Legislative Assembly of Alberta

The 29th Legislature
Fourth Session

Standing Committee on Alberta's Economic Future

Impact of the Canada-United States-Mexico Agreement on Agriculture in Alberta

Thursday, March 14, 2019
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Standing Committee on Alberta's Economic Future

Sucha, Graham, Calgary-Shaw (NDP), Chair
van Dijken, Glenn, Barrhead-Morinville-Westlock (UCP), Deputy Chair

Carson, Jonathon, Edmonton-Meadowlark (NDP)
Connolly, Michael R.D., Calgary-Hawkwood (NDP)
Coolahan, Craig, Calgary-Klein (NDP)
Dach, Lorne, Edmonton-McClung (NDP)
Dreeshen, Devin, Innisfail-Sylvan Lake (UCP)
Fitzpatrick, Maria M., Lethbridge-East (NDP)
Gotfried, Richard, Calgary-Fish Creek (UCP)
Horne, Trevor A.R., Spruce Grove-St. Albert (NDP)
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)
McPherson, Karen M., Calgary-Mackay-Nose Hill (AP)
Piquette, Colin, Athabasca-Sturgeon-Redwater (NDP)
Schneider, David A., Little Bow (UCP)
Starke, Dr. Richard, Vermilion-Lloydminster (PC)

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Standing Committee on Alberta's Economic Future

Participants

Alberta Milk
Tom Kootstra, Chair

Egg Farmers of Alberta
Beatrice Visser, Chair

Alberta Chicken Producers
Jason Born, Chair

Alberta Hatching Egg Producers
Bob Smook, General Manager

Canada West Foundation
Carlo Dade, Director, Trade and Investment Centre

Faculty of Agricultural, Life and Environmental Sciences, University of Alberta
Stanford Blade, Dean

Alberta Prion Research Institute
Kevin Keough, Executive Director

Alberta Sugar Beet Growers
Melody Garner-Skiba, Executive Director

Alberta Wheat Commission and Alberta Barley Commission
Gary Stanford, Chair, Alberta Wheat Commission

Alberta Pulse Growers
Don Shepert, Chair

Alberta Beef Producers and Canadian Cattlemen's Association
Tom Lynch-Staunton, Government Relations and Policy Manager

Alberta Federation of Agriculture
Humphrey Banack, Board Member and Past President

Calgary Economic Development
David Chalack, Chair, Agribusiness Advisory Committee

9 a.m. **Thursday, March 14, 2019**

[Mr. Sucha in the chair]

The Chair: Good morning, everyone. I'd like to call the meeting to order. I'd like to welcome members, staff, and guests in attendance for the meeting of the Standing Committee on Alberta's Economic Future. Before I begin, I do want to recognize that this meeting is commencing on the traditional territory of the Treaty 6 people. As well, the Métis people have a close connection with this land.

My name is Graham Sucha, and I'm the MLA for Calgary-Shaw and the chair of this committee. I would ask that members and those joining us at the committee table introduce themselves for the record, and then I will call for those joining us on the phones. I'll move to the member on my right.

Mr. van Dijken: Good morning. Glenn van Dijken, MLA for Barrhead-Morinville-Westlock, deputy chair.

Dr. Starke: Good morning. Richard Starke, MLA, Vermilion-Lloydminster.

Mr. Smook: Good morning. I'm Bob Smook with the Alberta Hatching Egg Producers, staff member.

Mr. Born: Jason Born, chair of Alberta Chicken Producers and producer up in the Sturgeon county area.

Ms Visser: Beatrice Visser, chair of Egg Farmers of Alberta and a producer north of Edmonton.

Mr. Kootstra: Tom Kootstra, dairy producer in Ponoka and currently the chairman of Alberta Milk.

Ms Littlewood: Jessica Littlewood, MLA, Fort Saskatchewan-Vegreville.

Mr. Piquette: Good morning. Colin Piquette, MLA for Athabasca-Sturgeon-Redwater.

Mr. Dach: Morning. Lorne Dach, MLA for Edmonton-McClung.

Mr. Carson: Good morning. Jon Carson, MLA for Edmonton-Meadowlark.

Ms Fitzpatrick: Good morning. Maria Fitzpatrick, MLA, Lethbridge-East.

Mr. Horne: Good morning. Trevor Horne, MLA for Spruce Grove-St. Albert.

Dr. Amato: Good morning. Sarah Amato, research officer, Legislative Assembly Office.

Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

Mr. Koenig: Good morning. I'm Trafton Koenig with the Parliamentary Counsel office.

Dr. Massolin: Morning. Philip Massolin, manager of research and committee services.

Mr. Roth: Good morning. Aaron Roth, committee clerk.

The Chair: All right. Those members on the phone?

Ms McPherson: Good morning. Karen McPherson, MLA for Calgary-Mackay-Nose Hill.

Mr. Coolahan: Good morning. Craig Coolahan, MLA for Calgary-Klein.

Mr. Dreeshen: Good morning. Devin Dreeshen from Innisfail-Sylvan Lake.

Mr. Gotfried: Good morning. Richard Gotfried, MLA, Calgary-Fish Creek.

The Chair: Okay. A few housekeeping items to address before we start the business at hand. Please note that the microphones are traditionally operated by *Hansard*. Committee proceedings are being live streamed on the Internet and broadcasted on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

Moving on to the next item on the agenda, a draft agenda for the meeting was distributed. Does anyone wish to propose any amendments, or are there any errors or omissions to note? Seeing and hearing none, would a member like to move approval of the agenda? Moved by Mr. Dach that the agenda for the March 14, 2019, meeting of the Standing Committee on Alberta's Economic Future be adopted as circulated. All those in favour, please say aye. Opposed? On the phones? That's carried.

Moving to the approval of meeting minutes, we have the minutes for our February 14, 2019, meeting. Are there any errors or omissions to note? Seeing and hearing none, is there a member who wants to move? Moved by Dr. Starke that the minutes for the February 14, 2019, meeting of the Standing Committee on Alberta's Economic Future be adopted as circulated. All those in favour, please say aye. All those opposed, please say no. On the phones? All right. That is carried.

We're going to move on to the next item on the agenda, inquiry into the impacts of the Canada-United States-Mexico agreement on agriculture in Alberta. First are oral presentations by the poultry and dairy industry or organizations. Hon. members, at our February 14, 2019, meeting the committee elected to hear oral presentations in regard to its inquiry into the impacts of the Canada-United States-Mexico agreement on Alberta agriculture. All the persons and organizations that the committee sent an invitation to were contacted by the committee clerk. For today's oral presentations all participants have been invited to make a five-minute presentation in relation to this inquiry. After the presentations are complete, I will open the floor to questions from committee members.

At this point I'll welcome our guests, who've already introduced themselves, and I will ask Mr. Tom Kootstra from Alberta Milk to begin his presentation. Please proceed.

Mr. Kootstra: Thank you, Mr. Chairman. It's a pleasure and a privilege for me to represent the dairy industry at this forum. Having said that, it probably comes as no surprise to you that this is a unique experience for us, so you probably can expect a delivery that's maybe not quite as professional as some of the others that might be before you this morning. But having said that, I am joined this morning by two staff members with Alberta Milk in the gallery: Denise Brattinga, our finance and policy manager, and Karlee Conway, our communications specialist, who have endeavored to make my notes as complete as possible, and I thank them for that.

Alberta Milk is a nonprofit organization that represents the dairy farmers in Alberta, and we undertake various activities aimed at achieving the vision of Alberta Milk, which is growing a sustainable dairy industry by being a trusted source of quality milk. We are a producer-driven organization. We are funded by the dairy producers of the province. We are governed by a board of directors who are all licensed dairy producers. We represent the industry interests in the province of Alberta, and we represent Alberta at the national tables as well. In Alberta there are 21 dairy processors, and that includes three smaller on-farm dairy processors as well. Of those 21 dairy processors several of the large multinationals are operating facilities in Alberta as well.

It should come as no surprise to you that the dairy industry is very proud of our supply-managed system. Dairy is a unique product in that it is perishable. It must leave each producer's farm every 48 hours in order to be processed, hence the term "perishable." We'd like to point out that less than 10 per cent of the dairy market is traded globally, so domestic markets are vital for our product. In all other countries that don't have a supply-managed system for their dairy industry, their survival is dependent significantly on subsidization. Our dairy industry supports trade but not at the expense of the Canadian family dairy farm and the local domestic growth. We will point out that there have been 51 different trade agreements completed, and our federal government continues to defend the local production of dairy. Nationally, supply-managed industries contribute $29.6 billion to the national GDP and sustain 348,275 Canadian jobs. Provincially the dairy and poultry sectors sustain over 29,000 jobs here in Alberta and contribute just under $3 billion to our GDP.

The committee's inquiry is into the potential impact on agriculture for the dairy sector under CUSMA. For the dairy sector these impacts will be long lasting and they will be negative. The concessions granted are ongoing. They are a perpetual loss. Since 2016 Canada has negotiated three international trade agreements that included concessions in the dairy sector, referencing CETA, the comprehensive economic trade agreement with Europe; CPTPP, what's left of the original trans-Pacific partnership without the U.S.; and most recently – and I like this term – CUSMA, the Canada-U.S.-Mexico agreement, as opposed to the USMCA. Although CUSMA has not yet been ratified, each one of these trade agreements has a compounding impact on the dairy industry. That compounding will have more of an impact as they continue to be implemented.

9:10

Before I get into the specifics of CUSMA, I want to remind the committee that dairy was originally exempt from the NAFTA, so the inclusion here is new, and this is not merely an update of a pre-existing NAFTA agreement.

The CUSMA agriculture chapter contains the bilateral annex between the U.S. and Canada that includes the following four major concessions that impact the dairy industry: namely, increased market access for products coming into our Canadian market from the U.S.; second, the removal of class 7 from the Canadian harmonized milk product classification system; thirdly, tightening the restrictions and a surcharge on Canadian dairy exports; and lastly, the loss of sovereignty, demands for greater transparency clause in this agreement grants the U.S. oversight into the administration of our Canadian dairy system.

I will now expound in greater detail on the four points.

The Chair: Sorry to interrupt, Mr. Kootstra. Just to be cognizant of the time, I just want to make sure, committee members: do we wish to carry on past five minutes for presentations? Or we can also cover over some of these items in our question round-tables right after. Okay.

Sorry. Please continue. I always like to get the consent of my committee before unanimously moving forward on something. Sorry. Please proceed.

Mr. Kootstra: The impact of CUSMA: it's 3.9 per cent market access, or the loss of 100 million litres of dairy products coming into this country. Alberta's share of that is 16.3 million, or the equivalent production of 36 dairy farms here in the province. The combined market access granted under these three different trade agreements comes to about 8.4 per cent of the milk production, and that translates into an average annual loss of 450 million for the dairy farmers in Canada. When combined with the existing access already under WTO, by 2024 we will have granted 18 per cent of the Canadian domestic dairy market to be filled by imports entering tariff free. The details of the market provisions under CUSMA will be found on page 5 of our submission.

Class 7 was introduced in February of 2017 and was a new class within the national harmonized dairy product classification system. Specifically, this class is for the utilization and the production and producing of skim milk components in liquid and dry form in any concentration, including milk protein, concentrates, and milk protein isolates. This impact due to the elimination of class 7 and restrictions on export and the surcharges ranges anywhere from $4.8 million to $29.6 million in Alberta and $57 million to $349 million nationally.

The industry and the federal government must find an agreement to replace class 7 under CUSMA, and that work is happening under the leadership of the Canadian Dairy Commission. Canada has agreed to the U.S. demands to cap Canadian exports of skim milk powder, milk protein concentrates, and infant formula. Added together, these measures limit our ability to grow the Canadian domestic market. Details on the limits can be found on page 8 of our written submission.

The transparency provision, which is contained in the annex, is a serious clause. For example, Canada must inform the U.S. of any milk classification modifications going forward. Specifically, chapter 3, articles 3.10 and 3.11, grant the U.S. oversight into the administration of the Canadian dairy system.

The federal government has initiated several working groups to identify how we're going to move the industry forward. One is the mitigation and another a visioning group, and we look forward to how these two groups will communicate a strategy with the federal government moving the industry forward.

I think the elimination of class 7 and the oversight of the U.S. dairy industry into domestic policies are problematic for us.

Finally, one of the indirect impacts that has resulted is the eroding of confidence in the future of the industry, and this is especially true during the first six years of the implementation, where the vast majority of the market access concessions will be implemented and impact both domestic production and expected volumes. One of the issues that arises from the lack of confidence here in Alberta is the lack of confidence in processors investing in our province, and that is problematic for us. We have a production processing imbalance in our province, and we need to find ways to get processing investment here in Alberta.

I think maybe with that, I'll just conclude.

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

We'll now move over to Ms Visser from Egg Farmers of Alberta.

Ms Visser: Good morning. I would like to start by saying thank you again for providing us with the opportunity to come here to share the concerns of our industry. Again, my name is Beatrice Visser. My husband and I along with our kids own and manage an egg-layer farm north of Edmonton.

On behalf of Egg Farmers of Alberta we understand the importance of the CPTPP and the CUSMA trade deals to Canada and to the economy; however, we are disappointed and concerned with the outcome. While supply management remains in place, both deals further open our domestic markets to imports.

Here we have a picture of one of my friends, who is also a fellow producer, with her grandson packing eggs in the barn. They are one of 170 egg farmers in Alberta. Of the 170 producers in Alberta 20 of them are new to the industry within approximately the last six years or so. These farms in Alberta have 2.5 million egg-laying hens, which produce 65 million dozen eggs, or 780 million eggs. These agreements will have a lasting impact, particularly on these new young farmers who are making a start in the industry.

The egg industry creates jobs for 1,700, which, in turn, produce $83 million in farm cash receipts, which spins over into about $39 million paid in federal, provincial, and municipal taxes. It also contributes $120 million to the GDP.

Consumer insights stats have shown that 93 per cent of Albertans prefer to buy food from Canadian farms; 81 per cent of Albertans say that it's important that the eggs they buy are produced in Canada; 88 per cent of Albertans trust that the eggs they purchase at the store are of the highest quality; 83 per cent of Albertans believe Canadian farmers should earn a fair return for their work. The people in these stats are also impacted by the agreements. They have come to trust the quality and safety of our Canadian products. Canadian farmers have worked very hard to ensure their family, friends, and fellow Canadians and Albertans they feed are provided a safe and quality product and that their hens are well cared for.

This slide shows the impact of the trade agreements. The WTO took 3 per cent of the market, with 21.37 million dozen eggs; the CPTPP was another 19 million dozen eggs, taking 2.6 per cent of the market; the CUSMA agreement was 11.05 million dozen eggs, at 1.5 per cent, which brings us to a total of 51.42 million dozen eggs, which equates to a little over 7 per cent of the current domestic production.

9:20

Here we have the impact on rural Canadian communities. There are $34 million lost in farm cash receipts per year immediately, $647 million lost in farm cash receipts per year once it's fully implemented, 837 jobs lost, $21 million lost in annual tax revenue, and $120 million in lost contribution to the GDP. It's apparent we are all losing.

Throughout any future talks and mitigation discussions may we ask and remind our governing people that supply management not be used as a bargaining chip. It's not only the stability of our farms at stake; it's also the well-being of our young farmers still entering the industry who will in future years be the ones ensuring the security of our food and the safety and quality for all Albertans and Canadians. Laying a solid foundation for our young people in agriculture will also enable them to be contributors in helping our rural communities survive and, hopefully, thrive.

Thank you for the opportunity to offer our concerns.

The Chair: Thank you, Ms Visser.

We'll now move on to Mr. Born from Alberta Chicken Producers.

Mr. Born: Thank you, Mr. Chair, and good morning, everyone. My name is Jason Born. I'm chair of Alberta Chicken Producers and a producer up in Sturgeon county, where we produce 1.6 million chickens each and every year and have been doing so for just over 40 years. Joining me today is Bob Smook, who is executive director of Alberta Hatching Egg Producers, and Karen Kirkwood in the gallery, our executive director of Alberta Chicken Producers.

I wanted to thank the committee today for this opportunity to present the impacts of the Canada-U.S.-Mexico trade agreement, also known as CUSMA, on the Alberta chicken industry. Our presentation today, as you can see on the bottom of the slide, is being brought on behalf of Alberta Hatching Egg Producers, Alberta Chicken Producers, and our three major hatcheries and processors in the province: Maple Leaf Foods, Sofina Foods Inc., and Sunrise Farms.

