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# **Standing Committee on Agriculture and Agri- Food**

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**EVIDENCE**

**Thursday, April 10, 2008**

**Chair**

**Mr. James Bezan**

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## Standing Committee on Agriculture and Agri-Food

Thursday, April 10, 2008

• (0905)

[English]

**The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)):** I call this meeting to order.

I want to welcome everyone here this morning as we continue on with a very interesting study that we're doing on "Product of Canada" labelling and "Made in Canada" and where we go from here.

We welcome to the table today someone who's no stranger, Jim Laws, who's here with the Canadian Meat Council. From the Further Poultry Processors Association of Canada we have Robert de Valk. From the Canadian Poultry and Egg Processors Council, we have Robin Horel, president and CEO. From the Fédération québécoise des producteurs de fruits et légumes de transformation, Claude Lacoste is here as president, and Gilles McDuff. Welcome to both of you. From the Conseil de la transformation agroalimentaire et des produits de consommation, we have Sylvie Cloutier and Christine Jean. Welcome, both of you, to the committee.

I would ask all witnesses to keep your opening comments to ten minutes or less so that we have plenty of time for discussion. And just for the information of members, at the end of the business today we'll need about ten minutes to deal with a motion from Brian Storseth.

Mr. Laws, you have the floor.

**Mr. James Laws (Executive Director, Canadian Meat Council):** Thank you very much for inviting us to present to you this morning. As you'll recall, we at the Canadian Meat Council have been here before. We represent the largest of Canada's agrifood sectors, with gross sales over \$20.3 billion. In fact, last year Canada exported \$1.24 billion worth of beef and \$2.39 billion worth of pork to over 60 countries.

I presented to you last in November, when I was expressing our concern about the challenges to the industry, and those concerns remain. We're still faced with a very strong Canadian dollar, labour shortages, rising fuel prices, and with an increase in the amount of pork and beef that's being sold here in Canada, directly at retail, from the United States.

As well, according to Agriculture Canada, the pork imports from the United States so far, year to date, are up 16%, to 22.5 thousand metric tonnes. Last year, at the end of the year, imports from the United States were up 8.4%, at 94,000 metric tonnes.

Imposing or looking at any new regulations makes us nervous. We saw that, because last year we were faced with the new specified risk material regulations for the beef sector. On April 1, Gencor announced that they were closing their doors and declaring bankruptcy protection.

Looking at this particular regulation makes us want to make sure that we're looking at this properly. It's our understanding that you're looking at the recommendation you made of implementing a minimum 51% domestic agrifood content rule that would provide better protection for the integrity of "Product of Canada" designation.

Let me begin by pointing out that Canada's meat industry is the most heavily regulated of all Canada's food sectors. We have a very good record of compliance with these rules. And not only do we comply with domestic rules, but many of our members comply with export rules, various rules in different countries, that differ from our own.

We also know a lot about labels. I've got several meat samples here I'm going to pass around, and hopefully I'll have time before my ten minutes run out.

In Canada, all labels intended for immediate containers of prepared edible meat products are required to be pre-approved by the Canadian Food Inspection Agency before the product is sold in the market. Currently the label registrations are required for all pre-packaged meat products and processed vegetables and fruits only. Other food products, such as dairy, honey, bakery, egg, fish, etc., here in Canada do not require pre-registration. They're still subject to relevant labelling regulations, but they don't have to wait for label approval as the meat industry does before we can market our product. This has serious implications for the competitiveness of our sector compared with other Canadian food industries that are not constrained by these regulations.

That approval costs us money. Each and every food label.... For instance, for Piller's sausages and delicatessens—and they have a lot of product—each and every new label costs them \$100 for registration and \$45 if they want to make a minor change to something on this label. It's \$45 for a minor change. So take all of the meat companies in Canada, multiply it by all the labels that we produce, and that's a problem.

We understand, as well, that competitors in the United States wait no longer than seven days and that they have a generic system of approvals for labels that allows them to make minor changes without government approval. Our label approval process has been frustrating our members for years.

Introducing new legislation or regulations on “Product of Canada” makes us wonder how it will affect our businesses. Now all products that are pre-packaged for sale by Canadian meat processors must carry the meat inspection legend. When I started in this job four years ago, I didn't really quite know what it meant either, but what it means is that it is inspected by the Government of Canada. That's what it means. It's got this crown on it, and the establishment has to put their number either immediately on the logo or somewhere on the package.

I'll pass this one around, and you can see that here's Piller's pepperoni, an excellent product. It's got the logo here. They've actually put their establishment number up here in the corner, establishment 522, but they've got all the information, totally bilingual, and it shows the best before date. We'll pass that around. We'll open it at the end of the session and you can have some of that.

Of course, the meat inspection legend is the national trademark, and unauthorized use of that national trademark is subject to prosecution under section 21 of the Meat Inspection Act. Only meat processed in a Canadian federally inspected facility may use the trademark, but we are not required to use “Product of Canada”.

● (0910)

You'll see on the various products that we pass around.... And I'd better start passing these around, or you'll be looking at them while Robin or someone else speaks. That's an example of a fully cooked chicken product. In all of these products you'll find the crown, but you will not find the declaration “Product of Canada”. It's not required.

Actually, our association raised the issue of “Product of Canada” late last year with the Canadian Food Inspection Agency because we saw an increasingly large number of large cuts of meat, especially at the warehouse club stores, that in the past have been cut at retail, appearing for direct sale with several labelling violations, such as lack of bilingual labelling, lack of a meat inspection legend, no code dates, no “packaged on” dates, and especially non-compliant U.S. meat with no “product of” information.

We got a response from them in writing on February 11, 2008, and they said to us:

Section 123 of the Meat Inspection Regulations requires the words “Product of” followed by the name of the country of origin on the labels of all pre-packaged, imported meat products. In addition, Section 31 (2) of the Consumer Packaging and Labelling Regulations requires that pre-packaged products that are wholly manufactured or produced outside of Canada be labelled with the identity and principal place of business in Canada for which the pre-packaged product was

manufactured or produced for resale. The identity and principal place of business shall be preceded by the words “imported by” or “imported for”, as the case may be, unless the geographic origin of the pre-packaged product is stated on the label. Meat products that are cut or otherwise processed and re-packed at the retail level are not required to provide an indication of the geographic origin of the product or that they are imported.

I'm just going to reach for another product. Here is a product I picked up yesterday at Costco here in Ottawa. It's a Hormel product. It's clearly identified “Product of the United States”. This particular package is actually fully compliant.

But this one, interestingly enough, unlike Canada.... And in my mind—this is my personal opinion—the United States label is clearer. Here they say, “U.S. inspected and passed by Department of Agriculture”. That's what their stamp says. Our says “Canada” with a crown and a number, and theirs says “U.S. inspected and passed by Department of Agriculture”. I'll pass this around. It's fully cooked, so we can have some of that too.

So if a retailer sells an intact muscle cut, such as a pork loin, from the United States in a vacuum-packed plastic bag and simply attaches a price on it, he's in violation of the current meat inspection regulations if they don't indicate “Product of the United States” on it. We brought this to the agency's attention because we feel this is a current regulation and it should be enforced. However, if the store takes that loin out of the plastic packaging and they cut it up into ten pieces and put it out for retail, they do not have to put “Product of the United States” on it.

We have to be careful, though. There is a growing “case-ready” market here in Canada where retailers, for food safety and efficiency reasons, no longer have an in-house butcher who cuts up the meat. Instead, the retailer is supplied daily by a specialized meat cutter who wraps, cuts, weighs, and labels the meat for the retailer.

This actually often results in a superior product with longer shelf life. One of our members, for instance, who specializes in this is a veal processor who has production farms and meat processing facilities on both sides of the border. He sometimes needs to bring in meat from just across the border from his own farms and processing facilities just to fill his product orders here in Canada because he can't get enough veal here. How will his business be affected by the proposed rules?

As well—and I'll be wrapping up shortly—how does a company like Piller's, which has been in business for a great many years as a family-owned business with really high-quality product.... They have been sourcing meat from Canada, the United States, Australia, New Zealand, and Uruguay. How will these regulations affect their business?

Of course, as we debate this issue here in Canada, we can't forget that the Americans are putting in place country-of-origin labelling in which they have taken no regard for international regulations. It's been a long process; it's been a clear process. We don't like the process, and we don't like what's happening, but we're going to be severely disadvantaged probably around September of this year.

We fully supported the Government of Canada's opposition to this. Nevertheless, of course they're moving forward.

In wrapping up, of course there are several rules and regulations that are affecting the meat industry. There is the Uruguay Round of WTO harmonization of rules of origin. There is the Canada Customs Tariff Act of 1997. There is the Consumer Packaging and Labelling Act. There is the Meat Inspection Act, the meat inspection regulations, the meat hygiene manual of procedures, which is about 1,200 pages long. So if you are ever bored and can't sleep at night, you can read that.

• (0915)

So it's a very complicated issue. It sounds simple, but we urge you to do an in-depth review of all this and to take into consideration what real life things are happening before the decisions are made.

I will pass around a few other products. There is a fully cooked pork product made right in Toronto, a fantastic product. Here are some wieners, some Maple Leaf bacon. What could be more Canadian than that? Pass that around and see if you see any "Product of Canada" on it.

There is some lovely ham kielbasa. Again, it has the meat inspection legend on it but no "Product of Canada".

Thank you very much. I look forward to your questions.

**The Chair:** Thank you, Jim. I let you go a little bit over because you were passing around food. We all love to eat around here.

We will turn it over to Mr. de Valk.

**Mr. Robert de Valk (General Manager, Further Poultry Processors Association of Canada):** Thank you, Mr. Chairman.

Thank you for the opportunity to present our views on this important subject. We certainly agree it's worthy of a look at this whole issue, and I agree with what my colleague has already given you in terms of some of the issues surrounding it.

I don't think I need to remind committee members of the importance of the food industry to Canada, but given what's happened to the dollar recently, I just want to remind you that this is our second-largest industry in Canada. It has tremendous opportunities. We're in a golden age of agriculture right now, and certainly we're as nervous as anyone about making any wholesale changes to labelling regulations that could add costs while we're in this opportunity around the world and with Canadian consumers as well.

The landscape is definitely changing, but we always have to keep our eye on the cost side when we're doing things.

Current Canadian labelling regulations support a variety of widely accepted practices, which for the most part are well understood by consumers. The labelling regulations that we have in Canada today are based very much on international practices, and often Canadian labelling regulations are copied in other countries. So Canada is a bit of a leader when it comes to labelling, and that's good.

These labelling practices are not unique to agriculture and food. Another important fact to understand here is that a lot of the things we're talking about when it comes to labelling, the principles that underline our labelling legislation, are very much founded somewhat in our tax laws and in our tariff codes and those kinds of things. So what you find in food, you would also find in furniture, for example, and automobiles. So this 51% business really didn't come from the food industry; it really came from the automobile industry and the furniture industry and some of the other industries where foreign content was a big issue and became a policy issue.

