawa, the reality is that the farmer is sitting there and saying, “Do I put this bag of seed in the ground or do I return it?” These are big decisions that have to be made. They're big dollars. So what is your time frame? How quickly can you push this forward if you have a willing partner on the other side?

The Chair: We have to have a quick answer.

Mr. Fred Gorrell: We're ready to get on a plane today or tomorrow. We have people ready. Obviously, it would be up to the Chinese to confirm when we can meet with them. That would be the first thing. After that, I couldn't speculate on how long it would be until we actually have that first conversation.

• (1650)

Mr. Randy Hoback: You could move relatively quickly.

Mr. Fred Gorrell: We're very capable of moving very quickly.

Mr. Randy Hoback: As you did under Minister Ritz....

The Chair: Thank you, Mr. Hoback.

We're going over to Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair.

Thank you to the management as well.

Mr. Verheul, congratulations, and thank you for the great work you have done on USMCA. You were very successful, along with the minister. You handled a pretty difficult file, when it came to that agreement. Do you see us putting in the same amount of effort now to resolve this issue?

Mr. Steve Verheul: Yes, I would say so, because from the moment this issue came to our attention, there have been a significant number of resources from all of the involved departments to fly to this, from CFIA and Agriculture and Agri-Food Canada to Global Affairs, and others. This has been a top priority of our department since the issue first arose.

Mr. Sukh Dhaliwal: Ms. Mithani was saying earlier that there are different ways of testing—different processes when it comes to testing. Do we have full confidence in the scientific testing system in Canada being equivalent to the one in China?

Mr. Fred Gorrell: I would say that we have great confidence in our testing methodology and the science we use in Canada. It's based on international standards. It's validated. I can't speak directly to the Chinese methodology right now, because they've indicated that they've had problems. They've had quarantined pests. We said we'd like to validate that. We asked them for their methodology and what their testing and sampling plans were, etc. Without that information, I would not be in a position to answer your question. That's why we're saying, “Let's have a face-to-face meeting, so we can determine exactly what you're looking at and why.” We're going to say exactly what we're doing and why.

Mr. Sukh Dhaliwal: What are the timelines we're looking at for that meeting, and the regulation?

Mr. Fred Gorrell: We've asked for the meeting to take place as soon as possible. In fact, one of the chief plant health officials is in Rome today with the Chinese counterpart. They've had two conference calls already. He's asked them when we can have that conversation. We've responded that they have the information and the request from Minister Bibeau, as well as from President Mithani. They said they'll advise us as soon as possible. That's all we have, sir.

Mr. Sukh Dhaliwal: From your experience, do you see them as reluctant to meet with you, or co-operative, when it comes to the environment that you see around the talks?

Mr. Fred Gorrell: All of their language and the conversations we've had at the technical level have been cordial, polite and professional. There is no suggestion that there's anything else. They said they very much want to have a technical dialogue, but we really do need an answer to that question. As Mr. Verheul said, our trade commissioner is in Beijing. I have been talking to customs China, and impressing upon them the importance of having this meeting as soon as possible.

Mr. Sukh Dhaliwal: Do you believe that farmers should do anything else to mitigate the issue they're raising, or have they done everything they could have done? Have you as officials also explored every avenue you have?

Mr. Fred Gorrell: Canada exports canola to many countries around the world. We're the largest exporter of canola. Countries love our quality and the use of it. What we're doing, and what our farmers are doing in their growing practices.... They're responsible. They're looking at sustainable growth. All of it is very positive.

Right now, I think we really do want to have that conversation with the Chinese on specifics. Then, based on that, we'd be able to share information with this committee and others, as well as the farmers, to see if there is anything else we need to do. We're quite confident, though, in what we're doing. We export canola all around the world and people are very pleased with the product and its quality.

The Chair: Thank you, Mr. Dhaliwal. Those were good questions. I think you could be a really good farmer.

Mr. Sukh Dhaliwal: I was a farmer before I came to Canada.

The Chair: Oh, sorry for that mistake.

We're going to move over to the NDP.

You have four minutes, Mr. MacGregor.

Mr. Alistair MacGregor: Thank you, Chair.