Canada's supply-managed poultry and dairy sectors are important contributors to the vitality of the Canadian economy, environment, and communities, supporting almost 350,000 jobs and contributing nearly $30 billion to Canada's GDP across all 10 provinces in Canada. When we refer to poultry today, I just want to remind everyone that it refers to chickens, hatching eggs, turkeys, and also egg layers in this slide. Of these 350,000 jobs and roughly $30 billion in GDP about 10 per cent of that relates directly to Alberta in terms of its share.

The economic contributions of supply management are important to Canada. Our supply-managed family farms and the supply-managed agrifood sectors in Canada as a whole are and continue to be important contributors. They are significant players in Canada and Alberta's agrifood industry as well as within the context of the Canadian and Albertan economies. Each and every chicken raised on a Canadian farm is grown, fed, and processed here in Canada, creating Canadian jobs and economic activity. Together our supply-managed sectors are 1.64 times the size of the Canadian auto industry and nearly seven times the size of the steel industry in terms of economic output. Supply management also, as I mentioned earlier, contributes nearly $30 billion to the Canadian national GDP.

In Alberta our dairy and poultry sectors sustain nearly 30,000 jobs and contribute $2.9 billion to GDP. Again, this is all done without the need for government subsidies. I'd also note that this contribution includes purchases from our related producer partners in other sectors. For example, in the chicken industry nationally we purchase roughly 4.2 million tonnes of feed annually from our fellow producers in the feed grain sector, mainly wheat in the west and corn in the east. So there's significant downstream effect as well.

In terms of our value chain you can see our shared industry vision on this slide. Alberta's chicken industry is comprised of 28 regulated hatching egg producers; 250 regulated chicken producers; four federally inspected hatcheries, which are Maple Leaf Foods in Wetaskiwin, Sofina Foods in Edmonton, Sunrise Farms in Lethbridge, and the Miller and Rochester hatcheries in Westlock; three federally inspected processing facilities, which is again Maple Leaf Foods in Edmonton, Sofina Foods in Calgary, and Sunrise Farms in Lethbridge; 68 provincially inspected chicken processing abattoirs; and one further processing facility here for Sofina Foods in Edmonton. All registered producers must follow the national food safety and animal care programs, which are audited annually by third-party auditors, and they must maintain their certification under these programs as a condition of producing chicken in the province of Alberta.

Positive relationships amongst these stakeholders and the chicken value chain enable our chicken industry to progress towards the achievement of our shared industry vision, which is that Alberta's chicken industry is collaborating to grow, create shared value, and ensure that chicken is consumers' preferred and trusted protein. These relationships also enable us to work together to adapt to changes in the market and address industry issues efficiently and effectively.

I'm going to ask Bob to take it over from here.

Mr. Smook: Our supply-managed sector in Alberta attracts many new entrants and investment by producers, hatcheries, and our processing affiliates. Ten years ago there were 230 chicken producers in Alberta, and today there are over 250. In the last five years, between 2014-2018, Alberta's chicken industry sector averaged 12 new chicken producers per year, not including family transfers, and Alberta's broiler hatching egg sector has implemented a growth policy that enables new entrants to enter the industry. In 2018 two new producers joined our breeder industry. Many new producers are first-generation producers. The majority of our producers are based upon a younger demographic, and that demographic is between the ages of 18 and 49.

In addition to growing our producer base, Alberta's total chicken production continues to experience a robust growth. In 2018 Alberta's total chicken production was 164 million live kilograms or, equating to the breeder sector, 72 million chickens or chicks, an increase of 10.1 million live kilograms, or 6.65 per cent, over 2017. Alberta's committed growth over the last five years, thus, 2014-2018, has been 31.7 per cent, an average increase of 6.3 per cent over the last five years. Similarly, the broiler hatching egg sector has over the same period experienced growth in terms of 7.2 million more chicks for the chicken industry. This expansion provided the Alberta economy an estimated $42 million in investment. Canada's total chicken production in 2018 was 1.65 billion live kilograms, an increase of 5.27 per cent over 2017.

Investment – that's an important thing – into the farms and hatcheries over the past three years alone: 45 new chicken barns and 17 new breeder barns have been built in Alberta, and many of these producers have invested into innovative technologies and equipment in their current facilities. Fifteen new chicken barns and two new breeder barns are currently under construction right now in this province to meet our 2019 obligations. This represents capital investment of over $77 million to the Alberta economy.

Our hatcheries processors have invested $60.5 million into their equipment and facilities within the past three years, including facility expansions of the hatchery in Wetaskiwin, the south Edmonton further processing plant; animal care investments, controlled atmospheric stunning, and climate controlled live-haul trailers; product innovation; new chicken cook lines processing equipment. Sofina Foods as well is considering a major capital expansion in Calgary of $100 million for a new primary processing facility in Calgary.

Alberta's processors, hatcheries, and producers have made these investments to produce and process the future growth in consumer demand, to improve our quality and productivity, and they are counting on continued growth in domestic production in Alberta to fill the new installed capacity of their facilities.

We recognize the value of trade, especially for our crop and meat sectors in Canada, and have never stood in the way of agreements that are a good deal for Canada. Since 1989 we're now in, including the Canada-U.S.-Mexico trade agreement, 15 trade agreements with 51 countries. Canada provides a very open market when compared to other countries, especially for chicken and chicken products. Canada is the 14th largest importer of chicken in the world and provides stable, transparent, predictable access that is valued by our trading partners, while other countries use nontariff barriers for trade. Chicken Farmers of Canada was thus very disappointed to learn about the unprecedented additional access Canada has conceded in the poultry and dairy sectors and shares concerns that these will impact overall supply management in Canada.

9:30

Through the Canada-U.S. agreement the U.S. has secured 62.9 million kilograms of country-specific access to Canada's chicken market. This is a significant gain for the U.S. chicken industry as the volume will be only and exclusively available to the U.S. This means U.S. products will benefit from guaranteed access into the Canadian market without having to go and compete with our other competitors such as Brazil and Thailand. Once fully implemented, Canada will provide a further 12.7 million kilograms of market access to the U.S. in addition to the current level of 90.1 million kilograms. The USMCA will increase the current access of 7.5 per cent of the Canadian chicken production to 8.5.

It's impossible to go and speak about the USMCA without talking about the CPTPP. Once fully implemented, this agreement will provide an additional 26.7 million kilograms of market access to the CPTPP members. The first year of the CPTPP implementation began December 30, 2018, resulting in a loss in the phase-in year for the industry to cope with the impact. January 1, 2019, signalled the beginning of the two-year CPTPP implementation, meaning that Canada's market access level for chicken will grow 7.8 million kilograms in 2019 alone. Once both agreements are fully implemented, the Canada-U.S. and CPTPP will increase Canada's market access for chicken to 129.6 million kilograms, which represents 10.7 per cent of the Canadian production.

The combined chicken access conceded by Canada by these two agreements is expected to result in direct annual job losses of 3,100 jobs and $240 million in GDP contributions to the Canadian economy. For our Alberta economy the combined impact of the CPTPP and USMCA is expected to result in an annual loss of 288 jobs and $24 million in GDP as well as an estimated $7.26 million lost in tax revenues. In addition to these direct economic and employment losses, the additional access granted under these two agreements also puts at risk $122.5 million in investments, that I spoke of earlier, that have been made by our farmers, by industry partners, and our processors here in Alberta; the planned investments of over $115 million in 2019 and 2020; and potential future investments into the Canada chicken industry.

Mr. Born: Thank you, Bob.

To alleviate the impacts of this additional market access, the Canadian poultry sector has presented the government of Canada with ideas for initiatives. We need the government of Alberta to influence the federal government as best as possible to implement these initiatives, which are: an investment tax credit program that would support producers as they invest in their operations, further improvements and so forth; a market development fund to offset import-related production losses through the promotion of our Canadian products – the promotion of Canadian chicken products has become more important now than ever before in supporting our consumers in purchasing the safe, high-quality, and Canadian-raised chicken that they demand – a TRQ allocation methodology that is designed to ensure minimal market distortions; the enforcement of Canadian production standards on imports; and resolution of two major import control loopholes that had been disrupting the Canadian chicken industry for a number of years, and those two are the misuse of the duties relief and drawback program and the fraudulent importation of mislabeled broiler meat, characterized as spent fowl.

It's also imperative that the government of Canada and the government of Alberta ensure that no further access to the Canadian chicken market is conceded in future trade agreements such as the ongoing Mercosur trade agreement discussions or in any future World Trade Organization discussions.

Provincially, in addition to influencing the government of Canada on the previously mentioned initiatives, Alberta's chicken industry needs the government of Alberta's support in alleviating the impacts of the increased market access for chicken through investment into Alberta-based marketing programs to promote the Raised by a Canadian Farmer Brand, investment into poultry diagnostic services in Alberta to level the playing field with our other provincial counterparts, investments into capital projects to continue to attract investments in processing and further processing in Alberta, and investment into research and development to support our industry's leadership in implementing an antibiotic reduction strategy.

In closing, I'd like to again thank you for this opportunity. As Alberta continues to face economic challenges due to global energy prices, it's important to note that our agrifood and commercial food industry remains a robust and stable source of economic activity and employment for Albertan and Canadian families and communities. Alberta's chicken industry attracts and provides opportunities for new entrants, and the industry is committed to maintaining excellence in food safety, animal care, product quality, and value through innovation and continuous improvement. It is thus imperative to maintain a collaborative and co-operative partnership between our provincial and federal governments with industry to continue to attract investment into the Albertan and Canadian chicken industries.

Alberta Hatching Egg Producers, Alberta Chicken Producers, Maple Leaf Foods, Sofina Foods Inc., and Sunrise Farms wish to thank the Standing Committee on Alberta's Economic Future for this opportunity, and we look forward to working with the government of Alberta and the federal government to implement these mitigation measures in the future.

Thank you.

The Chair: Thank you, Mr. Born and Mr. Smook.

We'll now open it up for questions. Members who are on the phone, you can e-mail the committee clerk, Aaron Roth, if you want to be on the queue for questions. I will cycle back to the phones.

Ms Littlewood.

Ms Littlewood: Thank you very much, and thank you, everyone, for your presentations this morning. It's pretty incredible to have a clear number in front of us that the entire supply management sector adds $29.6 billion to the country, which is only a little bit less than a third of what oil and gas is. It's good to have those numbers laid out for folks because not everybody knows what exactly the size of the sector is. I want to thank Mr. Smook for being one of the folks from the supply management sector to reach out to our offices and ask to speak because, of course, Alberta is built on agriculture, you know, as you can see from the numbers, as well as the entire country.

I see that you have had some incredible growth over the last few years, between 2014 and 2018. It looks like for the Alberta Chicken Producers about a third of the entire production of live kilograms was added to that system. What was driving that growth during that time?

Mr. Born: I can speak to that question, and I may ask our executive producer, Karen Kirkwood, to as well. Specifically, Canadians are looking for healthier proteins in some cases. A chicken is a fairly lean and healthy protein, so there has been a transition to some growth in the chicken industry due to the fact that consumers are preferring chicken. So consumer demand is one of the major areas.

When it comes to the spent fowl and the mislabeled broiler meat that I mentioned earlier, there has been some work by the federal government in regard to that as well, where there were fraudulent imports coming into Canada. Some work has been achieved on that priority for us. That resulted in additional increased domestic production in Canada for Canadian producers, which has benefited Alberta and the rest of Canada.

So those are two factors, and I'll ask Karen if she'd like to speak to anything else. No.

Ms Littlewood: Okay. Thank you.

Can I just ask a supplemental?

The Chair: Yup.

Ms Littlewood: I saw also in your presentation that there was $122.5 million of capital investment in the last three years. Would you be able to share with us some of the measures of what that was in terms of, like, new chicken barns, new breeder barns that have been built in the province?

Mr. Born: Yes, I can speak to some of those as well. In terms of the barns: 45 new poultry barns in the last three years. One of those is mine. I would estimate that that would roughly represent almost $45 million in investment by producers. The rest of it would be our hatcheries. Maple Leaf, of course, is renovating their hatchery in Wetaskiwin. They're also making upgrades to their poultry processing plant here in Edmonton to accommodate what's called atmospheric stunning, which is a more humane treatment of the stunning of the poultry before they go through the processing plant. Those are the major investments that have been made in the last three years. Then the $150 million planned in future years includes a brand new poultry processing facility potentially in Calgary for Sofina Foods.

Ms Littlewood: Great. Thanks.

I'll wait for the next turn.

The Chair: Mr. van Dijken.

Mr. van Dijken: Okay. Thank you, and thank you, each of you, for coming to present to us this morning on a very important part of our provincial economy. Just piggybacking a little bit off of what Ms Littlewood was focusing on, the 2015 to 2018 increase in chicken production.

9:40

You know, I take a look, and we received information from the ministry on supply management farms in Alberta where we learned that 8 per cent of Canadian milk production is produced in Alberta, and 9 per cent of Canadian poultry and egg production is produced in Alberta. One of the things that I have a little bit of concern with, when we're trying to get our fair share in agreements here within the country, is: when we have 11 and a half per cent of the population in Canada, how do we get our numbers up to where our production is more matching our actual population in Alberta? Like, 8 per cent of Canadian milk production: does uncertainty get in the way of further investment? And 9 per cent of Canadian poultry and egg production: is it uncertainty that gets in the way of investment to get us to where we get our fair share relative to the population of the rest of Canada?

The Chair: Mr. Kootstra.

Mr. Kootstra: Thank you. In the dairy industry in western Canada, which we refer to as the western milk pool, so that would be the four western provinces, we have an agreement with our national organization that any growth in the market will be shared in what we refer to as 10-90. So 10 per cent of any incremental growth will be allocated based on historic shares, and 90 per cent of that growth is to be based on and allocated on population. As a result of 10-90 our share of the national pool continues to grow.

The Chair: Any other members wishing to supplement? Mr. Born.

Mr. Born: Yeah. I'm happy to speak to that. That's a good question, Mr. van Dijken. In the chicken sector, about four or five years ago now, with the support of our marketing council and the government of Alberta we negotiated a differential growth formula with the Chicken Farmers of Canada whereby Alberta is receiving additional growth in the chicken industry through this formula that takes into account many factors, including population growth but also economic factors and so forth. So we are achieving additional economic growth here, some of the growth that you see in this. You'll notice that in Bob's notes he mentioned that the increase for Canada for 2018 was 5.7 per cent while Alberta's increase was 6.3 per cent, so we are growing faster than the rest of Canada in regard to the chicken sector. So that is built into our allocation formula right now.

I believe our percentage of the Canadian market is over 9 per cent. It has grown significantly since the differential growth agreement was negotiated and agreed to.

The Chair: Ms Visser, do you have any supplemental?

Ms Visser: Yeah. A lot of what the egg producers are dealing with is similar to what is happening with the chicken. A lot of the allocations that are in Alberta are historical numbers. There has been policy implemented a few years back to bring Alberta up to hen-to-population ratio, but Alberta had been growing, which caused a problem in trying to catch up.

Mr. van Dijken: A supplemental, then. Do we foresee a period of time when we will catch up, where our production growth will match the population growth? Is that something that we can foresee in the near future?

Mr. Born: From the chicken sector certainly that's our goal. One of the components of our differential growth aspect formula is the population factor. Our population-to-allocation ratio has changed and has increased, actually, from 80 per cent to 85 per cent in the last number of years, and the formula is in place which will continue to drive that growth, so we have seen that differential or that discrepancy or that gap closed over time.

The Chair: Ms Visser or Mr. Kootstra.

Ms Visser: Yes. The eggs have also been catching up.

Mr. Kootstra: Well, I think the important thing under the context of the agenda item today is not to argue "Does Alberta have its equitable share of the national market?" but "Can we protect the share we have today against foreign imports?"

The Chair: Dr. Starke.

Dr. Starke: Thank you, Chair. I'd like to certainly thank the representatives of the industry that are here today. I was privileged to work with producers in all of these sectors when I was in practice and am a supporter of supply management and always found it interesting that whenever hog prices took a dive, my hog producers would ask me what it took to become supply managed. Of course, when they took off again, there was no talk like that again.

I think that the supply management system that we have in Canada has shown itself to be effective in terms of providing a secure supply to Canadians, to Canadian consumers, and has also provided a fair return to Canadian producers. I can certainly understand your concern when that system is being eroded or, as you said, Beatrice, I think quite correctly, when it's used as a bargaining chip in international trade negotiations. I think you have every right to be concerned.