For example, if you look at "Made in Canada", the general perception is that at least 51% or more of the content by value or material is Canadian, and that's widely understood. Just because you say "Made in Canada" or "Made in China"—all the gifts that we get at Christmas-time made in China—doesn't necessarily mean that all the ingredients came from China. I can understand consumers wanting to know where the ingredients come from, but that's not exactly what we're talking about here.

The "Made in Canada" label or statement on the label, the claim on the label, is simply saying that it's manufactured in Canada, and I think most people understand that. Tariff rules are based on this concept. And similarly, if a food—and I think Jim's already talked to you about that—has 51% foreign content, it's usually labelled that way, and it should be labelled that way. If it isn't, it's an enforcement issue.

Then you look at that grade A inspection stamp that appears on a lot of products, or Canada grade of some kind, and the Canada inspection legend, which all of you have seen on these packages that Jim's been passing around—that indicates there's been some Canadian oversight to that particular product. That Canadian oversight means the product met the Canadian rules or there was a Canadian inspector in the plant where the product was produced. So that gives consumers confidence that there's Canadian oversight, but it doesn't convey the idea that it's Canadian content in terms of 100% Canadian content. It may very well be, but that isn't what this is trying to say.

Imports can become Canadian. You've recognized that, and certainly that happens in our plants all the time. This again is a very well-established international kind of approach where we, in the food industry at least, have some kind of understanding internationally now that when you have a chapter change in the harmonized code, so you bring in your meat in a fresh form, uncut, maybe in big chunks, and you then put it in a Canadian plant and you cook it, you wind up cutting it, you wind up processing it, you wind up putting it in pieces and bags and all those wonderful products that you've just seen, that becomes Canadian in the sense that it now can bear the Canadian inspection legend and it can be called a product of Canada, but in most cases we don't bother with that claim. It is simply produced with the inspection legend on it and as a result imported product can appear to be Canadian, at least to some people.

● (0920)

"Product of Canada", the just-revised chapter 7 of the manual of procedures—and I mean "just", like last week, so I encourage you to take a look at it, because that chapter is the labelling chapter—encourages federal plants to show the words "Product of Canada". So CFIA is now telling us to please start using these words "Product of Canada" because a lot of importing countries are demanding that you do this, and of course it's up to the exporting country to meet the importing country's rules. And of course our plants will start to do that, because you don't want to have one label with "Product of Canada" on it and the other label not with the "Product of Canada".

One of the most expensive things we can do in our industry is to segregate, so if you're forced to make two labels for two markets that's a huge cost for a plant. Segregation means big problems. So we definitely want to avoid that.

You've been recently hearing a lot, certainly from the Canadian Federation of Agriculture and grassroot agricultural organizations, that maybe we need something called "Grown in Canada", and certainly the U.S. is now looking at "raised" and "born" in the U.S. We're going to see more and more countries start to work in that area, and we certainly have no difficulty if you want to look at a new label, a new claim that says "Grown in Canada" or something to that effect, communicating 100% Canadian.

We would urge you to use the organic labelling exercise, which took three years to get to. This organic label that Canada now has and is now being used is an excellent example of how you can go. What it means is that we have a voluntary organic label and we've got a third-party verification backing it up so that you know as a

consumer that the word "organic", when it comes on the label like that, has something backing it up.

It's the same thing here. If we want a 100% or 95% or 80% Canadian label, we need something to back that up, especially if you want to start saying this is a good quality product, it's a safe product. You can't make those kinds of claims on there if you don't have something backing it up. So you need that third-party verification, and we would think that's a good way to go, but it will take certainly some good thinking to get there.

I think the other thing that is very clear from you having to have hearings on this subject and the kind of input that you're getting from various organizations is that no matter what we have as labelling right now, and what we're going to try to do in the future, it needs an effective communication strategy along with it, because we need to let the consumers know what we're doing and what the labels mean. I don't think we've done a good job in that area.

I'd leave it there, Mr. Chairman.

● (0925)

**The Chair:** Thank you. That was very interesting.

Mr. Horel.

**Mr. Robin Horel (President and Chief Executive Officer, Canadian Poultry and Egg Processors Council):** Thank you, and thanks very much for this opportunity.

I would like to relay to you that there's a lot of interest and debate within the Canadian poultry processing sector about this issue. In fact, I received two e-mails this morning as I was sitting in the chair behind me, one from a chicken processor in Newfoundland and one from an egg grader in Nova Scotia. I guess they are first up, so I'll probably get some more during the day.

I just relay this so that you understand there's a lot of interest within our group, and also to let you know that as of now I don't have consensus as to where we should actually go. I understand the position you're in, but we will need more discussion. We will need more debate. We will need to stay engaged.

Briefly, I'll describe who the Canadian Poultry and Egg Processors Council is. We're the national trade organization that represents the interests of more than 170 Canadian poultry processors, egg processors, and hatcheries. In addition, our membership includes over 60 national and international industry partners who have joined us as associate members.

Representing some of the largest agrifood corporations in Canada, our member companies process over 90% of Canada's chicken, turkey, eggs, and hatching eggs. This economic activity generates approximately \$5 billion in retail sales. To accomplish this, our members have invested over \$1.5 billion in plant and equipment and directly employ more than 17,000 Canadians.

Our poultry and egg processing members purchase the majority of their agricultural raw inputs, the live chicken, the live turkey, the eggs, from Canadian farmers who operate in a supply-managed industry. In addition, though, our members supplement these inputs with imported chicken, turkey, and egg products in amounts that are limited by Canada's WTO and/or NAFTA commitments.

Now I want to quickly discuss the current "Product of Canada" labelling, at least as we understand it. And it will be very much a high overview, because I don't want to just repeat what my friends here who have preceded me have said.

Canadian poultry and egg processing companies understand that the basic requirements for the current "Product of Canada" label are really twofold: one, at least 51% of the total direct manufacturing or processing costs must be Canadian; and two, a final significant processing must have been done in Canada.

For example, in our egg sector, if one of my members brings in ungraded eggs from the United States, washes, candles, grades them, sizes them and packages them and puts them into retail, although that's covered the 51% hurdle, it has not covered the final significant processing cost issue, and therefore it cannot be labelled "Product of Canada"; it must be labelled "Product of the United States".

If he takes those same eggs, brings them in, breaks them, further processes them somehow into *mélange* or dried product or whatever, that now can become a product of Canada. That's our understanding.

There are varying levels of support for the current "Product of Canada" labelling from within my group—from the definition of significant processing is too strict, some people believe; to support for the current regulations the way they are, because they are understood and they make sense; to a belief that there should actually be a requirement for the chicken, turkey, or eggs to have been grown or produced in Canada. That's where I am.

However, it is important that the current labelling rules be strictly enforced. Mr. Laws explained that. We would like to reinforce that. Whatever is there has to have integrity and it has to be enforced.

Supporting arguments from among CPEPC members for the current "Product of Canada" labelling requirements include the argument that our imported chicken, turkey, or egg raw material is subject to equivalent standards for food safety. When we import from countries that are allowed to send product to us, that is equivalent product for food safety—not equal, but equivalent.

The ability to import additional product to augment our domestic production within the supply management environment is critical. Putting it through our processing and further processing systems with our HACCP, our own company QA systems, CFI federal inspection, etc., and then labelling it as product of Canada is consistent with Canadian and company food safety and quality

goals. It dovetails with company and private label branding programs.

Our members have a big investment in their brands. That means a commitment to quality and food safety, and that's what it says when you've got a "Product of Canada" label. It is valuable for the protection of investment and jobs in Canada, particularly for the production of non-ICL products that are allowed to enter Canada without tariff in the poultry business.

Those are supporting arguments for continuing with the current "Product of Canada" labelling as we understand it, as I explained earlier.

● (0930)

Supporting arguments from among CPEPC members for a revision to the "Product of Canada" or alternative wording label regime based on the origin of the primary agricultural ingredient or the product—i.e., the chicken, turkey, or eggs must be grown in Canada—include that it gives an advantage to products produced with Canadian ingredients, which is the vast majority of what my members use. The vast majority of what my members buy are Canadian ingredients. This could become even more important, depending on the results of the current Doha round of negotiations at the WTO, future bilateral trade agreements that are always ongoing, fluctuations of the Canadian dollar, etc. So I've got both sides of the coin.

I'll turn briefly to the concept of a "country of origin" type of label. It appears that consumers place value on knowing where products are raised or grown. That's fine. An alternative that has been promoted by various organizations—as Mr. de Valk has mentioned—such as a "Grown in Canada" label could get industry support. The big question in my mind is, should it replace the current "Product of Canada" label rules, or should it be in addition to? Either way—just to stress this again—the importance of standards and label integrity must be preserved.

Mr. de Valk's idea of using a third party to establish this is a good idea as far as I'm concerned. It should be audited. It must be enforced. When Mr. Laws finds an example of a situation that is not enforced, that's not right. No matter how we use this label—over and above, or as a substitute for what we've got today—it has to be enforced. If it is to be in addition to the current “Product of Canada” label and rules, then it could be modelled after some existing provincial programs: Foodland Ontario, Taste of Manitoba, etc. We have models that we could use. It would certainly be voluntary.

We must be careful that it does not undermine the current “Product of Canada” label for poultry and egg products. We cannot allow it to make marketing claims regarding superior food safety or quality, because that's just not the case. It cannot either mislead or confuse customers. You cannot say it's superior food quality or food safety. As I explained before, our members put their brands on these products. The raw material coming in is equivalent. The product that is being produced today is safe, wholesome, and is of good quality.

It cannot add additional cost to Canadian food processing companies—the whole idea of segregation, etc., that's already been mentioned.

It can't confuse consumers either. The issue is if we have two labels—the “Product of Canada” label today and then a new “Grown in Canada” label—and they're side by side, is that going to be confusing? That's going to be a challenge. Therefore, another comment Mr. de Valk made that I would also like to support is that we're going to need a well-thought-out communication plan as we go forward on this.

At the end of the day, we appreciate the opportunity to engage in the discussions concerning this topic. We'd like to continue to be involved as the issue progresses. As I noted at the outset, there's a lot of interest and engagement by my members. We plan to fully debate this over the course of the next coming months, try to arrive at a consensus, and if we do, we'll certainly be back to let you know about that. Either way, we'd like to stay engaged.

Thank you very much.

**The Chair:** Thank you.

Mr. Lacoste is next.

[Translation]

**Mr. Claude Lacoste (President, Fédération québécoise des producteurs de fruits et légumes de transformation):** Good morning, everyone. I want to thank you for inviting us to appear. Since I'm having a small problem with my throat and it's difficult for me to speak, my General Manager will be making the presentation.