We heard today testimony today at the agriculture committee from both Viterra and Richardson. Richardson, in particular, made note of its very long trading history with China and the relationship it's cultivated over a hundred years. Both companies stressed the fact that with canola in particular, there is no one case of phytosanitary concerns with it at all. I know that you have the utmost confidence in our methodologies and the way we test for pests in our containers that are destined for export. I know that you attach certificates, so that the importing party can see that it was verified before it left our ports. During all this time, since we started trading canola with China back in 1994, they have not found a problem to date. There have been a few concerns in other years, but by and large it's been pretty good. Other countries have faith in our system and they haven't found any problems.

Going to the fact that you have a team that's ready, willing and able to go at a moment's notice, I understand we're waiting for visas and for the official invitation to come. Is that where we're at right now? How long, generally, does this kind of thing take? At what point do we kind of start to worry that there's an unreasonable delay?

•(1655)

Mr. Fred Gorrell: To put that in order, everybody needs to get an invitation to have an official delegation, and then they provide the visa. You use the invitation to go to the embassy and then you would get a visa based on that invitation.

Mr. Alistair MacGregor: Okay.

Mr. Fred Gorrell: As you said, we have had a lot of history with China and canola, as well as from a plant health and a trade side. We had some issues in 2009 and 2016, but our exports to China have continued to grow .

We've been successful through sustained efforts. It's never been short term. In 2009 and 2016, these were really sustained efforts. We've always found a way forward. I think the question will be, and continues to be, when will we be able to have that technical meeting? Based on that, we will be able to see what the differences of interpretation are based on these weed seeds and other issues. It really does get down to—without our saying what you think and I think—how it's being interpreted. Then we really have to have that technical conversation to determine what the next steps are.

Mr. Alistair MacGregor: You've made the request for the methodologies and the results of their samples and so on. What's the response been? Is the response from the Chinese government that they're just putting all that together and they'll make it available soon?

Mr. Fred Gorrell: They have provided some information; some information, they have not provided.

Mr. Alistair MacGregor: Okay.

Mr. Fred Gorrell: They have been engaging, as I indicated to Mr. Dhaliwal as well. They have been polite, professional and cordial. At the same time, we haven't been able to have that conversation we need. We have some of the information that we've asked for and some we do not have.

Mr. Alistair MacGregor: Are any of you able to offer some responses on the advance payments program?

Ms. Kathleen Donohue (Director General, Market Access Secretariat, International Affairs Branch, Department of Agriculture and Agri-Food): In terms of...? As you know, we have the advance—

Mr. Alistair MacGregor: In terms of the demand that's already been exhibited, can you project ahead what the needs will be based on what the uptake has already been?

Ms. Kathleen Donohue: As you have heard from the minister and then this morning from the Canadian Canola Growers Association, which is the administrator for the APP when it comes to canola, there's been an uptake yesterday in the new calendar year. As the minister indicated, one of the tasks of the working group that will be meeting on Thursday will be to give us an indication and an information exchange on that demand from the grower community and the extent to which we need to look at perhaps making some changes to some programs such as APP.

The Chair: Thank you. That wraps up the time.

We're going to go to Liberals. Mr. Fonseca, go ahead.

Mr. Peter Fonseca: Has the Government of China indicated in their words what mistakes they feel have been made, or what mistakes need to be corrected? They talk about pests or whatever, but what are the mistakes? They said there are certain mistakes.

Mr. Fred Gorrell: Are you talking about the ministry of foreign affairs or are you talking about agriculture?

Mr. Peter Fonseca: No, no, I'm talking about agriculture, and then what concrete measures they are looking for.

Mr. Fred Gorrell: Well, they haven't been specific. They've said, "You should review your system, look at the distribution, look at your cleaning". Basically, they've said to look at our whole system. They've used words something like these: "It's not functioning, not doing what it should be doing; it's not giving us a level of assurance". As we've said before, we're taking a very robust defence of our system, because our system isn't just for China; it's for around the world, and around the world we're very proud of our system.

I would also comment that this morning at the agriculture committee both Viterra and Richardson said that we have a state-of-the-art system in how it's used. Again, without specifics and when they make general statements, it's very hard to get into a dialogue with them, because you really want to ask them, what are they asking of us? We haven't had that chance yet.