In reviewing these presentations, I think one of the things and one of the things I wanted to ask about is that, in fact, the impact of the CPTPP seems to be almost double the impact of CUSMA on most of the sectors, from the numbers I'm looking at, yet we hear primarily about the negative impact of CUSMA and not so much of CPTPP. So I'd appreciate some comment on that.

I guess the second one is a broader question, and I'd be curious to know if your sectors have been considering this. You have to know that supply management is under a microscope and, in fact, has a target on its back. You know that from the foreign trade negotiations, but also domestically there are some folks in political circles in Canada who believe that supply management is an antiquated system that should be shut down.

I'm curious to know whether your sectors have developed – I'm not sure what you would call it. You'd probably call it a disaster scenario if by a political decision somebody decided that there would be no more supply management in Canada and that it would be thrown open to an open market. I'm curious to know whether that's been looked at, what contingencies you have in place. But first I'd also like to hear about the comparative impacts of the CPTPP compared to CUSMA and why it is that we seem to be focused primarily on CUSMA, yet CPTPP has nearly doubled the negative impact.

The Chair: All right. We'll go around the table.

Mr. Kootstra: Well, I'll go first. Under dairy the access under CPTPP is about 3.25 per cent of the market, and under the USMCA it's 3.9. So the impact of CUSMA is greater for dairy. Having said that, I think we also need to recognize the geographic location of these two trade agreements. It's much more likely that transportation costs coming up from the U.S. would be significantly less and make it more economically advantageous to import from the U.S. than it would under CPTPP, where our primary competition there would be the Oceania countries.

Dr. Starke: Okay.

Ms Visser: I have no comments on that. If you would like further information on it, we could forward that to you at a later date.

Dr. Starke: Sure.

The Chair: Mr. Born.

Mr. Born: Yes. You're correct, Dr. Starke, that the impacts are larger under the CPTPP than they are under CUSMA, and that's why we've referenced these together for the purposes of this hearing. The combined impacts are substantial. So the notion that the CPTPP's is larger is correct for chicken; it's not necessarily correct for dairy. We recognize that, but we take these together as one whole. I think that at the end of the day that's why our concerns are focused on the combined effects as opposed to one or the other.

9:50

Mr. Smook: I don't have a comment on that, Dr. Starke, but you did make the comment with regard to whether there's a research aspect in terms of a disaster situation as far as the abolishment of the supply management sector. I guess we don't have anything in place or a study that is comprehensive in that nature, but I guess I'm going to allude to the comment that you made when you talked about some of your experiences in terms of being a practitioner with the hog sector compared to the supply management sector. We clearly believe that what we have done in supply management has a proven track record for this country, for this province as well as being Canadian and, clearly, moving forward the Canadian and Alberta economy.

When we talk about a plan B, I guess, aspect in terms of access, when we get into the trade, supply management has been a fair player and a fair trader with the rest of the world. I guess, quite simply, we don't have anything, to your question, in terms of a plan B.

The Chair: Mr. Kootstra.

Mr. Kootstra: Yeah. To answer Richard's questions on what happens post supply management, I think we need to look at that there are two specific references. One is the Australia model, where that industry has been decimated since it lost its supply-managed industry. The attrition in the dairy industry in Australia is problematic. I had the personal opportunity to go to Australia several years ago, and I went to a national hosting show there. The charity of choice there was Lifeline, a suicide prevention hotline, which tells me that the Australia dairy model of banning supply management is not the way to go.

If you recall, a lot of the rhetoric around CUSMA, NAFTA, class 7 was one of the U.S. administration's talking points on why dairy needed to be included in CUSMA. They were just looking for a home for their surplus production. The U.S. dairy price to the farmer is below their cost of production. You don't have to follow Twitter too deeply to see all kinds of testimonials from U.S. producers like myself who are frustrated with the return they're getting.

We shouldn't make any apology for the economic model of supply management. As a dairy producer and as an agricultural producer I'm entitled to an economic structure that allows us a decent standard of living just like anyone else in Canadian society. Supply management is unique to Canada. Why should we apologize for having a unique Canadian system that enhances the economic viability of rural Canada?

Dr. Starke: Just a supplemental, Chair. Thank you, Tom. I appreciate that. I mean, don't get me wrong. You know, considering that I'm a Conservative, I quite support supply management. I think it's a good idea. I think it has been beneficial for both consumers and producers.

Then my supplemental question is: what initiatives are the various industries – I mean, the question is partly answered by that really very cute commercial that the dairy producers have put out with the farmer and Gertrude, the guy who keeps forgetting to mention the logo, that was on during every single break of the curling games, by the way. I'm just wondering. In addition to stressing the importance and the wholesomeness of the Canadian standards and the Canadian foods and because you cited the various survey results that show, you know, in the high 80s, low 90s that Canadians would prefer to buy Canadian, I guess I'm wondering what sort of marketing efforts are going to be made to dispel this notion that because these industries are supply managed, Canadians pay too much for products like milk and chicken and others whereas if we weren't supply managed, those products to the consumer would be much less expensive.

The Chair: Mr. Born, did you want to start?

Mr. Born: Sure, I'll speak to that. First of all, when it comes to the branding initiatives, under Chicken Farmers of Canada we have developed a Canadian form of brand identity, so that is currently being rolled out at a number of retail and processor levels, and that speaks to our commitments on animal care, on food safety, and our sustainability initiative, our sustainability promise to Canadians. So I think that's one area where we're attempting to say: here's what this logo means, and here's what it stands for. We want Canadians to understand what they're purchasing in the store and where it was produced.

When it comes to the myths that you mentioned earlier, Dr. Starke, you are correct. There are a number of them out there, too many for us to delve into this morning. I do agree that our national and provincial industries – it is one of our priorities to be able to deliver the message to Canadians in an effective manner that our industries are doing a great job for Canadians in terms of price and so forth, are providing value. In fact, in Chicken Farmers of Canada's own mission and vision statements, if you look at them online, providing value to Canadians is part of their mission and vision. I think that's an important piece going forward, and I believe that's something that we are going to address through different strategies at this point.

Dr. Starke: Thank you.

The Chair: Ms Visser.

Ms Visser: Yes. The egg industry also has a logo that has been developed nationally, the egg quality assurance logo. It signifies eggs that are produced in Canada. There's very strict protocol that the producers go through to ensure the quality of their food and also the care of the hens. That has just been rolled out recently, and it signifies a Canadian product that has a different standard than our imports.

Mr. Kootstra: Well, I think that to answer what is Dairy Farmers of Canada's – and Richard has alluded to an ad that has caught his attention from Dairy Farmers of Canada. Much like our colleagues in the poultry industry, we have a food safety program that we continue to develop, and it's evolving. It has six modules called proAction. That is our food assurance production protocol label that we are using to identify our excellent animal husbandry production protocols. Because proAction is still a work-in-progress – we've implemented four of the six modules – we've been reluctant to use that as a branding. It's a work-in-progress; it's not complete.

Clearly, one of the things that the dairy industry has seen post-CUSMA is consumer support requests on: how do we identify Canadian? The 100 per cent Canadian milk logo: consumers are looking for it; they're demanding greater visibility. Two of the major processors, Agropur and Parmalat, for example, are committed to putting the blue cow, the 100 per cent Canadian logo, on all their products going forward. So there is support from the processing sector based on consumer demand for identifying 100 per cent Canadian.

The Chair: All right. Ms Littlewood.

Ms Littlewood: Thank you very much, Chair. The *Western Producer* had a front page that was showing some of those price differentials, and one of the things, of course, that I think I hear ad nauseam is that if we were to just open up the Canadian market and destroy supply management, somehow we would end up with $2-a-gallon milk and that that's somehow better for the entire picture. In fact, I think we have a federal conservative coming through the province right now who would like to do that, and certainly likely other conservative political politicians that, you know, come from the federal government would like to do that as well. I've certainly only actually heard support from this NDP government and our minister of agriculture and our Premier defending supply management over the last four years because it is about local economic development. It is about looking at your community first and seeing how you play a part in supporting your neighbours in achieving bigger and better for their own kids.

You know, my dad owns a painting company, so he could either go and buy a gallon of paint from Walmart and put the money in the pocket of someone somewhere else in the world that he'll never meet, that we would never meet, or he could go to a small business in the community and buy the paint there for more money but help put that person's children through school.

10:00

The Chair: Sorry, Ms Littlewood, to cut you off. I just want to make sure that we're staying on the agenda here, so I just wanted to see if there was a question.

Ms Littlewood: Absolutely. This race to the bottom just doesn't really seem like it benefits anyone. You know, the discussion about how this industry could be impacted and why we should be defending farm families in Alberta is very relevant to the conversation. So I would just ask that the members discuss a bit more about what it was on the front page of the *Western Producer* there. That actually showed, from what I can see, some fairly fair comparisons where it seems like it's geographic issues more than necessarily trying to point the finger and vilify supply management as the issue. There are different prices across Canada; there are different prices across the United States. If you could comment on that, I would appreciate it.

The Chair: Mr. Born.

Mr. Born: Okay. I'll start. Thank you for the question. I do have some numbers. You point out, Ms Littlewood, some very appropriate comparisons. When it comes to pricing in the chicken sector, the fact of the matter is that farmers don't set the price you pay in the store. Retailers decide what that price is going to be in the store, and it's illustrated by this statistic. Over the past five years the live price paid to our farmers has fallen by 9.35 per cent, and in those same five years chicken at the store, at retail, has increased by 5 per cent. So there's clearly a disconnect between the farm-gate price and the price you're paying in the store. It dispels a lot of that: you know, farmers are setting that. There are some differences there.

There are also regional differences, as you correctly point out. There are cities; there are rural. There are different stores, store types. It depends. Are you at a Costco, or are you at a Save-On-Foods? You know, there are lots of different comparisons in pricing that are coming into play, so that's an important factor in the whole pricing situation.

I think one of the other things I just wanted to mention briefly – in terms of trade with the U.S. I thought this was an interesting statistic. In 2017 the U.S. chicken production was 18.7 billion kilograms, and the excess chicken of that country was 3.07 that they exported in that year. Comparatively, our entire industry in 2017 was 1.2 billion kilograms. So the excess supply in the States is more than three times the actual production of chicken in Canada. When it comes to, Dr. Starke, your question and others around, you know, "What happens if there's an opening of the floodgates?" well, we have a neighbour to the south who lives in a very different model, and they produce significantly more than they need. We're at risk in that regard.

That would be my comment.

The Chair: Ms Visser.

Ms Visser: No. I have no further comment. Like he said, the retailers set the price of the commodity in the stores.

Mr. Kootstra: The dairy industry will echo much that you heard from the poultry sector. The dairy producer does not set the retail price, and the surplus production of dairy in the U.S. far exceeds what we produce in our country. The U.S. population is 10 times Canada's. Their production is 10 times ours, and they could fill the retail dairy counter with dairy tomorrow if granted the opportunity. I think it would be naive to expect that if the Canadian dairy market was supplied by U.S. product, the retailers would pass on any subsequent savings to the consumer. You know, the retailer sets the price.

Having said that, as a dairy farmer I get a bigger share of the retail market price here in Canada than I do in the U.S. because of the different system. I kind of anticipated a question like this coming up. You know, I bought a Valentine's Day card for the wife. I paid significantly more for that card, because I'm a Canadian functioning in a Canadian economy, than the U.S. price. Just look at the card. I betcha: is it a 40, 50, 60 per cent price premium because I'm Canadian?

As Canadian producers we function in the Canadian economy, and if we want the Canadian economy to be strong, we need to support each other, which goes back to Ms Littlewood's comment. The Canadian economy works best when we support each other and don't look for cheap opportunities at the retail from imports.

The Chair: Supplemental, Ms Littlewood?

Ms Littlewood: Thank you. I just wanted to round off the comments earlier. You know, it is important for affordability for families, of course, but safety is also important for families, that when you have producers that are local to our region, they know that when they pour a glass of milk or break into a chicken or crack some eggs, they're getting a safe product from their neighbours.

Thank you.

The Chair: I'll just round up on the phones. Are there any questions on the phones? Any other questions from committee members?

All right. Seeing none, I want to thank you all for coming in and joining us here today. If you have any additional supplemental information to provide the committee following this meeting, if you can e-mail it to the committee clerk by Monday, that'd be greatly appreciated.

We will take a five-minute recess to set up the next panel, and it'll be five minutes sharp.

[The committee adjourned from 10:06 a.m. to 10:13 a.m.]

The Chair: All right, hon. members, I'll call the meeting back to order. If I could have order, please. Hon. members, we have a very tight timeline, so I would like for us to commence the task at hand here. I need silence in the gallery, please.

Okay. I want to welcome everyone back, and for all of our presenters I do caution that we do have a tight timeline and we want to make sure we get through all questions and presentations for today. We'll now be referring to the research institutions and postsecondary institutions.

Before I begin, I know that Mr. Schneider was disconnected, so I'll allow him to introduce himself for the record.

Mr. Schneider: Yeah. I've been present the whole time, Mr. Chair. Dave Schneider, MLA for Little Bow.

The Chair: Thank you, Mr. Schneider.

I'd like to welcome our guests, our next presenters. They were invited to provide us a five-minute presentation in relation to the committee's inquiry into the impacts of the Canada-United States-Mexico agreement. After the presentations are complete, I'll open up the floor for committee members to ask any questions.

The members at the front of the table: I'll allow them to introduce themselves for the record, starting with Mr. Dade, on my left.

Mr. Dade: Good morning, everyone. My name is Carlo Dade. I am the director of the trade and investment centre at the Canada West Foundation. We cover the four western provinces, but of course we were founded in Lethbridge 40 years ago, and we're based in Calgary.

Dr. Blade: Morning, all. Stan Blade, dean of the Faculty of Agricultural, Life and Environmental Sciences at the University of Alberta.

Dr. Keough: I'm Kevin Keough, and I'm the executive director of the Alberta Prion Research Institute.

The Chair: Mr. Dade, if you'd like to start your presentation on behalf of the Canada West Foundation.

Mr. Dade: Thank you very much, Mr. Chair. Indeed, it is a pleasure to be here in Alberta. We at the Canada West Foundation spend a great deal of time defending and advancing the interests of the four western provinces nationally and quite a bit of time in Ottawa in Parliament. But, believe it or not, this is my first time here in Edmonton at the provincial Legislature, so I really welcome the opportunity to be here today.

I'm going to talk very quickly: five points about the impact of the new NAFTA agreement on agriculture, Canadian agriculture, writ large. This presentation was done looking at the witness list and conversations with a couple of the other presenters so that I could focus my remarks on things that wouldn't be covered extensively elsewhere but that are important.

I would just note on the Canada West Foundation, for those of you that aren't familiar with our work, that we've done some groundbreaking work in western Canada. We were the first public policy institution to identify Bill C-69 and the issues with it as problematic for the west, and we've produced a substantial body of research over the past year on Bill C-69. On the TPP agreement, we conducted economic modelling that dispelled push-back from central Canada that the agreement was not important for Canada, that it did not bring benefits to the west. We showed substantial benefits, not just for western Canada but also for the country as a whole, and that was instrumental in helping to move that agreement forward.

But today we're talking about the new NAFTA agreement, five very quick points on the agreement and its relationship to agriculture. First, understanding the agreement itself. This was our second renegotiation of the North American trade agreement. The first renegotiation of the agreement, under President Obama, produced an agreement that advanced trade, that created new rules, that expanded the pact, that was a win-win for every country that participated. Every country made sacrifices; every country made gains. When that renegotiation was rejected by the Trump administration – and here, of course, we're talking about the TPP agreement. When that was rejected, it was a rejection not just of the agreement but of the principles behind it: win-win trade, that every country could make sacrifices, that every country could make agreed-upon benefits, that you would actually expand the size of the agreement, and that you would modernize the rules of trade.

That rejection left us in a position where we were simply fighting to hold on to what we had. The U.S. wanted new concessions for the same access to the U.S. market. They were not happy with the concessions they made 20 years ago and what they received in return. They wanted new concessions simply for access to the U.S. market. So if you understand what happened to us in that light, you realize that for many industries no news was indeed good news when it came to NAFTA. News meant that you were giving up and making concessions.