**Mr. Gilles McDuff (General Manager, Fédération québécoise des producteurs de fruits et légumes de transformation):** Good morning, everyone.

The Fédération des producteurs de fruits et légumes de transformation administers the Joint Plan of Producers of Vegetables for Processing. The vegetables covered under the joint plan are green peas, yellow and green beans, sweet corn and cucumbers. We represent some 500 producers who produce 130,000 metric tons of product over an area of 17,000 hectares, for a farmgate value of \$23 million.

Our vegetables are delivered to industry firms...

[English]

**The Chair:** We can get the translation. There's a little bit of a problem with the reception. Is it okay now?

Yes. Go ahead.

[Translation]

**Mr. Gilles McDuff:** Our vegetables are delivered to industry firms to be processed—either frozen, canned or marinated. In Canada, that represents 20 per cent of cucumber production, 30 per cent of sweet corn and peas, and 60 per cent of beans.

Of course, globalization, coupled with the weakness of the U.S. dollar, has impacted our industry. Three of our plants have closed in the last two years, two of which belong to Kraft and another to Smucker's (Bick's).

Most of the products that were processed in these plants now come to us from Asia under the brand names of our major Canadian distributors. The economic impact of these closures is enormous. It represents a loss of approximately 18,000 jobs and economic losses at the farmgate of approximately \$7 million. However, considering that the agricultural raw material represents only about 8 to 10 per cent of the retail price, total losses amount to \$90 million for the Quebec economy as a whole.

Why does the “Product of Canada” designation need to be redefined? To our knowledge, the regulations governing the definition of “Product of Canada” are over 40 years old. As you will no doubt agree, the agri-food trading environment at the time was in no way comparable to what it is today. We did not have either GATT or the WTO.

●(0935)

**Mr. Gérard Asselin (Manicouagan, BQ):** Could you please slow down, because our interpreters will be unable to follow you.

[English]

**Mr. Gilles McDuff:** Is it too fast?

**The Chair:** Slower is better.

[Translation]

**Mr. Gérard Asselin:** It will be a jumble of words coming through the mike!

[English]

**Mr. Gilles McDuff:** So maybe I will be able to have 12 minutes, rather than 10. That's what I think. Okay, let's go for that agreement.

[Translation]

So, it is indispensable to review Canadian designations used in labelling, in order to adapt them to today's realities.

The current definition of “Product of Canada” is obsolete and leads to confusion as to the real origin of products identified with this designation.



Under current regulations, a product may be labelled "Product of Canada" if 51 per cent of the total cost of producing the product is Canadian. A multitude of products containing imported raw materials can thus be labelled "Product of Canada", even though they may only be processed and sometimes only packaged in Canada. These regulations mean that there is no difference on grocery store shelves between cucumbers imported from Asia or produced in Canada. As long as they have been processed in Canada, imported products can be labelled "Product of Canada".

As for products grown and processed in Canada, they will not necessarily be labelled "Product of Canada", because it is optional for the industry to identify them as such, at least in the marinade industry.

How can the consumer figure all of this out? And, what about the hotel, restaurant and institutional sector? For example, the purchasing policy of several governments, including the Government of Quebec, is based on the purchase of foods identified as Product of Canada". However, if the term "Product of Canada" is not well defined, people will be buying imported products labelled with an inaccurate designation.

In order to ensure that consumers have an accurate and clear understanding of the origin of a product, only products grown and processed in Canada should be labelled "Product of Canada".

Moreover, under the current regulations, if there were to be a food safety problem with an imported product, all Canadian production would be affected.

The same is true for the grading regulations. Currently, frozen products imported in bulk and packaged in Canada are sometimes labelled with the real origin of the producing country, but also indicate "Canada Fancy (A)", "Canada Choice (B)" or other grade. Once again, use of the term "Canada" to identify the grade may confuse consumers, who believe they are buying a Canadian product, when that is not at all the case, if they carefully check the label.

A product of foreign origin should be labelled "Fancy (A)", "Choice (B)", or "Other grade", and not be associated with the term "Canada". The changes requested to the definition of the "Product of Canada" designation and the use of "Canada" grading standards are intended to provide consumers with consistent and accurate information.

This proposal is in no way intended to diminish the economic contribution of Quebec and Canadian processors who process or package products containing imported raw materials. We are of the opinion that these products should be labelled "Prepared in Canada" or "Packaged in Canada", but not "Product of Canada".

We would like to make the following recommendations. To respond to consumer requests for credible and accurate information, our suggestion is that the designation "Product of Canada" be reserved for products whose raw materials have been grown and processed in Canada.

The designation "Prepared in Canada" or "Packaged in Canada" would be reserved for products whose raw materials come from outside Canada, but that have been prepared or packaged in Canada.

Those products should also indicate the actual origin of the raw material.

Finally, we are asking that the grade "Canada" be reserved exclusively for products that meet the actual definition of "Product of Canada".

We are also proposing a second step, which is to adapt the « Canada Brand » to the Canadian domestic market. This concept, which was developed for export markets, could serve consumers well by making it easier for them to purchase goods on store shelves. Once again, in order to respond to the needs expressed by consumers, we are recommending that the "Branding Canada" concept be adapted to the Canadian domestic market. The use of this identifier would be permitted only on products meeting the criteria for the redefined "Product of Canada" designation.

Furthermore, we are proposing that a consumer awareness campaign be undertaken. Surveys show that consumers want to encourage local industries and are asking that it be easier for them to choose products in the store, through better identification of Canadian products.

● (0940)

We are also seeking a partnership with the federal government, in order to carry out a Canadian consumer awareness campaign on the importance of buying products of domestic origin.

It is essential to make consumers aware of the advantages of buying locally: food quality and safety; job creation and the economy; protection of the environment and support for sustainable agriculture; and, maintenance of our food sovereignty.

I'm sure you will agree that the agri-food sector deserves special attention when it comes to the identification of its products. Our food, even our health, are at stake. Let's not forget that. The measures we are proposing are cost-effective for the government, beneficial for Canadian agriculture, and address repeated requests by consumers, who are demanding that it be easier for them to identify Canadian products on store shelves.

Our brief provides some examples that illustrate today's discussion. In the section entitled "Aberrations", there are pictures of products with the "Canada A" label on them. If you look at the picture located directly to the right of that one, you will see that this product is actually from China. The same holds true for the second example. In this case, it is a bag of green peas with the label "Canada A", although the product is actually from Poland. These kinds of aberrations confuse consumers when they are buying products. They don't take the time to study the labels. The last example is the most egregious one. These are olives that are supposedly a product of Canada. However, we have yet to find any place in this country where olives are grown.

I referred earlier to plant closures and the fact that products that were replaced by other products from elsewhere still use the private brand labels. That is the case for a variety of Canadian trademarks. If you look on the back of this jar of cucumbers, for example, you can see that the product is from India. The problem is the same in the retail stores. When consumers choose a product on the shelf, for them it is just another product, whether it's from Canada or Thailand.

The “branding” that we’re proposing would be that Canadian products be sufficiently well identified on the visible part of the package for consumers to quickly identify them on store shelves.

On the last page, we are suggesting that Canadian products be better identified on store shelves, that the term “Product of Canada” be redefined, that the use of grades be limited to products that are really Canadian and that, finally, the term “Canada Brand” be used as well, although a consumer awareness campaign would be necessary in order to promote Canadian agriculture.

What I am suggesting here is not impossible. At my local grocery store, I found salmon products that use the term « Canada Brand ». The problem is that, because of the current definition, I have no way of knowing whether the salmon in the container actually comes from Canada. It may, but it may also come from somewhere else.

As regards the term “Product of Canada”, once we have cleaned things up, a designation such as this will ensure that no one makes a mistake.

Thank you for your kind attention, and hope that this will yield positive results.

• (0945)

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

Ms. Cloutier and Ms. Jean, please.

**Mrs. Sylvie Cloutier (Vice-President, Communications and Public Affairs, Conseil de la transformation agroalimentaire et des produits de consommation (CTAC)):** On behalf of the Conseil de la transformation agroalimentaire et des produits de consommation, or CTAC, we want to thank you for inviting us today to present the position of our industry.

CTAC represents a consolidation of industry forces. Its members include the Association des manufacturiers de produits alimentaires du Québec, the Conseil de la boulangerie du Québec, the Association des abattoirs avicoles du Québec, the Conseil de l’industrie acéricole and the Association des viniculteurs négociants du Québec. CTAC represents more than 400 businesses with annual sales of \$13 billion. For the industry as a whole, it’s almost \$20 billion. The food processing industry represents more than 70,000 direct jobs, and 125,000 indirect jobs in Quebec. For more than 85 per cent of agricultural production in Quebec, this industry constitutes the primary commercial channel.

I would now like to turn it over to my colleague, Christine Jean, who is our Technical Director.

**Mrs. Christine Jean (Technical Director, Conseil de la transformation agroalimentaire et des produits de consommation (CTAC)):** Good morning everyone. Thank you for the opportunity to appear before you today and present our position.

I would like to point out, right from the beginning, that CTAC has already provided its feedback on the food and consumer product safety action plan to the Department of Agriculture and Agri-Food, as well as the Department of Health. Therefore, we will be covering the same points relating to the identification of products of Canada.

On the one hand, we believe it is now essential, in a globalized world where there are more and more questions being asked about

the origin of products, to provide credible information. Processors are aware that consumers want to be better informed with respect to the origin of the food products they purchase. The current definition of the designation used to identify products of Canada must be reviewed, because it does not identify the origin of the content of the products consumers purchase. At the present time, when 51 per cent of the production costs are Canadian, a product can be labelled “Product of Canada”. That is the reason why many processed products are labelled “Product of Canada”, even though, in reality, the primary raw materials come from outside the country.

The same applies to designations of grades in the processed food and vegetable sector. Apples imported from the United States are processed into apple sauce that is then labelled both “Canada Fancy”, and “Product of Canada”, based on the 51 per cent rule. This term relates to the grade, but its interpretation can lead to confusion. Identification of the grade should also be revisited, in order to ensure consistency with new regulations relating to the designations “Product of Canada” and “Prepared in Canada”.

Furthermore, it is our belief that, when food safety problems occur or a food product is recalled, it is important for products that have been processed in Canada to be easily differentiated from imported goods, the raw materials of which do not come from Canada. Consumers have to be able to more easily identify Canadian products, and not confuse them with imported ones. A credible and consistent policy would reassure consumers and encourage them to make enlightened choices. For example, contamination of carrot juice produced in the United States should not have repercussions for all carrot juices produced and sold in Canada.

How are processed products identified? With respect to agricultural products that are sold as is, it is simple enough to distinguish between something labelled “Product of Canada” and something that is not a product of Canada. The situation becomes more complicated when products from different countries are mixed together in a single package. There the proportion of Canadian content must be identified in order for the product to be labelled a “Product of Canada”.

