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# Standing Committee on Agriculture and Agri-Food

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Chair: Mr. Kody Blois





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Thursday, October 3, 2024

• (0815)

[Translation]

**The Chair (Mr. Kody Blois (Kings—Hants, Lib.)):** I call this meeting to order.

Welcome to meeting number 111 of the Standing Committee on Agriculture and Agri-food.

I will start with a few reminders. Today's meeting is taking place in a hybrid format. The proceedings will be made available via the House of Commons website. Just so you are aware, the webcast will always show the person speaking, rather than the entirety of the committee.

Pursuant to Standing Order 108(2) and the motions adopted by the committee on Thursday, February 8, 2024, and Tuesday, September 24, 2024, the committee is resuming its study on the impact of border carbon adjustments and reciprocity of standards on Canadian agriculture.

I would now like to welcome the group of witnesses we have with us for the first hour of the meeting.

[English]

From the Canadian Agri-Food Trade Alliance, we have Michael Harvey, executive director.

From the Canadian Pork Council—and he is no stranger to this committee or its members—we have René Roy, chair, and Katerina Kolemishvaska.

From Farmers for Climate Solutions, we have Geneviève Grossenbacher, director of policy.

Welcome to all of you. Thank you for being here today. It's very good to have you.

You know the drill. We'll do five minutes for opening remarks from each organization. Then we'll turn it over to questions from MPs.

I'm going to start with you, Mr. Harvey, for up to five minutes. The floor is yours.

**Mr. Michael Harvey (Executive Director, Canadian Agri-Food Trade Alliance):** Thank you, Mr. Chairman. I think this is the first time I've been in a meeting chaired by someone from Hants County since I went to high school in Hants West in the eighties.

[Translation]

I would like to thank the committee for inviting the Canadian Agri-Food Trade Alliance, or CAFTA, to share its views as part of this study.

CAFTA is a coalition of national organizations that support a more open and fair international trading environment for agriculture and agri-food.

CAFTA members include farmers, ranchers, processors, producers and exporters from key sectors, such as beef, pork, cereals, oilseeds, sugar, pulses, soybeans and processed foods.

An open and fair international trading environment for the agri-food sector is in Canada's economic interest. Agri-food accounts for one in nine jobs in Canada, and the majority of those jobs are in the export-oriented agri-food sector. In 2022, Canada exported \$92.8 billion in agriculture and food products. More than half of our agricultural production is exported or processed for export.

[English]

Border carbon adjustments, or BCAs, are a prime example of the imperative for Canada's agri-food exporters to engage in domestic and international discussions of sustainability and trade. We believe trade is not only important for economic and social outcomes globally, but it can be a driver for improved national and international sustainability outcomes.

On August 6, we responded to this imperative by developing CAFTA's principles for sustainable trade to provide a structured approach to engaging in the evolving policy discussion at the nexus of trade and sustainability, and its implications for agri-food.

As the world grapples with the dual challenges of feeding a growing population and protecting the environment, CAFTA's principles offer a clear road map for balancing these critical priorities. In our view, trade is crucial for achieving sustainable development and for improving global food security. Canadian farmers, processors and exporters grow our economy through trade. It is essential that sustainability measures do not become barriers to fairer and freer international agri-food trade or do not serve as cover for protectionist trade policies. We must ensure that our efforts to promote sustainability do not inadvertently create barriers or excessive burdens.

Sustainability policies and trade-related climate measures must not impose unnecessary regulatory burdens, restrictions or compliance costs on producers or on the broader value chain. Applying CAFTA's sustainable trade principles to BCAs allows us to see some of the complexities of a relatively simple initial concept.

CAFTA has not developed an institutional position on BCAs. We are watching the issue as it develops internationally. Committee members have examined the EU's carbon border adjustment mechanism, which may include sectors like agriculture in the future. CAFTA's concern with the EU CBAM is that it can become a trade barrier used in a discriminatory manner in the interest of protectionism.

Measuring the carbon footprint of food products can be more complex than in other sectors, due to factors such as varying agriculture practices, transportation distances and land use changes. Agri-food exporters worry about the costs and technical challenges of tracking and reporting emissions across diverse agricultural supply chains.

We are also concerned about the lack of harmonized carbon accounting standards across countries. This inconsistency could lead to confusion and disputes about how emissions are calculated and verified, adding to administrative burdens. Further, complying with carbon regulations and providing the necessary documentation to verify emissions would increase costs for food exporters.

Exporters will also need to navigate complex certification processes to prove the sustainability of their agricultural practices, which could be time-consuming and costly. Such requirements could slow down trade, disrupt supply chains and add significant financial burdens. BCAs could lead to trade disputes, especially if agricultural exporters in countries with weaker environmental regulations view these measures as protectionist. Regulatory tariffs or disputes in the WTO could arise as a result.

Despite these difficulties, we are seeing other countries beyond the EU looking at border carbon adjustments. The U.S. senators have introduced ideas in their legislative process, and we recently saw the U.S. energy department announce a pilot project to collect statistics on the emissions of certain industrial products, an effort the administration says will help inform the White House's recently established task force on climate, trade and industrial competitiveness in its work with trade partners.

In this shifting international environment, Canada may end up moving forward and adopting a BCA. We should examine the international trade implications carefully before doing so. CAFTA argued, in the government's recent consideration of measures to counter Chinese electric vehicle imports, that our country should take an approach consistent with our WTO obligations, underlining Canada's national interest in the global rules-based trading system and reducing the risk of retaliation.

We wish to continue to insist on such approaches to international trade challenges. BCAs are an area where Canada can work with international partners multilaterally at the WTO or in regional or like-minded groups like the G7 to manage international trade in a strategic manner that serves our broader national interest.

• (0820)

[*Translation*]

I look forward to answering any questions you may have.

Thank you.

[*English*]

**The Chair:** I'd expect nothing else from a guy from Hants County—right on time. Thank you, Mr. Harvey.

[*Translation*]

Mr. Roy, you have the floor for five minutes.

**Mr. René Roy (Chair, Canadian Pork Council):** Good afternoon, Mr. Chair.

Thank you for the invitation.

I also want to thank the committee members for their work on this issue.

My name is René Roy, and I'm the chair of the Canadian Pork Council. With me this morning is Katerina Kolemishvaska, who is our director of policy and sustainable development.

• (0825)

[*English*]

I will outline the key concerns of the pork industry regarding the introduction of the border carbon adjustment and reciprocity of standards, as well as our recommendations to ensure a balanced and effective approach.

I'll inform members that the Canadian Pork Council will be submitting a brief after our appearance to give a more extensive response. We cannot do everything in this hour.

Here are some of our key concerns.

The first concern is trade retaliation and the export market risk. A major risk is that these measures could trigger retaliatory measures from Canada's key trading partners, such as tariffs or restrictions on pork exports. This is particularly important and concerning, given that 70% of our Canadian pork is exported.

The second concern is the increased compliance and administrative burdens. Introducing BCAs and reciprocity of standards will impose additional administrative burdens on our producers, particularly regarding reporting and verifying compliance with environmental regulation. These increased burdens, which do not always translate into financial value, could disproportionately affect producers, raising their operational costs and making it more difficult for them to operate and compete.

When we increase regulatory burden, we reduce the number of pork producers, because it is often the operator who takes on the burden of reporting and implementing these additional regulations at the expense of the operation of their business. Reducing the number of producers also reduces the economic activity in our rural areas and the resilience of our industry.

There are other concerns, such as questions around higher production and input costs, as well as harmonization and trade disruption, but let me close with some recommendations.

The first recommendation is gradual implementation and transitional support. We urge the government to adopt a phased approach to implementing BCAs, allowing both producers and international partners time to adjust to such regulations.

Also, provide financial and technical assistance for producers. Support mechanisms such as subsidies or low-cost financing will ease the financial burden on producers and encourage innovation in sustainable farming practices. Indeed, the study's benchmark from the EU and the U.S. did not address the difference in financial support in the analysis. That's a really important point.

We have other recommendations, including some on international harmonization and trade diplomacy and on the establishment of clear guidelines and simplified reporting processes, but we will share those thoughts in our brief.

While BCAs and reciprocity of standards present important opportunities for levelling the playing field and promoting sustainability, it is critical to consider the potential risks to trade, compliance costs and the competitiveness of Canadian pork producers.

We urge the government to adopt a balanced approach to ensure Canadian agriculture's successful and sustainable future.

[*Translation*]

Thank you.

We're ready to answer questions.

**The Chair:** Thank you very much, Mr. Roy.

Ms. Grossenbacher, you have the floor for five minutes.

**Ms. Geneviève Grossenbacher (Director of Policy, Farmers for Climate Solutions):** Good morning. I'll speak English, if that's okay.

[*English*]

Mr. Chair and members of the committee, thank you so much for the opportunity to be here today.

I'm here representing Farmers for Climate Solutions as its director of policy and also as a farmer myself. I farm just on the outskirts of Gatineau on the other side of the river.

While the concept of carbon border adjustments—what we call CBAs or BCAs—is still in its early stages in Canada and is not an area we've studied directly, we really welcome this important discussion.

In addition to my opening remarks, I have shared with the clerk a brief that I hope can be considered as part of the study; it has additional background material that can hopefully help you.

Today I want to emphasize three points.

First, carbon border adjustments are increasingly common and are beginning to really shape or influence trade dynamics. CBAs are not just theoretical; they are already being implemented in the EU, and the U.S. is thinking about them, as are many other countries. These adjustments have begun to reshape trade dynamics, as I mentioned, and influence the decisions of our trading partners.

Second, reducing carbon intensity is really crucial, which I think you heard from panellists two days ago. Regardless of the global status of CBAs, it's imperative that we focus on reducing the carbon intensity of our Canadian agri-food sector as soon as possible. While Canadian farmers do really well on some areas in terms of carbon intensity, we really don't do well across the board, which is something we need to fix.

More importantly, a lot of other nations—like the U.S.—are investing far more into reducing emissions and into climate resilience than we are. According to the Canadian Federation of Agriculture, we would need to invest \$2 billion per year over the next five years to close that gap. Right now, we appreciate the \$1.5 billion that has been implemented for agriculture and climate since 2021, but a lot more is needed.

More importantly, my third point is that we need to support farmers and ranchers to remain competitive in light of climate change. In a recent poll we did with Leger across the country with farmers and ranchers, when we asked them an open-ended question about what the top concern they have for the next 10 years is, the top answer we got back was climate change. Moreover, a large majority of farmers and ranchers—79%—said that they were concerned that it would reduce income. Seventy-six per cent said reduced yields, and 69% said an impact on their mental health or the mental health of their employees.

There's more information about that poll in the brief I shared. There's a clear need to enhance support for farmers and ranchers to help them reduce their carbon intensity while enhancing their farm viability.