But it also means that the Americans 20 years later were going to come after some things they left the first time, so it's no surprise that supply management was on the table. It's been an irritant to the Americans for 20 years. Things we conceded 20 years ago no longer had value to the Americans, which was in the energy sector, obviously, given the changes in the U.S. on energy. They wanted other things from Canada. That's the first point to understand on the NAFTA agreement.

In that light, point 2: how did agriculture do? Generally agriculture did fairly well. We haven't had major changes in agriculture, and you'll hear from the producer associations. What changes we have had increased access to the Americans for supply management. Let me stress that this is access; it is not guaranteed sales. It means the Americans have the ability to try and sell a certain amount of product in Canada, but as we've seen with the CETA agreement and cheese, that access does not automatically equate with fulfilling the opportunity. So the Americans gained that.

There was movement on geographical indicators. The U.S. won concessions from Mexico on GIs, Mexico won concessions on tequila and mescal – they're quite happy about that – and there was also movement on phytosanitary.

But if you look at the list of what was changed in that, it was overall very small, which for us, in this context of the Americans looking to take more concessions in exchange for not giving anything, was actually, in this perverse sense, a win for us.

10:20

On to point 3. There were some issues where progress appears to have been made, but it may not be sustainable. Grain grading I raise as an issue. My first read of the agreement was that we had solved the grain-grading issue. Subsequent conversations in Washington, DC, with the USDA and with U.S. grain associations have convinced me that the Americans aren't happy with the deal they got on grain grading. They're still upset with varietals. Eventually I think that when they finish frying their bigger fish and work their way down their list of complaints, that may come up again. I don't have a policy solution for you other than to raise the fact that there are some things in the agreement that appear to be solved that may not have been.

A major issue that hasn't gotten a lot of attention on agriculture is the intellectual property provisions and specifically digital locks on equipment and, specifically, farm equipment. I've written a couple of pieces on this and done some research. I shared those pieces with the committee. You can take a look at the work that's been done. Basically, the digital locks on farm equipment prevent farmers from being able to access the software on combines and tractors should the combine break down. That's not an issue in the States, where the Americans have granted exemptions for U.S. farmers. We have not done that in Canada, yet we're adopting rules under the new NAFTA agreement that would strengthen digital locks and make it more difficult for farmers to access equipment.

Imagine if your car breaks down and it's a software issue. You would like to take your car to Jiffy Lube or to your corner mechanic. What if you were told you could only take your car to the dealer from which you purchased your car? This is the situation we're running into with digital locks on farm equipment. The Americans have recognized it and granted an exemption for U.S. farmers; we haven't. That needs to be taken care of before we sign the agreement, and it can be done through a simple side letter with the Americans. We do not have to reopen negotiations.

There's also an impact on our farm equipment industry, the folks who make floating headers and other equipment that ties into combines. We don't make combines and tractors in Canada, but we make the other equipment. These digital lock provisions could be a significant blow to that industry for their ability to integrate with the combines and tractors made by the OEMs.

That's also an issue for provincial legislation. Work needs to be done on end-user licence agreements to prevent those from being used as end runarounds for right-to-repair issues. I can go into depth with that on questions.

The fourth point is that the new NAFTA is not assured. We have problems in Mexico, we have problems in the U.S. with the agreement. There is the possibility that the U.S. still pulls out. We have to remain cognizant and aware of that, and we can't let our guard down in terms of preparing, especially on the policy front.

Two points on that issue. We've done research, and we can look at the various tariff line items where should the U.S. pull out of the agreement, we know that we go to WTO most-favoured-nation tariffs. We have the ability now – we've done this, and I believe the trade union at Ec Dev has done this as well – to look at the movement of those tariffs. For several grains the tariffs go from zero under NAFTA to 7.5 per cent, 4.5 per cent under WTO. We can go line by line and look at those industries that would need real help because they would suffer real losses, not just projected losses, if the tariffs in the U.S. go up. We can take steps to get ahead of that should it happen.

The other point is Mexico. Should the U.S. pull out of the NAFTA agreement, NAFTA does not end; it becomes a bilateral agreement between Mexico and Canada. The Mexicans have been firm on this, as have we. Should this happen, we face significant advantages in the Mexican market, which is one of our top five markets for agricultural exports. The U.S. faces massive tariff increases. Mexico has the highest WTO tariffs on agriculture products in North America. Should the U.S. pull out, there is no choice but that the U.S. and Mexico trade reverts to the NAFTA tariffs, but our tariffs would remain at zero. We need to think about this ahead, again, planning for contingencies and preparing for that as a possibility.

Finally, I would just note that the NAFTA agreement is hugely important for several sectors of Canadian agriculture, as is the TPP. In NAFTA we have access not just to the U.S. but to the growing global middle-class market in Mexico.

With the trans-Pacific partnership agreement, we have the same thing. For a country that is the second most trade dependent country on the planet, after only Germany, in Canada we need access to foreign markets. It's critical. The global middle class is where the growth is, not Canada, not the U.S. The projected growth of this global middle class, consumers who make enough for their own local standards to buy more and to buy better after paying for their daily expenses, is projected to triple or double in the next 20 years, going from close to 2 billion people today to 6 billion people by 2030. This, for a country that is the second most trade dependent country on the planet, is critical and is critical for Canadian agriculture, which is why we have fought so hard for trade agreements like the trans-Pacific partnership.

I'm happy to answer questions about the 232, 301 tariffs, China, the prospects for NAFTA and Mexico, prospects for the new NAFTA and the U.S., any of the range of trade issues. I would note that we have done substantial work on supply management. That work has been done by my boss, who has an encyclopedic knowledge of supply management, has researched extensively on it, and she also happens to be in Calgary. So I'll throw her in front of the milk bus and urge you to put questions more broadly to the wider impacts on all of agriculture in the new NAFTA agreement.

Thank you.

The Chair: Excellent.
Dr. Blade.

Dr. Blade: Thank you very much, and thank you, certainly, to the standing committee for the invitation to speak to you this morning.

Just to set the context, you all know about the work of our faculty, the Faculty of Agriculture, Life and Environmental Sciences at the University of Alberta. We were founded in 1915, and we work across a spectrum that really isn't usually happening within our peer institutions across Canada. Within our faculty we connect all of the activities of agriculture, of food, of nutrition, all the way through to human health with our dietetics program. We do that on a base of environmental activities, whether it's around water or soils or biodiversity. A great deal of the work that we do combines several of the elements that come into the importance of agriculture within the province of Alberta.

In the context of this morning's meeting, the shorthand of the material that we've circulated is that innovation leads to prosperity. When we think about the trade agreement, whether it's CUSMA or the others that you've heard about this morning – and Carlo's discussion, I think, is a direct leadership into this – how do we think about Alberta being able to compete not only in the case of CUSMA but all of these other activities that are going on globally? In a faculty that spans 1,600 undergraduates and 500-plus graduate students, we're working with almost all of the partners that you have on your agenda this morning to try to make sure that we drive things forward.

I guess the next thing beyond having innovation lead to prosperity is to think that no matter where we are engaged within the world, whether it's within North America or if it's more broadly beyond the borders of North America, this is really going to be about productivity. I would just give you four points that I think we as a faculty – and I certainly can't speak for our colleagues of other colleges and universities across the province – can contribute to this in the four areas.

First of all, I would start around people, creating those high-quality people that can actually participate in the agricultural sector. How do we do that? We make sure that we produce graduates that are critical thinkers, that have that global perspective, that have the experiences that we do through practicums and internships and having people work within everything from agricultural production. We have just completed a number of mini-internships where we've had in total, I think, 178 of our students working on farms around Alberta to get a better sense of the production community, practicums in the food-processing industry, trying to see how we actually can connect these people that are producing so that they will actually be able to participate in the industry and that they will be able to be valuable contributors.

A study that was developed a couple of years ago in Ontario shows that we are going to fall far short, at least in the Ontario context – and it makes sense that we could extrapolate here – in those people that are going to be able to contribute to the agrifood sector, the individuals that are going to run this. So we train people in management. We think about all of the ways that they can communicate the issues that they're dealing with. The first issue when it comes to productivity is the kind of people that we can produce within our faculty but beyond that as well.

10:30

The second part – and this wouldn't be surprising – is to think about those products, those processes, those novel ideas that can come forward. Whether it's working with companies in Edmonton or Calgary on things like Ceapro, producing novel products that are exported around the world, whether it's working with other partners that are processing interesting new food products, these are the kinds of things that, again, are going to create new opportunities in that productivity ratio, those outputs of value, that we will be able to generate as well.

Certainly, the third point is to think about: not only in productivity as far as the people and the new products and processes, but how do we create resilience? How do we make sure, whether it's climate or other sorts of shocks that come into our industries, that we have the technologies, the capacity, the tools to be able to ensure that we are able to address those shocks that come into our system?

The fourth thing that I'll talk about is being able to generate the kinds of evidence that will buttress us against the possibility of trade barriers and other things that also have come up in the past.

So what does our faculty do? We think about those particular pieces of the puzzle as we train those new people, as we think about making sure that we have those new products and new processes that we develop with our partners, as we think about creating ways to buffer those shocks that we have seen previously in our industry and are likely out there ahead of us and then think as well about generating that particular scientific evidence so that we will be able to ensure that we don't fall prey to trade barriers and other things.

I'll just conclude my comments by saying that this is really about partnerships and people. I work very closely with the Association of Public and Land-grant Universities in the United States. They put a letter out in August of last year as there were questions about whether this new NAFTA was going to really even come to fruition. These leaders of these powerhouse universities put a letter forward to the trade representative and to the President of the United States saying that trade relationships with Canada and Mexico are so important and we've had so much success over the years that we should not jeopardize that. That's from the U.S. standpoint.

Then I think about the work that our faculty does in Mexico, where we have direct relationships with food companies. We send our students to Mexico to understand their people and processes. So all of the time we're building these relationships to make sure that – even though these trade agreements certainly have implications for us, it's about also building those direct relationships. That's certainly something that our faculty has been very involved with.

I'll leave it there, and I look forward to questions.

The Chair: Excellent.

Dr. Keough.

Dr. Keough: Thank you, Mr. Chair. I want to thank the standing committee for the opportunity to speak to you today about the Alberta Prion Research Institute. I'm joined here today by Mr. Ron Clarkson, who's our director of prion programs and who's sitting in the back.

I was thinking: how does the Alberta Prion Research Institute relate to the objectives of your hearings this morning on the future of Alberta agriculture? I want to put it in a context that I hope will make some sense to you. Prions are unusual infectious agents that cause famous diseases: bovine spongiform encephalopathy; chronic wasting disease; scrapie in sheep, for those of you particularly who live in the south; and some rare human diseases. Whether we like it or not, all three animal diseases are still around. We tend to forget that there's a form of BSE that still exists and still comes up every now and then. It's not in our control. The big one for us right now is chronic wasting disease; it affects deer, elk, and moose.

It was actually the BSE crisis, created in 2003, that led to the creation of the Alberta Prion Research Institute, and it was given a mandate to basically study prions and other protein-folding diseases. Those other diseases are diseases like Alzheimer's disease, Parkinson's disease. But it was specifically given the mandate to build capacity for prion research in Alberta, because in 2003 there was really zero prion expertise in Alberta, and then to do, they specifically said, excellent research and then try to help industry and policy-makers deal with the issues around these diseases. We've stuck to our knitting, and that's what we do. But what we do, after pretty rigorous vetting by international experts, is invest in Alberta researchers to do research in this area. That's how we work.

In terms of the trade agreements issue, trade agreements can always be superseded by sanitary and phytosanitary issues. Despite the improvements that have come in the most recent CUSMA negotiations, any country can declare the border closed because they can identify and you cannot counteract a potential threat to human, plant, or animal health. We've actually seen a recent example, not part of a trade agreement with us right now but close. Norway recently closed their borders to the importation of hay and straw from any province or state that has chronic wasting disease. We don't ship a lot to Norway, but it seems to me there are long-term implications of that closure that we really need to think about.

So there is an issue that remains with us about these diseases even though these diseases, at least two of them, exist in the United States in the same way that they exist with us. The best protection in these areas is really strong science and understanding what's going on. We know that there is way more politics in trade agreements and their enforcement than there is science, but if you don't have strong science, the day is lost completely. You have to be able to counter things that others wish to bring up or be proactive in bringing stuff forward, and that's what Alberta has now built the capacity to do. It now has developed what I think is considered internationally the strongest science contingent in prions in the world right now, and it's beginning to build one in certain aspects of Alzheimer's disease. That's because of these investments.

That's an important story. It's an Alberta success story. I've put some of the accomplishments of the agency in the briefing note that I sent to you – what's been found, patents developed, students trained, people employed, and what not – and you can refer to them. But I think the best story is told by the two maps at the bottom of the second page of that briefing note. What they show you is that in 2005 there was nobody in Alberta who could talk to the rest of the world, and now there is a very strong contingent of prion experts and other protein-folding disease experts in Alberta who not only talk to the rest of the world but lead the rest of the world. That's a really important Alberta success story, but it's also a very important Alberta issue for the health of both the agriculture industry and the human health situation in the province.

I leave you with that and remind you that this would not be a particularly good time to reduce our vigilance about those animal diseases. The best way to make sure that we're vigilant is, one, to keep watching for them and, two, continue to figure out how to deal with those diseases if they continue to expand or if they show up. Therefore, I think it would be unfortunate if we stopped looking at this kind of science in Alberta.

I leave that with you, Mr. Chair.

The Chair: I'll open up the floor to questions. Member Horne.

Mr. Horne: Yeah. Thank you, Chair, and thank you, everybody, for taking time to present to us today. It's definitely been very interesting listening to everybody's positions today. But especially with our last presentation I was thinking about, you know, that as we're increasing product flowing across our borders, there are bound to be some biosecurity risks. I know that every single farmer I've ever talked to is concerned about biosecurity, and rightfully so. If you take your cattle to a show, there's always going to be: okay; whose cattle is there? If there's an outbreak, they need to be able to track all that. So I'm wondering: with greater product flowing, are you concerned about increased biosecurity risks?

10:40

Dr. Keough: Well, the issues around biosecurity are always with us, I think, as we move through these areas. Witness the porcine diarrhea epidemic that's now hitting the province. That's a major biosecurity issue which is really right now almost impossible for that industry to control just because that agent is so infectious and so easily moved around. Luckily, for example, with prion diseases, these diseases are really tough to manage, but the biosecurity issues are less in one way in that the stuff is not moved around in the same way.

But there is a biosecurity issue with chronic wasting disease that's quite substantial because the animals basically have it in every tissue in the body. They pee it out. They defecate it out. Their saliva contains it. It ends up all over the place. Prions remain infectious on the landscape for a very long time. A deer passes, eats something, is infected, and then it drools, and five days later an uninfected deer comes by, eats in the same area, picks up some prions, gets infected. That's a very serious biosecurity issue from a different perspective, and we worry about it a lot.

One of the things that people are working on is: how can you manage something like that? The way that people work on maybe vaccines might be useful: okay on farm; tougher in the wild, but you can do it. We have people working on: how could you diagnose this in an area rather than just in an animal, and could that help you manage the fringes of this development? There are issues of biosecurity that relate to these things, and our people are quite interested in trying to deal with them.

Dr. Blade: I would just add to say that, of course, this is a major research topic. I would give great credit to our industry partners as well. People have thought a lot about this. I just would reference a couple of major industry activities that our faculty has been involved with for many years: the Banff pork congress, and we just finished off the Western Canadian Dairy Seminar. This is where a lot of this discussion goes on about how we make sure that we really do have those elements of biosecurity. Our industry partners have been superb in the implementation of this and knowledge transfer, making sure that that research gets to the farm.

The Chair: Mr. Horne, a supplemental?

Mr. Horne: I have a few other questions, but I think I'll pass it on for now.

The Chair: Okay. Members on the phone, are there any questions?

I'll take it back to the forum. Mr. Piquette.

Mr. Piquette: Thank you, Mr. Chair. A very informative presentation. Thank you so much for coming out and generously giving us your time. I just have a couple of questions. The first one would be for you, Mr. Dade. You brought up the issue in your presentation of digital locks on farm equipment and talked a little bit about how these provisions have been handled in recent trade agreements. I wonder if you could kind of speak to some of the lost opportunities for maybe increased equipment production, better turnaround, and more productive use of time for farmers. A former farm insurance agent, when he was first coming out, you know, could – well, these can have a really negative impact not only on the costs but also even on timing, right? Kind of, "What are we missing here, and what can we do to mitigate this?" I guess, would be my first question on that.