The problem is no different for products processed in Canada. What products are allowed to be labelled “Product of Canada”? Based on what percentage of Canadian content should foods processed in Canada be authorized to use that designation? As regards “Product of Canada” and “Prepared in Canada”, we are proposing definitions similar to those used for “Product of Quebec” and “Prepared in Quebec”, which are accepted by the food industry.

The “Product of Canada” designation should be used for any product that is entirely Canadian or 80 per cent of the main ingredients of which are of Canadian origin, and for which all the processing and packaging are carried out in Canada. We believe that the standard of 80 per cent Canadian content is both an accepted and realistic one, considering that most blended foods contain exotic ingredients, such as olive oil, wine or other ingredients not available in Canada. The 80 per cent standard also comes from a consumer study. That study concludes that 80 per cent Canadian ingredients is an acceptable threshold for a food to be identified as “Quebec food product”.

One could consider a food to be “Prepared in Canada” when at least 50 per cent of its ingredients are of Canadian origin and at least 80 per cent of the costs associated with its manufacture are incurred in Canada, and the processing and packaging of the product also occurred in Canada. If the raw materials are not available in adequate quantities or are not of adequate quality in Canada, they may come from somewhere else. In that case, all the processing, preparation and packaging must be carried out in Canada.

In order to arrive at a realistic identification concept, certain conditions have to be set before a new policy for identifying Canadian products can be introduced. To begin with, a guarantee of the origin of the ingredients is absolutely essential in order for product origin to be traced.

● (0950)

That means ensuring that processors have comprehensive and functional systems for retracing the origin of all ingredients. That way, country information on packaging would be verifiable.

Producers who use the designations “Organic” and “Controlled Designation” are already required to ensure the validity of their claims through traceability mechanisms. The same should apply to claims related to origin.

Another point is extremely important: the identification of the source of imported ingredients. A very wide variety of ingredients purchased by Canadian companies transit through many different countries. As a result, it is not rare for ingredients, sub-ingredients of ingredients, or a proportion of ingredients purchased in the United States to actually come from China, Mexico or other countries, even though it is not mentioned on the package. Identification of their origin would allow processors to make enlightened choices and would facilitate proper enforcement of the designations “Product of Canada” and “Prepared in Canada”

Thank you.

**The Chair:** Thank you very.

[English]

I thank all the witnesses for their interventions this morning.

With that, we're going to turn it over to Mr. St. Amand for seven minutes, please.

**Mr. Lloyd St. Amand (Brant, Lib.):** Thank you very much, Mr. Chair.

Thanks to all of you for your very compelling presentations.

Mr. Horel, with respect, I don't want a lengthy explanation of this, but I was a little bit taken aback or struck by your comment “not equal but equivalent”. To me, equal is equivalent, but apparently there's some wordsmithing being done. What does it say to Joe Public that it's equivalent but it's not equal within the context of a raw product coming in from elsewhere? Can you just briefly explain that subtle distinction?

**Mr. Robin Horel:** The point I was trying to make is that at the end of the day the food safety of the product is the same, is equivalent. It's not equal, because our systems are not, for example, completely harmonized with the United States system. For example, for poultry they use different inspection regimes, different regula-

tions, etc. CFIA has looked at the USDA, the HIMP system, whatever, and has said it is equivalent.

**Mr. Lloyd St. Amand:** So it's similar but not identical.

**Mr. Robin Horel:** Exactly.

**Mr. Lloyd St. Amand:** All right.

To you, Mr. McDuff, I find your proposal, frankly, very persuasive. If I may say so, it's the responsibility of government to lead, to be out in front of trends, not to be tugged and pulled into a recognition that something should be done. And I think we're there. I think the government needs to understand there is a growing sense among Canadians that as consumers we want to know what we are consuming, where the product to be consumed has come from, and where it's been processed.

If I could ask everyone but Mr. McDuff, everyone who has presented, to look at page 5, if you have it—perhaps you don't have it—of Mr. McDuff's presentation. Mr. McDuff, or his association, has suggested that the new labelling be “Product of Canada” or “Prepared in Canada” or “Packaged in Canada”, and then “Canada Fancy” and other grades.

I would like a comment from all of you whether that's objectionable to your sectors. If it is, why is that proposal from Mr. McDuff's association objectionable, or why wouldn't it find favour with your various groups?

● (0955)

**The Chair:** Who wants to go first?

Mr. Laws.

**Mr. James Laws:** Well, I'll go first to get it out of the way, but I'm not sure I fully understand how the vegetable sector works. I do know that in Canada we couldn't.... Well, how do I say this?

From the meat standpoint, for instance, the USDA choice, they don't let anybody else use that grade, so I'm a bit surprised that there's a product, perhaps from Thailand, that's using a Canada Grade A.

From what I know, all the beef in Canada, for instance, with a grading stamp, has to be graded in Canada, so you wouldn't end up with a product that was imported in that situation. It surprises me from that standpoint that it exists on the vegetable side.

**Mr. Lloyd St. Amand:** Okay, but am I correct that a meat product can bear the label “Product of Canada” even though it's come from Mexico or Brazil?

**Mr. James Laws:** Not if it's directly for sale to consumers, as it's supposed to be. If it's taken by fillers and processed further into a sausage, as they do, then it does actually cross a chapter in Canada's customs tariff HS code classification.

**Mr. Lloyd St. Amand:** I understand the processing component, but for the derivative, where the item has come from in the first place is not made known to the consumer with respect to current labelling practices. Am I correct about that?

**Mr. James Laws:** That's correct. But again, if it's brought in by Costco and if nothing else is done to it, they're supposed to write “Product of Mexico” or “Product of...”.

**Mr. Lloyd St. Amand:** But that's the exception.

**Mr. James Laws:** Certainly with the Canadian dollar recently, we're seeing it. A couple of years ago it wasn't a problem, because we didn't see the stuff coming in. It was cheaper for them to buy it from Canada. Now it's becoming an issue, but there are rules that need to be enforced surrounding that.

**Mr. Lloyd St. Amand:** I'd ask the others to comment.

**The Chair:** Mr. Horel.

**Mr. Robin Horel:** Thank you. I have a couple of comments.

I think my group would be willing to consider "Prepared in Canada". I think that has some validity, but not "Packaged in Canada".

First of all, we don't want that many labels. I think that's going to be more confusing.

The idea that I tried to get through in my presentation was that the current regulation of "Product of Canada" results in good-quality products. Often my companies put their own brand on it. So when we talk about where the product is originally from, I understand, and I agree that if consumers want to see that, we need to find a way to tell them that.

**Mr. Lloyd St. Amand:** Is there any "if" about it?

**Mr. Robin Horel:** Sorry?

**Mr. Lloyd St. Amand:** I don't think there's any "if" about it. I think consumers want to know where this product has come from.

**Mr. Robin Horel:** I'm not sure. And we could cover that off by having it voluntary. If companies felt that it wasn't a big enough concern to them, then they wouldn't need to do it. If they thought it was a big concern, they would. And we would find out; the marketplace would tell us, frankly.

In terms of stating "Packaged in Canada", the one example—I'm sorry, I forget what it was—of a product that came in and was simply packaged in Canada and then sold as a product of Canada.... The way I see it, that shouldn't be allowed under today's regulation. That might have made the 51% hurdle, but that didn't meet the further-processed hurdle, and I think that's one of the issues.

**Mr. Lloyd St. Amand:** Right.

• (1000)

**Mrs. Sylvie Cloutier:** We would agree with Monsieur McDuff's position, because that's exactly what we brought to the table today.

I think the consumer wants to know, but has a right to know also, and has a right to get the information as it is. So if you take this example, it makes no sense, because the ingredients come from India, it's packaged in Canada, and it has a Canadian label.

I want to know that what I'm eating comes from India or China. I'm a concerned consumer, and this is not a reflection of the reality.

**The Chair:** Time has expired. We're going to move on.

Madame Thi Lac.

[Translation]

**Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, BQ):** Good morning to all of you. Thank you for being with us today. I

have the same problem as M. Lacoste. I have almost completely lost my voice, not because of what you said, but for the same reasons as Mr. Lacoste.

I represent the region of Saint-Hyacinthe—Bagot, a highly agricultural riding, where more than 25 per cent of the jobs are directly and indirectly tied to the agri-food sector.

You discussed the "Product of Canada" designation at length, saying it can confuse consumers. In my region, one of the designations that is currently popular is "Produit du terroir" or "Regional Product". In fact, I was discussing this at the last meeting. When people buy a product labelled "Regional Product", they know for certain that the product was manufactured in Quebec. We all agree that there have to be changes in that regard.

My first question is addressed to all the witnesses. At the present time, the standard for using the "Product of Canada" designation is at least 51 per cent of the production costs.

Mr. McDuff made a great presentation. He is suggesting three different avenues. If there could only be one label, which one would you recommend?

**Mr. Gilles McDuff:** It makes no sense to consider a single label. You talked about jobs, and we also believe that the manufacturing industry generates significant numbers of jobs that need to be protected. That is why we think there should be several different labels. As far as we are concerned, Ms. Thi Lac, it is absolutely essential that the "Product of Canada" designation be redefined. When you sell a product labelled as a "Product of Canada", the primary raw materials used to produce the product have to be Canadian.

Ms. Jean and Ms. Cloutier from CTAC said that at least 80 per cent of the raw materials should be Canadian. Our approach is similar, but slightly different. We believe that, when a consumer buys a jar of dill pickles, what he is interested in eating are pickles, rather than dill. If the dill comes from Holland, as agricultural producers, we will not be upset. However, a Canadian product must contain cucumbers that come from Canada. It is essential that the raw materials used to produce the product that the consumer buys be Canadian.

There are two steps here. In order to properly identify and differentiate a product from all the others, you absolutely must use the "Canada Brand" concurrently. If that is the case, consumers will no longer be misled. In addition, retailers will have an incentive to meet real consumer needs and include, among their private brand products, some that have that label.

I would just like to make one correction. It was stated earlier that, when a product is packaged in India, it says "Product of India". However, it is rare for products to be placed on store shelves on the basis of their origin. We are more likely to organize displays based on the brand. There can be Canadian products and Indian products, but the consumer is not aware of their origin. That is precisely the reason why we would like the "Product of Canada" designation to be used hand in hand with "Canada Brand". If the product is from India, it will not have that label. Consumers will make their choice based on the price. We will not be imposing anything on them, but they will be able to make an enlightened choice.

Having said that, we think it is appropriate to have several different designations, including “Product prepared in Canada”. In our region—I’m from the same region as you—a company like Les Industries Lassonde imports fruit juice from all across the globe, but produces a Canadian product that generates thousands of jobs. It is entitled to use the designation “Product prepared in Canada”, or something similar. However, I would not agree to the idea of this kind of product being labelled “Canada Brand”. I believe that designation should be reserved exclusively for Canadian products.