The good news for me is that right now we're doing a study looking at the best ways to reduce emissions and also strengthen climate resilience on farms and farm viability. The research is coming out soon, but it turns out that there are 16 best management practices that we looked at, and together those best management practices have the potential of reducing emissions from farms by 16 million tonnes of CO2 equivalent through proven and tested techniques like reduced tillage, enhanced efficiency fertilizers, adding legumes to rotation, cover cropping and rotational grazing. Again, these techniques exist. They're proven, they're cost-effective, and they have a positive impact on farmer incomes and on the environment. Really, they're a win-win for farmers, the environment and the economy.

Whether or not CBAs become a reality around the world, we must prioritize increased funding to support farmers and ranchers to reduce their carbon emissions and improve their competitiveness. There's a strong consensus in the agricultural sector—actually, we heard that yesterday at the CAPI conference—that what we, as farmers, need right now is more economic incentives, knowledge transfer to adopt better climate-resilient practices and data management at the farm level. These investments are critical for supporting our farmers and ranchers in adopting high-resilience, low-emissions practices.

Again, discussions at the sustainable agriculture strategy advisory committee, our national poll and the results of this report all say the same thing.

Let's act now to equip our farmers and ranchers with the resources they need to thrive in a changing climate. Together, we can ensure the sustainable and competitive future of Canadian farms.

Thank you.

• (0830)

**The Chair:** Thank you very much, Ms. Grossenbacher.

We'll now turn to the period for questions.

I'll turn the floor over to Mr. Barlow for up to six minutes.

**Mr. John Barlow (Foothills, CPC):** Thank you very much, Mr. Chair, and thank you to our witnesses for being here with us today.

Certainly we heard from the officials on Tuesday, particularly from Mr. Webb from Global Institute for Food Security, that there are many unknowns when it comes to dealing with this particular policy.

Mr. Harvey, I certainly understand your position with CAFTA and the importance of agricultural trade. I share many of the concerns that you raised that this would simply be.... First, this is hypothetical. No one is talking about doing this for the agriculture industry, as far as we can tell. The EU is going to implement something in 2026, but agriculture won't be covered.

Just looking at our previous relationship—and I am specifically talking about Canadian beef, durum wheat and some of those things—I look at this as a protectionist measure, or a potentially protectionist measure, whereby we think we will have a standard that we're supposed to meet with countries in the EU.

However, when push comes to shove, they will come up with something so that there's no way we're going to meet the standard,

or each individual member of the EU, for example, will have its own little niche rules.

If this were something that was going to happen, how critical would it be to have an internationally recognized standard, a standard for measuring the elements of that, whether it's carbon sequestration or soil health? Who would ultimately oversee that, or administer that, to ensure that it is being levelled fairly across the board?

Is there any work that CAFTA has done on that?

• (0835)

**Mr. Michael Harvey:** We haven't yet, actually. When we received the invitation, some of us thought that it was a little bit early, so we haven't developed a position on this. We have developed sustainable trade principles, which provide us this framework for looking at sustainable trade issues. Really, what we want is to prevent sustainability measures from becoming trade barriers.

Let me go to where work would be done. First, we haven't got to a point of saying that we think it's necessarily a good idea to do the work. We want to avoid countries having different measures that then create a lot of uncertainty in international markets. At the global level, the World Trade Organization is really the heart of the rules-based trading system.

Most agricultural trade takes place under WTO rules, so whenever you can have WTO rules, that's by far the best approach. If that's not possible, like-minded partners—sometimes groups like the G7—can be places to multilateralize preliminary solutions, ideas, and approaches. However, when things aren't decided at the WTO, almost inevitably, you're going to have patchwork rules, and that's problematic.

**Mr. John Barlow:** Thank you.

I certainly understand that CAFTA doesn't have a position on this yet, and that's a good point. I think we're a little early in terms of taking this on.

I have more of a comment here than a question. We have to start looking at partnerships with like-minded, rural-based trading jurisdictions like Canada, the United States, Australia and members of the TPP to start pushing back on the EU on how it's managing its trade relationships. Again, wheat and cattle are a great example of the dangers of following that path that is more ideologically based and not science-based.

Mr. Roy, that would be the lead-in if we're going to talk about these trade barriers and harmonization regulations. Proposition 12 in California is now spreading across the United States, with individual states changing the playing field.

What kind of an impact is that going to have on Canadian pork producers? Are you starting to see the implications of that in terms of our needing to be aligned with our most trusted trading partners, when you're seeing state legislatures changing the rules?

**Mr. René Roy:** I will start by underlining that there is also a significant problem exporting our pork products to the EU, so we want to make sure that they are part of our concern. Beef, wheat and pork are not easily able to go to Europe.

In terms of Proposition 12 and all these non-tariff trade barriers, we have major concerns. We believe it is something that we have to push back on. We have to be really concerned when there are new rules being added, such as plans for BCAs.

If we have 30 seconds, I would pass on the financial concerns we have and allow Katerina to answer.

**Ms. Katerina Kolemishenska (Director, Policy Development, Canadian Pork Council):** To add to that question, I'll be quite short.

I think that as Canada, we definitely need to focus a bit more on how we define sustainability and what those standards mean, because there is a lot of misunderstanding of the definition itself, and I think that's quite problematic, especially with our partners in the United States.

If we review studies that have been done with OECD, I think we see that Canada is doing much more on sustainability than other countries from which the EU is importing their pork and beef. We have to do that type of analysis as well, to see where we stand and how we actually represent, measure and report sustainability. I think we have a very good advantage at that point.

With respect to the study itself and the financial aspects, I think it's very important for us to consider how the standards will have applications. We know the EU is already doing some of the analytics and statistics on that part. I think that for us it's very important also to dive in a bit on the financial projections of the standards and how they will apply for the producers and also for the industry itself. It doesn't start with producers and it doesn't finish with producers; it's the whole value chain. I think that's very important.

Thank you.

• (0840)

**The Chair:** Thank you very much.

We're going to start with Ms. Taylor Roy for six minutes.

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

Thank you to all our witnesses for being here. I apologize for being a little late. On the way over, I was actually talking to turkey farmers on the street about some of this.

I think that the point of this study that we've undertaken is not to talk about putting on border adjustment mechanisms yet. It's really to talk about what's happening elsewhere in the world in the EU and in the United States. It's the contemplation of these border mechanisms and how we can help our producers to ensure that we remain competitive in world trade.

I appreciate, Katerina, what you said about our farmers doing very well when you look at sustainability and the need for more definition on that.

I'm going to direct my question to you, Ms. Geneviève Grossenbacher.

There are some comments that if this were to happen, we would have to look at it in a certain way. I don't think it's "if" anymore. I think it was the OECD that has listed 73 different mechanisms to control carbon emissions that national and subnational governments around the world are putting in right now. I think this is the direction the world is going.

You mentioned in your introductory remarks that you're doing a study that has 16 different recommendations. I didn't catch how much of a reduction in CO2 you said could be attained by looking at spreading some of these practices, which our farmers are already using in many instances throughout the industry.

**Ms. Geneviève Grossenbacher:** Thank you so much for the question. We really appreciate that.

Our study is coming out soonish. We actually studied 44 practices. Most of the 44 practices are really no-brainers, and they're cost-effective. We should implement them. Of those, 16 specific ones would lead to a 16-million-tonne reduction by 2050.

Overall, if you look at it as a sector, our research has shown that actually by 2030, we could get between a 15-million-tonne and 16-million-tonne CO2 reduction with the right support. That is key here. By 2050, it's more in the range of 31 million to 51 million.

Again, what you said is really key. The 16 practices that I was talking about that can lead to an equivalent of a 16-million-tonne CO2 emissions reduction are practices that farmers currently use and are proven, like reduced tillage. Enhanced efficiency fertilizers are really key too. That is one thing we could really do.

What's missing there is support. Farmers right now are in the field and feeling the brunt themselves. They're on the front lines of climate change. They need support to be able to adopt and scale up those practices.

**Ms. Leah Taylor Roy:** Thank you.

I hear loud and clear that more support is needed. Even though we're at \$1.5 billion, it doesn't seem to be enough. We are working on it and realize that it's a very important part of our agricultural industry.

When we're talking about putting in the standards that are happening around the world and how they might affect Canada, you're all saying that the definition of sustainability and perhaps the multi-lateral approach through the WTO is the way to go, if I'm hearing correctly,

I know there are also guidelines already in place. I can't remember the name of them. I think there's a Latin name for them. There are certain requirements needed right now for the phytosanitary regulations. Would you see adding the sustainability requirements into that same kind of framework that is currently used by the WTO?

Michael, maybe you could answer that one.

**Mr. Michael Harvey:** Again, we haven't made a decision on whether or not this is a good idea, but in the context of different countries taking on the idea, then it's much better to do things multilaterally so that we're all working under the same rules and preventing disputes. If that were the case, the WTO is the best place.

Multilateral solutions, such as the G7, are better than nothing, but not as good as the WTO, for different reasons. One is that the WTO has a set of rules that are easier to add on to. It's a legal body. The other one is that it's the whole world, essentially. We trade with people who aren't part of the G7, like China and India. The WTO is where everybody we would trade with is.

**Ms. Leah Taylor Roy:** Thank you.

My final question is for Mr. Roy. I like your last name, by the way.

We've met before, and as I've told you, I have cousins who are in the pork industry. You talked about the administrative and regulatory burden on farmers. I think that perhaps larger farmers can handle it better. It's still a pain, but it's a pain for the small farmers in particular. What recommendations do you have for us for ways we could support farmers in dealing with these burdens, these new administrative regulations that likely are going to be a result of a CBAM being implemented by the EU and other countries?

• (0845)

**Mr. René Roy:** I believe that this is a really great point to raise, that it's not all entrepreneurs who are at the same level of understanding and implementation and that the size of the business has an impact on their ability to cope with the new regulations or requirements.

One of our propositions is that there be some money invested. We have a carbon tax. It was promised to be revenue neutral in the sense that the industry could have some part and reinvest it. There is a possibility to have some information infrastructure that will reduce the burden of the businesses to report this information. This would help to make sure that everybody can thrive through these new regulations.

**Ms. Leah Taylor Roy:** Thank you.

I certainly want to make sure that our farmers who are doing so well on sustainability standards benefit from that, and I think that competitively in the world, we will.

Thank you for the input.

**The Chair:** Thank you, Ms. Taylor Roy.

[*Translation*]

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

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

I want to thank the witnesses for being with us this morning.

Mr. Roy, I'll pick up on the interesting things you were saying.

You talked about a data infrastructure to help standardize things, but there are existing barriers. You mentioned Europe, which won't

let your meat in. My belief is that meat from places like Brazil might start coming into Canada, even though their production standards there are completely different, the quality of the product is completely different and the environmental impact is undoubtedly greater.

How can we make sure it's fair for everyone when we start adding standards? I think it's pretty inevitable that these standards are going to come.