Mr. Dade: Sure. Very quickly, we have not yet done the economic analysis of the potential impact. That would be a massive effort, looking at distance from dealerships to farms, lost time, downtime for farmers. But we do know anecdotally from talking to farmers that it has become an issue. Lacking the resources to do the modelling and to do the analysis, we've relied on anecdotes from farmers and what we've seen in the U.S. Seventeen U.S. states have provisions on the books to deal with right to repair, and out of those, close to a dozen deal specifically with farm implements. The U.S. federal Copyright Office has granted an exemption for farmers to access farm equipment. We do have enough evidence that this is a potential economic impact issue.

The basic issue is that should your farm equipment break and you cannot fix it with a wrench, if it's a software issue – and the amount of software on farm equipment has gone up drastically; I don't need to tell you this – you're not allowed to access the software. If you do, you're breaking the digital law. You're subject to penalty from the manufacturer and penalty under law in Canada for having broken the digital law. You have to wait for the dealer rep to come out with the USB key to unlock the equipment and to tell you, "Well, your bearings are, I think, bad," or that the GPS needs to be recalculated, something that you may have been able to do yourself. So it's incredibly frustrating for farmers.

Again, in the U.S. farmers are allowed to access the locks. In Canada we cannot. In the U.S. third-party mechanics aren't allowed to access the software, and that's something we would need to move forward in Canada to get ahead of the Americans in solving another problem that the Americans haven't dealt with for their farmers.

The issue on equipment and manufacturing is a new one that's just recently come to my attention. I've been talking with a major equipment manufacturer in Saskatchewan, and they're definitely concerned that this is going to be the end of their business. They employ upwards of 200 people in Saskatchewan, and they're worried that the lack of access to the software will prevent them from manufacturing equipment and making equipment that's interoperable with Deere, Holland, and Case. You have a situation where the manufacturers can lock the consumer into only getting the equipment serviced at the dealer as opposed to independent third-party mechanics and where the manufacturers can lock the buyer into buying add-on products only from the dealer, too. But for us in Canada, since we don't make combines and tractors, it's the add-on equipment that would be the major impact.

Two things we can do: a side letter in the new NAFTA agreement telling the Americans that we will reserve the right to grant exemptions to breakage of the locks, the same way that the Americans allow through the U.S. federal Copyright Office, to make it clear in the agreement that we reserve this right in Canada – that's at the federal level – and at the provincial level, end-user licence agreements modifying and updating the repair legislation that's already on the books in Alberta to ensure that manufacturers cannot use end-user licence agreements to prevent owners of farm equipment from accessing the software, should the right be granted by law in Canada. So you'd have an end-user licence agreement that says: the law may say that it's fine for you to break it, but should you break the lock, I'm not going to service the equipment.

We have a history in this province of protecting farmers and protecting their ability to have repairs for their equipment. A simple update to that, I think, would take care of it, but it would have to be done in conjunction with the other western provinces and with the U.S. states. We don't want a situation where we are picked off one at a time, to have two plane loads of lobbyists flying in from Silicon Valley and from elsewhere in the U.S., which is what's happened in several cases in the U.S. where they've tried this.

That would be my advice to you: pressure the feds for a side letter, provincial legislation updating the repair legislation we already have, and co-ordination with the U.S. states through the WGA, the Western Governors' Association; the U.S. Council of

State Governments; or the U.S. state ag association that's meeting here in Alberta this summer. That would be another means to work on co-ordination for this.

Dr. Blade: I realize you have a second question, but I would just like to add that I certainly would totally agree with what Mr. Dade has said.

I would also say that there's an opportunity here. We work with many not only multinational companies but SMEs and others based in Alberta, and they love the idea that the University of Alberta is third in the world around artificial intelligence and machine learning, and we're having a broad array of discussions about how we actually make this work as far as the digital aspects of agriculture. There are a number of our peer institutions around North America that are hiring chairs in digital agriculture for all of the benefits. Certainly, there are concerns as well, but when, you know, we've had discussions with those key global players on the IT side, when IBM Watson is putting 70 people into the agrifood space to think about digital opportunities, that's quite interesting to us.

10:50

Mr. Piquette: I guess, while we sort of sidetracked a bit my following question, but I guess that's actually good . . .

Dr. Blade: Sorry about that.

Mr. Piquette: No. It's good because it brings up – I mean, when you're talking about these types of opportunities, you know, I guess the question would be: how are these being facilitated or how could you see them being facilitated by the CUSMA agreement, especially in a way that it isn't going to impact the supply management sector? There are areas of growth that we don't have to trade off for other things that we want to preserve.

Dr. Blade: Yeah. I'm not sure that I have a specific comment to that question, but maybe others on the panel do.

Mr. Piquette: Oh, well, you were just telling us about these opportunities.

Dr. Blade: Well, obviously, I mean, what is this going to lead to? It's going to lead to all the things that Mr. Dade was talking about about traceability, about links between suppliers, about ensuring that there are certain standards of quality. All of those things just become so much – the promises that those things would occur so much more easily as far as all aspects of sort of the supply chain, information coming back down to producers and processors from retail, from consumers and citizens: I mean, all of those elements are being discussed as part of that opportunity.

Mr. Dade: The opportunity is in the TPP. We have the opportunity to get in ahead of the Americans. We have significant tariff advantages, movement of people advantages, which are key to this technology. So the opportunity is to get in now, ahead of the Americans, burrow our way into supply and production chains before they come in, use these advantages to get ahead. That's a great opportunity where we have space. And we have other partners, too. We have partners in Europe, we have partners in Japan that the Americans don't have access to to build these technologies. So we've got a window of a few years to really get out ahead of the Americans on this.

The Chair: Dr. Starke.

Dr. Starke: Thank you, Chair. I'd like to thank all the presenters. This is really, really interesting stuff. I have a couple of questions for Dean Blade. First of all, Dean, congratulations on your recent induction to the royal Swedish academy of life sciences. I understand that ceremony happened at Stockholm city hall in the same room where the Nobel prizes are given out. That must have been pretty cool.

Dr. Blade: I'm a farm boy from Millet, so light shines into everybody's life occasionally.

Dr. Starke: You've hit big time, then.

Dr. Blade: That's very kind.

Dr. Starke: But I appreciate that a great deal. I want to ask, actually, all three of you about something that is trade related, and it relates to CUSMA, but it relates specifically to what I call strategic analysis of our agriculture industry. You sort of touched on it, Dr. Keough, with regard to the fact that SPS trumps – forgive the use of the word – science or trumps trade agreements in all cases, but those SPS restrictions are not always scientific, and that's a concern. In that light, I'll tell you my concern, and I'd be curious to hear all three of you react to, you know, what we're doing about it, specifically, Dean Blade, especially you as far as what we're teaching our students in terms of the communication of these issues.

I was at a very interesting presentation a couple of weeks ago by former Premier Wall in Lloydminster, and he talked about the attack that we've sustained on our energy industry in Alberta by forces who have turned people against the energy industry and made it very, very difficult for our energy industry to move forward. We're all familiar with those challenges here, and we deal with them all the time. His concern – and it's been my concern for some time – is that agriculture is the next target for these folks. The folks that don't like energy don't have to do much of a lateral shift to not like agriculture, and there's already indication that they are going to use various means – and a lot of them are not scientifically based – to attack agriculture, food production, both plant and animal food production. I think I can call myself an alumnus of the old faculty of agriculture and forestry. . .

Dr. Blade: We are claiming you, absolutely.

Dr. Starke: Well, you realize I didn't finish my degree there. Nonetheless, I don't like to call myself a dropout; I just like to call myself somebody who moved on to another institution. Nonetheless, as an alumnus of the U of A and of that specific faculty, I'm concerned, and I would like to hear from you what strategies are being put in place to, I'm going to say "vaccinate" for want of a better term, our agriculture industry against the attacks that I think we know are coming against modern agriculture, have already started, and, I think, will only become more intense.

Dr. Blade: Yes. Thank you, Dr. Starke. I appreciate the question. I'll give three very short examples of what we are doing in collaboration, again, with other colleagues in the room that you're going to hear from today. You know, I would say that in the area of – I think that the broader industry understands that, just as we've heard that dialogue in other sectors, social licence is going to be key for the agrifood sector. So what have we done? We've hired people in animal welfare to do work with industries to make sure that we address so many of those issues that, frankly, we do need to get better at.

I know that there are people here from the Alberta Pulse Growers. People are talking about the remarkable sustainability of including things like pulse crops and others to show that we can actually do a good job on things like GHGs and others. If you look at the infographic on the second page of the handout that we provided, we highlight the work of Livestock Gentec. This is a genomics group. What is one of the main things that we're looking at there? Again, how to decrease GHGs in livestock production, which is one of the global lightning rods these days.

Dr. Starke: I asked a question about that just before Christmas.

Dr. Blade: I will just finish by saying that we have a competition that's been within our faculty since 1931 that brings undergraduates together to speak about the issues of the day. Of the speakers this particular year I would say that the majority were focused in this area that you're talking about, how we make sure that we communicate that we are intent and moving forward on doing the right things to make sure that we maintain that social licence in the agrifood sector.

Dr. Starke: Thank you.

The Chair: Excellent.
Mr. Horne.

Dr. Starke: Chair, Dr. Keough wanted to just . . .

The Chair: Yes.

Dr. Keough: Just a comment to follow up on Dr. Blade's. I think I heard a version of the same speech not too long ago also, Dr. Starke.

I think one of the issues that Stan basically was getting at is how you can't – people who have decided they're going in a certain direction are rather difficult to convince with facts. Sometimes the debate is devoid of facts. I think what Stan has talked about – and I think we help in a certain way – is that you have to acknowledge that these are concerns that people have, and you say: "Okay. You have the concern. You know what? We have some concerns about this, too, and here are some of the things that we are working on to deal with some of those concerns." I think that goes a lot further than sort of just throwing facts out that they're not particularly interested in hearing anyway. Witness what basically happened to the oil industry, where that hasn't worked.

Also, in a way, because of the way we help interact with scientists around the world, including scientists in the U.S., where much of this is coming from, we can work two ways. We can say that they're of interest to us but also that we work with your people and we collectively get knowledge that we can try to apply to the challenges that you are trying to throw at us about whatever it might be. The big one, for example, for the beef industry right now is greenhouse gas stuff. There's a lot of work that actually needs to be done in that area to find out what really is going on besides somebody just throwing the slogan out in the air, which is what happens. I agree with this approach, and I think that anything that we can do to help our own people communicate about how that might be dealt with and admit that it's a problem for everybody so we will deal with it is a good way, is a right step to deal with that.

Mr. Dade: I would just quickly note that agriculture is operating with the hindsight of the oil and gas industry. You have leadership coming from industry in sustainability, and that is, I think, a major difference. We've also invested significantly in sustainability, traceability, assurances that we're producing good products.

11:00

The trick, to my mind, is your use of the word "strategic." We have markets where the battle has not yet been engaged. We've lost Japan to some degree on GMOs, but that's not the case with Vietnam, and that's not the case with Malaysia. That's not the case with a lot of these global middle-class markets. My frustration is that when I talk to industry, unless they have a problem, they're not willing to spend money and to engage. Once you have a problem, it's too late. So the work that we've done, the work that industry has done, I would suggest, needs to be targeted with our trade agreements, looking at where we have opportunities to try for once to get out ahead and not lose any more markets. Because once someone's convinced, good luck explaining to someone if the question is, "Have you stopped beating your spouse yet?" which is where we find ourselves in several markets.

Dr. Starke: Well, thank you. I really appreciate and I'm glad to hear with regard to what's being done. I mean, I think it's critically important that we take a look at the experience of the energy industry and realize that part of the reason why that war on public opinion, if you want to call it that, or that battle in the field of public opinion was lost is that the energy industry is largely run by engineers. Now, I'm going to show my bias here as a former agriculture student in saying that engineers aren't particularly good communicators. I'm also going to say that the agriculture industry is primarily run by farmers and ranchers, and they don't necessarily always communicate particularly effectively either. I'm going to make that statement because most farmers and ranchers that I dealt with didn't want to have to convince people on how good a job they did. They just said: look at what I do; it's obvious that we do a good job.

You're right. We have to be able to tell that story and tell it in a way that is compelling because our opponents in this debate are movie stars and actors, and they are professional communicators. They are good at convincing people, and they are accorded credibility that they are not entitled to, but they get it from society as a whole. I'm just putting that out there. I think it's really critically important.

Thank you, Chair.

Mr. Horne: How are we for time?

The Chair: It's looking like it'll probably be the last question from this end.

Mr. Horne: Okay. Then I suppose I'll try to keep it a little bit tighter.

Just wanting to follow up on, you know, safeguarding our food and livestock and ensuring the health and market access. I understand that one of the goals of CUSMA is to strengthen science-based sanitary and phytosanitary measures, so I'm wondering, especially for Dr. Keough, if you could tell us a bit more about the SBS measures in the agreement and if you have any thoughts on that: if the changes are beneficial, any concerns, missed opportunities.

Dr. Keough: Well, I can't really comment on the specifics of the agreement, to be quite honest. We will be looking more closely to see whether or not there is a way that we might direct some of our investments in the future to perhaps help with some of the issues that are raised there, but the sort of general background of the science that we support will feed into those issues and without good scientific information basically can't establish or deal with those issues. So in that regard we will be doing it, but in terms of the specifics of the clauses of the agreement, we haven't looked at where that will fit as yet.

Mr. Horne: Thank you.

The Chair: All right.

Mr. Dade: Just one quick comment. We mentioned several trade agreements here today. We haven't talked much about the WTO. The single largest impact on agriculture is the Nairobi declaration, and I would really urge the committee at some point to maybe convene separate hearings especially for the folks in the supply-managed industries but for all of agriculture. The removal of subsidies globally that's coming is going to really change the landscape for trade. Just a suggestion for something to consider in the future.

The Chair: Good note. Thank you so much.

I want to thank the panel members for joining us here today. If you have any further information or supplementary information to provide to the committee, if you'd provide that by this coming Monday, that would be appreciated.

We're going to take a five-minute recess to set up for the third panel and we'll reconvene at 11 after, sharp.

[The committee adjourned from 11:05 a.m. to 11:11 a.m.]

The Chair: All right. I'd like to call the meeting back to order. I'd like to welcome, hon. members, our next presenters. The participants have been invited to make a five-minute presentation in relation to the committee's inquiry into the impacts of the Canada-United States-Mexico agreement. After presentations are complete, I'll open the floor for questions from committee members. I'll allow the members who are at the front of the table here to introduce themselves for the record, starting with Mr. Stanford, to my left.

Mr. Stanford: Hello. My name is Gary Stanford. I'm chairman of the Alberta Wheat Commission, and I farm south of Lethbridge.

Ms Garner-Skiba: Good morning. My name is Melody Garner-Skiba, and I have the privilege of being the executive director for the sweetest farmers in Alberta, the Alberta Sugar Beet Growers.

Mr. Shepert: Good morning. My name is Don Shepert. I'm chair of the Alberta Pulse Growers. I farm in the St. Paul area, up in the northeast country. It's a quarter after 11, so my wife should be checking our cows right now. It's one of those nice, good, little family farm things.

Mr. Lynch-Staunton: All right. I'm Tom Lynch-Staunton. I'm the government relations and policy manager for Alberta Beef Producers. I come from a farm down in southern Alberta, where my brother runs our family ranch, and we've been around for a little while in Alberta.

The Chair: All right. We'll begin with, it looks like, the Sugar Beet Growers.

Ms Garner-Skiba: Excellent. Well, thank you so much, Mr. Chair and committee members, for allowing the Alberta Sugar Beet Growers to come today and give you an update on how the free trade agreements are affecting our industry. I am joined today by our president, Arnie Bergen-Henengouwen. He's in the gallery, so he'll be able to take questions today.

In order to help you understand the impacts of CUSMA, I first want to give you a bit of a snapshot of our industry so you can gain some perspective on where we're coming from. The Alberta Sugar Beet Growers represents just over 200 local farm families that have been growing sugar beets for generations, many since 1905 and were the first generation on their family farm. These farm families grow the sole source of 100 per cent Canadian sugar. There are no other farmers in Canada that can lay claim to that. The production that they make every year is refined into about 120,000 tonnes of Canadian sugar. Unfortunately, this is a paltry 8 per cent of our domestic market.