• (1005)

[English]

**The Chair:** Mr. de Valk is next, please.

**Mr. Robert de Valk:** To both the previous question as well as this one, I would like to propose—and I did this in the presentation—that we leave the “Product of Canada” label alone. In other words, it is already understood out there, and most of us have agreed on what the understanding is. What we’re missing is a way of communicating with the consumer—I agree, consumers need this information, and they’re demanding more and more of it—what is really grown in Canada, what contains a “grown in Canada” situation.

You’ve identified your organic standard nicely: it has to be 95% organic to be labelled organic. You’re saying 80% of the main ingredients must be Canadian, and then the product can bear the “grown in Canada” label. To me that makes a lot of sense, creating a new label that really communicates the Canadian content of that label. Then we have to home in on how to do that. Is it 80%?

The witnesses on the other side are from the vegetable industry. We’re from the meat industry. The meat industry is a very integrated North American industry. We use feed from the United States. We use chicks from the United States. Twenty percent of our chickens—our original chickens, our eggs, and our chicks—come from the United States. How are you going to calculate Canadian content? If a turkey is grown in Canada but is eating U.S. feed—60% of the turkey is really feed—can we call it Canadian? You’re going to get into all kinds of these issues. All the sausages we make contain ingredients from three or four or five different countries. How do we tell you as a consumer where the ingredients come from?

You have a product, a chicken grown in Canada. Fine. But the pasta, the vegetables, the spices, the breeding is all imported. Now what do we call it? Do we still call it “Product of Canada”?

So that’s why we need to talk about “grown in Canada”. If we want to send a message that this chicken in this particular product was grown in Canada, give us that opportunity. Give us a label that allows us to say something about “grown in Canada”. But you don’t need to change “Product of Canada”, because the “Product of Canada” rule is very much used like your “prepared in Canada” suggestion. That’s really what it’s used for right now.

**The Chair:** Thank you.

Mr. Lauzon.

**Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC):** Thank you very much, Mr. Chair.

[Translation]

I would like to put my first question to Ms. Jean. If I understood you correctly, Ms. Jean, you would like the Canadian content requirement for use of the “Product of Canada” designation to be 80 per cent.

**Mrs. Christine Jean:** That is correct.

**Mr. Guy Lauzon:** That is reasonable, and would still be reasonable, even if the percentage was 75 or 85 per cent. You would like the greatest percentage of the content to be produced here in Canada.

**Mrs. Christine Jean:** Yes, the 80 per cent threshold is based on a study carried out by Aliments Québec, which is already responsible for managing the identification of Quebec products. A study carried out through the Bombardier Research Chair determined that 80 per cent was an acceptable threshold for consumers.

For consumers, 80-per-cent Canadian content is acceptable. It is also acceptable for use of the “Prepared in Canada” designation. The 80 per cent threshold seemed to be acceptable for saying that the product was produced or prepared in Canada.

• (1010)

**Mr. Guy Lauzon:** I imagine that is negotiable.

**Mrs. Christine Jean:** Perhaps, but our proposal is generic. A little earlier, this gentleman was talking about the meat industry, and in my opinion, that needs to be reviewed based on requirements in each of the different industries. The issues are different in the dairy sector, for example. There is no firm proposal there for the content level to be 80 per cent.

**Mr. Guy Lauzon:** Yes, it has to work for all the industries.

**Mrs. Christine Jean:** Yes, the threshold has to be realistic.

**Mr. Guy Lauzon:** Mr. McDuff, you mentioned in your presentation that the policy has not been changed for 40 years. Has it really been 40 years?

**Mr. Gilles McDuff:** To my knowledge, the current policy definition goes back to the 1970s, which means that is 40 years old.

**Mr. Guy Lauzon:** Well, I guess it is time to take a second look at the “Product of Canada” designation.

**Mr. Gilles McDuff:** Yes, that is basically our take on this. It’s possible that we just let this issue gather dust but, at the same time, an entire agri-food trade has developed that didn’t exist 40 years ago. The GATT agreements, the WTO agreements, emerging countries, and products from China, India, Sri Lanka, Chile and elsewhere did not pose a problem 40 years ago, when the definition of “Product of Canada” was originally established.

**Mr. Guy Lauzon:** But the world is evolving.

**Mr. Gilles McDuff:** Yes, and I think we need to adapt.

**Mr. Guy Lauzon:** I guess you agree with Ms. Jean when she says that about 80 per cent of the content should be Canadian.

**Mr. Gilles McDuff:** Well, she referred to 80 per cent, but our approach is somewhat different. These are things that will certainly have to be modulated when the regulations are finalized. What we are saying is that the raw materials used for the product to be sold must be of Canadian origin. The President of our Federation was saying to me yesterday, as we were on our way to Ottawa, that when he eats duck à l'orange, he is not eating oranges, but duck. So, the duck has to be Canadian. It doesn't matter whether the oranges come from Florida; the duck has to be Canadian. And it's pretty much the same thing for dill pickles. When I, as a consumer, buy dill pickles, I'm not buying them because I want to eat dill; I'm buying them because I want to eat cucumbers. So, the main ingredient must be a Canadian product. The spices, vinegar or other ingredients do not have to be.

**Mr. Guy Lauzon:** What you're saying is that the policy has to be reasonable.

**Mr. Gilles McDuff:** Yes, and the policy has to remain credible.

**Mr. Guy Lauzon:** Yes, absolutely.

**Mr. Gilles McDuff:** If we start playing around with percentages, and the consumer has the feeling that there is no consistency, and that there are exceptions, at that point, the definition will cease to be credible and we will not have made any progress whatsoever.

**Mr. Guy Lauzon:** Thank you.

[English]

I'd just like to address some of the other witnesses.

I'm assuming that all of you would agree that if we had two products—all things being equal and as long as the price was competitive—the average Canadian walking into the supermarket would choose the Canadian product if the person could identify the Canadian product. Is there anybody who disagrees with that? Do any of the witnesses? Do you disagree with that?

**Mr. Robert de Valk:** Yes.

**Mr. Guy Lauzon:** You don't think they would.

**Mr. Robert de Valk:** No. You have to be very careful in how you go down that road, because there may be, and there are, in fact, many products that people prefer imported. They have already had a taste and they like it. Imported wine is a good example. You, yourself, probably in your own home, have imported product that you prefer over Canadian product.

But if you're saying, in general, to give the consumer better information as to what is Canadian and that will lead to better choices, that will lead to creating more demand for Canadian products, the answer, probably, is yes, it will. So that can happen, and that's the reason we're looking at this issue. There is not enough information on the label to give the Canadian consumer that choice. So let's create the choice. But don't do it because you think you're going to win in terms of Canadians choosing Canadian products all the time.

**Mr. Guy Lauzon:** I didn't say all the time.

**Mr. Robert de Valk:** No, but suppose you have a recall. A Canadian product is involved in a recall. Then Canadians may say, whoops, we think we'll switch to that other product.

•(1015)

**Mr. Guy Lauzon:** I have limited time, and I'd like to address Mr. Horel.

Mr. Horel, what do you think of Ms. Jean's suggestion that if you're going to label a product "Product of Canada", a Canadian product should have a high content, whatever that number is, produced in Canada or grown in Canada, whatever term you want to use?

**Mr. Robin Horel:** The wording came from Gilles, not from Christine. I think the wording "Prepared in Canada" is understandable and reasonable. And at the end of the day, if that is going to be substituted for what today is "Product of Canada", maybe that makes sense. Then have another label that says "Grown in Canada". But understanding some of the points Mr. de Valk made, what is going to be "grown"? When the baby chick was hatched in the United States but grown in Canada, is it grown in Canada?

**Mr. Guy Lauzon:** I think every sector has the challenges, and that's what's going to make this challenging to come up with the right thing.

Do you agree that, as Mr. McDuff says, it is time we took a look at getting this clarified so that the consumers, when they go into the grocery store, know exactly what...?

**Mr. Robin Horel:** I do agree that the consumers should be able to understand, if it is important to them, where the product was grown. I don't agree—at least in my industry, which is the only expert testimony I can give—that this should carry any sort of connotation about superior quality or safety, or any of that kind of stuff. So the communication has to be very careful.

**The Chair:** Thank you very much. Your time has expired.

Mr. Atamanenko.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thank you for taking time to be here.

Am I right in assuming that to do what you're proposing, Mr. McDuff, would be easier in the fruit and vegetable industry than the meat processing industry? Is that a correct assumption, given the concrete reality on the ground?

Maybe someone could answer that first.

**The Chair:** Mr. de Valk.

**Mr. Robert de Valk:** Yes, I would agree that it's going to be easier in the fruit and vegetable industry, because I think the origin of the product is much easier to identify in the fruit and vegetable industry and there are fewer products there that are mixed in origin.

The meat industry, as I said, is a very integrated North American industry, and we trade cuts at the subprimal level, at the feed level. We trade them at all levels, and therefore we have inputs we need—for instance, grinding meat from New Zealand and Australia in order to make our hamburgers. So we always have mixes of products and origins. It definitely will be more difficult.

**Mr. Alex Atamanenko:** The next question is to confirm that the crown does not mean it is a product of Canada then, Mr. Laws.

**Mr. James Laws:** That is correct. In fact when you started looking at this issue.... I know what it means, and we certainly also don't want consumers to be deceived in any fashion, but we are required to use this. It's probably been for maybe a hundred years, maybe a long time. I would imagine it might be as far back as a hundred years. We are required to use it, so we use it.

But as you saw in the meat samples, we don't say "Product of Canada" on them, but on the stuff we export we do.

**Mr. Alex Atamanenko:** I guess as far as the meat processing industry goes, you mention the COOL regulations in the United States. Obviously they're by law going to have to do something that we are talking about here. So if they're going to be doing something, have you been in touch with your counterparts across the border that you deal with to see how it is going to be resolved if the beef goes back and forth across the border and then they make a hamburger in Minneapolis? Obviously, then, it is not going to be able to be labelled as a product of the U.S.A. So what are they doing?

If they are doing something, I would imagine we should have some kind of reciprocity that we would kind of fall in line with this in all this climate of integration and harmonization.

Are there any comments on that?

• (1020)

**The Chair:** Mr. de Valk.

**Mr. Robert de Valk:** What they are going to do is stop buying Canadian product, because they have a difficulty in defining country of origin. That's why the Canadian government is on record as opposing country-of-origin labelling.

What you're going to see is that there are groups in the United States that are very much like our groups here in Canada, who are very much in favour and think, exactly as some of us are thinking now, that if you label it "Product of U.S.A.", you're going to get more business in the U.S.A.

So "Born and raised in the U.S.A." is a label that is now being talked about. I think that will have some legs. It will move, and I think we can do the same in Canada.