**Mr. René Roy:** I think it's important to talk about reciprocity of standards.

One issue that producers are talking about is greenwashing. Bill C-59 addresses that. There's a connection between this issue and the one the committee is studying now. In both cases, our industry is being obligated to perform. When we inform consumers about the work we do, we have to avoid greenwashing. Will Brazilian or American products be subject to the same constraint? We highly doubt it, because Canada has limited power to enforce that.

We feel that this kind of pressure on our industry can put us at a disadvantage and exacerbate the competitive imbalance.

**Mr. Yves Perron:** Thank you. That's a very interesting point.

Ms. Grossenbacher talked about the importance of providing equivalent support to producers. I'm sure Mr. Harvey will like what I'm going to say next. We all know that agriculture in the United States gets a lot more support than in Canada. That's one example, but there are others.

In 30 seconds, can you tell me your thoughts on that?

**Mr. René Roy:** Ms. Kolemishvska, would you like to answer the question?

[*English*]

**Ms. Katerina Kolemishvska:** Yes. Thank you.

I would just add a point to the discussion that I think is very important. Even with the greenwashing bill, we're not supposed to have claims that are not in line with certain verification processes, whereas as a country we're also struggling with what we actually report. What are the national indicators? What indicators should be taken into consideration? What are we measuring?

I'll take the national inventory report as an example. Every time we're in a discussion with the government and speaking about all the implications and changes our producers have made on the farm, we usually get the response that the national inventory report doesn't necessarily include on-farm practices.

There is a huge gap between what we are reporting, what our methodology nationally is requiring and what we're doing on the farm. There has to be a data management strategy whereby we support the national reporting with on-farm practices and how we report it. This is very important.



Mr. Roy did mention that we need support. We need knowledge-building, skill development and data infrastructure to support producers in how that measurement is being done.

• (0850)

[Translation]

**Mr. Yves Perron:** Thank you very much, Ms. Kolemishvska.

Ms. Grossenbacher, I'd like to hear your comments on that same issues.

**Ms. Geneviève Grossenbacher:** Thank you for raising that point.

As you said, there are indeed several disparities. The Royal Bank of Canada has studied differences among the United States, Europe and other countries when it comes to investments in agriculture, climate change, climate resilience and sustainable agriculture. That study found that, to achieve parity with the United States, we would have to invest \$2 billion a year over the next five years. This is also one of the recommendations put forward by the Canadian Federation of Agriculture in the context of budget 2025.

I understand the government's fiscal realities. It has invested a lot, and now we have less money than usual, except that every dollar we invest in agriculture now will pay off.

We're investing that money, but in different ways. For example, payments for crop insurance programs have almost tripled over the last three years. It went from \$1.67 billion to about \$3.88 billion a year. Under the circumstances, producers need support.

We're not asking for an end to crop insurance programs; we're asking for smart investments in building farmers' climate resilience. As I said, to achieve parity, to level the playing field, we would have to invest \$2 billion a year for five years.

**Mr. Yves Perron:** You say that crop insurance shouldn't be eliminated, but it could be improved, because everyone here agrees that the programs aren't working.

You'll have about 30 seconds to answer my next question, but we can come back to this during my next two-minute turn.

How can we recognize what producers have already done? That's an issue I raise in this committee a lot. I don't want us to suddenly start comparing ourselves to Brazilian farmers whose environmental impact is appalling and atrocious, and then expect the same effort from Canadian producers. How do we do that?

**The Chair:** Please answer in 30 seconds.

**Ms. Geneviève Grossenbacher:** That's a good question.

The government absolutely has to support producers, and one way to support them is to ensure that there's a market for their products. Step one is setting up incentives that make it easier to do the right thing.

I'm sorry, I'm not expressing myself well. What I mean is that there are plenty of things the government can do to improve our supply management programs and build climate resilience. It can ensure that producers benefit from these things instead of being disincentivized from doing the right thing.

I may not have explained that very clearly, but we can talk about that later.

[English]

**The Chair:** Mr. Cannings, it's over to you for six minutes, please.

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

Thank you to everyone for being here this morning. Some are familiar faces from the international trade committee.

I'll start with you, Ms. Grossenbacher. You mentioned the United States, as I think everybody has, for obvious reasons. It's probably one of our big export targets for all of our agriculture. You mentioned that the United States was thinking about some sort of border adjustment mechanism or something like that. Could you maybe expand on that? What might the U.S. be musing about?

**Ms. Geneviève Grossenbacher:** Thanks for the question.

I'm not an expert in the trade aspects. Maybe the others can testify on this. All I know is that the United States has been thinking about implementing a carbon border adjustment similar to what the EU has done. It's really in the early stages. It looks like they would implement it in a way that's similar to the EU, focusing only on steel, aluminum, fertilizers and a few other things, not the whole agricultural system.

However, what I was referring to was that for the past few years the U.S. has been investing massively in climate resilience and in building climate resilience on farms. That's where we haven't, and.... Well, no, that's not true; we have, and we are really thankful for the \$1.5 billion that has been invested, but we need a lot more. I can't stress that enough. The more we do today to adapt, the less expensive it will be tomorrow.

That's what we hope can be done.

**Mr. Richard Cannings:** You listed a number of practices that farmers have been doing. Some of them are, as you say, no-brainers that most farmers would do anyway.

Perhaps you could get into more detail. If we had a \$2-billion uplift over five years, where would that go? Where are the best places for the government to support farmers in the transition—maybe that's not the right word—toward more sustainable farming practices for climate solutions?

• (0855)

**Ms. Geneviève Grossenbacher:** Thank you for that question.

We are working to detail that a bit more.

We proposed something for budget 2025 that we hope can be implemented in the fall economic statement. I know we're asking for big money. We have a proposal for \$861 million for a year. It goes specifically towards building climate resilience.

What we think is needed is threefold. Again, it's about building what you said are the priorities of the sector, those being technical assistance or knowledge transfer. We think a big portion should go towards that. I can give you the breakdown later. A lot of the money should be for incentives to help farmers adopt the best practices. Then use some money for data measurement at the farm level.

I don't have the full breakdown right now, but I could share that with the committee afterwards. Roughly, it's \$861 million for that. It would go a very long way.

**Mr. Richard Cannings:** I'm going to turn to Mr. Roy.

The United States is one of your major export places for pork, along with Japan, as I understand.

Have you been monitoring what the United States has been musing about in this regard, whether it's a border adjustment mechanism or some other way of dealing with the things they've been providing their agriculture sector? Might that impinge on our trade?

**Mr. René Roy:** Yes, we have monitored it.

At the moment, the much larger concern we have is over non-tariff trade barriers related to animal welfare, such as Proposition 12. Now questions related to BCAs or these kinds of measures have started. Since we have a large access to this market, we are working with our counterparts in the United States, the pork producers. We want to make sure there is alignment before there is implementation of such rules. Otherwise, it creates so much disruption. The translation of environmental measures must be clear before we start the process. Otherwise, we will get into a lot of friction in the trade.

As we propose, it's very important to make sure we have a clear guideline. We should establish standards before we establish such measures.

**Mr. Richard Cannings:** Okay.

I'll turn now to Ms. Kolemishvska.

You talked about data. Ms. Grossenbacher was talking about data in terms of reporting what farmers are doing back to the government, and vice versa.

Can you elaborate on that? What sorts of supports would you like to see to make that data collection easier and more effective?

**Ms. Katerina Kolemishvska:** That's no problem.

First, it will be about identifying some of the common indicators across the industry. We know we have different industries and sectors. However, if we identify commonalities within best management practices, we can list many of them. They can be part of those indicators on data measurement and collection.

Another important aspect that was also mentioned by colleagues is the fact that we need best management practices. One of the best management practices or tools that are often missed can be applied for all producers. It is not mentioned much within Canada, nor has much research been done. That is precision agriculture. Precision

agriculture helps a lot. The EU has been very strong with precision agriculture. It's expensive, but it works. It provides you with data. It provides you with cost efficiency. It helps everybody.

I think investing in research to see how precision agriculture in particular can support producers across the agriculture sector can benefit everybody, including the research societies. We have research studies that are focusing on what type of music animals like. That's lovely. I love it. However, is that a priority for everybody? I don't think it is. I think there are other, very important aspects we should focus on that will help the provincial governments and the federal government regarding how to communicate data and how it goes up to the national level.

**The Chair:** We're going to have to leave it at that.

Mr. Cannings, you get an extra 40 seconds, so I expect to be on your Christmas card list this year. The chair has been generous.

Go ahead, Mr. Barlow. I think you're going to lead it off in the second round.

● (0900)

**Mr. John Barlow:** Yes, thanks. I'm going to split my time with Mr. Lehoux.

Mr. Roy, you brought up a question I didn't have time for in my first round. Really quickly, the Global Institute for Food Security did an incredible study last year highlighting the efficiency of Canadian agriculture compared to other jurisdictions.

Bill C-59, the greenwashing bill, would prevent Canadian agriculture from talking about the incredible achievements that we've made. If we're talking about a carbon border adjustment or these types of policies, how would this legislation impact your ability to talk about what you're doing in your industry, and meet some of these potential guidelines if you aren't able to actually talk about what your achievements have been in your industry?

Mr. Harvey, I don't know if you want to add to that, but I'll start with Mr. Roy.

**Mr. René Roy:** Yes, for us it's a concern. I've discussed it with some of my colleagues in the agricultural sector, and we were so concerned about this bill that some of us have changed or just removed all the good things we were doing, that we were presenting on our website, because it is a concern too that some people will raise a flag and say there is a problem here and we will be sued in court.

There is a real impact for us to be able to communicate the good things we are doing. As has been mentioned, we are in the leading class regarding sustainability, but we want to be against a standard that does not even exist, the one of greenwashing, which is so large and so unclear that it creates a problem.

**Mr. John Barlow:** Thank you.

[*Translation*]

Mr. Lehoux, go ahead.

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

I would also like Mr. Harvey to answer that same question.

**Mr. Michael Harvey:** I might pay a little more attention to this issue than the average person, but our organization does not have an official opinion on the matter.

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

Mr. Roy, in your conclusion, you made four recommendations. The third had to do with global trade harmonization. I think we're in favour of that, or at least I am.

As we know, Canada exports about 70% of its products, but imports are still around 40%. How can we harmonize the rules, from a trade standpoint, to ensure that the 40% of products we import meet requirements equivalent to those we ask Canadian producers to comply with?

**Mr. René Roy:** As an entrepreneur, the first thing I would suggest is to not add rules that are impossible to comply with.

Then, we have to make sure that international trade respects what we're doing. We know there have been problems with certain Asian countries. There has to be communication before these rules come into force. The rules of the game must be known in advance and in place for all international players, otherwise we'll come out on the losing end.