• (1700)

Mr. Peter Fonseca: Is this the first time we've experienced something like this? Have we faced something like this in the past?

Mr. Fred Gorrell: It's almost unfortunate that I've been involved with this issue for many years, but I would say that with China we had a separate issue in 2009. It's called blackleg and is a fungus that we've been working on. In 2016, we were working on that.

Over a period of 10 years, we've had a number of differences of opinion with the Chinese government relative to plant health interpretation. As I said, it's through sustained efforts that we've been able to come out the other side. Exports have continued and, quite frankly, have been growing at a healthy rate.

Mr. Peter Fonseca: I know that government is seized with this. You've had some success in the past when this has come up. Is the strategy put together with Trade? Does everybody get into a room and work out a strategy on how to move forward in how to address the science and then also some of the other issues that may arise?

Mr. Fred Gorrell: We're fully integrated. I would say that Global Affairs, Agriculture Canada, the Canadian Food Inspection Agency, our Canadian trade commissioner service and other departments are all fully integrated. We work together in a whole-of-government approach.

Mr. Peter Fonseca: According to Agriculture and Agri-Food Canada, in 2016, the Government of Canada and the Government of China concluded an agreement that allows Canada to export canola seed to China "under existing commercial terms" until March 2020. Does this agreement ensure that Canada's canola producers have unimpeded access to China's market?

Mr. Fred Gorrell: That is the agreement that was signed in 2016. What they have identified in the context of that agreement, they're saying, is that they're finding some other problems and they're bringing that to our attention. They have suspended the two companies based on that.

Again, we want to have the conversation and ask, "What is your concern?" We have a framework for what should be tested and how we should be testing it. They've said, "We found some new issues that we want to talk about", and they have concerns. This is where we are today, sir.

Mr. Peter Fonseca: Is the agreement binding and enforceable?

Mr. Fred Gorrell: No, it's not a treaty. It's binding between two organizations.

The Chair: Thank you, Mr. Fonseca.

We're going to go into the second round. We're doing really well here.

Madam Ludwig, you have four minutes. Go ahead.

Ms. Karen Ludwig: Thanks again, all of you, for your testimony today.

Mr. Verheul, in 2016 the government announced exploratory discussions between Canada and China for a free trade agreement. How might a situation or a case like this impact those discussions or how we might approach them moving forward?

Mr. Steve Verheul: Well, we're not currently actively having those discussions with China at the moment. Certainly, this kind of issue is something that you like to get out of the way before you get into any kind of broader negotiation. We would like to see this resolved as soon as possible so we can move on to expanding our trade relationship with China and expanding our trade across all commodities.

Ms. Karen Ludwig: I had a case in my riding where a particular company had exported a product. When the first container arrived—it had been tested—the accepting country looked at it and said there was an issue with it. There wasn't harmonization between the standards of testing, but they did have a country, a third country, that they would agree to do some of the testing. Is that option here in the case of China?

Mr. Fred Gorrell: I would say no. I would say that China has sovereignty on what they're testing on their own imports as well as our exports. I think the idea that was proposed of checking our export certification and import certification together and making sure of the methodology would be something that would be at least a possibility to ensure that we're looking at things the same way.

Ms. Karen Ludwig: Okay. Thank you.

My next question is for you, Mr. Gorrell. When we look at Canada and China and the exports, what percentage of canola actually comes, of imports that China imports from Canada...what percentage of their total canola?

• (1705)

Mr. Fred Gorrell: Could you try that again?

Ms. Karen Ludwig: Yes. Of all the canola exported by Canada, what percentage goes to China?

Mr. Fred Gorrell: Forty per cent of our canola exports, the total canola exports from Canada, go to China.

Ms. Karen Ludwig: So 40% of—

Mr. Fred Gorrell: Forty per cent of total Canadian canola seed exports go to China.

Ms. Karen Ludwig: Okay.

Looking at that scenario, what would be the substitute markets for Canadian high-quality canola if China is not importing ours?

Mr. Fred Gorrell: That's a good question.

Because it's 40% of the total exports—it's our single-largest export market right now—the next three markets for canola seed don't even total up to the 40% for China.