But you've got to understand that the complexities we spoke of in terms of the meat industry are forcing many U.S. retailers to simply say they don't want to be involved in that complexity. Also, traceability in the United States is not going over a lot, as big as it is in Canada. They don't know where some of the meat came from. It is a very costly proposition to go down this road.

We are not getting a lot of help from them in terms of how to do this.

**Mr. Alex Atamanenko:** Do you have any other comments, Mr. Horel?

**Mr. Robin Horel:** No, nothing over and above what Mr. de Valk has said.

**Mr. Alex Atamanenko:** Mr. Laws.

**Mr. James Laws:** I'll add that of course we do find the rules are not consistent, they're not all-encompassing, they're not targeting all the food sectors, so we're not happy with that.

We really are not proponents of "let's do what they did to us", because we don't think that's right either. At the same time, it's my understanding that the final rules will only affect retail-level country-of-origin labelling, so there will still be hotel and restaurant applications where we can still get product in that way.

It's going to definitely have an effect on the industry. People who are already sending fully labelled stuff to the United States with "Product of Canada" on it—well, they're already compliant in that regard, but it still adds a bunch of complication, you're right, if they brought in live animals, etc. It's very complicated. It's going to definitely have an effect on the whole supply chain.

**The Chair:** Mr. McDuff.

[Translation]

**Mr. Gilles McDuff:** In terms of how easy this may or may not be, I have to say that in the vegetable industry, there are also certain complexities, because some vegetables are whole, but mixed vegetables are also sold and may contain ingredients from outside Canada. If the vegetable mixture is made up of peas, beans and corn from Asia, as well as some small Thai corn that only represents 1 per cent of the final product, that isn't a problem. We can still sell Canadian peas, beans and corn, and that is acceptable. We also have a dynamic in the vegetable industry that needs to be looked at, but I think we have tools to do it.

In terms of the Canada—U.S. relationship, Ms. Cloutier knows more about this than I do, but when Aliments du Québec looked at what is being done in the United States, we discovered that 30 States or so, and possibly more, had local promotion campaigns.

[English]

Buy in New York, buy this and buy that—I don't think that's the way to go.

[Translation]

I don't think we're out in left field on this. The Canadian agricultural industry is under threat at the present time. That is what people need to realize. We are seeing this in our area. We're telling you this, because this is what we are experiencing. Three plants have closed in the last two years. And, if we look at what is happening in Ontario, there have been quite a few there, as well, in recent years.

So, what do we see on store shelves? We see products from other countries. We do not want negative measures. What we want are positive measures. We will never oppose trade. We will never support regulations that constitute a non-tariff barrier, as some countries may. What we want here in Canada is to ensure that our Canadian products are correctly identified so that consumers can make a choice. If consumers decide that the products being offered for sale by Canadian producers and processors are too expensive, and they prefer to buy different products, well, that's fine. We will get the message. At the present time, we know full well that consumers do not differentiate these products and may not be able to make an enlightened choice. What we want is to support consumers in their choices, as opposed to creating tariff barriers; we want to be proactive, rather than be on the defensive.

• (1025)

[English]

**The Chair:** Thank you. Time has expired.

We will enter our five-minute round now, so I ask witnesses to keep their responses as brief and to the point as possible.

Mr. Easter, you have the floor.

**Hon. Wayne Easter (Malpeque, Lib.):** Thank you, Mr. Chair. I want to save a bit of time here for Ken, if we can.

I think what we're trying to get at here is truth in labelling. As Mr. McDuff said at the conclusion of his remarks, we're trying to identify what is in the package. I think you'll find, regardless of political stripe around this table, we all want to get there and find a way of getting there. So we're looking at truth in labelling.

First, on the COOL, the country-of-origin labelling, that's going to be the reality. There's no question. Both the previous government and this government have fought that issue hard. I'm a member of the Canada-U.S. committee. We fought that issue hard. We've lost it, and that's going to be the reality.

I guess we have to look not only at identifying for consumers what's on the shelves, but also at what we have to do in our industry to protect our interests on this North American continent when COOL is the reality. So if you have any suggestions on that, I'd love to hear them.

A lot of questions have been asked on the labelling side itself, but on the more technical side, there's no question that when you change a label it costs you money. Part of the problem with "Product of Canada" is that the very word itself, "product", makes you assume it's what's in the package. So that labelling is altogether wrong, and I think we have to either go to "packaged" or "prepared" or whatever, and identify what's in the product somehow as Canadian.

On your end, what is the cost of labelling in Canada? How do we compare with our major competitors? Regardless, I want to see us buying Canadian product, but if we put a cost burden on the people who package or process that product, which makes a Canadian product more expensive when it ends up on the grocery store shelves, we're kind of shooting ourselves in the foot too.

So can you give us any idea what we need to do on that end to ensure that the cost burden of changing the labelling and making it work to identify a product does not make us less competitive?

Then we'll go to Ken.

**The Chair:** Okay.

Mr. de Valk.

**Mr. Robert de Valk:** There's nothing easy about this whole subject, but the easiest way to ensure that the cost impact will be minimized is to go the organic route. I think you're very familiar with how our organic label was created over the last three years. It was a long process, but it was worth while. The Standards Council of Canada championed that cause. We now have a very good Canadian organic label that we can put out there, in which the industry has confidence, and which, I think, consumers are going to recognize as a very legitimate and worthwhile label.

We can do the same thing by creating a "Grown in Canada" label. I think that's the easiest way to go, to create a new label. That's the least cost to the industry. We don't have to change existing labels. We don't have to worry about existing perceptions having to change, etc.

So if we start off by saying let's really give the Canadian consumer a label that lets them have confidence that something has been grown in Canada—and I like the 80% rule that Quebec has already worked with—I think that's workable. Then try to apply it to as many industries as we can. I think that would be a very good start, and it wouldn't make us uncompetitive.

**The Chair:** Is there anybody else?

Madame Jean and then Mr. Horel.

[Translation]

**Mrs. Christine Jean:** As regards the costs of changing labels, I think the best parallel that can be drawn here is with the new nutritional labelling that resulted in huge costs for the industry in terms of the analysis that was required, obviously, but also in terms of transitioning between labels.

Actually, we're not talking here about a complete overhaul of the label, but rather adding the "Product of Canada" or "Prepared in Canada" designation. That is something that can be accomplished quite easily.

The cost associated with changing labels arises during the transition period. So, if the industry is given enough time to use up its labels before having to order new ones, it would be much simpler for us and would allow us to avoid the costs associated with changing labels.

• (1030)

[English]

**The Chair:** Mr. Horel, very briefly.



**Mr. Robin Horel:** Mr. Easter, I heard three comments or questions in there.

The first one was truth in labelling. That's absolutely correct, and I think there are two sides to that, as I tried to say. One side is about being misleading—we have to be careful that we don't mislead, that we don't claim something that isn't in there. The other side is about being confusing—we have to be careful, if we introduce new things, that it's not confusing.

Your second question concerned a label that talked about “packaged in”. I think “prepared” is a much better word. I think it's more important to consumers. I don't think packaging is as important. If it's going to change, I think “prepared” is clearly better than “packaged”.

The third issue was about expense in labelling. Clearly there's expense in labelling, but frankly, as Mr. de Valk mentioned earlier, the bigger expense isn't the upfront cost of a label; it's segregation and all those other issues. So we'd better get this right so we don't have to keep going back and forth and changing and segregating.

**The Chair:** Thank you. Time has expired.

Mrs. Skelton, you have the floor.

**Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC):** As someone who has always read labels because of allergies in the family, I'm intrigued with this whole debate we're having, but I do worry. I think traceability was brought up, especially in the meat sector and the poultry sector and everything. I would like to hear some more about that, because I think it's really going to affect your sectors a lot more than it will the other industries. Is that correct, and can you go on with that, please?

**Mr. Robert de Valk:** You really hit the point that's going to bog this whole discussion down. Nutritional labelling was a very interesting exercise and very costly to the industry, but we're there now and we're doing it. But the allergen situation has also been very interesting and challenging.

We're very good as an industry right now, in Canada, in identifying the major allergens. You're probably wondering why we get so many recalls, and 50% of the recalls are related to allergens. We're finding that's because we're drilling down deeper and deeper, and we're now getting into flavours and into allergens that have 0.001% of something, an ingredient that we didn't realize came from a country that we didn't realize, because our flavour manufacturer forgot to mention it.

Where do you want to start with ingredient tracing? We're getting a heck of lot better at it as an industry in traceability, but we're finding out a lot of surprises still, as well. If the consumer wants to know where every identifiable ingredient to the 0.11% or detectable level comes from, you'll never, never get to that point.

In the codex, volume 2, we've decided we're going to cut the line. We're not going to use zero, we're going to use a trace. If you find a trace amount, we're not going to be worried about it, but if it's more than trace, then we are going to get worried about it.

We have to get pragmatic like this, so the key is going to be the definition. If we're going to have a “Grown in Canada” label, we have to define it, and it's going to be maybe a different definition for

meat from that for vegetables, which is quite acceptable. I think that can be done. But I think the key is the definition, and if we keep that definition reasonable, we'll make a lot of progress quickly and keep the costs down.

**Mr. James Laws:** I just wanted to add as well that, for instance, on this Piller's pepperoni, they have the lot number, the time, and the best-before date. These guys' traceability is incredible, so they know what's gone into that particular batch. They're just one example of many that have actually quite excellent traceability.

**Hon. Carol Skelton:** We're basically way ahead of the United States in that, aren't we, really, in our processing? Do you feel that way, or are we equal or behind?

**Mr. James Laws:** I think we're a little bit ahead—a little bit ahead—in terms of animal ID and age verification, but if you go down to the United States and look in their meat case, you'll see a lot more variety in their products. Technically, I wouldn't say we're ahead, but certainly on the animal ID side we are.

• (1035)

**Mr. Robin Horel:** On the poultry side, I would say we're equal to or ahead. We're not behind. But I wouldn't say we're miles ahead. The traceability in the poultry business in the United States is quite reasonable.

**Mr. Robert de Valk:** It really depends on the company. Major companies with good resources know this is an important issue. They've put resources into it and they're ahead of smaller companies. So it's not really a Canada-U.S. thing, but it has a lot to do with the resources you can throw at this issue.

Major companies, when they stand up at an annual meeting, have to be able to answer consumer questions. So public companies also tend to be ahead of private ones on this issue.

**Hon. Carol Skelton:** Is my time up?

**The Chair:** You have one minute.

**Hon. Carol Skelton:** I want to follow up on Mr. St. Amand's question on “Product of Canada” and prepared and packaged and imported into Canada.

Mr. de Valk, can you go further? You didn't get a chance to really answer that question.