**Mr. Richard Lehoux:** In other words, one, we need better harmonization with our foreign partners, and two, we have to make sure people on the ground know what's going on before more rules are brought in. I think that's a very important element. In many cases, new rules are brought in, but no one on the ground knows what's going on. We all know that, in agriculture, it takes some time for measures to actually be implemented.

Let's talk about risks. You touched on that and mentioned some pretty serious issues we've had in the past with some of our Asian trading partners. How can we keep these disputes to a minimum?

We saw what happened when Canada banned Chinese-made electric vehicles. China immediately retaliated by banning Canadian canola.

This situation is going to be difficult to manage. What are your thoughts on that?

**Mr. René Roy:** The political aspect of it may be more difficult to contain and control.

That said, I'd like to draw the committee's attention to the Canada-Europe trade agreement, which is supposed to be science-based. However, when that agreement comes into force, the rules will be asymmetrical, or Europe will decide to impose other rules that aren't science-based.

If we agree on science-based rules, they have to apply to everyone, not just one side.

• (0905)

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

**The Chair:** That's all the time you have. Thank you.

[*English*]

Now we have the pride of Malpeque. We'll go over to you, Mr. MacDonald.

**Mr. Heath MacDonald (Malpeque, Lib.):** Thank you, Chair.

Thank you, witnesses, for being here today.

I want to go back to the first round. I heard a couple of things that make me feel that we're in a situation here of trying to get out in front of it.

Mr. Harvey, you said something about not being sure yet, that maybe we're getting at this too early. I've been sitting around government for nine years now. It's never too early for government, because bureaucracy doesn't move very quickly, Mr. Harvey. I think it's important that we do get out in front of it.

There are a lot of issues, obviously, and a lot of unanswered questions. There are some theoretical issues that we're dealing with, but I think it is extremely important that we do come together as industries and governments at all levels. No one's talking about the provincial governments, but I think they have a major role to play in this as well, and it has to be science-based, obviously, in all of trade.

I've said this at this committee before, but if the U.S. moves on this, we'd better be ready, because it's over a billion dollars in pork alone, I believe, that is exported to the U.S.

It's understandable that there are a lot of questions, but it's also understandable that we're acting now as opposed to having you come back here someday saying that we need more time. I think that's really important. I also think—and Mr. Lehoux touched on this a little bit—that our farmers in Canada—whether everybody recognizes it or not, and sometimes that doesn't happen in the media, obviously—are in a very good position. When you look around the world and see what everybody else is doing on sustainability in regard to climate change, our farmers are leading the way. To me, yes, trade is trade, and you're always going to have those obstacles that the Pork Council runs into on the EU and so on and so forth, but in putting our farmers up against anybody in the world, I think we're in a very good position.

One thing that wasn't mentioned that I think could be very unfair if we're not ready to act on this—or it could be very beneficial—is that if we don't meet the trade obligations through cross-border tariffs to another country, the tariffs that we're paying those countries are going back to those industries. No one is really talking about that, and I think that's something that this government and your advocacy should be certainly pushing for, and maybe we'd get to that \$2 billion relatively quickly.

Anybody can take this. What are the opportunities for our farmers in Canada if this does, in fact, take place, which we assume it's going to?

Go ahead, Mr. Roy.

**Mr. René Roy:** I would start by saying that having the proper information infrastructure to be able to demonstrate to our trading partners all the good things that we are doing is essential. This is much more on the public service side, because it's an infrastructure. It cannot be private. It has to be something that is common, that is regulated, that is standardized and that helps us as producers be able to demonstrate to the world the good things that we are doing and how we are leading in the world.

For us it's a little bit frustrating, because we hear a lot of people say, "Oh, we are not doing this and that well", but, in reality, we are a kind of an A-plus student. We are saying, "Oh, I would like to have the bonus". Yes, it's good to have the bonus, but let's make sure that we compare to others in the world, that we are able to compete to the right standard and that we are not diminishing ourselves by just looking at the little problem that we have.

**Mr. Heath MacDonald:** Is there anybody else?

**Mr. Michael Harvey:** I agree that we need to be on top of things, but right now we're at the monitoring phase. I don't represent the seafood sector, but I'm going to be shucking a dozen Malpeque oysters tomorrow night—but that's not an international trade issue.

What's an international trade issue? Today, the European CBAM doesn't cover Malpeque oysters or Canadian agri-food products. We're watching, because it covers steel, cement and fertilizer, and that's starting to get towards agriculture, but it's not there. It doesn't cover those things, so for Canada to be implementing a border carbon adjustment today on similar products from other countries would mean Canada would be going it alone and doing something that's trade restrictive and would probably lead us down a path that will be complicated for us with partners.

We do see people talking about things. We don't have a position because we're not faced with it today, but I read American trade blogs and Substacks and stuff in order to do my job well. I see that some U.S. senators have discussed the issue. It's not totally clear to me. I haven't hired somebody to study how close that is to getting adopted and if it's like a private member's bill that rarely moves but sometimes does. I know people in the U.S. are talking about it, so we're at the monitoring phase.

If the world starts moving toward it, Canada shouldn't be leading and doing that and starting trade disputes out of nowhere. If different countries in the world were to move toward it, we'd be having a different discussion and we'd be coming back saying that we should be doing this with our partners and not going it alone, because what we always want to be doing is strengthening the rules-based trading system and not tearing it apart.

● (0910)

**The Chair:** We're at time.

The one thing I'll say, Mr. Harvey, is that we had officials before this committee on Tuesday, and the position from the departments is that there's contemplation and there's work being done because of other countries.

This study wasn't originated on the idea that the government should necessarily establish one, but more about how Canada should respond, given the fact that this could be a reality down the line. I just want to make sure that's clear.

[*Translation*]

Mr. Perron, you have the floor for two and a half minutes.

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

Ms. Grossenbacher, I'm going to come back to you and give you the two minutes or so I have left to explain what you wanted to explain to me earlier.

Just before that, however, a word for all the witnesses who have proposals or recommendations. Mr. Roy, for one, seemed to have a number of them to share with us. It's important to send them to the committee in writing so we can read them and include them in our report.

Go ahead, Ms. Grossenbacher.

**Ms. Geneviève Grossenbacher:** I'm going to put your question in context. You asked about how farmers could be rewarded. That's a good question.

As farmers—and this is especially true for me as a vegetable grower—we like carrots more than sticks.

**Hon. members:** Ha, ha!

**Ms. Geneviève Grossenbacher:** I'll go back to Mr. MacDonald's question.

If the government implements carbon border adjustments, it must take care to ensure that there are more carrots than sticks.

Having said that, we think readiness is the best defence against regulation. In terms of climate resilience and competitiveness, yes, we're doing well with some crops, but not with others. The reality on the ground is that producers need help. We're doing good things, but we still need support and incentives. For example, AgriInvest could offer a top-up to producers who employ good practices. That would be a good way to encourage producers to adopt good practices and keep going in that direction.

Many producers tell us they need more support or technical assistance to get to the next level. Mr. Roy mentioned that earlier. Producers in Quebec can access advisory services. There were also some very effective programs that offered more coverage for organic production or next generation producers. The federal government could set up programs like that. For example, producers who adopt a particular technique could get even more support or more access to advisory services.

Basically, more agronomists need to be trained to help producers adapt to climate change. There's a real shortage. I can share an example, if there's time. I grow vegetables, and an agronomist comes from Montreal to visit my farm. She actually goes to seven farms in two days. If we're lucky, she comes two or three times over the summer, for an hour each time. My neighbours are grain corn producers, and they get visits from an agronomist several times a week, for several hours. We don't get the same level of support. Very few agronomists know how to help producers adapt to climate change, so they need to be trained, and then they need support to get out there on the ground, to go to farms.

**The Chair:** Thank you very much.

Next we have Mr. Cannings.

[English]

**Mr. Richard Cannings:** I'm going to turn to Mr. Harvey.

We've been hearing today that these border adjustments haven't been implemented anywhere for agriculture. There's a list of other sectors that use them and are looking at them, and they seem to be sectors that are much easier to measure. It's much clearer where the benefits might accrue for Canada, for instance, going down that route.

From what we heard in our last meeting and at this meeting, it sounds like agriculture would be a very difficult and complicated sector to put a carbon border adjustment mechanism into, because every farm is different.

I want to ask you the same question I've been asking others. To help us deal with trade with the United States, our biggest trading partner, where do you think Canada should put its efforts and its money to support agriculture in Canada?

I come from an agricultural riding that is just swamped with American product. We grow fruit. We go to the grocery stores, and all the fruit we buy in our grocery stores is from the United States.

Could you comment in general terms on where we should be putting our efforts and our funding to support Canadian agriculture in the trade aspect?

● (0915)

**Mr. Michael Harvey:** Right now, we should be getting ready for the 2026 CUSMA review. Canadian trade efforts around the CUSMA review should generally be trying to keep that review as narrow as possible, because there's a lot of political risk for Canada if that review gets too wide.

However, at the same time, Canada should be preparing a list of things we don't think are working as well as they could be with the United States, because if the discussion widens, we should be ready to discuss things.

Our initial efforts should be to try to keep the discussion as narrow as possible, because there's a lot of political risk for Canada if we open that discussion up.

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

**The Chair:** There's just a quick question from the Chair.

One of the interesting things about this study is what I've heard consistently from witnesses—and I would agree—about how Canadian agriculture would be either top shelf or maybe even superior to most other agri-food products around the world, certainly on an index for carbon intensity. We've heard that about 10% of emissions in Canada are tied to agriculture, while the global average is 30%. Even against comparator countries, I think Canada's doing quite well.

Obviously, one of the elephants in the room has been carbon pricing. We've heard about that. It's largely exempt, but, Mr. Roy, you talk about things like natural gas and propane still existing. Whether or not it's carbon pricing or, to Ms. Grossenbacher's point, the idea of more government subsidies and more taxpayers' dollars going in, it has a true cost in the treasury sense.

How do we account for that? That's what I think this committee is trying to establish. How do we make sure that Canadian superiority on some of these products is accounted for, but also ask our domestic industry to be part of the solution on reducing emissions?

I think the science is clear that we need to be doing that across a variety of different sectors for countries that are choosing not to ask their domestic industries to be a part of that.

Mr. Harvey, I take your point that it's early. Politicians are rarely accused of that. I think it's probably good that we're thinking a bit ahead. If not a carbon border adjustment mechanism, is there some other type of policy that you think is important to protect Canadian competitiveness in an environment where we are asking domestic industry to be part of that solution and bear the costs, whether in a carbon price or in additional subsidies that ultimately come from the Canadian taxpayer?

How do we account for that in the system? Is it a club approach? Is it the case that either you're doing something and therefore you're not subject to a tariff, or you're not and you're a baddy and you are subject to a tariff?

How do we get there? Do you have any thoughts on that?

