



Submission to the House of Commons Standing Committee on Finance
Pre-Budget Consultations
Syngenta Canada Inc.
Aug 1, 2018

Summary of Recommendations

Currently, there are a number of initiatives underway that have as their objective enhancement and improvement of the competitiveness, innovation and investment in the Canadian agri-food sector. While these initiatives have yet to be completed, the importance of regulation and regulatory reform has been identified and recognized in each of them as one of, if not the most important issue, to be addressed in order to realize the sector's potential and the recommendations previously put forward by the Advisory Council on Economic Growth regarding the agri-food sector.

It is with this backdrop in mind, that Syngenta Canada is pleased to participate in this pre-budget consultation. The following recommendations are put forward for consideration by the House of Commons Standing Committee on Finance as it determines priorities for the 2019 federal budget.

1. Expand the mandate of national regulators to encompass and support competitiveness and innovation objectives.
2. Establish a national regulatory regime for crop protection regulation that is consistent, recognized, respected and enforced across Canada.
3. Put in place the appropriate framework that will support Canada becoming a global leader in next generation Plant Breeding Innovations (PBI).
4. Provide national regulators with new, long-term, predictable funding to ensure they have the appropriate resources to fulfill their mandates.
5. Pursue regulatory alignment with other jurisdictions, especially those with whom Canada enjoys or seeks a significant trading relationship.

Introduction to Syngenta

Syngenta is a leading agriculture company committed to making crops more efficient by increasing the productivity of the world's major crops without using more land, water or inputs. In this way, we are also helping to improve global food security by enabling farmers to make better use of available resources.

Through world-class science and innovative crop solutions, our people are working to transform how crops are grown. We are committed to rescuing land from degradation, enhancing biodiversity and revitalizing rural communities.

The Syngenta Canada team provides products and services for the country's major crops, including wheat, barley, canola, corn, potatoes, pulses, soybeans and specialty crops.

For more information about Syngenta, please visit www.syngenta.com, www.syngenta.ca and www.goodgrowthplan.com.

Ensuring Canada's Competitiveness: Growing the Agri-Food Sector

In 2016, the Honourable Bill Morneau, Minister of Finance, established an Advisory Council on Economic Growth (the Council) to develop advice on policy actions intended to create the conditions for strong and sustained long-term economic growth. *Unleashing the Growth Potential of Key Sectors* (February 6, 2017) or what became known as 'the Barton Report' identified agri-food as one sector where Canada has the potential for substantial growth and export improvement. In turn, the 2017 Federal Budget referenced the work of Dominic Barton and the Council and set an ambitious target to grow Canada's agri-food exports from \$55 billion in 2015 to at least \$75 billion by 2025. This growth ambition has been enthusiastically supported by Canada's agri-food sector including Syngenta, however, it simply highlights the sector's potential. Budget 2019, together with other initiatives underway, must support that vision to help create an environment that enables the level of innovation and investment necessary to realize the agri-food sector's full potential and ensure Canada's competitiveness in the global marketplace.

Accordingly, the following recommendations are put forward for consideration by the House of Commons Standing Committee on Finance as it works to determine priorities for the 2019 federal budget:

1. Expand the mandate of national regulators to encompass and support competitiveness and innovation objectives.

For some time now, the agri-food sector has called for improvements to various aspects of Canada's regulatory regime in order to encourage investment and innovation and support improved trade and market access. As such, we support the Agri-Food Economic Strategy Table's call for a forward-looking, synchronized regulatory system that supports the development and commercialization of innovative products and the recommendations put forward by the Advisory Council on Economic Growth to modernize Canada's regulatory and tax

regimes so they promote more investment and innovation, enabling enterprises to pursue growth opportunities.

We are also supportive of and regularly tout Canada's rigorous and stringent regulatory system. Our system protects the health and safety of Canadians by ensuring that no products are approved that would pose an unacceptable risk to human health and the environment. Our system also ensures that products are regularly re-evaluated and re-assessed to ensure they continue to meet the latest scientific standards.

At the same time, if we are to truly realize the potential of the Canadian agri-food sector as a strategic growth opportunity for Canada moving forward, there must be support for a research and innovation-driven sector, inclusive of significant advancements in plant science that will help ensure we continue to make great strides in crop production for years to come.

This need not and should not happen at the expense of or in place of human health and the environment, but in concert with it. Currently, however, the mandates of our national regulatory bodies do not reflect these latter objectives and we must work to make sure that our regulatory system finds the right balance to achieve this. If we fail to do this, our sector will survive, but it will not thrive.

2. Establish a national regulatory regime for crop protection regulation that is consistent, recognized, respected and enforced across Canada.

In the global context, Canada is a relatively small market. While agriculture is a shared jurisdiction between the federal and provincial governments and must be recognized as such, in recent years there have been examples of overlap, duplication and/or outright contradiction between authorities and agencies at the two levels of government. These occurrences have numerous negative implications and effects on the agri-food sector including, but not limited to, a significant lack of predictability and a significant increase in the cost and complexity of serving a relatively small and what is perceived by some as an already 'mature' market. This creates disincentives to further investment and innovation at the very time the Advisory Council on Economic Growth and others are making the case for more.