**Mr. Robert de Valk:** I guess it comes from the dealings we've had with "Product of Canada" up to now. The witnesses are right that "Product of Canada" is an old concept we've had on the books for at least 40 years. On what it has really meant over the years and what people understand about it, it's much like the comment I made about "Made in China". When they read that, most people know it's manufactured in China. But they do not for a moment—if you were to do a survey—say that the ingredients are 100% Chinese. It's the same thing with "Made in the U.S." and "Made in Canada". Most Canadians know that "Made in Canada" means it's made in Canada. It doesn't mean the ingredients are Canadian.

My strong advice is, don't toy with that. We have perceptions out there already. You don't want to have a huge campaign changing perceptions. But what we're missing is the label or claim that this is a Canadian product because it has 100% Canadian ingredients, 80% Canadian ingredients, or 40% Canadian ingredients. It's manufactured in Canada and the key ingredients are from Canada—any of those concepts that we want to work with.

I certainly encourage you to look at the organic standard, which I think is an excellent example of how Canadians got together and, through all the various issues, still came to an agreement on a standard. So I think we can do this too.

**Hon. Carol Skelton:** Thank you.

**The Chair:** Mrs. Skelton, your time has expired.

Monsieur Asselin. *Bienvenue.*

[Translation]

**Mr. Gérard Asselin:** Thank you, Mr. Chairman.

First of all, I am not a permanent member of the Standing Committee on Agriculture and Agri-Food. I am replacing Mr. Bellavance this morning.

I found this morning's discussions very interesting and I particularly appreciated the excellent brief presented by Mr. McDuff and Mr. Lacoste this morning. Not only do they demonstrate their concerns in this brief, but they even go so far as to make recommendations. I want to commend them on that.

I love the idea—and fully support it, Mr. Chairman—of identifying products that are grown or produced, processed and packaged in Canada by using a specific symbol, such as the maple leaf. As a member of the Bloc Québécois, I have to say I am not particularly keen on seeing a maple leaf on my cans of baked beans, cereal boxes and other items. At one point, the government would have paid a lot of money to companies to get them to use the maple leaf on their cans of baked beans, soft boiled eggs and pork tongue. In the bars, the maple leaf would have been everywhere. Some companies would have made a lot of money that way. You are offering them an absolute gold mine by allowing them to put a maple leaf on all Canadian products sold in grocery stores, at the meat counter and the fruit and vegetable counters.

Federalists have a golden opportunity here—namely, to endorse this idea wholeheartedly and include it in the report. We will support you, not because we love the maple leaf, but because it will be an opportunity for our Quebec and Canadian producers to create jobs,

keep their businesses going, give work to people back home and encourage people to buy our own products.

If I have a choice between products made in Quebec, in the riding of my colleague, the member for Saint-Hyacinthe—Bagot, or products that come from Thailand, I will choose products that come from her area, without hesitation. Maybe one day, in a less distant future than some may believe, we will see—although we would have to find some room for it on the can—a small fleur de lys.

Thank you, Mr. Chairman.

• (1040)

[English]

**The Chair:** Mr. McDuff.

[Translation]

**Mr. Gilles McDuff:** In response to Mr. Asselin's comments, I want to say that we are Canadian producers. Our processing plants are Canadian, they distribute their products primarily in Canada, and they export their products as well. The reason we want to identify our products using the "Canada Brand" designation is that our products are available right across Canada. Although we are as close to the land as we can be, Foodland Ontario does its own advertising for Ontario products, Aliments du Québec has its own tools for promoting Quebec products, and Buy BC has its own policy for encouraging consumers to buy products made in British Columbia. We say that we are, first and foremost, Canadian producers and processors. There is nothing preventing people from adding a provincial or regional identifier subsequently.

[English]

**The Chair:** Mr. Horel.

**Mr. Robin Horel:** Thank you.

I know there wasn't a question there, but I very much enjoyed the remarks.

Just to piggyback on that a little bit, the various provincial made-in-whenever programs, the regional one your neighbour talked about, have all been good, but many of my members trade across Canada, and this becomes another segregation and labelling issue, or whatever.

So I think that is the big benefit of a "Grown in Canada" label, or whatever this shows up to be, because that will save us a lot on all of these segregation types of issues.

**The Chair:** Thank you.

Are there any other comments?

Mr. Shipley, you have the floor.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chairman, and thank you to the witnesses for coming out today.

One of the things that was mentioned, and I believe part of why we're doing this, is that everyone has talked about the level of frustration and the complexity of doing it, and I think we need to be clear that this is why we're having so much discussion with those involved, because if we want to do this, it will not be a government solution; this is going to have to be a solution by the stakeholders, which the government will put forward. I think, as Mr. St. Amand mentioned earlier, the government needs to take a lead, and I think that's why this government is taking the lead.

Mr. de Valk, you mentioned one thing, and I may have heard you incorrectly, but you said that most people do understand the labelling. In my family I don't think they do. They believe they do until you explain it to them, and then they don't. Quite honestly, they now feel misled. So when we go through this process, not only is it going to be a process that has to talk about proper labelling, but it also has to be marketed so that the people of Canada understand what the labelling means.

I also believe, and I may be wrong, that if you were to talk to people here, they would say that our families are now more cognizant of labelling than I was when growing up. So why is that? The world has become smaller; products come in from all over the place. We used to have some confidence, because we grew so much more in Canada and we didn't have nearly the variety we do today.

You talked about it in terms of registration and the frustration we have in terms of our competitiveness with our largest trading partner, the United States, where they wait just seven days. In Canada there's been a frustration for years, you said, to get that type of registration for label changing. It costs you \$100, and then every minor change it's another \$45—and every time you do that it always rings of bureaucracy to me. So do you have some suggestions of what we can do to help or change that, Mr. de Valk?

**Mr. Robert de Valk:** The labelling process in Canada is what we call a registration process, and in many ways \$100 is a bit of a cost-recovery type of thing. There have been discussions with the government about getting out of that registration process. But one of the interesting things is that meat labels are 95% compliant with Canadian labelling registration, and as you look at the others—dairy, vegetables, and you keep going down and down and down—vegetable labels also tend to be very compliant, because vegetables require a registered label if they are in processed form. But the moment you get out of the registration world, the compliance levels drop.

Now, one of the interesting things about this is that when it comes to a meat product coming across the border, you cannot get that meat product across the border unless you have registration in Canada. So the registration unit is very good at putting Canadian law into the U.S. by saying you can't export that product into Canada unless you meet Canadian labelling rules. As a result, we're getting very good compliance from U.S. companies in that regard.

Now, what do we do to get rid of that frustration? How do we get level with our competitors? Well, maybe we could shorten up the registration process, so that it doesn't take three weeks. We could simply register our labels, send them in to CFIA, and get a number back, and then you could have random checks on those labels to see

if they're compliant. So you don't have to check every label; you simply randomly check them.

By doing random checks—and this is very much the HACCP type of approach that we've used in the past, and is very scientifically supportable—you identify those areas where there are problems pretty quickly. But let's not just do it to the registered labels we cover today. Why don't we have all Canadian labels registered? Why shouldn't a retailer, every morning when they're making all those labels, have those registered, so that if we do have a problem, we can come back and say they wilfully violated the Canadian rules, or no, they didn't, because they knew what the Canadian rules were? I say this because the way we have set up our labelling regulations, it's the responsibility of the manufacturer to know the rules.

All right? So the government should just provide oversight, and that may be the answer.

•(1045)

**Mr. Bev Shipley:** Mr. Horel—

**The Chair:** I think Mr. Laws wanted in on this as well.

**Mr. James Laws:** Yes, very briefly.

I think, clearly, they need to resource that. If they're going to put undue regulations, as they always do, on the meat sector, it's not fair. First of all, if it's a fair thing, that's life, but if the other sectors are not unduly regulated, it's not fair. Why is it only the meat? Dairy is excluded, bakery is excluded. That's not right. That's unfair, for one thing.

**The Chair:** Your time has expired, unfortunately.

**Mr. James Laws:** There you go. As Robert mentioned, there are products coming in from the United States in the box that are compliant, but retailers open the box, take out these big muscle cuts, slap them on the shelf, and they're not compliant.

So it's not true that they're all entirely compliant.

**The Chair:** Mr. Shipley, your time has expired.

This will be the last question, from Mr. Steckle. I'll give you five minutes, and then we need to go on to Mr. Storseth's motion.

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Thank you very much, Mr. Chair.

Very quickly, in continuation of what Mr. Shipley has raised here and the idea of compliance, if you were to sell cigarettes in a store and you were found to be selling to a minor, there would be some serious consequences. This is a legal product that's being sold, but sold to a minor who may be ten days short of their birthday, and this would be a \$5,000 fine on the second offence.

Is there no ability to whistle-blow? Is there no ability on the part of the government to have enough inspectors? What is the problem with all this non-compliance going on in an industry that we know is not compliant in many cases?

**The Chair:** Mr. Horel.

**Mr. Robin Horel:** Whenever my speaking notes get passed around, or if you see them, you'll see the only thing I've bolded in my notes was the whole importance of standards and maintaining compliance. That's number one.

Number two, I think the answer to your question is the second option. There is whistle-blowing. Mr. Laws has talked to you about a specific time when they did it. It's lack of resources.

**Mr. Paul Steckle:** Resources. So the government hasn't funded it and doesn't have enough people on the ground doing this? Is that one of the things we should take forward from this committee, then?

**Mr. Robin Horel:** Absolutely.

**Mr. Paul Steckle:** Okay. I appreciate that, because I think all of us are looking for solid recommendations we can bring forward.

I think I've heard very clearly from you this morning that we need a "Grown in Canada" label, something I very much support personally. Mr. de Valk, Mr. Horel, Mr. Laws, I think all of us would agree that that is something we can live with. That it is a product we can purchase with assurance, knowing that it is Canadian, no doubt. Whether it is 80%, or whatever level you want to put there, it needs to be high.

The other one, of course, is this idea of packaged or processed, whatever we want to call it; I'm not sure. "Product of Canada" I think has become a misnomer. We're not sure what it means. I'm not sure whether we should continue with that label, because it carries too many connotations, too many variances of meaning.

I'm wondering whether we should try to keep it simple. I do like this idea of "Grown in Canada", because there's so much of what we have here. I think of an animal grown in Canada but fed corn from Michigan; that's a "Grown in Canada" product. I don't see any problem.

• (1050)

**The Chair:** Mr. Horel, then Mr. de Valk.

**Mr. Robin Horel:** The only comment I'd make to that is if at the end of the day the decision is that "Product of Canada" should be replaced because it's not clear or whatever, all right, that's fine. Certainly some of my members feel that way, and some of them believe it should be left alone. If it is to be replaced, I think it needs to be replaced with more than simply "Packaged in Canada". I don't think that's what consumers want to know. They want to know "prepared" or "processed" or something else like that.

That's my comment.