**Mr. Michael Harvey:** The CAFTA perspective is that we have a global rules-based trading order that works very well for Canada and has allowed export around the world. The majority of Canadian agriculture is export-focused, and everything we do should be trying to strengthen that system, not weaken it.

If we think it's very important to take certain domestic measures for our domestic reasons, which cause problems for the trading system, we should be going multilaterally and trying to work on them with other countries. Otherwise, if every country goes on its own, we're going to split into blocs—or worse, into specific countries—and we're all going to be poorer.

**The Chair:** A certain position around trade is important. I think it's how we account for this, and that's where the question becomes about asking either for more taxpayer dollars or pricing....

Is there any further quick comment?

• (0920)

**Ms. Katerina Kolemishavska:** I think a very important aspect with whatever we're discussing is information management. If we are able to better manage our information and not work in silos, I think we will have 95% of the answers. Instead of being defensive, we can actually have a stand.

I'll give you a simple example. We have granting programs going from the provinces down to the producers, meaning implementation of best management practices. Do we have information on the implementation monitoring and what's happening with the BMPs? We don't. They're in the inventory over there, and there's no follow-up.

If we manage to work with the provinces on getting the information from whatever is being implemented through the granting programs down to the producers and follow each implementation grant the producers are getting, we will have a much better understanding of what is being done on the farms. It's a simple example.

Even within our institutions, with cross-sector collaboration, there's a lot of data available on animal vaccines and animal health, but it's not necessarily being integrated into the sustainability information and data. We can use that and work with them. There's so much information, and we're doing so much, but everything is being done in silos.

**The Chair:** That really comes back to the point about trying to establish international norms or standards.

This is going to be more of a club approach. Either you're doing something demonstrably and you hit a baseline or you don't, because otherwise I think it's going to be very challenging.

Anyway, this has been an interesting conversation. Thank you, colleagues, again for the brief indulgence. I'm going to, on your behalf, thank our witnesses for their participation today and for their contribution to agriculture.

We'll suspend briefly and bring up our next two witnesses. Thank you.

• (0920)

(Pause)

• (0927)

**The Chair:** Colleagues, we're back for the second panel.

From the Canadian Agri-Food Policy Institute, we have Tyler McCann, managing director. He's no stranger to this committee. We must be in double digits now, over the years, for sure.

From the Canadian Canola Growers Association, we have Mr. Rick White, president and chief executive officer. He is joining us by video conference.

Thank you, gentlemen. I apologize for the slight delay. We went a bit longer in the first panel. There was some good conversation here in the room, but we're going to get to it.

I'm going to turn it over to you, Mr. McCann, for up to five minutes, and afterwards I'll turn to you, Mr. White.

**Mr. Tyler McCann (Managing Director, Canadian Agri-Food Policy Institute):** My opening remarks are in French and English.

[*Translation*]

Good afternoon, Mr. Chair.

Thank you for inviting me to appear before the committee this morning. I always appreciate the opportunity to contribute to your work.

The Canadian Agri-Food Policy Institute, or CAPI, has been working on the link between international trade and sustainability for years. I would like to share my thoughts on how these two elements intersect—or collide.

[*English*]

It is essential to frame any conversation on sustainable trade around a couple of really critical facts. The world is facing increasing food insecurity. Supply, demand and stocks of key commodities are tightening. There are fewer net exporters and more net importers. Not all food is created equal. What it is, and how it is produced, all play an important role in its environmental footprint. Transport, especially ocean freight, actually has a very small impact on most food's environmental footprint.

Therefore, trade will increasingly be essential to ensuring that food can get from the small number of countries where it can be produced in abundance more sustainably to those countries where they cannot produce enough to meet demand.

While economists and trade lawyers have long explanations for them, border carbon adjustments are there to ensure a level carbon playing field among countries, but how you measure the carbon and how you know if the playing field is level is immensely more complicated than that. The BCAs are not likely to be an issue for the food system for the foreseeable future.

While the EU is moving ahead with BCAs, the coverage is limited to six emissions-intensive trade-exposed products that are covered under the EU Emissions Trading System. Fertilizer is the only agriculture-related product impacted by the BCA. Agriculture production is not covered by the EU ETS, and there is no serious dialogue that it would be covered by the ETS or the BCA.

The world is struggling to figure out how to deal with carbon at the border. This is incredibly complicated, and the solutions are not evident. It is not likely that a border carbon adjustment will be the solution to that problem.

While it is not an agriculture commodity, it is important to recognize the impact that a BCA could have, and is likely to have, on Canadian fertilizer. Luter Atagher, a recent CAPI doctoral fellow, put out an excellent paper exploring the potential impact of a BCA on fertilizer.

The recent tariffs on Canadian fertilizer imports have shown how much of a negative impact tariffs can have on Canadian farmers and how Canada should be motivated to seek out a different approach.

Setting aside fertilizer, for most Canadian agriculture exports, the EU deforestation regulations are a significantly greater challenge than a theoretical BCA. It was positive to see yesterday that they have been delayed by a year, but there's a lot more work to be done there.

While much of the attention on the collision between sustainability and trade focuses on regulatory and border measures, it is important not to lose sight of the impact that domestic policies and green spending could have on Canadian exports around the world.

The increasing use of green subsidies in the U.S. is a great example of sustainability measures that have the potential to negatively impact Canadian exports. At the WTO, the green box is typically seen as not trade distorting, but that is an antiquated view of the world.

• (0930)

[*Translation*]

I would also like to make a few comments on the reciprocity of standards.

It's easy to understand why Canadian producers are concerned and support the concept of reciprocity. They produce very high-quality food and don't want to be forced to compete with imported products that aren't of equivalent quality. Producers also don't want to compete with products made or grown using inputs not available on the Canadian market.

Again, while it's easy to understand the concerns raised, it isn't as easy to find solutions.

First and foremost, the Canadian government has the authority to ensure that imported food is safe for consumption and meets Canadian requirements. Whether they have the resources is a different question.

The issue of reciprocity of standards is indeed a competitiveness issue, not a food safety issue. Beyond potential conflicts around international trade rules, the reciprocity of standards remains a difficult approach to implement without adding costs and creating friction in the food chain.

A better approach would be to encourage greater harmonization of farm input standards, regulations and approvals. For example, Bill C-359 creates conditions that can ensure access to competitive technologies without creating a thicker border and less functional international trade.

[*English*]

There is clearly a need to develop solutions that continue to improve agricultural sustainability while promoting trade and supporting food affordability. However, adding taxes and barriers at the border is not likely to have the desired impact. It is through collaboration and co-operation among governments, farmers and food producers around the world—not barriers, taxes and regulations—that we will find the solutions needed to meet the productivity growth required to deliver the economic, environmental and social sustainability the world needs from its food systems.

Thank you.

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

We'll turn it right over to Mr. White.

**Mr. Rick White (President and Chief Executive Officer, Canadian Canola Growers Association):** Thank you for the invitation to appear before this committee to discuss the impact of carbon border adjustment mechanisms.

As the chair indicated, my name is Rick White, and I'm the president and CEO of the Canadian Canola Growers Association. I'm based here in Winnipeg, and we have an Ottawa-based team as well.

CCGA is the national association for Canada's nearly 40,000 canola farmers, representing them on issues, policies and programs that impact their farms' success.

Developed in Canada, canola is a staple of Canadian agriculture, as well as science and innovation. Today it is Canada's most widely planted crop and the largest farm cash receipt of any agricultural commodity, earning Canadian farmers over \$13.7 billion in 2023.

Annually, the canola sector contributes \$29.9 billion to the Canadian economy and provides over 200,000 jobs. Canola farmers are heavily trade-dependent, exporting 90% of what they grow as seed, oil or meal, while importing critical crop inputs such as fertilizer, crop protection products, and farm machinery and infrastructure. Exports alone were valued at \$15.8 billion in 2023.

We urge the government to exercise utmost caution when considering a carbon border adjustment mechanism and do its due diligence to ensure any such mechanism does not go against the principles of international rules-based trade. It is imperative that we balance Canada's climate change ambitions with our economic competitiveness and our global trade reputation and commitments.

Additionally, any design should fully account for Canada's World Trade Organization commitments and respect our bilateral free trading agreements. The WTO's framework underpins our international trading system, offering clear and predictable rules on trade. The mechanism's design and details will determine trade compliance, and any deviation from that could open Canada up to potential trade disputes or criticisms of protectionism, undermining the mechanism's stated objectives.

Our partners at the Canadian Agri-Food Trade Alliance, also known as CAFTA, stated before committee last week that it is essential that sustainability measures do not become barriers to fair and free trade or serve as cover for protectionist trade policies. CCGA is fully aligned with this statement. CAFTA has also developed principles of sustainable trade, which would be an excellent resource for this committee to review.

While other countries may have similar goals to reduce greenhouse gases and achieve carbon neutrality, approaches to carbon border adjustments are not standardized and likely not easily harmonized. A patchwork of regimes has the real potential to enact barriers and disrupt trade, increase the possibility of a double carbon price, and create new and possibly cumbersome accounting regimes for both government and industry. Engaging early in the design process increases the chance of a multilateral approach and of having Canada's approach recognized as equivalent, most notably by countries such as the U.S. and the European Union.

With international trade being the lifeblood of our sector, canola farmers need to remain competitive in global markets. Any mechanism must consider the cost increase of imported products and mitigate impacts on downstream users. Fertilizer, fuel, food and beverage, and steel and aluminum are highlighted as emissions-intensive and trade-exposed sectors. Farmers rely on fertilizer imports for specific nutrients not produced in Canada in order to grow and realize crop yields, whereas steel and aluminum are required to produce tractors, equipment and storage bins. For example, targeting primary steel production could potentially shift the cost to end-use products like combines. Farmers are ultimately responsible for any increased cost. As the last link in the value chain, and with grain prices set globally, they can't pass on any of those increased costs.

While CCGA understands Canada's commitment to achieving ambitious climate change targets, we are also wary of the negative impacts this mechanism could have on open trade and thus have a trickle-down effect on farmers. Given the current trade investigation China has launched on canola in response to Canadian-imposed tariffs on EVs, steel and aluminum, canola farmers—now more than ever—need the Canadian government to follow international rules-based trade principles.

Given these considerations, CCGA recommends that government exercise extreme caution and thoroughly consider the unintended consequences of implementing carbon border adjustment mechanisms. Any Canadian CBAM must maintain our global competitiveness and be designed to align with, and be recognized by, our major trading partners.

● (0935)

Thank you.

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

Just to clarify, because it has come up in some of the testimony, on the idea that the government itself is trying to establish a Canadian.... No, I think the origin of the study was more around other countries potentially moving down this route and how best to respond.

I certainly appreciate your testimony.

I'll turn it over to Mr. Barlow as a starting point for six minutes.

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

Thank you to our witnesses.