The reasons why we have such a low market share here in Canada are twofold. We have one processor – that's it – remaining in Canada, and that is our refiner located in Taber. It's owned by Lantic, and the sugar is packaged under Rogers sugar. The second is that we have an open sugar policy. We are traded on the commodity market, so there is no protection for our industry, much like our counterparts in CUSMA, especially the United States. This means that we compete every year against not only raw cane that is being brought in from places like Brazil, which will total over $490 million, but we are also competing against imported refined sugar as well, specifically from the United States, which is equivalent to just over $5.8 million. That's what these 200 farm families are competing against every year.

With these challenges and because we have limited growth, trade agreements do give us an opportunity to look at expanding our market and the potential for us to grow more Canadian sugar. NAFTA did this. NAFTA really was beneficial for the 200 farm families here in Alberta because it allowed us access through a TRQ of 10,300 tonnes that had to be beet sugar. It could not be the raw cane that's refined; it has to be beet sugar. This TRQ typically gives our refiner an advantage because they are able to access higher tiered sugar pricing into the U.S. In addition, it will also give them access to 9,600 metric tonnes of sugar-containing products. That may not impact the sugar beet farmers right here in southern Alberta, but it does actually have a positive impact on the overall sugar industry. So that's something we're always mindful of: it's not just the refined sugar but also the sugar-containing products.

The one thing about NAFTA that was unbalanced and still remains so is the tariffs. Currently, right now, sugar can be brought into Canada at a low rate of $30.86 a tonne, where if we want to export that sugar outside of that TRQ, we're facing at least $331 a tonne. So the tariffs are very unbalanced, which gives us very limited opportunity for growth outside of that TRQ. With this is in mind, when CUSMA announced that negotiations were starting, our message to the federal negotiating team as well as your Alberta team was very simple: do no harm; try to maintain our access. We needed to try to preserve, at bare minimum, our status quo.

We were pleasantly surprised in the 11th hour when the U.S. actually agreed to the text that had been put into the TPP and they granted us an additional 9,600 metric tonnes of beet sugar as well as 9,600 tonnes of access for sugar-containing products. This is equivalent to about 16 per cent of our overall sugar beet production. Our hope with this is that this increased TRQ will therefore result in an increase in acres for our 200 farm families, that they will be able to grow more, that this will spur some investment into our plant and trigger some growth in our industry that we've long been waiting for. Time will tell on these, as we negotiate with our processor on our long-term contract, whether this will come to fruition with more acres, but I can tell you that this has been a very good thing for our farm families.

However, looking forward, we must be cognizant that even though we are very privileged to see additional access through the market and expansion, we need to be mindful of one thing, and that is the country of origin labelling. Currently the way it sits in Canada is that only beet sugar that is grown and refined here in Canada can have access to that, but there is a push for raw cane that is refined to also be given that same country of origin labelling. I tell you this because it's extremely important to our industry that we maintain that labelling because if raw cane is allowed to be labelled as Canadian sugar, it will decimate the sugar beet industry and those 200 farm families that have been growing for generations will not have that opportunity anymore and we will lose this industry in Canada.

I want to explain this to you as well and stress the importance of this because it's not only in CUSMA while they're, you know, working out the fine details, but we're also at the table right now with Mercosur, which involves Brazil, one of the largest exporters, and I think we need to be mindful of that. That's why I wanted to say to you as a ministry, as a committee to just keep this in mind when we're dealing with free trade agreements and that we make sure that country of origin labelling stays with true Canadian products, not products that have been imported and slightly refined to meet that labelling.

I will finish by saying this. CUSMA has been beneficial for our industry. It will provide us with an opportunity to expand our market and continue to grow sugar beets for hopefully many more generations. While we understand there are challenges with our fellow producers in supply management, I do want to thank you, Mr. Chair and committee members, for hearing and providing us with the opportunity to give you the sweet side of CUSMA because there has been a sweet side for us, and it will have a positive impact on over 200 local farm families here in Alberta.

Thank you.

The Chair: Thank you very much.

We'll now move to the Alberta Wheat Commission and the Alberta Barley Commission. Mr. Stanford.

Mr. Stanford: Thank you. It's an honour to be here to visit with the committee today. I just wanted to say that the Alberta Wheat Commission represents 14,000 grain farmers and also that the staff and the management of the Alberta Wheat Commission and the Alberta Barley Commission are integrated. We have two separate committees, Alberta Wheat and Alberta Barley, but our staff works together. So I'll be representing Alberta Barley while I'm here today.

11:20

You know, we want to be able to have exports of our markets. We are very cognizant of making sure that we have the new trade agreement with NAFTA, that CUSMA is put together, and that we need to have good marketing with the United States and Mexico. As you know, the U.S. is a significant partner with us in our exports. Over the last four years we have exported over $200 million worth of wheat into the United States and $43 million worth of durum on an annual basis into the United States. These purchases represent 11 per cent of the wheat that Alberta grows and 15 per cent of our durum. Mexico is the seventh largest market for our Canadian wheat and 11th largest of Canadian durum. Last year Mexico purchased over $100 million worth of wheat and $2.8 million worth of durum.

Our North American trading partners have also purchased significant amounts of barley grown. Twenty-one per cent of our exports of barley over the last year went to the United States. Every year Alberta exports more than $190 million worth of barley and value-added products through malt and meat from the barley sector, so it is a very integrated system. Alberta produces the highest quality malt barley. In part now due to the new CUSMA, Alberta farmers are growing malt barley that is being trucked to the malt houses on the prairies. From the malt houses on the prairies it is then transferred over to the large consumers in the United States, to the craft breweries, and also to the large beer consumers. This means that U.S. customers are helping rural communities across Canada where barley and malt is grown and also is a North American success story.

Eighty per cent of Canada's agricultural sector is very reliant on trade exports, and this new NAFTA deal is extremely important to us. While the Alberta Wheat Commission neither advocates for or against supply management, we are pleased to see the government recognize that trade agreements are often compromised on both sides and work to ensure that trade dependence and individual sectors like grain and oilseed within agriculture are not adversely impacted. Maintaining open access to these markets and facilitating trade with North America is very crucial.

The new CUSMA is important to this approach of doing no harm to our exports. At the end, in our view, this needs to be a success story. Historically NAFTA gave substantial advantages to Canadian agriculture by eliminating the trade tariffs that were there before.

In the new CUSMA we've got a couple of points: reduction and elimination of tariffs on agricultural food products by providing nontariff trade barriers such as disciplines on sanitary and phytosanitary – as CUSMA is a ratification, we need to make sure that this continues to be pushed through for ratification – synchronized maximum residual limits, MRLs, are very important for the crop input sector; harmonizing regulatory treatments of modern plant breeding techniques need to be integrated; harmonizing low-level presences for regulations and approval of biotechnology crops is part of the agreement; increasing regulatory co-operation; also phytosanitary and sanitary requirements for cross-border trading; and further, that we ratify this deal with Mexico.

On a last note, I have a page here where I wrote down about the right to repair. As Mr. Piquette said – and I'm not going to read it all because, you know, Mr. Dade explained it very well – the right to repair is so important for us as farmers. I've got friends that live right along the Montana border. I live south of Lethbridge. For them to get to the nearest dealership is 70 miles. There are technicians that are 20 miles away. But even if on your own farm you don't have the technology to unlock the mechanisms to repair your own, you can't get the local technician that's 20 miles away to do it; you've got to go to the dealer. They only have so many service trucks, so if those service trucks say, "Well, we can't come to your farm for a day and a half or two days," and we're in harvest, this is, like, you know, very detrimental. Also, what Mr. Dade said about hooking up the headers, like the headers on our combines: they're made in Saskatchewan, but the combine is made in Iowa. So then when they come up here, we can't hook them up.

As technology goes ahead more and more, I can see this becoming a very big deal. I'm not going to be able to have the technology myself, as an individual farmer, to fix all of this – I would like to be able to do some of it – but if you've got a technician that lives a few miles away that can come over and help solve this software issue or this technical issue, this is something that's very important to us.

Also, Dr. Blade and some of the other members were talking about education. This morning I went and had a meeting with Minister Carlier and his staff about Magrath in the Westwind school division where we live. We're putting agriculture in the classroom. Minister Eggen says, "Well, we've got curriculum on the shelf," but the problem is that the curriculum on the shelf is different than the technology and the curriculum that we need to work with in agriculture now in the junior high and high schools so that we can go and send our students to see Dr. Blade at the university. So we're trying to work that out now, where we can have a little bit more integration with students. Whether they're in Calgary, Edmonton, or in Magrath, it doesn't matter. That way we can push these forward, because when you're bringing up that, this could be a very good opportunity for the oil sector first and now the ag sector.

I was sitting up there writing notes like crazy, and I'm just totally onside with what you all are saying here. This is very important for the future of us. Okay. Sorry; that's all.

The Chair: Thank you, Mr. Stanford.
We'll now move on to Mr. Shepert.

Mr. Shepert: Thank you. Good morning. It is my pleasure to be here today to present to you on the potential impact of the Canada-United States-Mexico agreement on Alberta's pulse industry from the perspective of pulse farmers. I'm Don Shepert, chair of Alberta Pulse Growers. Leanne Fischbuch, our executive director, is in the gallery.

Our commission represents over 6,000 growers of field pea, dry bean, lentil, chickpea, fava bean, and soybean in Alberta. Our vision is to have Alberta pulses recognized by consumers as environmentally friendly, healthy, and nutritious and recognized by all producers as being an essential element in a sustainable cropping system. I farm at St. Brides, which is in the St. Paul area in northeast Alberta, along with my family and my wife, and we grow green and yellow field peas.

In a recent conversation a colleague shared a quote with me from Mr. Kyle Jeworski, the president and CEO of Viterra, one of the largest grain dealers in Alberta and Canada. He said: free trade agreements are not to give trade advantages, but to ensure we do not have disadvantages. For Alberta's pulse industry the Canada-United States-Mexico agreement, or CUSMA, accurately reflects this perspective. CUSMA aims to not introduce new tariffs or trade-limiting nontariff trade barriers. The commitment to using international standards, guidelines, and recommendations and that exceptions are based on science and risk assessment are also important to the success of the pulse industry.

Pulse exports to the U.S. and Mexico. The United States and Mexico are key markets for the pulse industry. Statistics Canada data in 2017 showed that the United States was the third-largest market for pulses at 385,000 metric tonnes, worth $300 million, behind India and China. With the loss of India in late 2017, formerly Canada's largest export market, the United States became the second-largest market, with over 481,000 metric tonnes in 2018, worth $300 million. This is still behind China. In addition, with the loss of India, Mexico became our second-largest market for lentils in 2018, with 154,000 metric tonnes, worth over $91 million.

Alberta is the second-largest producer of pulses in Canada. We compete with Saskatchewan for the largest field pea production. We are second in lentil production and the third largest in dry bean production. Our dry beans regularly move in the north-south trade corridor. The success of Alberta-grown pinto, yellow, and black bean market classes depends on the ability to have free and open access to the United States and Mexican markets.

Alberta's high-quality production has built a solid brand in these markets, which accounts for well over half of our dry bean exports today. Our province benefits when the markets are flowing without barriers between Canada, the United States, and Mexico.

11:30

North America is a key strategic market for Canada's pulse industry. Canada's national strategy of 25 by 2025 was developed by grower organizations like Alberta Pulse in collaboration with Pulse Canada. It aims for 25 per cent of Canadian production, or 2 million metric tonnes of pulses, diversified into new market opportunities by 2025. In part, the goal will be achieved by growing the use of pulses in food products, pet foods, and food service operations in North America. Diversification of markets will aid in reducing the risk that pulse growers face by being reliant on one or two significant world markets as we have been in the past.

Since the fall of 2017 Alberta's pulse industry has been challenged thanks to market access difficulties. The saving grace is that farmers recognize that a crop rotation including pulses can provide a break in disease cycles, incur cost savings in fertilizer management, and help improve soils in preparation for the next year's crops. Growing pulses has been beneficial for me and my farm. If we circulate back to comments on dry bean production, in the irrigated region in southern Alberta dry bean is one of the best rotational crops a farmer can have, and it is a strong financial contributor to overall farm health.

Food trends show that plant-based protein continues to gain momentum – pulses are an excellent example – through value-added opportunities and vigorous execution of the pulse industry's 25 by '25 strategy. This can be a win-win for Alberta. We have the potential to grow, process, and sell value-added products throughout North America and capitalize on this opportunity.

With CUSMA being supported and anticipating ratification from the governments involved, the industry also requires support and encouragement to develop value-added production to include environmentally responsible products that are part of our food system like Alberta pulses. Meeting the Pulse Canada stated objectives of 25 by '25 requires exploration and creation of value-added opportunities that can support national objectives like $85 billion in value-added output, a Canadian economic round-table aim, and Alberta's own diversification and growth goals. Alberta Pulse believes that CUSMA is an important stepping stone to this opportunity.

Thank you for your time. I look forward to your questions.

The Chair: Excellent. Thank you very much.
We'll now move over to Mr. Lynch-Staunton from the Cattlemen's Association and Beef Producers.

Mr. Lynch-Staunton: Okay. Thank you, Mr. Chairman, and thanks to the committee for having us present. I'm speaking on behalf of Alberta Beef Producers and the Canadian Cattlemen's Association. I'll just take a moment here in case the committee doesn't know. The relationship of Alberta Beef and the Canadian Cattlemen's Association: Alberta Beef, obviously, advocates on behalf of Alberta's 18,000 producers; Canadian Cattlemen's advocates nationally to our federal government but also internationally to international companies as well as works with international beef organizations, specifically in the U.S. and Mexico, pertaining to this. CCA represents over 60,000 beef farms in Canada.

For funding, CCA is funded out of our provincial levy and the provincial levies across the country. Alberta Beef Producers provides about 60 per cent of the budget for CCA to do its international work, so that's why we are so important in the success of CCA and when we're working on things like trade agreements.

In regard to beef production in Canada, Alberta leads the way, of course. You probably know this. We have 41 per cent of the national beef herd, 70 per cent of feedlots and fattening, and over 85 per cent of the processing. What that means is that we do lead the nation in about $5 billion worth of cattle and calf receipts.

CCA and Alberta Beef have for a long time been advocates for free trade, open markets, and access to other markets around the world, in particular the U.S. and Mexico, and we have benefited significantly from NAFTA. Now we believe we will benefit very well from CUSMA. Just to give you an idea of how we have benefited, since NAFTA was put in place, our exports to the U.S. grew 54 per cent in volume yet 300 per cent in value. Even more striking is that to Mexico we increased our volume by about 1,500 per cent and 3,000 per cent in value. In particular, for Mexico, this is why trade is so important to us. We are able to add value to various cuts of the animal that we may not want to eat here in Canada. Mexico takes many of our organ meats – livers, hearts, et cetera – and they've added tremendous value to those organ meats, which in Canada would likely go into pet food and that kind of thing.

These agreements, including the TPP agreement, which we are just seeing come online – and it's already benefiting us quite a bit to the extent that South Korea and Japan are starting to overcome Mexico as our third-largest trading partner. I also want to point out that the U.S. continues to also be Alberta's largest agrifood export market, where 40 per cent of our agriculture exports go to the U.S., so a hugely important industry for all of agriculture.

That being said, when we, like the gentleman on my side here said, you know, were helping our federal government negotiate the new agreement, we were also on a do no harm because the NAFTA agreement was so good for us, but we did have an opportunity to even improve it. There are still improvements to be made in the agreement, but they're mostly around harmonization of certain regulations like food safety regulations, inspections at borders.

I want to point out some examples. We heard the farm equipment example. You know, we need to be supporting a simultaneous review and align how we approve veterinary products. We are at a competitive disadvantage in Canada with our vet products. They're a lot cheaper in the U.S., and we need to start harmonizing how we approve veterinary products, especially vaccines. We also have to eliminate the duplicated border inspections for cattle and beef going back and forth across the border. This creates some cost to our industry.

For the Alberta government I think the main thing that I want to point out is that we have . . . [Mr. Lynch-Staunton's speaking time expired] Oh; can I take one more minute?

The Chair: Yeah.

Mr. Lynch-Staunton: Okay. We have an opportunity, I think, to become the most sustainable, environmentally responsible, socially responsible agriculture industry in the world and, in particular, beef, so we need support from the Alberta government to do that. There are things that we need to do in Alberta to ensure that happens, and I really want to focus on investment in agriculture, particularly on research and innovation. The perception – and I think it's true – is that we have reduced investment in research and innovation, in particular in the beef industry, so we would like to see more investment in our research programs, especially at the universities and colleges, but I'll also highlight investment in things like rural high-speed Internet and infrastructure. We are at a huge deficit in rural infrastructure, which is making our municipalities impose unfair taxes, and we need to start figuring out how we're going to solve that problem so that within Alberta we don't have competitive disadvantages within our sector and within municipalities.