**Mr. Robert de Valk:** On the "Product of Canada" question, as I mentioned in the presentation, in chapter 7 of the manual of procedures "Product of Canada" is being encouraged as a phrase that we use for all our exports because our importing countries are demanding it. So keep that in mind, that "Product of Canada" still has use, certainly outside our borders. We can't simply discard it.

Maybe we'll want to do something different domestically, which I think is a good thing. I think we can do that. But it still has use internationally.

**The Chair:** Mr. Laws.

**Mr. James Laws:** I only want to reiterate that we don't use "Product of Canada". As you saw, we use this label. I'm not sure—what is your response? What does this mean to you?

**The Chair:** Mr. Steckle, you still have a minute and a half left.

**Mr. Paul Steckle:** Basically, I think at the end of the day the recommendations and the report that we do here should signify, as we take it back and report to government, that we need to move in a direction. We'd like to have some very clear definitions that you would be able to live with, agree with.

Mr. de Valk, I think your comment this morning about "Product of Canada" used outside of our borders has some validity. I think we could agree with that—at least I could.

If provinces will want to add their label, "maple syrup from Quebec", I think that's fair. I think that's wonderful. We need to promote our own areas of production. But at the end of the day, I think we need that, because Canadians today want to know; they want to be able to choose. If they want to buy apples from Chile, that's fine, but they should know it is a Chilean apple. And they should also know that the apple next in the bin is one that's grown in Canada. It doesn't matter where, but it's grown in Canada.

**The Chair:** Mr. McDuff had his hand up.

[Translation]

**Mr. Gilles McDuff:** It is very important to realize, right here and now, that we are all Canadians. Whether we are elected members, voters, farmers or processors, we are all Canadian. When the regulations are wrong and allow someone to import products from outside Canada, repackage them or process them very slightly, and then identify them as products of Canada, which means that farmers no longer have anything to grow, then that is a major problem and we have to find a solution.

I would like Committee members to understand that we're talking about food—about what we eat. I am curious as to what we would see if everyone took off their jackets; the one I'm wearing is made in Canada, because I am aware of the need to buy Canadian products. I would be curious to know where each of your jackets was made. Whether or not it's warm doesn't matter.

When I buy food to eat, I am more careful about food than I am about furniture or clothing. In my opinion, the agri-food sector deserves a redefinition of the “Product of Canada” designation.

[English]

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

Time has expired, and we do need to save some time in the committee to discuss a motion.

I want to thank all the witnesses for your testimony today. It will definitely help us in moving forward and putting together a report on “Product of Canada” labelling. You don't need to stay at the table as we move on to our other business. Again, thank you very much.

With that, Mr. Storseth, you have a motion you want to bring forward.

**Mr. Brian Storseth (Westlock—St. Paul, CPC):** Thank you very much, Mr. Chair. Yes, I've presented a motion to the clerk.

I move that the Standing Committee on Agriculture and Agri-Food request that the Minister of Transport, Infrastructure and Communities ask the commission responsible for conducting the level of service review to include consideration of freight rates and their impact on Canadian grain shippers and farmers within its mandate.

• (1055)

**The Chair:** Okay. Any comments you want to make on that, Mr. Storseth?

**Mr. Brian Storseth:** Well, Mr. Chair, we've seen some reports from the industry and several different agricultural shippers. We've discussed with them the possibility of there being some prohibitive cost to railways, and this is something I think we should include within the level of service review that is already being undertaken by the Minister of Transport, after the passage of Bill C-8.

**The Chair:** Okay.

Mr. Easter.

**Hon. Wayne Easter:** Thanks, Mr. Chair.

I do believe it's a good resolution. In fact, we raised this question in the House the other day to the Minister of Transport. The fact of the matter is the Canadian Wheat Board and Canadian Federation of Agriculture did release a very extensive study that showed that the railways had taken, in 2006-2007, \$175 million in excess profits. That comes out of the farmers' pockets. So it would only make sense that the service review be expanded to a costing review as well.

I hope it would be a friendly amendment. I would add an amendment, and I would so move that such a motion be reported to the House.

**The Chair:** Okay, we have an amendment on the floor. Any discussion on the amendment?

Mr. Lauzon.

**Mr. Guy Lauzon:** This is not particularly to the amendment. I'd like to just go on the record as saying, Mr. Chair, that during the lead-up to the creation of Bill C-8—the debate and the passage—no one in industry or in the opposition raised this particular concern, prior to Bill C-8. The Canada Transportation Act was reviewed in 2001. No one called for a review at that time. As a matter of fact, no provincial minister, that I'm aware of, has called for a review.

Now, Bill C-8 has combined the idea of a group final-offer arbitration, something that our shippers and farmers have been calling for for some time. Right here I think we should thank the Minister of Transport for giving us Bill C-8.

The level of service review has been a major commitment that our farmers and our shippers were requesting, and we're doing that. There again, I think our agriculture minister, Minister Ritz, promised a review, and he's seeing it gets done. As a matter of fact, I don't think there's a government since railways were formed that has done more to help.

**The Chair:** We have the amendment on the floor. I don't see anybody else sticking a hand up.

Is this on the amendment, Mr. St. Amand?

**Mr. Lloyd St. Amand:** I just wanted to say, with respect to Mr. Lauzon's comments, Mr. Chair, that we continue on this side to think about these things, to put forward what we feel are new and better ideas. The fact that it wasn't thought about or pronounced earlier is of no consequence. We continue to try to refine and improve, and that's what this amendment is about.

**The Chair:** We'll go to Mr. Storseth, on the amendment.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

While I appreciate Mr. Easter's support of my motion, I don't necessarily support his amendment, because the purpose of reporting it to the House would simply be to be able to bring it up in debate in the House.

This is something that is going to be ongoing. If this is to be included in the level-of-service review, the review is only beginning and is going to take several months to undertake. So I don't believe it is actually within the scope of the motion itself.

**The Chair:** Are there any other comments?

**Hon. Wayne Easter:** As I understand it, Mr. Chair, why it's important to report it to the House is because it puts more pressure on the Minister of Transport to in fact do what we ask. If after some period of time the minister doesn't act on putting the cost review forward as part of the discussion, then we have the option of pulling up that report and debating it further in the House and putting more pressure on the government.

So I would hope that Brian's motion is a serious one, and it would be seen as much more serious if it were reported to the House and the government had to respond.

• (1100)

**The Chair:** Mr. Easter, all motions coming from our committee are serious.

Go ahead, Mr. Lauzon.

**Mr. Guy Lauzon:** I agree with your comments, Mr. Chair. I think the minister has said that he's going to do a review. I think we should trust him to do that review. And we're going to be doing the review and doing it wholeheartedly. I don't think it's necessary to report it to the House and play politics with it.

**The Chair:** Go ahead, Mr. Atamanenko.

**Mr. Alex Atamanenko:** First of all, Brian, I'd like to thank you for this motion. I think it reflects the sentiment out there.

I think the more we can discuss these issues in the House, the more we can keep the issue alive and give all of us a chance to talk about it, whether we're on the government side or on the opposition side. It's a good idea, because the railway companies would like nothing better than to have this kind of come out and die somehow. I think if we just keep it alive, we can report it to the House. It's a win-win situation. I don't think it's to the detriment of the government or the opposition. I think it gives us all a chance to keep it alive and forward, so I would support this amendment.

**The Chair:** Mrs. Skelton.

**Hon. Carol Skelton:** All I want to say is that I think, from talking to Mr. Storseth about this when he brought it forward, what we're trying to make sure of is that the Minister of Transport takes it very seriously. I don't think going any further will help us in our asking him that, because it could cause us problems. I think if we just leave it this way and put it through, we will make a serious statement by saying this to the minister. We can always come back to it.

Sometimes I hate the confrontational aspect of what we're doing. I think it's easier to just take it and let him come forward and let the committee come forward with its report. Then we can raise the serious issue.

**The Chair:** Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

I'd just like to raise a couple of issues.

I appreciate Mr. Easter's intervention on this. I would like to note two things, however. One, if Mr. Easter truly is concerned about our western producers and the \$175 million that was reported from the Canadian Wheat Board as well as the Agriculture Producers Association of Saskatchewan and the Wild Rose Agriculture Producers, then he will realize that playing partisan politics with this is not the way to go.

I quote Mr. Easter: "A full examination into the costs railways are imposing on western...farmers..." is needed. This comes off his own website. If this is truly what he wants to do, then this motion will ascribe to that. He, as well as everybody else around this table, knows that playing partisan politics with this is not going to advance

the cause of our western producers, so that is reason enough not to do this.

The second point I'd like to raise, Mr. Chairman, is that if you refer to Marleau and Montpetit, page 453, chapter 12, under "The Process of Debate", any time an amendment "introduces a new proposition which should properly be the subject of a substantive motion with notice", it is no longer in order as an amendment to a motion. This is something that is substantive.

If Mr. Easter really wants to get something done with this, we could have a motion come forward to have the Minister of Transport come here for whatever length of time he feels necessary in order to ask about the progress on this. But at the end of the day, we don't need to have partisan politics from the Conservative or Liberal side on this.

**The Chair:** Just on that, Mr. Storseth, I don't believe the amendment is out of order. It is essentially a question that we report it back to the House, which all committees can do on any motion that comes forward, and essentially it is adding words to the main motion to do just that.

Mr. Boshcoff.

• (1105)

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Chairman, Mr. St. Amand and I have an 11 o'clock committee. When we go into these debates, people are waiting for us, so we get really antsy. In all fairness, we try to stay and we try to accommodate.

Thank you.

**The Chair:** Mr. Easter.

**Hon. Wayne Easter:** I have just a quick point, Mr. Chair.

This is not about partisan politics. In fact, in fairness to the people who have to attend another committee, I would call the question, but I really would love to have an answer from the Conservatives, especially Carol, on how this would cause problems if it were reported to the House, and how it would hurt our efforts to get a review. It won't. It will put more pressure on it. So if you want to play games at the committee, we can play them, but reporting it to the House is what committees are all about.

I would ask you to call the question, Mr. Chair.

**The Chair:** Go ahead quickly, and then I'll call the question.

**Mr. Guy Lauzon:** I have just one point.

The minister has already agreed to a review. You don't have to put any pressure on this.

**Hon. Wayne Easter:** He hasn't on this. In fact he has said no on this issue.

**The Chair:** Are there any other speakers? Seeing none, I call the question on the amendment.

(Amendment agreed to) [See *Minutes of Proceedings*]

**The Chair:** Are there any more speakers on the main motion as amended?

**Mr. Brian Storseth:** I'd also like to point out something for the record. Talking about partisan politics, I'm going to take my own shot. Mr. Easter has talked and talked about this, and once again it is the Conservatives that are getting things done for our western producers.

**An hon. member:** Hear, hear.

**The Chair:** Are there any other speakers?

I call the question on the motion.

(Motion as amended agreed to) [See *Minutes of Proceedings*]

**The Chair:** The motion as amended is carried.

The meeting is adjourned.

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