3. Put in place the appropriate framework that will support Canada becoming a global leader in next generation Plant Breeding Innovations (PBI).

We believe that Canada has an opportunity to be a global leader in the development and establishment of the right framework for next generation Plant Breeding Innovations (PBI). Done properly, this will support and drive innovation in Canada's crops sector, aid in the establishment and maintenance of new and existing markets abroad and play a critical role in writing Canada's next chapter in sustainable agriculture production.

Canada can be a global leader in the delivery of these benefits, but only if we have regulatory predictability and do not overregulate. Canada has had a robust system for several years, but it is not keeping pace with advances in scientific knowledge and gains in regulatory experience. Canadian breeders need predictable, clear, risk-based regulations. They need to know when they will be regulated, how much data they will have to provide to obtain pre-market approval, what it will cost and how long it will take.

It is also not enough for Canada alone to address its domestic framework. While innovation is encouraged, trade must be maintained, available and accessible. If numerous individual countries each take a different regulatory approach for new plant breeding techniques, the complexity of concerns over market predictability will undo the work in Canada to advance innovation. Proactive engagement with like-minded and importing countries to drive a trade-enabling and risk-based global regulatory system, by advocating for regulatory alignment and transparency, is also required.

4. Provide national regulators with new, long-term, predictable funding to ensure they have the resources to fulfill their mandates.

While we appreciate that Budget 2018 included funding for an agri-food regulatory review, significant, new, long-term, predictable funding is also required to ensure that national regulators (i.e. the Pest Management Regulatory Agency and the Canadian Food Inspection Agency) have the resources required to conduct timely pre- and post-market regulatory work, to support regular domestic and international engagement with various stakeholders, including regulators in other jurisdictions, as well as provide ongoing training required to keep the agencies and their staffs on the leading edge of a sector that is and will continue to undergo significant technological change and advancement.

5. Pursue regulatory alignment with other jurisdictions, especially those with whom Canada enjoys or seeks a significant trading relationship.

The need for regulatory alignment with other jurisdictions, especially those with whom Canada enjoys or seeks an expanded trading relationship, is critical to the agri-food industry's ability to bring new innovation and technology to Canadian growers.

Where relevant, we encourage the government to seek such alignment and harmonization with other countries, especially Canada's key agri-food trading partners, with an emphasis on our largest trading partner, the United States.

There are significant opportunities to strengthen collaboration with other regulatory agencies that will not only help to address resource and workload issues faced by our domestic regulators, but also enhance our competitiveness by better aligning our respective regulatory systems for both pre- and post-market regulatory work and requirements.

It is also important to note that economic prosperity supported by Canada's agri-food sector depends significantly on the success of farmers. Canadian farmers compete in a global market. As such, it is imperative that they have support to overcome barriers to success. Until recently, Canada's free trade agreements have done well to reduce or eliminate tariffs, but there is significantly more work to be done to address non-tariff trade barriers (NTBs).

NTBs are a burden to Canada's agricultural sector and a disincentive to growth and innovation. They are particularly acute in trade and export dependent sectors of the economy, as is the case with Canadian crop production. While we laud and support the constructive role the Government of Canada continues to play on issues such as asynchronous regulatory approvals and low level presence (LLP), more work is required on these files as well as the establishment and harmonization of maximum residue limits (MRLs), which are intended to facilitate and not inhibit trade for Canada's crop production sector.

Ultimately, if new products are not able to be commercialized and fully deployed, in domestic as well as export markets, resource allocation for future research and development expenditures is likely to suffer.

Conclusion

Canada embodies a unique combination of factors that impact production agriculture including farm size, variability in climatic conditions, mechanization and technification. Taken together, these and other factors reinforce the strategic and practical importance of Canadian production and its place in global agricultural innovation and the broader success of our agri-food sector.

At the same time, we would do well to remember that while the Canadian agri-food sector is integral to our economic performance, contributing approximately 1 in 8 Canadian jobs and 6.6% of Canada's GDP, in the global context, Canada is relatively small and the incremental costs and investments, regulatory and otherwise, associated with commercializing innovative products and technologies is not always favourable. This is borne out in part by the fact that Canada ranks below the OECD average for business expenditure on research and development.

In an extremely competitive global environment, innovative products and technologies are critical, perhaps even more so to smaller market economies like Canada. They are also integral to maintaining competitiveness with other jurisdictions, most noticeably in Canada's case, the United States. If we do not get and/or maintain access to the latest crop production innovations and technologies at the same time as other jurisdictions with whom we both trade and compete, we will be significantly disadvantaged.

Finally, as the majority of primary agriculture production in Canada is exported, it is critical that Canada be at the front end of the innovation and adoption curve to maintain and indeed enhance our competitiveness and our status as one of the world's largest agricultural exporters, and with ambition to grow.