That also goes to interprovincial trade barriers that we still have in Canada that we have to work on. One example of that is our provincial abattoirs. We're not allowed to sell meat from our provincial abattoirs in Saskatchewan, and that doesn't make any sense to me.

I will leave it at that and leave it to questions. Thank you.

11:40

The Chair: MLA Fitzpatrick.

Ms Fitzpatrick: Thank you, Mr. Chair, and thank you to all of the presenters. I actually have questions for all of you, so I may ask a couple and then give other people a chance and then come back.

My first question can go to any and all of you. How can your industry play a role in a move to diversify our economy? Does the new trade deal help or hinder that kind of process? Any of you can answer, or all of you can.

Ms Garner-Skiba: Okay. Thank you for your question, MLA Fitzpatrick. For the sugar beet industry one of the common things that you'll see, especially in wintertime, is that we talk about road de-icer and the raffinate. Currently that is a product that is being shipped out from the United States and being used on Canadian roads. CUSMA doesn't necessarily hinder us on that. It would be nice if we could look at ways in which we could produce that product here in Alberta because there is a huge opportunity. As an industry we are working to look to see what we can do to produce that raffinate ourselves as well as other technologies like fuel cells and different uses for sugar beets besides just the refined sugar end of it. We'll continue to work on that.

Where CUSMA plays in is if that's able to come into the Canadian market with no barriers whatsoever. That does put some of our research – it's going back to, I think, what Tom was saying, too, that we need to make sure that we've got the research investment, that we can look to find ways to either value-add or diversify our product uses here in Canada to compete against our competitors in the U.S. and Mexico.

Ms Fitzpatrick: Thank you.

Mr. Stanford: Our durum that we sell down in the States goes down and made into pasta, noodles, and then it's brought back up here, so maybe there are some synergies that we could work on together to have a pasta plant up here or maybe to stop all the crossborder, you know, to make more money for up here. Wheat and a lot of the barley is a bulk item, and it's always going to get exported, so we understand that, but I think that at the Centre for Food Integrity we can maybe work on some new ways to work it better.

Thank you.

Ms Fitzpatrick: Thank you.

The Chair: Mr. Shepert.

Mr. Shepert: Yeah. Value-added: right now the trend in pulses is to fractionate pulses into protein, starch, and fibre. There's a large plant going into southern Manitoba, James Cameron is working in Saskatchewan, and Alberta still doesn't have anybody fractionating. The rumour was that proteins are sold out for quite a while, that there's such a demand. It would be one of the very, very wonderful things to see come into the province, a fractionation plant that could take care of some of the pulses.

The Chair: Go ahead.

Mr. Lynch-Staunton: Yeah. Probably the most vulnerable part of our industry with respect to free trade is our processing sector. We have two major packers in Alberta. The same packer has a plant in Ontario. Ensuring that our processing industry is as competitive as possible will ensure that they will remain here and remain viable.

One of the points: we still have a cost with SRM removal, specified risk material. That's adding 30 to 50 bucks a head, give or take. For small processors it's a bit more. That's a direct cash disadvantage that we have with our American processors, so we want to try and keep processing here.

It's not a hindrance; it's a great opportunity. I think Dean Blade touched on this, exchange of talent across our three countries. We have better access to professors and researchers from the U.S. and Mexico coming to Canada and vice versa, and I just heard the other day – I don't know if Carlo knows this better than me – that it's going to make it easier to get farm labour from the U.S. and Mexico as well, so I'm very pleased to hear that that process will be a lot easier. I don't know much about those details. I just heard that.

Ms Fitzpatrick: Actually, my next question is to you, Tom. As a prelim to my question: you need to invite me out to your ranch.

Mr. Lynch-Staunton: Everybody is invited.

Ms Fitzpatrick: Okay. We'll make a point of getting out there to see it.

Can you explain for us what your concerns are regarding regulatory reform and co-operation? In your written submission, I think you said that that was not fully achieved in the agreement. Can you explain that for me?

Mr. Lynch-Staunton: Yeah. There are several factors. You know, it's mostly a difference of different standards that we have cross-border. Probably the one that's the most glaring is, as I mentioned, the veterinary products and how we get approvals for vet products and transfers across borders. We need to work a lot closer with our U.S. counterparts in getting veterinary products approved. Usually it's a one-, sometimes a three-year lag before we have access to the vaccines that the U.S. has already approved or other pharmaceutical products. That does put us at a huge disadvantage.

Aligning our grading systems: we've just done that. That's really important. That's going to help a lot, with alignment of our grading systems. Then inspections as well on live cattle and beef itself: if we're aligned well, a vet approving a load of cattle going to the U.S., a Canadian vet, shouldn't need further inspection by a U.S. vet. We'll follow the same protocols. It should be just free flow.

Ms Fitzpatrick: Thank you.

The Chair: I'll first poll the phones to see if there's anyone on the phones who has a question.

Hearing none, MLA Fitzpatrick again if you'd like.

Ms Fitzpatrick: Okay. The next one is to Don. I have to say that I take the pulse challenge every time it comes up on Facebook. I have always been a pulse lover. With the China-America trade war, what kind of demand are you seeing with the States and China?

Mr. Shepert: Well, China has been our saviour this year. They have embraced fractionation. They've embraced – I don't know what it was. Six, seven years ago they initiated their fractionation plans and started to import our peas for that. They've almost doubled that now, and our imports of peas have crossed 2.1 million tonnes this year. Two years ago they were at 800,000. So it's a huge increase. We are warned that it's a one-off, perhaps, because there are a lot of problems in the world. Australia didn't really have a crop last year. Europe wasn't all that – well, Kazakhstan and that area had poor crops, too, when it came to pulses. We're ecstatic that they've taken the amount that they have. It's something else that – you know, it'd be nice to get India back.

Ms Fitzpatrick: Okay. All right. Now, sugar beet producers: Melody, you didn't mention Brum when you talked about diversifying, so I'll make a plug for Brum. Brum is a rum that's made from sugar beet. The other point I want to say is that if you're looking at sugar beet sugar, when you pick up your bag of sugar, you look for a black bar with the number 22, and that is Canadian beet sugar. I'm just putting it out there.

Okay. Now, what are the border-control barriers that limit you from increasing trade?

Ms Garner-Skiba: We have got a really strong sugar beet policy in the United States through some subsidy programs. They hate it when we call it that, but we'll call a spade a spade today. They've got subsidy programs through the farm bill, and they've got a very powerful lobbying group. Much like the Canadian – you know, their sugar industry in the States, you don't touch. That is our biggest challenge, that we don't have a lot of play into their market there. Their focus is largely on Mexico, right? Mexico definitely supplies a whole lot more sugar to the U.S. than Canada does, so they see us really not as a threat.

But I would say that the protected market is our biggest barrier to access, because we have no sugar policy. We are on the open market. They are not. For example, sugar number 11, which is traded on the stock exchange: you know, you can see it go anywhere from 13 cents down to 11 cents, 15 cents a pound. In the U.S. now they're looking at upwards of 25 cents a pound. So that's our barrier.

Ms Fitzpatrick: Okay. Gary, my last question is for you. With increased trade of grain products across borders, are you worried about a greater biosecurity risk?

Mr. Stanford: Well, MRLs are always going to be phytosanitary. There are all these issues. This is kind of what happened with the canola that's over in China right now. It comes into some of these protocols. You know, they're saying: "We have this problem with the canola. We have this phytosanitary reason." Whether they're true or whether they're not or whether there were, you know, unguided protocols, I think that this is always going to be in place. So it's very important for our sector to look at this and say: "Okay. What are we going to do? How are we going to make this crossborder work better?" Like, we had the old Triffid flax issue, where it was GMO flax that got in there. Even if they don't clean a train car or they don't clean an ocean vessel correctly, then it can come back to haunt us. That's a new real-world item, and it's going to be at the top of our mandate.

Ms Fitzpatrick: As a supplementary to that, I mean, how can we have an impact on making sure those grain cars or those vessels that are carrying our product are cleaned properly? Like, obviously, the grain cars: if they're leaving from here, we can do something about it, but when it's going on a vessel to go to China, how do we do anything to make sure that's clean?

Mr. Stanford: Yeah. Exactly. Then you're going to the grain companies – Viterra, Richardson – and saying: "Okay. Make sure they're cleaned properly, your elevators are cleaned properly, the cars are cleaned properly, you know, the unloading vessels, the port terminals. Even if it's just in train cars going down to the plants down in the United States, it's got to be clean." You're right.

That comes into government regulations. What Tom was saying about the beef sector there is that you've got the veterinarians here and the veterinarians there: can't we work together a little bit more? I think that that's something that the province can look at, deal with the feds, and just say: hey, how can we make this work better?

Ms Fitzpatrick: Okay. Thanks very much.

The Chair: Any other questions?

Seeing and hearing none, I want to thank you all for joining us here today. If you have any supplemental information to provide to the committee, please ensure that you do so by Monday.

We will take a five-minute recess and return for the final panel.

[The committee adjourned from 11:53 a.m. to 11:59 a.m.]

The Chair: All right. I'd like to welcome all hon. members back.

For our final presentation our participants, as usual, have been invited to make a five-minute presentation in relation to the committee's inquiry into the Canada-United States-Mexico agreement. After the presentations are complete, I will open the floor up for questions as well.

I will allow the members at the table to introduce themselves for the record.

Dr. Chalack: David Chalack. I'm representing Calgary Economic Development. I chair one of their most important clusters. That's agrifood and agribusiness. I too, like Dr. Starke, am a veterinarian, a former supply management guy in the dairy business, and past chair of the Alberta Livestock and Meat Agency, which was set up to promote the beef industry.

Mr. Banack: Humphrey Banack. I represent the Alberta Federation of Agriculture. We represent all agricultural producers in the province of Alberta.

The Chair: Excellent. Mr. Banack, if you'd like to proceed with your presentation.

Mr. Banack: Good morning, Mr. Chairman and committee members. Thank you very much for giving me the opportunity to present here today and give what we feel are the impacts of the Canada-U.S.-Mexico agreement on the agricultural industry. Just to start that off, I mean, we haven't even got the name tied down here yet, so we really don't know exactly what the fine print of this is. The most difficult part of this whole presentation is: how exactly will this affect our members? We have some ideas, we have some gossip as to how this will go. Like I said, we haven't got the name down pat, so we haven't got the text down either.

My name is Humphrey Banack. I'm the past president and a current board member of the Alberta Federation of Agriculture. I and my family farm about 50 miles southeast of here in a little hamlet called Round Hill. We're grains and oilseed producers. We were in chickens. I milked cows when I went to high school. You know, I did the whole thing. Our farm has typically changed, just as agriculture has across the province. I mean, we started with about a 500- or 600-acre farm with my dad and nine kids on the farm. Today my brother, my son, and I farm close to 9,000 acres in the area.

As Alberta's largest general farm organization we have the opportunity to make their voices heard on issues that affect their operations. As we've heard this morning, CUSMA is one of them. It's no secret that Alberta's agricultural/agrifood industry is a critical component of our province's economy. We all heard the numbers this morning. It's very critical to the lifeblood of the economy. Sometimes I think that we were here long before oil and gas and will be here long after, so it's critical to make sure this industry survives.

As you know, it's critical for the CUSMA negotiations to move forward based on a do-no-harm principle. As a member organization the Alberta Federation of Agriculture, the AFA, recognizes the importance of the considerable time and resources organizations spent working with a number of farm groups both in Mexico and the U.S., including government officials, advocating for regulatory modernization to help relieve logistic barriers to trade. However, while some beneficial results were achieved for some sectors within agriculture, we are well aware that others will be hurt by some of the concessions included in this new trade deal.

The following are the biggest impacts, we feel, that will be experienced by farmers in our industry. As you already heard this morning, Canada has ceded further access to the U.S. for a number of agriculture and agrifood products, especially with respect to supply management sectors. With this additional access to our supply-managed sectors already being given up both in CETA and in CPTPP, this aggregation has a potential to irrevocably harm farmers working under supply management. We believe this negative impact is significant and will be felt for quite some time.

CUSMA did not address our meat reinspection issues at the border, which creates delays, increased costs, and thickens the border. As Tom Lynch-Staunton mentioned, we are working towards getting that cleared up, but it's part of the fine print that will come from this.

Canada agreed to allow grain being exported into Canada from American producers. As it comes into our system, it was agreed not to allow that to be exported through our maximum revenue entitlement process, where we have a cost put onto the transportation of our grain that is managed by this. We have to watch very closely that this grain being imported into Canada by companies and being exported into Canada by American producers does not enter the maximum revenue entitlement area. As it does, it's going to give the railways more fodder to take the maximum revenue entitlement away and move grain transportation to full-cost transportation, which will greatly harm our grain producers.

Canada has also agreed to allow U.S. wheat producers access to our official Canadian grading system used for Alberta wheat production. This will require prudent, ongoing monitoring to ensure that the quality and consistency that we have developed and strive to maintain is not compromised by imports allowed into our Canadian wheat system. The Canadian system that we have developed has been successful at monitoring varieties accepted into our grain system and working to remove the acceptance of varieties that threaten our quality system, which provides us with premium market opportunities. We must ensure that this system is not eroded by accepting grain from producers outside of Canada.

12:05

The addition of a chapter on regulatory co-operation will mean an effort to encourage further work on regulatory harmonization, transparency, and scrutiny, which will be a benefit for all parties. As Tom Lynch-Staunton said, that's one of the biggest challenges we have, the cost of products from one side of the border to the other when we're asked to compete with those same producers.

Alberta's agricultural producers strive to be competitive with producers around the world, but as mentioned before, we enjoy a fairly open trading relationship with our North American agricultural industry. When we see and hear from our producers that competing producers in these USMCA-trading countries enjoy more favourable access to products, sometimes at greatly reduced costs, we feel we are working on an unfair footing.

Regulatory co-operation is a great and possible outcome and a goal to strive towards, but we've been assured that this has been on the table, moving forward, for a great many years. We have not seen the progress necessary to make a market improvement at our producers' level. We recognize the complexity of this issue, public opinion and perceptions, regulatory oversight, and industry forces, but when we see similar products or services being available at greatly reduced cost to our neighbouring producers, we see our competitiveness eroded. This section must be a priority for all signatories to this agreement.

Eliminating the notion of a five-year sunset in the CUSMA agreement to a 16-year agreement with reviews every six years: the thought is that this will create more stability and predictability, and

I'm sure that it will. The CUSMA countries are our largest trading partners, and long-term stability is critical in developing long-term plans for our industry and our farmers. My son and his family are entering the industry now and are being asked to provide projections to support his financing. A long-term agreement will allow him to more accurately and, more importantly, confidently project the financial health of our farm in the future. They are the future of our farm and the future of agriculture. We must ensure that these young people coming in can make those long-term plans, and a long-term agreement does that.

Some have argued that CUSMA benefits beef, pork, and grain exports. However, there was never any indication that they were in danger. The dairy and feather industries will see more products entering the Canadian marketplace and eroding their market share. The do-no-harm principle does not seem to have applied to all of Alberta's agricultural producers.

Once again, thank you for your time, and I look forward to answering any questions.

The Chair: Dr. Chalack, if you'd like to proceed.

Dr. Chalack: As I said, I'm representing Calgary Economic Development, and our mission is to promote opportunities that stimulate economic growth in agribusiness and the bioindustry in the Calgary region, but I'm going to take a bit of a different tack here. Given that all of the commodity groups have given their input – and you've heard them previously – I would like to take this opportunity, as we end the day, to focus on giving input on primarily two areas, competitiveness and infrastructure investments from both the provincial and the federal governments and how policy can help grow the agricultural and agrifood sector.

To set the stage and give context, I want you to recognize that ag and forestry as a percentage of GDP in 1987 in this province was 3.6 per cent, and in 2017 it's dropped to 2 per cent. Now, policy plays a role in this, and I hear politicians always talking about the appreciation for agriculture and the need for diversification and job creation. I'm going to outline where some of the problems are as we in CED see it, and I also want to remind you that we don't have anything to export if it cannot be produced and sold at competitive prices, so we must look at taxes, regulation, input costs. One of the biggest is fuel in agricultural operations.

