

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

CropLife Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Sustained recovery and enhanced economic growth in Canada will hinge on two broad factors – growth of trade opportunities and global confidence in Canada as a stable place to invest. On the issue of trade, we strongly support all efforts by the government to broaden access to markets. We hope for a positive conclusion to the talks on the Comprehensive Economic and Trade Agreement (CETA) with the European Union, and we were greatly heartened by Canada's inclusion in the talks on the Trans-Pacific Partnership. The Canada-U.S. Free Trade Agreement and NAFTA have stood the test of time as bold and visionary public policy, leading to the creation of thousands of jobs and billions of dollars in investment in Canada. Enhanced and stable access to these markets further strengthens Canadian exports, leading to investment and jobs in many sectors. In the agricultural sector, we know that Canada can, and should be, an even stronger world leader in agriculture exports. We have the climate, the technology and the skill to further enhance already impressive export totals, but only if we have the market access we need. In addition to growing trade opportunities, the investment and innovation climate in Canada is crucial to economic growth. For our industry, this starts with the strength and predictability of our internationally respected system of science-based regulation. This is what allows companies to make long-term investments in innovation in Canada, knowing that approvals are based on sound science, as opposed to short-term politics. Science-based regulation is a strategic advantage for Canada and it must be protected against those who would see it eroded for ideological reasons. A strong climate for investment and innovation is also marked by a regulatory system that recognizes the importance of prompt, predictable approval times and that works with global partners to harmonize standards and reduce duplication wherever possible. Many of these principles are being advanced by both the Canada-U.S. Regulatory Cooperation Council and the report of the Red Tape Reduction Commission, and we would encourage government to continue to work diligently on both these initiatives.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Enhanced trade has been demonstrated to drive job creation. Canada exports half of its agri-food production, so market access is crucial. The work being done by the Canada-U.S. Regulatory Cooperation Council to harmonize regulations and improve the flow of goods and services will safeguard and create jobs. A successful conclusion of the CETA negotiations, one that contains a robust section on agriculture, would also create jobs and give Canada access to a developed market of more than 500 million people. We see tremendous potential as well in the Trans-Pacific Partnership. In our industry, job growth is fueled by innovation. Innovation in the plant sciences sector however, is a lengthy and expensive endeavor. It can take 10 years and about \$256 million to bring a new pesticide from research through to commercialization. It takes up to 13 years and \$150 million to bring new plant biotech

products to market. Companies investing in this field, many of them global, need to be assured of a stable, science-based regulatory system and predictable service standards that recognize marketplace realities. We are competing internationally with countries anxious to see growth in the plant sciences sector. Brazil, Argentina and the United States, to name just three, have all moved aggressively to encourage investment in biotechnology. Job creation is also dependent on a taxation system that encourages investment and rewards innovation. Protecting intellectual property (IP) is critical to fostering a climate for innovation and job creation. Globally, it is clear that nations that enjoy a high standard of living are generally those with strong IP laws. Conversely, many developing nations struggle to attract investment because innovators know that their research and development efforts will not be protected. The knowledge based jobs in our industry all rely on strong IP protection. Their future growth hinges on the Government of Canada continuing to protect intellectual property and through future trade agreements. In the area of developing new seed innovation, updating Canada's Plant Breeders Rights under the ratification of UPOV 91 would protect seed intellectual property, allowing for increased investment in research and development of new and improved plant varieties.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Labour shortages continue to be a significant issue throughout the value chain in Canadian agriculture. There has been some success in attracting more women to agriculture and enrollment in agricultural programs is increasing as people learn that this is a sector with many excellent employment opportunities. This, in concert with greater productivity, has combined to slightly lower the "age per acre" of farmers in Canada. Nonetheless, labour shortages are expected to rival capital shortages in terms of challenges in Canadian agriculture going forward, especially if we are to take advantage of increased export opportunities. The federal government will have to continue to monitor and adjust immigration policies and programs to help Canadian agriculture and agri-food reach its full potential.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Innovation is the greatest driver to productivity. Innovation in plant sciences has allowed canola to become a more than \$15 billion per year contributor to the Canadian economy, to name just one sector. The government must ensure that Canada remains an attractive place to invest and innovate. This means fiscal policies that reward investment and a strong, stable science-based regulatory framework assuring innovators that science, not the political winds of the day, guides the approval process. Productivity can also be enhanced through streamlining regulations that needlessly slow business transactions. The recommendations of the Red Tape Reduction Commission should serve as a template for government to make significant structural changes in how it creates and applies regulations. In our sector, greater harmonization with other nations practicing science-based regulation, along with faster and more predictable approval timelines, would enhance productivity. The Regulatory Cooperation Council (RCC) also holds significant promise for knocking down trade impediments between Canada and our largest trading partner, the United States. We support the RCC's work to date and hope to see this process continue. Particularly with our largest trading partners, the time has come to move beyond technical harmonization of regulatory requirements, which has largely been accomplished, and make achieving mutual recognition of safety assessments for products of modern plant biotechnology a key priority. Canada has made significant progress in harmonization of pesticide regulation. As a result,

Canadian growers now have access to the latest technologies sooner. Many export markets, unfortunately, are often lagging in their review of new technologies and have not adopted legal pesticide limits, or maximum residue limits (MRLs), for these new products. The result is that Canadian growers are not able to use the latest innovations for fear of trade issues. This can have a negative consequence on innovation and the introduction of new technologies. As an agricultural exporter, it is imperative that Canada seek remedies to this situation in trade discussions. The harmonization of MRLs and improvements to the CODEX process for establishing MRLs are key priorities for our industry and government can play a leadership role. Our closest trading partner, the US, also shares these concerns.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

The plant sciences industry is global in nature. Many of our members are global and the challenges posed by modern agriculture are common to all nations. The opportunities are also global – we must prepare to feed a growing world population that could reach nine billion people by 2050. Canada is uniquely poised to play an even larger role in agriculture exports than we presently do. We have the arable land, the expertise and the ability to deal with the challenges of climate change. We believe that the federal government is on the right track on many fronts – encouraging investment, enhancing trade and defending science-based regulation are all vitally important to our industry. The government must continue to advance the gains made in these areas and move aggressively on the issue of regulatory streamlining. While the words of the Red Tape Reduction Commission were encouraging, the time for action on them has arrived, complete with firm targets and timelines. Many global economic challenges are impossible for the Canadian government to address alone. The issues raised in the Red Tape Reduction Commission, in contrast, can be addressed in Canada. Productivity will not be enhanced by vague promises and distant timelines when it comes to regulatory streamlining.