Ministers Carr and Bibeau have had conversations with the exporters that were also mentioned—Richardson, Viterra, as well as others—and they have talked to the provinces. There is no single market that would take that much canola at one time, but on the diversification and strategy, they do look at what other markets might be able to take incrementally. It would take time; it wouldn't be something you could do immediately, just because of the size of China.

Ms. Karen Ludwig: On that, which country would be our greatest competitor for canola?

Mr. Fred Gorrell: The good thing is that we're the world's largest exporter of canola and there is no one really close to us. Australia does export. You might find some coming out of the Black Sea now—Ukraine, Belarus.

Ms. Karen Ludwig: Would there be enough in Australia and the Black Sea to feed the Chinese market?

Mr. Fred Gorrell: I think it would be highly unlikely, especially at our level of quality.

Ms. Karen Ludwig: Thank you.

The Chair: We're going to the Conservatives.

Mr. Barlow, you have the floor for four minutes.

Mr. John Barlow: Thank you very much, Mr. Chair.

I want to clarify something on Mr. Fonseca's question about previous mistakes. This came from the Chinese foreign ministry spokesperson, Geng Shuang, when asked specifically about Ms. Meng. His complete comment was:

As for China-Canada relations, we hope that the Canadian side could work with us to promote the sound and steady development of bilateral relations. The Canadian side should take some concrete measures to correct its previous mistakes.

It wasn't about the science side; it was about the political, foreign affairs side. I just wanted to read that into the record in relation to his question on that.

Picking up on what Ms. Ludwig was saying—and I know, Mr. Forsyth and Mr. Verheul, you might be the best to answer this—we heard from the trade minister that he will be looking for new markets to try to divert the canola seed that was going to go to China.

My understanding is that there isn't crushing capacity anywhere else in the world that could possibly displace what was going to be exported and processed in China. Is that correct, or are there opportunities for other markets to take what would be close to several million tonnes of canola seed?

Mr. Steve Verheul: Well, since we have lost access for at least two companies on—hopefully—a temporary basis, that does put a big hit into our canola exports.

We are certainly looking at other markets and will be trying to do the best we can in those. We have strong markets in Japan and Mexico and various other countries around the world, but it's quite true that they're not of the same size as the Chinese market.

We have been talking to the industry about diversifying exports that would have been destined for China, but I don't think we can say that's going to be a solution to this issue, which is why we're actively trying to resolve the issue with China and putting as many resources as we can into that effort.

Mr. John Barlow: Yes, and I appreciate that. I think our best solution is to repair the relationship with China, with whatever means that takes. I appreciate that we're looking at a multi-pronged approach—scientific and, hopefully, political as well.

I did ask the question of the ministers, but they weren't really able to answer. We've certainly heard from our stakeholders that existing contracts with China are being honoured in commodities other than canola seed. But we've certainly heard a lot, and it has been in the media as well, so there may be some misinformation being put out there, and I'm guessing it's mainly from Chinese importers, from the companies. They have said they are no longer going to be signing new contracts for other commodities. I know flaxseed has been mentioned, as well as barley and wheat.

Is this true or is that misinformation? Is there a move by these Chinese exporters to no longer sign new contracts with Canadian producers, or have they have threatened that any shipments that come to China will be heavily scrutinized, which is a pretty stern warning of what will happen if we try to send commodities over there?

Is this a lot of misinformation, or are these things that we need to be wary of?

• (1710)

The Chair: A short answer would be good.

Mr. John Barlow: Sorry. Thanks, Mr. Chair.

The Chair: No, it's all right.

Go ahead.

Mr. Steve Verheul: We certainly do have some information. I think it's clear that China has been more closely scrutinizing canola exports from any source. We have certainly heard the same kinds of rumours you have heard. We have not had any kind of formal notification or indication from the Chinese government that they were intending to take action against any other commodity.

Mr. John Barlow: Thank you.

The Chair: Going back to the Liberals, Mr. Sheehan, go ahead.

Mr. Terry Sheehan: Canada exports \$2.7 billion in canola to China, but we also export \$1.3 billion to Japan and almost \$700 million to Mexico. Have Japan or Mexico raised any issues with canola from Canada?