We had a representative from the Department of Finance here yesterday, and I asked them a similar question. Their response was that to implement a carbon border adjustment and all the administration that goes around that, the costs and the efforts would be intense. We now know that the cost just to administer the carbon tax program is about \$83 million. Close to 500 bureaucrats administer that program. We know that the carbon tax is costing farmers about \$150,000 on average per farm, with a billion dollars in revenue lost to Canadian farmers by 2030.

Mr. McCann or Mr. White, what would be the cost of a carbon border adjustment in terms of the cost to the farmer and/or the cost to administer in terms of not only dollars, perhaps, but also effort in implementing a program that would be navigable, let's say?

● (0940)

**Mr. Tyler McCann:** I think the short answer is that we don't know, but it could potentially be quite significant.

The design parameters around a potential border carbon adjustment could require pretty intense reporting from the farm gate to the exporter. We don't have the systems in place. A lot of good work is being done around building efficient measurement reporting and verification systems, but we really are still a pretty long way off from having something that could be easily put in place.

We also have the unfortunate reality that any time government has had to step in of late, to try to put a governmental touch around these systems, the experience has not been positive. We need to acknowledge that there's a high risk that this will end up being a burden.

I mean, the risk is already good that it will end up being a burden on the sector, one that's difficult to cope with, but it will likely end up being more of a burden than we think it will be, based on our past recent experience.

**Mr. John Barlow:** Go ahead, Mr. White.



**Mr. Rick White:** It's a great question, Mr. Barlow. It's difficult; I can't really comment on the administration costs. I can only imagine how expensive and complicated it would be. Again, I don't have any experience in that area.

Focusing on your question about the impact on farmers or price impact, what we're worried about is that if this goes ahead and it's a blanket approach, there will be winners and there will be losers. I believe farmers will ultimately end up losing on the imports of critical inputs like fertilizer, machinery and crop protection products. We import a lot of those products. If those products have taxes attached to them, our input costs go up, our margins collapse and we go from bad to worse.

We already have the China issue right now. That's a big problem for us. The last thing farmers need is more uncertainty about the cost and availability of their inputs. We don't know the details, and the devil is in the details. Proceed on this with caution. Think of all of the circumstances of the winners and the losers. This is very risky, in our view.

Again, it's hard to comment on theoreticals right now, but where the rubber hits the road, we'll be able to answer that question more thoroughly.

**Mr. John Barlow:** I appreciate that, Mr. White. Thank you.

Fertilizer costs specifically were up more than 100%, directly attributable to the carbon tax as it is now. There's a 35% tariff on fertilizer from eastern Europe, and now perhaps there's a carbon border adjustment on fertilizer as well, although maybe not from Europe necessarily. Those are all added costs that are passed right on to the producer as a result of the carbon tax and tariffs that have been put on.

Mr. White, the other interesting thing that was raised was Bill C-59, the greenwashing bill. I know that the Canadian canola producers were highlighted in the Global Institute for Food Security study on the incredible efficiencies and achievements in Canadian agriculture. I think the one on canola was that our carbon footprint on canola is 67% lower than canola grown in other jurisdictions around the world.

If you were to try to achieve the standards set by a carbon border adjustment, but you were unable to actually talk about the incredible successes of Canadian agriculture as a result of the greenwashing bill, what kind of burden does that put on you, as an organization representing thousands of farmers, if you're not able to talk about the incredible achievements that Canadian farmers are already doing and setting the standard globally?

**Mr. Rick White:** We need to tell our story, because it is a story of success and achievement. It's the culmination of farmer ingenuity, research and innovation, and of quick adoption of technologies like zero till, zero-till machinery and precision ag; it's all of those things. Farmers are in the business of minimizing their costs and minimizing the disturbance on the environment in their production.

It's a story that needs to be told. If we can't tell it because of the greenwashing bill, then I don't think we're serving our customers around the world. We're not answering the questions that they have. I think it would be very much shortchanging our ability to tell our story and to explain how, why and what we're doing about sustain-

ability and all of the good things that we're doing to the individual environments that are on those farms. I think critical pieces of information would be missing from the conversation globally.

• (0945)

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

Mr. White, just for the committee's clarity, is your understanding of the current bill that you couldn't talk about no-till agriculture? It's just so that we're clear on that bill. Is that the testimony you're giving?

**Mr. Rick White:** I think we are concerned about the legalities of what we can say and what we can't. We're not going to take chances of going against Canada's laws on greenwashing. We'll be ultra-conservative. It would be tempering our ability to do that.

It really is a risk of... It's not that we are trying to greenwash it. We would never do that, and we don't have to do that. At the same time, you have to think in the back of your mind to be cautious about what you do say publicly because of the lingering potential liability.

**The Chair:** Thank you.

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

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you so much to our witnesses.

I certainly appreciate all of you appearing before this committee on an issue that I think is not going to impact the ag community tomorrow, but if we don't start preparing, then it will impact our ag community in five to 10 years.

I'm not talking about Canada imposing carbon border adjustments; I'm talking about other countries. It's going to become a reality for—and I think there's been testimony—the steel industry, for the cement industry and for our Canadian fertilizer industry that's exporting to the EU. This is all becoming an immediate reality in two years. I know there are EU auditors currently assessing the supply chain of our steel industry in Canada right now.

I know the biggest barrier right now to imposing carbon border adjustments is measurement and how we measure. There are a lot of Canadian universities working on that. Universities across the world are working on that.

Farmers are putting a lot of pressure across the world on their own legislatures. If we talk about CETA in France, the reason France has not adopted CETA yet is that their own farmers had massive protests, and EU farmers had massive protests on what they called mirror clauses. However, those are reciprocity clauses. Part of that discussion is imposing CBAMs on jurisdictions that may not have environmental laws similar to what they have.

That's why I think it's important to have this conversation now. It's so that we can prepare and so that we don't come back in five or 10 years with our pants down and say, "Oops, we should have done something", because it takes a while to transition.

I agree that Canadian farmers are doing an amazing job. We have to tell that story better. We have to ensure that the way we measure our carbon footprint is science-based and is pushed and is accepted across the world.

With our biggest trading partner, we have Republicans and Democrats talking about imposing carbon border adjustments. We've had two bills already presented in the Senate on this particular matter.

I know that it may seem far-fetched for some of us, but it is going to become a reality. I can see it. If we are to continue trading in this world, there's going to be more pressure to stop carbon leakage.

We're not talking about Canada imposing carbon border adjustment mechanisms; it's about how we prepare and how we make sure that Canada is best prepared to face that. Of course, we have our trade vehicles and our trade institutions that we can use to fight WTO, etc., but how do we make sure that Canada is prepared to best equip our farmers here in Canada?

I can start with Mr. McCann.

**Mr. Tyler McCann:** I think it is worth addressing one comment that you've made and that the chair made earlier.

Last summer the Government of Canada—the finance department—consulted around Canada's approach to border carbon adjustments. I think that it's quite legitimate for the stakeholder community that's trying to navigate and understand where the government may go on this to think that this may be something that Canada is considering doing. I think the last thing we saw, effectively, from the finance department was a consultation asking if Canada should do this. I want to acknowledge that.

One of the good things that this study has done, I think, is remind all of us that Canada is not an island. What we do in Canadian agriculture is part of a global system. That level playing field and that need to be competitive, both from an environmental and from an economic perspective, are really important. Therefore, I do think that we need to be a lot more thoughtful around what are we doing today to prepare for that changing landscape in the future.

There is a potential that carbon is part of it. Biodiversity is something that gets talked about. The reality is that for all of that talk, the action continues to really be around subsidies, which we're largely not being competitive on, or there's very little effective action at all.

I think we're all trying to navigate this. How do you deal with this kind of rhetoric around the need to take action and the reality that Canada has been one of the countries that has been more aggressive? On the carbon tax and its impact on agriculture, it's important to keep in mind that Canadian agriculture is one of the few agriculture systems around the world that is paying a price for carbon that way. That is one of the differences there.

We really do need to be a lot more thoughtful about the fact that this is a complicated, changing landscape, and the landscape is going to change in the future.

We should show leadership around what solutions look like. The world is in need of creative thinking and new approaches that reconcile economic and environmental sustainability, and that improve our sustainable food system while ensuring the profitability and livelihoods of farmers around the world. A lot of the instruments that are available today are pretty blunt and not very effective. I think Canada could do a lot more to say, "This is what our made-in-Canada approach looks like." I don't think we see Canada leaning into that as much as it could.

● (0950)

**Mr. Francis Drouin:** Part of the issue is that the world's changed. A few years ago we had a U.S. presidency that wasn't afraid to impose tariffs. We've had all parties agree on EV and steel tariffs in Canada, so the world is changing. I would call those particular tools non-trade-barrier tools or tools that impede trade, and politicians are not afraid to use them.

The G20 is talking about carbon border adjustments. It is talking about this. It's part of the conversation at COP. I don't know whether they're at COP28, COP29 or COP30 now, but they are talking about this. It starts from there and it comes back; it trickles down.

I'm just afraid that if we don't start making sure that we give the proper tools to respond to that, then we will leave our farmers in a non-competitive position in the near future.

**Mr. Tyler McCann:** We shouldn't reduce it to border carbon adjustments. There are a lot more tools in the tool box and we should have a much more thoughtful discussion around what that competitive landscape looks like.

**The Chair:** That's why we're doing the study.

I do see your hand, Mr. White. We are at time, but I would like to offer you a very brief comment, if you'd like.

**Mr. Rick White:** Thank you, Mr. Chair, for indulging me.

Very briefly, I'd just like to say that we should not forget about the WTO. This has been coming up over the last five years, originating from the food systems summit in Rome, and I've made these arguments time and time again. This is coming and this is coming now.

Rather than trying to match or coordinate carbon adjustments at the border, we need to deal with it at the WTO in a trade agreement so that everybody plays by the same rules and so that these rules don't become disguised trade barriers and distort trade.

We need to focus as much time on WTO and on improving that so that it can handle the trade complaints that will come from this. We need to make sure that it's science-based and evidence-based and can be measured scientifically, so that all countries are abiding by it. I'd just like us not to forget about the WTO and augmenting that. We should be leading the charge on that message.

Thank you.

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

[*Translation*]

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

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

I'd like to thank the witnesses for being with us today.

Mr. McCann, I'll start with you.

In the previous panel, we talked about how we can recognize what has already been done by agricultural producers, when it comes to implementing new policies or new standards. You say that we have to be vigilant and that the standards we're currently talking about aren't yet in place, but it's not a bad idea to study them before they're in place.

Could you tell us more about it?

**Mr. Tyler McCann:** I'll come back to what I said, which is that we should be vigilant about everything that's happening on the ground. Today, we're facing a number of factors that can have an impact on competitiveness, on our exports and imports. We sometimes have a habit of looking at only part of the problem, when the issue is bigger. Sustainability and international trade are very big, multifaceted issues. There should be more awareness of how all of these things work together. We need to be more aware of the fact that, again, all domestic policies, not only in Canada but also in the United States and Europe, have an impact on sustainable trade.