We're certainly one of the biggest and most important renewable resource industries in Alberta. We have a very enviable position with our raw resources, and I would like policy to focus on other things but not excluding the environmental constraints that we see with all the discussions around carbon. Carlo is here from Canada West Foundation. They just did an article on Canada's climate counting problem and what needs to be relooked at in this type of policy.

We also need to develop a different model for infrastructure spending. Now it is focused on per capita, and this will never get us the funding to rural areas which is required. I want to echo the need for high-speed Internet in rural areas. We need to have an agricultural strategy from the province. Is there really an agricultural strategy? If there is, many of us don't know what it is. And make sure that the various municipalities, Maria, including Lethbridge and Ponoka and others – they are actually, in my view or our view, somewhat biased against large and intensive livestock operations.

Finally, labour continues to be an issue. It's difficult to retain and attract people to rural Alberta, and we need to promote a pathway to permanent residency.

Chuck Magro, the CEO of the huge company Nutrien, just wrote an article about the eight key areas evaluated for raising our game to improve the economic future and about Canada's competitive score on talent, economic stability, customers, infrastructure, innovation, tax, regulation, and capital investment. We don't score very well. The bad news, as he states it, is that we don't spend enough on research. Research and innovation: Dr. Blade talked about that. I'm going to reference Livestock Gentec as an example of where we've dropped the ball. But our heaviest burden is the fact that we are overregulated. We need a solution, and the solution is in smart policies and a long-term strategy.

We've all heard about getting off the oil price roller coaster. [A timer sounded] Can I just have one more minute?

The Chair: That's all we've got.

Dr. Chalack: Thank you. We are continually to this day – and this is not a partisan statement – discussing oil prices and impacts. So let's get behind agriculture in a serious way. That's what Alberta needs to do.

How does government really monitor and evaluate and triage the spending? It's hard to get information as an industry. I had access to the blue book, which most of you will be aware of, and I looked at the nine-month physical spending to December 31. I analyzed two of the documents, and recognizing that payments in those documents were not related to salaries, wages, employment contracts, benefits, travel, and debt, it was interesting to note that in the first nine months to December, Ag and Forestry was $67 million. Now, I just arbitrarily said that forestry is half and reduced agriculture to $30 million, okay? If we look at the total government of Alberta payments – that's $4.6 billion – and with agriculture being our biggest natural renewable resource, do you know that agriculture, then, represents .66 per cent? Point 66 per cent.

If we look at funding from the allocations from the energy innovation fund to the energy industry, Alberta will invest $1.4 billion over seven years – that's billion – for innovation projects in five categories: oil sands innovation, innovation, industrial energy efficiency, bioenergy, and loan guarantees. Before me this morning what did we hear? What was the most common theme? To grow exports and to grow this sector. The dairy guys said that we need processing capabilities. The sugar beet people are crying for new processing. The lentils: fractionating. The beef guys and grains: value-added such as pastas. Additionally, Alberta has committed $1.24 billion through 2025 to two large commercial-scale carbon capture and storage. In total the proposed expenses for the next seven years is $2.64 billion in those areas that are not agriculture.

12:15

Now, does that seem like a reasonable allocation of resources? I don't care which side of the aisle you sit on. We have great institutions like Livestock Gentec that are barely surviving. Barely surviving. It's a world-class research facility that will improve animal production and yield with reducing the carbon and methane footprints. We in agriculture are charged with providing an affordable, nutritious, and secure food supply for the residents of Alberta, Canada, and the world. My question to the committee is: why don't we invest more in agriculture?

I want to look at each of you. You're all representing your constituencies. I don't know how many of them are rural, but how can you have so much investment going into the climate change file and ignore agriculture? I can tell you that if we don't have an industry, as it's shrinking in a significant sense with respect to the GDP, and we have all the natural advantages, then there won't even be a need for an ag ministry, for example.

Thank you. I know that's not really about USMCA, but my point is that we don't need trade agreements if we can't produce products that are competitive, and we need investment. Thank you.

The Chair: I'll open up the floor for questions. Member Connolly.

Connolly: Yeah. Sure. I'll jump in. I want to thank both of you, obviously, for attending today, and I want to thank all of the other presenters as well. I really appreciate all your input and coming here and taking time out of your busy schedules. I've been hearing that diversification and investment in the industry are incredibly important, as you all know. I know that our government has spent a significant amount of time investing in diversification and economic development, and I'm excited to keep advocating for that. However, I was just wondering about, specifically, USMCA. Does the new trade deal help or hinder our move to a more diversified economy?

Dr. Chalack: I would say that it does.

Connolly: Which one?

Dr. Chalack: It does help. It certainly doesn't hinder our agriculture sector. Now, you can compartmentalize the comments made by the supply management group, okay? They have given up some, but they are still very strong. As somebody identified, as CETA has made very obvious, we haven't been awash in cheese imports from Europe, and as far as I know, the supply management groups are still getting additional quota. Quota prices have not dropped. My biggest issue is that there are barriers to entry in those entities. It's no different than – I'm not picking on supply management. You could talk about the banks, you could talk about the insurance industry and telecommunications in this country. There are significant issues that we could help ourselves with.

The Chair: Mr. Banack.

Mr. Banack: Yes. Your question regarding, you know, value adding and things like that to our products: one of the biggest challenges I see for us to add value to our products is regulation, regulation and labour costs. To set up plants, whether it's a farm operation or a feedlot in western Canada or a pig barn, a grain processing facility – our regulations, both municipal, provincial, environmental, are all much more prohibitive than doing them in other countries, especially in the United States, the country we're competing with.

Labour costs are a huge part of it. You know, our minimum wage that we have in Alberta is substantially higher than it is in the U.S. How do we set up an industry here when we're competing on that fair footing? It's very difficult for us to add value at those points in time. I'm not knocking the minimum wage thing. I mean, we have to have a fair living for our Alberta people, too, but they do add challenges for us to process products here.

If we can minimize the amount of processing we have, sometimes that's the easiest way to return the most to Alberta farmers. We just can't process, we can't set up those processing facilities for those reasons.

Dr. Chalack: Could I just give an additional piece of input there?

The Chair: Yep.

Dr. Chalack: Ray Price from the Price family at Acme sits on our Calgary Economic Development. They have Sunterra Food. There are maybe Sunterra Markets up here in Edmonton as well. They have just made an investment decision to move most of their swine operation to South Dakota, 1.6 million hogs a year, because of just what this gentleman talked about, the regulation and the restrictions on development here.

Connolly: Thanks.

Just one last question. It's mostly for Mr. Banack, but, Dr. Chalack, if you have any input, please go ahead. Have you been in contact with the federal government's SM working groups about their work and potential SM compensation packages?

Mr. Banack: Our organization is a member of the Canadian Federation of Agriculture, and the SM5, the five supply-managed groups, are all members there. There is consultation around what will be asked for. I'm not privy to that as a board member from Alberta, but I know that there is work going on nationally as to what that compensation will look like.

Connolly: Thanks.

The Chair: Dr. Starke.

Dr. Starke: Thank you, Chair. A couple of questions, the first to Dr. Chalack. Dr. Chalack, you referenced that you were the former chair of the Alberta Livestock and Meat Agency. In earlier discussions when Dean Blade was here as well as Dr. Keough, we talked about the importance of Alberta producing strong scientific arguments to counter some of the nonscientific arguments that come out. I was very concerned about this government's decision to dismantle ALMA. I thought it was a mistake. I'm curious to know. We're now three years down the road. Dr. Chalack, could you comment on whether the dismantling of ALMA – at the time, we were assured that all of the critical functions of ALMA would continue even though it was being taken care of within the department of agriculture. What's your view of what has happened to ALMA since that time or the work that ALMA was doing, rather?

Dr. Chalack: Thank you. It did fantastic work. It existed for about six, seven years. The funding that was allocated to research and innovation could be described to be in the range of $15 million to $20 million a year. As we have tried to determine where that funding is, who it has gone to, and how much funding is actually flowing through to research institutions and producer groups, it's impossible to find out, so I cannot answer that question. It would be a good case study to see what happened to that funding and whether or not the bureaucracy has gobbled it up and what's actually, you know, flowed through to the end-user. That would be a great study for somebody to do.

Is Stan here? Maybe he's got a student that could.

An Hon. Member: He just left.

Dr. Chalack: Jesus. And I was supporting him for more funding. Excuse my French.

Dr. Starke: My second question. I want to get a little bit more specific here. You've both mentioned that one of the things that hurts our competitiveness, especially with the U.S., our main competitor, but also with other countries, is overregulation. Humphrey, you mentioned the example of, you know, labour costs as being one of the things. We hear that a lot. That's a bit of a sort of a phrase that's trotted out a lot, but I guess I'd like us to drill down and be more specific. For each of you a question: if there was one regulation that you could eliminate or modify that is holding back our agriculture industry, what would it be?

12:25

Mr. Banack: From my perspective, I think most of it comes down to siting and, as my colleague here mentioned, the challenges, within Lethbridge and places like that, to set up operations. It's very difficult to get siting done. Whether I want to set up a plant or a feedlot or some other further processing, our municipalities just really hold us back on that because there are traffic concerns, people concerns, things like that. I think that's the biggest thing, the siting of these things. Labour comes very closely thereafter.

I remember back in the BSE era there was a group running around saying, "We want to build a cow slaughter plant, and we want producers to pay shares in this thing." We had a meeting, I believe, out in Drayton Valley or west-central country out there. The question was raised, "Where will you build this plant?" and they said, "In Acheson." You know, it doesn't help that here we are, a bunch of rural Albertans, planning this. They said, "We're going to Acheson because we have access to sites, we have access to utilities, and we have access to labour." Not putting Drayton Valley down or any rural area out there, but that's what is a challenge. It's that siting. How do we get that siting to increase rural involvement and then municipalities just coming to say that it's hard to do?

Dr. Chalack: Yeah. I would have to agree. It's this whole NIMBYism, not in my backyard. Goodness sakes, we have to clear the path for these entities. You know, it's ironic. Now, don't quote me on this, but I think the country of Denmark has, like, 20 or 30 times the number of hogs that we have in Alberta, and the size of Denmark is one-tenth of Alberta's. God, we've got all this land and all this possibility. We can't let NIMBYism and special-interest groups quell – that's where it comes to this strategic plan. In Calgary we're working with the city now, talking about an agri-industrial park so that we can have and harness the synergies between the sectors, value-added. We can do a lot. I'm sounding negative, but we can do a lot. We haven't done much, and let's do more.

That's a good question.

The Chair: Thank you.

I'll test the phones. Are there any questions from members on the phone?

Hearing none, I'll test the floor. Mr. van Dijken.

Mr. van Dijken: Yeah. Thank you. Thank you both for coming to present to the committee this morning. It has given us a lot to think about. Yes, we're dealing with trade agreements. I believe that both of you have really identified the need to stay competitive and be able to do this in a manner that we move forward responsibly. I think those two can be balanced off very well. I'm not sure if you have any specific concerns other than siting and labour, but what other regulatory hindrances are out there to being able to continue to add value to the products that are being produced here, and what other research and innovation can be highlighted in order to actually build upon the renewable resource that we currently have?

Dr. Chalack: I'll just start. I can give you three things. Certainly, funding of Gentec: now, that's a very laser-focused opportunity, but when you understand that feed cost, at least in the livestock industry, is at least 50 per cent of the costs of any enterprise, whether it's dairy, beef, hogs – it could be more. The research work that they're doing with the U of A and Kinsella ranch and various other producer groups, with Grow Safe, an Alberta-based company, to look at, you know, feed efficiency, feed conversion, the reduction of methane: there you wrap it all – the environment, more profitability, all of those things – in one basket.

We're a province with incredible natural gas resources, and the cost of energy in this province – I am very concerned about what is going to be the cost of electricity. Your electric bills: again, I am not going to project, but that is a big concern. When we sit at Calgary Economic Development and producers and folks that want to start processing – electricity, electricity, electricity. They've seen what's happened in Ontario and other jurisdictions. We've got natural gas here. We've got to harness and incentivize people to use natural gas. There's so much natural gas that we can't seem to get it exported. Why don't we use it domestically? Why don't we use it domestically? I think that we have the tools to do things in a greener, better way, but we're not harnessing them.

Mr. Banack: I agree with both of those things. Energy costs and things are very important.

I'm going to mention food inspection and food safety protocols that are brought on us either by CFIA – I know we were working with a producer in Valleyview on a rabbit-processing facility. She said that the rules and regulations around this processing facility were just horrendous. They never got there in the end because of those food safety rules. We realize that food safety is key to consumers and producers across the country.

But I think that some of the simple things that you have to do, as I understand it, as Tom Lynch-Staunton said: the rules that we can't ship interprovincially between provincially inspected plants. Three of the rules that I believe are there, as I understand them, are that to be a federally approved plant, you have to have an inspector-designated washroom; they can't go to the washroom in the other facilities. They have to have not a gravel entry into the plant; they have to get out on pavement or concrete. Those things: where does that come into food safety? That's as I understand it, and those are things that are brought to me and said. From my perspective, that's gossip, to a point. Still, I believe that those things are there.

To move a provincially inspected plant up to a federally inspected plant just isn't happening because the jump is so big. That would be one of the things that I would say is holding us back, the food inspection. We cannot come to a point in time when it's there. Sometimes it's just gone over the top. Truly it has.

Dr. Chalack: I'm not thinking that I can make any change because, of course, CFIA is 7,000 regulators and very bureaucratic, but I've just been appointed to the ministerial advisory board that oversees CFIA.

Dr. Starke: Have fun with it.

Dr. Chalack: I'll have fun, exactly. Well, I just started getting grey hair recently, Richard.

The Chair: All right. Well, I want to thank the presenters for coming here and thank all the presenters especially who have stayed here for the whole presentation and have been able to tie in comments that came from other ones here, too.

This concludes our oral presentations for the day. Those who are in attendance from various organizations who have presented today are welcome to remain here for the remainder of the meeting, or if they wish to depart, they may.

Now, hon. members, we're going to move to next steps of the inquiry. I just want to loop everyone in about something we've all been notified about. A technical issue with the committee's e-mail account appears to have delayed the committee's receipt of one written submission. It appears that the submitter attempted to provide us within the deadline established by the committee. On March 5, 2019, the committee clerk posted the submission in question to the committee's internal website and provided notice to the committee members of its receipt. In order for us to include it on the committee's external website with personal contact information removed, I would need a motion from a member of the committee to accept that submission and publicly post it.

Dr. Starke: So moved.

The Chair: All right. Moved by Dr. Starke that

> the Standing Committee on Alberta's Economic Future accept written submission AEF-CUSMA-009 as part of its inquiry into the potential impacts of the Canada-United States-Mexico agreement on Alberta agriculture and make it available on the committee's external website, removing personal contact information, if any.

Obviously, procedurally, I open that for discussion.

Seeing and hearing none, I will call the question. All those in favour, please say aye. All those opposed, please say no. And on the phones?

> That is carried.

Hon. members, as the committee has now received written and oral presentations as well as research regarding the review, the next phase of our review would typically be the beginning of deliberations and making recommendations. I would invite Dr. Massolin to provide a brief overview of this process.

12:35

Dr. Massolin: Thank you very much. I'd be pleased to do so. At this late day in the Legislature I think the committee members are familiar with this process, having gone through this type of review in the past. What I'll say is that, as you've indicated, Mr. Chair, the committee has gathered a lot of information to this point both in terms of written submissions and the oral submissions that have been heard here today, a very good sort of oral presentation process, so what I can offer the committee is that if the committee wishes, research services can put this information together into an issues document, that we often prepare, for the committee's consideration at its next meeting, which, I would suspect, would be a meeting to deliberate and come up with recommendations to be included in a draft report, which we would of course prepare for the committee's consideration, to be filed and potentially tabled in the Assembly, depending on how things work out.

Thank you.

The Chair: Do any members have any questions about the process?

All right. Seeing none, we'll move on to other business. Is there any other business that members wish to raise?

Seeing and hearing none, the day of the next meeting: what I'll do, hon. members, is that once the issues document is prepared and submitted online, obviously without external factors playing a role, I will poll for a meeting.

With that being said, I need a motion to adjourn. Moved by MLA Horne that the meeting be adjourned. All those in favour, please say aye. All those opposed, please say no. Members on the phone? That is carried. The meeting now stands adjourned.

[The committee adjourned at 12:37 p.m.]

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