Mr. Fred Gorrell: No.

Mr. Terry Sheehan: Nothing at all?

Mr. Fred Gorrell: In the regular course of business there are always issues in trading, but we have nothing in the context of what we're talking about here with China.

Mr. Terry Sheehan: So they feel that our canola's safe and it's good for them to consume and they're going along regularly?

Mr. Fred Gorrell: That's correct.

Mr. Terry Sheehan: I guess that highlights and underlines our position with our science-based approach that everything's all right. Is it possible to get some backing from Japan and Mexico in this discussion at this time?

Mr. Fred Gorrell: I think, obviously, the Chinese importers, the Japanese importers the Mexican importers are all looking at it from a contractual point of view as well. We, the government, don't know the contracts between the companies and the importers, but they have signalled very clearly that they're happy with our product. They will buy more if they're able to, because again, it's all supply and demand, based on what they need on the other side. They haven't said whether they are going to support us in this particular thing with China. I think that's the nature of your question.

Mr. Terry Sheehan: Probably they don't want to bother, but I think it's important to highlight and underline that they see our canola products as the great products they are, and these continue to flow.

The last question I have—and I know the chair said I only had a little time—is what is the value of this working group that was formed that the minister announced, and what can it do to deal with this expeditiously?

Mr. Fred Gorrell: I think they're having the first meeting on Thursday, or first call relative to that. I think Minister Carr identified that they're going to be looking at what programs could be needed by the farmers, and at diversification.

I think they would also be looking.... I forget, Steve, what was the third one?

They're going to be sharing the information and making sure that all stakeholders and governments are on the same page and then looking at what we can do together.

I think it's a good use of our energy. It shows that we're all working together because, at the same time, we're going to need to make decisions together as we move forward. That's my assessment of what the first call may be like.

Mr. Terry Sheehan: Okay.

The Chair: Thank you, Mr. Sheehan.

We're doing pretty well with these four-minute rounds, but when we're splitting time, I suggest that members ask just one question so your colleagues can get a shot in there too.

We're going to go to the Conservatives now. Mr. Kitchen, you're splitting your time with Mr. Maguire. Go ahead.

Mr. Robert Kitchen (Souris—Moose Mountain, CPC): Thank you all for being here.

I come from the southeast corner of Saskatchewan, and I might have a little contention with my colleagues here who would say they might have more canola farmers than I do. Let's just say we're equal. The reality is that we have seeding just around the corner, not even weeks away. A carbon tax is being dumped on them, and now they're trying to deal with an issue of how and where they're going to market their product.

I appreciate your being here and the emphasis on the science, because that's what we truly believe is going to prove our point and continue to do that.

You brought up an issue about bacteria. I'm interested to hear about that. What is China saying to you on this avenue, and where are we showing them the science to say differently?

Mr. Fred Gorrell: They brought to our attention a number of weed seeds that we've talked about—quarantined pests. The other issue that you made reference to is a bacterium. They've told us what the bacterium is and they've asked us to look into it. We're doing testing on that. We've asked for the methodology, which they've provided to us. Again, we don't have all the answers on that, but we're looking at it.

At the end of the day, when canola is processed, when you put it through and it's pressured, all these things are killed. At the same time, they've identified that, so we have to do our due diligence and look at it to see exactly what they're doing, to see if we can replicate what they're doing, and then have that engagement with them. It is not a food safety issue at all; they've found this in their seeds and said they want us to look at it.

● (1715)

Mr. Robert Kitchen: Thank you.

The Chair: Mr. Maguire.

Mr. Larry Maguire: We already have the working group, and at some point, there will be a group going to China—I'm assuming that from the minister's comments today.

You've been on the trade side, Mr. Verheul and Mr. Forsyth. There are others as well—Ms. Donohue. When you're going on a mission like this, what level of people would you expect to meet with in China with regard to the normal participation of business? Once we get acceptance and clearance, what level of people would you expect to meet? Our inspectors are going to go in. What level would you expect to be meeting with over there as well?