• (0955)

**Mr. Yves Perron:** I really like the point you raised that we have to have a global vision.

I hear a lot of people expressing concern about this becoming a non-tariff barrier. We know that there are already a lot of problems with that. We talked about it earlier with the pork producers. Meat can't get into Europe. It was supposed to be able to get into Europe, but it can't. We don't want to get into that either.

Mr. White brought up the idea of starting discussions with the World Trade Organization. I don't know if I understood what he said, but he can confirm it in a moment.

How do you see that? Should these discussions take place at the international level? That's the first thing.

Then, how do we support our producers? As you know, our agricultural producers are competing with people who receive much more support than they do. It's already unequal, so how do we prevent that inequality from growing even further?

**Mr. Tyler McCann:** First of all, I think it's clear that Canada should be a champion of the World Trade Organization. Canada

should be one of the strongest voices supporting everything that's happening there and strengthening the role of the WTO today.

I think we should be more aware of how we do things. Once again, this morning, Ms. Grossenbacher said that producers like the carrot approach more than the stick approach. Other countries seem to like the carrot approach more than we do. I think here in Canada we like the stick approach, maybe a little too much sometimes. We should have better reflexes to find ways to better support and encourage the sector, that is, to use the carrot approach rather than the stick approach.

**Mr. Yves Perron:** We agree on that. We all prefer carrots, except the ones from China that enter Canada at a low price and compete with our producers.

Can you tell me in 30 seconds how to recognize what has already been done?

**Mr. Tyler McCann:** I don't think a good solution has been found to ensure that recognition.

In fact, it really depends on the type of recognition we're talking about. Are we talking about tax recognition? Do we want to support people? When it comes to carbon border adjustments, do we want to ensure a balance in how carbon emissions are measured here and elsewhere? It's a challenge.

In some cases, such as with no-till practices, obviously the producers themselves have benefited from that investment and those practices.

Sometimes the work of recognition is difficult. I think that's lacking, and there needs to be more debate on this issue.

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

Mr. White, what are your comments on those same questions?

[*English*]

**Mr. Rick White:** Thank you.

Again, I just want to assure that we're thinking more globally and make sure that the multilateral trade agreement that we already have is able to help us and help others around the world determine what's a trade barrier and what's not.

The difficulty with carbon adjustments spread all over the world is how you determine equivalency. Who is going to arbitrate that? We've already experienced a lot of that with the EU. We don't do it their way; therefore, they won't allow something in. It's not based on science particularly, and I feel and I sense that is going to happen in this case, and it's going to get worse. We need a WTO to be able to be strong and have wording and maybe an agreed chapter on this. I don't know what it is, but it needs to bring some semblance of commonality and rules around this so that trade is not impeded.

I want to branch off just a little bit, if I may. This feels and looks like it's protectionist, and it's happening all over the world. This is an example of a protectionist type of adjustment. You could call it a corrective adjustment, but I will call it protectionist, because traders will look at it as protectionism if it impedes their ability to trade.

We're experiencing that right now with canola with China. A protectionist measure by Canada triggered a venomous attack on our industry, and farmers are going to pay dearly for Canada's decision to put tariffs on China. Farmers don't deserve that. That is a big issue. That's an example of what we want to avoid.

• (1000)

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

Unfortunately, we're at time, but I wanted to make sure you were able to make your point about concerns around protectionism and the trade piece.

Mr. Cannings, it's over to you.

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

I'm going to start with Mr. McCann.

I think we're talking here about a hypothetical situation. Sometime in the future there might be carbon border adjustments on the agriculture sector. We've been hearing it's going to be very complicated and it's certainly not likely to happen in the very near future, as the EU is moving in other sectors.

One of the themes of your opening statement was harmonization and that in many ways the best way we can prepare for this is to try to harmonize our practices with our major trading partners, in particular the United States.

You mentioned Bill C-359. I don't want to take the chair's thunder away from him, as he might want to ask you about this directly, but could you mention some of the key ways we could harmonize our agriculture practices, our subsidies and anything we do to support agriculture with those in the United States as a start in preparing for a future that may include a carbon border adjustment?

**Mr. Tyler McCann:** I'd like to start by making the point that it's good to be paying attention to these issues that are going to happen in the future, but we have issues today, such as what to do about the EU deforestation regulation, that I'm not sure are getting the full attention, support and service they need.

One of the points I want to make is that we need to make sure we're adequately addressing the issues in front of us today before we get too worried about the issues that are in store for the future.

If you look at this need to reinvigorate multilateral approaches and collaboration across countries, we've seen the U.S. show leadership around a sustainable productivity growth coalition that's aiming to try to increase dialogue and collaboration between countries around the tools we will need to implement sustainable productivity growth and what practices can be used. That's an example of an effort there.

We've been holding an event yesterday and today. Yesterday morning, we had the deputy director general of the Inter-American Institute for Cooperation on Agriculture come and speak, and he

talked about the need to better align approaches across the Americas. There's a huge amount that Canada could do to show leadership, to help support capacity building and investments and to ensure more coordination and consistency across policies there. There is, unfortunately, a bit of a tendency to look away from the good work that groups like IICA are doing that we could be supporting more and that would proactively and positively encourage a more consistent and level playing field.

Again, we could be using some carrots internationally, rather than relying on sticks.

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

We've also heard several witnesses mention—I'm sure you've heard the conversations—the importance of better data in all of this. When you have a complicated system that is being proposed, it's one thing to calculate the carbon intensity of steel production, but it's another to calculate it for beef production when you have cattle out on the range, cattle in feedlots and cattle being shipped back and forth.

I heard somebody else mention, when vegetables are being taken from various farms and places and put in the same bag, how important data is—in general in this world, but certainly in a case like this—and how the government could support that for the agriculture sector across the country in all sorts of ways, whether it's through StatsCan or whatever.

**Mr. Tyler McCann:** There's a huge opportunity for the government to facilitate and enable more work around measurement and reporting and to do it in ways that reduce the potential burden.

In Europe, we see that one of the reasons the European Commission is not that aggressive on an emissions trading scheme on agriculture is that it's so complex to really get a good, accurate and reliable measure.

It's not just a measure. One of the things that has a huge impact on the agriculture sector's emissions footprint every year is whether it's dry or wet on the Prairies. Even if you can actually measure the carbon footprint, what do you do with your border carbon adjustment when all of a sudden we've had a really wet year and the carbon footprint of our western Canadian crops goes up?

These systems don't lend themselves to the same types of measures and approaches that a steel plant does. They are fundamentally different systems. That organic system that exists in agriculture is so wildly different that, again, it's not just a matter of measurement. Even once you have the data, what do you do with it and how can you use it in a way that achieves these outcomes? That's really tough.

• (1005)

**Mr. Richard Cannings:** Thank you for mentioning rain. I was just thinking intuitively that if you had a wet year on the Prairies, the carbon footprint would go down because there would be more carbon sequestration, but that shows you how much I know.

Mr. White, would you like to comment on any of that in terms of harmonization with our major trading partners?

**The Chair:** Could that be in about 30 seconds, Mr. White? I know you're capable.

**Mr. Rick White:** Thanks—message received.

You have to have harmonization. You have to know what you're measuring. You have to know what you're adjusting for.

My conceptual gap here is this. What is the problem that we're trying to fix here? I am not clear on what exactly it is we're trying to fix or curb. Is it philosophical? Is it protection of certain aspects of our industry? If we had clarity on the purpose and the objective, we can figure out the measurements and the tools that are needed to fix that problem.

I'm not exactly clear if this is an academic exercise or not, but I agree 100% with Tyler: We need the data. We don't have the data, and neither do other countries, to do this properly.

Thank you.

**The Chair:** I'm going to pass it over to Ms. Rood for up to five minutes.

I'd also like to recognize that Mr. Epp from Chatham-Kent—Leamington is here on the committee. It is a great agricultural riding, and he is a good advocate.

We'll go over to you, Ms. Rood.

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

Thank you, witnesses, for being here.

Mr. White, I appreciated your comments earlier to my colleague Mr. Barlow, when you were saying that farmers do everything they can to minimize their costs. We see that our costs are up year over year for farmers, and the carbon tax plays a big part in that, especially, I would think, on the Prairies, when we're hauling lots of grains, and canola in particular, from the fields back to the farm gate. Those transport trucks, of course, have to use fuel. The diesel fuel used in those trucks is not tax-exempt, contrary to some of the beliefs that we hear from other parties.

We've seen on the carbon tax data that has come out, even from the Liberals' own government data, that since that tax has been imposed, we haven't actually seen a reduction in emissions. We're talking now about putting on another layer with these carbon border adjustments.

What concerns me is that we haven't actually talked about the food security aspect of these new measures. We know that we have seen huge increases in food bank usage numbers over the past several years.

To either Mr. McCann or Mr. White, I'm just curious as to what you see as the core food areas that are most likely to be adversely impacted, and will these inflationary pressures create a ripple effect through to food markets elsewhere, leading potentially to more food insecurity?

**Mr. Rick White:** It's a great question.

I hadn't really thought of it as food security, because we're awash in food. From a canola perspective, we grow way more than we consume domestically, so if food security is domestic, we're good. If food security is more global, maybe it's not so good, because our product does feed a lot of people globally.

On the carbon tax part of your question, that is one area that the government needs to reconsider, especially for farmers. Bill C-234—speaking of sticks from Tyler's earlier comments—would alleviate the stick on farmers.

My suggestion here is that this is coming up again in the House on October 26. Bill C-234, in its original form, is our preferred approach. However, the reality of the situation—and without much faith in the Senate—is that we would encourage the amended Bill C-234 to go through immediately. It won't help as many farmers, but it will help farmers in need right now, and we need an early harvest for those farmers to get some tax relief.

The emissions are not going down because farmers do not have any alternative, and it becomes a straight-up tax. This stick is just acting on farmers as a club, and they can't do anything about it except take it on the chin and reduce their bottom line.

Please get Bill C-234 passed and get some relief to those farmers. Lots of those farmers are feeling the brunt of China right now, and they're going to feel a lot more of it in the next six months.

• (1010)

**Ms. Lianne Rood:** Thank you.

I'll turn it over to Mr. McCann.

**Mr. Tyler McCann:** I appreciate the opportunity to comment on this, because I think the last time I was in front of the committee, some of the members took some creative licence with some of the things I said about data and the carbon tax.

The basic premise of a carbon tax is to make things more expensive. If the carbon tax hasn't made food more expensive, it's because it's failed its policy objectives. I think you have to call a spade a spade when it comes to what the premise of that objective is.

I think the reality is that it's not having an impact. There are much better solutions. If we really do care about emissions in agriculture, there are better approaches that will have a better impact at the end of the day.