Mr. Fred Gorrell: It's being led by the president of the CFIA, as you heard. That's deputy minister level. It would be supported by an ADM, as well as technical officials, both as directors or under. These are the people, and plant health experts—some of them are in the room behind me—who have been working on it.

You're looking at a senior-level delegation supported by a broad range of technical people. It would also be strongly supported by our embassy at the senior level. That's the nature of the delegation, sir.

Mr. Larry Maguire: I'm clear on that, but what level of people in China would you be meeting? Whom would you be meeting with in China?

Mr. Fred Gorrell: It would be comparable, if you look at it. They're very level conscious. We would meet similar levels.

The Chair: Thank you, sir.

I have a quick question following up on what Mr. Kitchen asked.

My understanding is that we have the whole grain, and then we have the crushing industry and oil. Right now, is the problem just with the grain? Is crushing and the oil industry...? Do we sell a lot of oil? There's no problem with that product, is there?

Mr. Fred Gorrell: That's a good question.

It is just the canola seed. As you indicated, there's also canola oil, and then there's canola meal. The only issues that we're having right now are with canola seed. Honestly, we export canola oil around the world, and we consume a lot of it in Canada, as well.

The Chair: China buys a lot of oil and crushed also?

Mr. Fred Gorrell: They do.

The Chair: And it's not being affected?

Mr. Fred Gorrell: It's not being affected, sir.

The Chair: Thank you.

For the NDP, Mr. MacGregor, go ahead.

Mr. Alistair MacGregor: I was actually going to ask that question as well, so thanks for clarifying that for me.

I note that we exported to China 4.8 million tonnes of canola seed, valued at \$2.7 billion, but 1.1 million tonnes of canola oil, valued at \$1.1 billion. Obviously, you can see the effect of a value-added product there.

I'm not sure if it was at the meeting this morning at the Standing Committee on Agriculture and Agri-Food that we heard that it's pretty much impossible to have phytosanitary concerns with regard to oil, because it's gone through the crusher, is a processed product and has gone, I think, through a heat treatment. It comes out and is in a sealed container. Can you confirm that?

Mr. Fred Gorrell: If it's a consumer-sized product.... People can look at it for other reasons, but, I mean, anything can be looked at from a food safety point of view. Even in Canada—

Mr. Alistair MacGregor: But it's harder to make the claims against an oil.

Mr. Fred Gorrell: Yes, I think I understand the nature of your question. I would say that a prepackaged consumer product is stable, and it's usually considered safe.

Mr. Alistair MacGregor: Do we have information information on our canola oil exports to China? In looking at the last 10 years, do you have rough numbers on how the demand has increased for our oil?

Mr. Fred Gorrell: We can get you the numbers, but I think the numbers that you identified, the 4.8 million tonnes relative to our seed and the \$1.1 billion of oil.... That oil demand has been going up over the years, as has the demand for our seed.

Mr. Alistair MacGregor: Currently, do we have information on Canada's crushing and processing capacity? Are we maxed out right now, or do we have the ability to absorb more? I'm just looking

ahead at all that canola that's sitting in bins. If this problem isn't resolved, we're going to have a lot more of this problem.

• (1720)

Mr. Fred Gorrell: We're close. Again, we'd have to get you the numbers. With all of the crushers and the various companies, we're close to running at capacity right now. One of the things the industry likes to do is to have the choice to export seed, oil and meal. They use it domestically, and they sell it to the United States as well. They established their industry and how they look at it to be able to sell all three products wherever they want.

I don't know the exact number, but I would say that we're pretty close to capacity.

Mr. Alistair MacGregor: I know that the Canola Council of Canada has certainly been advertising the fact that they've been developing biofuels—their biodiesel blend—with canola oil.

Just looking ahead—and I know we heard from the minister about diversification and so on—is it a reasonable strategy to look at Canada's processing capability and to look to maybe increasing that? If you look at the numbers, the value per tonne is a lot more. Do you think there is a worldwide market and do we have the capacity? Is it a smart strategy going forward to invest in more processing capability for oil?

Mr. Fred Gorrell: You've raised a very interesting point. There's country diversification, but there's also product diversification. So I think there is an opportunity to look at products and diversifying.

Mr. Alistair MacGregor: Thank you.

The Chair: Mr. Dreeshen and Mr. Sopuck, you have the floor.

Go ahead, Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much. It's great to be back with my former colleagues on the trade committee. I'm also on the agriculture committee, and this morning we had an opportunity to talk with the CFIA. One of the questions that came up had to do with the fact that these inspections are also done load by load by the farmers. We know exactly what it is that's going into the system, and fortunately we have great faith that the rest of the process works as well. Unfortunately, when a person can't give 100% assurances, which no physical scientist is ever going to do, that's when the political scientists jump in. We should all be understanding just how strong the system is and how great the product is that we're trying to sell.

I'd like to ask Mr. Verheul about some of the concerns and issues that I have. Right now the U.S. and China are busy trying to work on how they are going to move agricultural products. We are sidelined from both of those—the U.S. for obvious reasons that no doubt people have talked about, and China because of this issue we have going on now. What do you think we need to do to stay involved and continue to be relevant to the discussions taking place with the U.S. vis-à-vis our agriculture products and their potential movement?

Mr. Steve Verheul: Despite some challenges we have with the U.S. from time to time, we have been maintaining close linkages with our counterparts in the U.S., and we have talked to them about their discussions with China as well. Clearly, the U.S. is seeking to reach an agreement with China that covers a broad range of areas, and they are trying to do that on a bilateral basis. We're following that very closely to assess any implications this might have for us, and we're also asking our various contacts on the Chinese side as well about their perspective. We're getting what I would say is a reasonably full picture of how that's working. The challenge for us is to figure out exactly how we can maximize our own benefits out of that.

The Chair: It's good to have you back, Mr. Dreeshen.

Mr. Sopuck.

Mr. Robert Sopuck: Mr. Verheul, given your experience in trade negotiations, and given that China is very much a top-down system of state capitalism with a culture that's very different from western cultures, how difficult is it to negotiate with the Chinese on these kinds of matters, knowing as we do that the orders from the top are obeyed instantly by the private and public sectors?

Mr. Steve Verheul: China is certainly a different kind of a negotiating partner from the U.S. and many others. However, we negotiate with countries all around the world, and I wouldn't say that China is the most difficult. It's all a matter of establishing the right kind of relationships. I think that while China does certainly have, as you put it, a kind of top-down type of approach to their government, you still get to a point, when you get to technical issues, where you're talking scientist to scientist. It's difficult to have instructions coming down to that level of detail. We have found that, despite what might be happening at higher political levels, we can still have a good dialogue with the Chinese, and we can find solutions that will move us forward.

• (1725)

Mr. Robert Sopuck: Do you believe in Lord Palmerston's dictum that countries don't have friends, only interests?

The Chair: That's a loaded last question. I guess we'll have to leave that as a statement, Mr. Sopuck. That wraps up some good questions and dialogue and information.

Officials, thank you for coming, and good luck. This is a multi-department challenge we have, and we're all doing this for our industry, the workers in this industry, and of course the farmers. Thank you for coming, and we hope to see you back.

Mr. Hoback, you had a comment?

Mr. Randy Hoback: Thank you, Chair.

I want to read a couple of motions to get on the record for us to deal with next Thursday, and perhaps talk quickly about them now.

The first two are for Thursday. The first one is:

That the Committee call industry associations and producers to testify to discuss the impact of the Chinese withdrawal of the canola market.

My second motion would be:

That the Committee invite Chinese officials, including the Ambassador, to discuss Canada-China's relationship and canola.

The third item, which we should talk about quickly here amongst ourselves if we have time, is the following:

That the Committee send a letter asking the Speaker for an emergency debate on canola.

Perhaps we can consider doing that as a committee. It's something that is very important to farmers. We can see that time is of the essence. If that came from the committee, I think it would help the Speaker make a decision on moving that forward.

The Chair: There are three motions here.

They are notices, right? Okay.

We'll leave it at that.

Mr. Randy Hoback: The third one I'd like to deal with now, if there is unanimous consent to do that. If there isn't, there isn't.

The Chair: Mr. Hoback, we'll have to leave it as is.

You can table your motions. We'll leave it at that.

Thank you, folks. It was a good meeting.

The meeting is adjourned.

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