**Ms. Lianne Rood:** I cede my last minute to Mr. Epp.

**The Chair:** You have about 40 seconds, Mr. Epp.

**Mr. Dave Epp (Chatham-Kent—Leamington, CPC):** Thank you.

We talked a lot today about the impact primarily on primary products off the farm going through perhaps a minimal step, and then facing the international markets.

For those of you who have ever picked up a bag of a medley of frozen vegetables produced in southern Ontario, cauliflower is often produced in Mexico: Sometimes it's floretted in the U.S., frozen, shipped to Canada and blended in with carrots grown from Ontario. The little sweet corn that you get usually comes from Thailand, actually. Carrots are domestic. Broccoli can be from either Canada or the U.S. It's all mixed in southern Ontario and frozen. It is mainly put into the domestic market but often exported, sometimes back to the U.S. Just think about that for a second as you contemplate a border carbon adjustment.

Second, Red Gold, one of the largest privately owned tomato processors in Illinois and Indiana, is actually the largest importer of California tomato paste within the U.S. Tomatoes are grown in two totally different production systems. One is an arid desert in California, and they're blended with Midwest tomatoes, which are grown quite similarly to our tomatoes. They sell to a little company called Walmart, which is probably ubiquitous. Is that not right?

How do you implement the—

**The Chair:** Mr. Epp, thank you. Don't make me get out my gavel. Your point was made.

Go ahead, Ms. Murray, for up to five minutes.

**Hon. Joyce Murray (Vancouver Quadra, Lib.):** Thank you very much. I appreciate that. What an interesting conversation.

Thank you to the witnesses for being here for this. I'm going to just ask a few questions to try, as an urban Canadian, to understand the perspectives you're bringing.

Mr. White, you asked the question about pricing on carbon and "What are we are trying to fix?" I would say, generically, that we want to limit our impact on climate change, and that is the critical thing underpinning the conversations here today.

Mr. McCann, you said there are better approaches, at the end of the day, than putting a price on carbon for reducing greenhouse gas emissions from farming and agriculture, so what are you proposing?

**Mr. Tyler McCann:** I'm always hesitant to go before Rick because I gather that I take up a lot of the time from him. Maybe I can say, just quickly, that there's pretty good literature about practices around the world on how to support and encourage, for example, value chain solutions to the sustainability problem, recognizing that if you're a beef farmer, what you need to do to reduce your emissions footprint is wildly different from what a canola farmer needs to do.

What we need to do, first and foremost, is build systems that recognize those differences and give the value chains, the farmers, the processors and others the tools they need to encourage action.

**Mr. Rick White:** I'll just elaborate a bit on that. Thank you.

When it comes to the farmers, they have no way to pass along the costs of these things. They don't have any alternative energy they can move to. A tax, theoretically, would work if you had alternatives and were trying to change their behaviour. They just don't have available to them the technology to switch from the more fossil fuel-based system they have right now. Without an alternative for their energy needs, they just have to pay the tax, and emissions are not, respectfully, going to move, because they're going to continue to do what they need to do to farm the crops and grow their crops.

They are sustainable. They have cut their emissions and softened their environmental footprint a lot, especially in canola production, which has gone to zero-till and high-tech—everything that they can do—but if they have to dry their grain—

• (1015)

**Hon. Joyce Murray:** Excuse me, but I have a few more questions.

That sounds to me like a great answer, which is that it has driven them to be innovative and move toward no-till agriculture. That sounds like it is a positive from putting a price on carbon in some way, even if not as directly.

I think I heard that the European trading system doesn't cover agriculture carbon, and so the border carbon adjustment is not likely to cover climate...issues, either. I didn't understand that, and I would like clarification as to how a pricing system, an international one, could be put in place that would help to drive productivity and reduce emissions. Are there any thoughts about that?

**Mr. Tyler McCann:** One of the reasons they've done it on steel, for example, is that there is a price on carbon in Europe if you're a steel producer. However, there is no price on carbon in Europe if you're an agriculture producer, so you cannot use a border carbon adjustment to level a playing field if there's no price that's being paid on one side.

Again, the European approach on agriculture tends to be many, many carrots. If you look at what they're trying to do on soil carbon, for example, you'll see that it's about how to encourage soil carbon farming and how to do it in a positive way.

Again, they tend to do it with a lot of burden. There are a lot of issues from European farmers. However, the premise is different in that they are not looking at it as a tax; they are looking at how they can do a better job building very generous incentives to encourage the transition.

**Hon. Joyce Murray:** Okay, so that is—

**Mr. Rick White:** Could I make a correction to your comment, Madam?

The innovation that farmers implemented with the zero till and by substantially softening their environmental footprint happened 20 years ago. It had nothing to do with the carbon tax at all. Farmers innovate and innovate well, even in the absence of that.

**The Chair:** Unfortunately, we're out of time. I think a good question in all of this is how we account for that success in the international market.

[*Translation*]

Mr. Perron, you have the floor for two and a half minutes.

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

Mr. White, I'm going to continue with you.

You just asked that we pass Bill C-234. The way to pass it quickly is to pass it in the form in which it came back from the Senate, to avoid it being sent back there, because we know it could spend a lot of time there, going by Bill C-282, which has been there for over a year. The Bloc Québécois supports the adoption of Bill C-234 as is. I therefore call on my colleagues to pass it next week and bring it into force immediately.

Furthermore, how do we go about establishing regulations to improve performance? You talked about doing it through the World Trade Organization, and that makes a lot of sense.

That said, my concern is to take into account what has already been done. Let's take the example of a producer who uses no-till or already does crop rotation, compared to another producer who doesn't do that and uses more pesticides and herbicides. We know that some amount is necessary, but efforts can be made. How can we recognize what has already been done in Canada and Quebec in relation to foreign countries with which we do business? It's not an easy thing to do.

[*English*]

**Mr. Rick White:** You're absolutely right. It's not easy, because there's no direct comparison. Even when you look at western Canadian farms, you will see that they vary from farm to farm, region to region, municipality to municipality. When you start comparing to other systems around the world, it becomes very difficult to standardize that, because no one size fits all and no one size fits all across Canada. It's hard to come up with a one-size-fits-all approach to something at the border because of all those differences.

I'm not trying to over-complicate it, but that's the practical reality of how systems are done.

I strongly believe that when it comes to sustainability, farmers know what works on their farms and what doesn't work on their farms. Every single one of them is thinking about the generations to come, because they want to leave that land in better condition than they received it, so the incentive for ongoing continuous improvement on the sustainability front is inherent in their DNA, in their business models and in the future of their families. Trying to standardize that through regulation is very difficult. It's a very big challenge.

• (1020)

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

Thank you, Mr. Perron.

Mr. Cannings is next.

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

I'm going to go to you, Mr. White, because you've been getting short shrift all day, so I'll start with you on this.

You mentioned some of the challenges that all sectors have when it comes to international trade. Your sector in particular has been impacted by the decision to put heavy tariffs on Chinese EVs, steel and aluminum coming into Canada, because China has immediately hit back at one of Canada's big sectors: canola.

You also mentioned the impacts that a carbon border adjustment might have on incremental costs to your farmers. If we put a carbon border adjustment on steel and aluminum, it might increase the cost of farm equipment, for instance. I would argue that if you're looking for cheap steel, it's going to come from China, and that might be moot now that those tariffs are there.

I'm wondering if you could maybe expand on that and the complications. This is a complicated thing, and this is another aspect of that.

**Mr. Rick White:** Right. Thank you for bringing up China again.

I will take this opportunity to say that CCGA is involved in the anti-dumping investigation by China on canola. It's a big deal [*Technical difficulty—Editor*]

[*Translation*]

**Mr. Yves Perron:** Mr. Chair, there's a connection problem.

[*English*]

**The Chair:** There's a bit of an issue, perhaps, Mr. White, with your Internet connection.

**Mr. Rick White:** Can you hear me now?

**The Chair:** Keep going, and we'll see whether we get translation.

**Mr. Rick White:** I was going to elaborate on the China issue. The CCGA, with the 40,000 members we represent, is participating in and has registered to—

**The Chair:** I'm sorry, Mr. White. There's some type of Internet instability right now with your connection. I'm sorry, but we're going to have to pause.

Mr. McCann, would you like to chime in briefly for 30 seconds?

**Mr. Tyler McCann:** Maybe I'll just again emphasize how critically important this issue is and how much it underscores that we need to have a much more thoughtful approach to Canada's relationship with partners around the world, both the U.S. and China. I think that there are, again, not easy solutions for Canada in what we need to do, but we need to be much more aware of the consequences.

This should not have been a surprise. It seems as if, at times, it may have caught some people by surprise. We need to do a better job of preparing and being prepared to respond.

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

There's just one quick question from me.

Mr. White, we can see whether your Internet issue has been resolved.

I think it's been very clear from the testimony that the complexity around a border adjustment mechanism is going to be very difficult for agriculture, both in an importation sense and even exporting. That's fine. What's your view, though?

Mr. White, your organization, through grain growers and through others, has goals of trying to reduce emissions and continue to drive sustainability. That has costs.

Mr. McCann, you've talked about more carrots and maybe fewer sticks, but that has costs to the taxpayers in this country and to the government treasury. How is that accounted for?

We've also heard, and we know, that Canadian agriculture is competitive in an intensity sense in carbon. Is it your view that we just don't account for that internationally, that Canada is not able to have a competitive advantage in that conversation, or that we should simply continue to subsidize heavily to get environmental outcomes without ever having that accounted for by countries that are not doing the same internationally? Is this a club approach, with a club of countries that are doing something and they're not subject to, perhaps, some type of tariff, and then countries that are demonstrably doing nothing should pay?

If I were to talk to farmers across the country, they would say, "I understand it's important to environmental sustainability, but I don't

want to be undermined competitively in the world." How do we square those two things? If there's not a carbon adjustment mechanism, is there any leadership? Is there any kind of consideration? Are we just trying to decouple those two things completely?

• (1025)

**Mr. Tyler McCann:** I think it's important. You talked about who's going to pay. It doesn't need to be governments. It could be consumers. It could be others who help farmers make the investments that they need to. I think there's the sense that there's value out there for low-carbon food, which likely doesn't exist.

One of the challenges is that it's hard for us to look around the world and see which countries are willing to spend more for Canadian food because of its low-carbon footprint. It's one thing to have this rhetorical thing about wanting [*Technical difficulty—Editor*] but the reality is that it's very hard to find people who are willing to pay for more sustainable outcomes.

**The Chair:** Mr. White, I think we're having issues again with your sound.

We'll end it there.

We went a little bit over time, but I think that's a reflection of the good conversations we've had and the broad interest in the topic.

Colleagues, we will be back at it next Tuesday afternoon.

On your behalf, I'd like to thank Mr. McCann and Mr. White for their testimony and their contribution and leadership in agriculture.

We'll see you on Tuesday.

The meeting is adjourned.









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