

June 11, 2018

**Opening Statement for the House of Commons Standing Committee  
on Agriculture and Agri-Food on Advancements of Technology and  
Research in the Agriculture Industry that can Support Canadian  
Exports**

Thank you, Mr. Chair, on behalf of our members, we appreciate being invited to testify on this important study.

Founded in 1923, CSTA is a national trade association that brings together more than 130 company members engaged in all aspects of seed, from research and development to production and marketing and domestic and international trade.

CSTA members serve the needs of their farmer customers by developing seed utilizing all available production methods and range from small, family owned and operated companies, to large multi-national firms. Our members work with over 50 different crop kinds, ranging from field crops to garden and vegetables.

Our members are united in their support of our mission statement: **“To Foster Seed Industry Innovation and Trade”**.

Canadian farmers are innovators and early adopters of the newest and best technology. The 2017 budget highlighted the importance of agriculture as a key driver to the economic well being of Canada in a novel way. As a result, ambitious, but achievable, export targets have been set.

To reach the \$75 billion dollar goal in ag-food exports by 2025 we need to innovate, we need to produce more on the same land, we need to strengthen and open up new markets and we need to see increased investment in a diversity of crop kinds. However, such innovation requires a whole-of-government approach to analyzing and reviewing our domestic regulations. Ill-suited regulations can curb or discourage investment in innovation.

Seed is the start of it all, the first link in the agri-food value chain. The seed industry alone contributes \$6 billion to the economy, employs more than 57,000 Canadians, and exported more than \$700 million in 2016/17.

Since the mid 1980's, CSTA has conducted an Investment in Innovation Survey every 5 years to benchmark the private sector's domestic investment in research and development. Our latest edition of the survey is almost complete. Over time, our survey has changed to incorporate new areas where feedback is required. This year, we will be able to report on perceptions around barriers to innovation. We will provide a copy of the report to the Committee once completed.

In 2012, our members forecasted that they would invest \$115 million a year in research and development by 2017. However, around 90% of that research and development was estimated to be in just three crop kinds; corn, canola and soybeans. This is a very small fraction of the crops grown in Canada that could benefit from innovation. Increased investment in other crop kinds such as cereals, pulses and forages could lead to varieties with increased disease and pest resistance, desirable characteristics and higher yields. Better yields will in turn play a major role in increasing Canadian exports.

Canada has made strides in recent years towards fostering an environment that will encourage investment in other crop kinds, most notably the adoption of more robust intellectual property protection through the passage of the Plant Breeders' Rights Act, but our members and their farmer customers need access to all the

tools in the innovation toolbox<sup>1</sup>. In particular, industry need access to critical crop protection products and the ability to use the newest plant breeding methods, such as CRISPR Cas 9 and other gene editing systems.

We need a regulatory system that has a clear path to market and allows small and medium size companies to innovate and compete. Currently, the regulatory system for plant breeding innovation lacks clarity, service standards and is prohibitively expensive for smaller and medium sized companies due to the uncertainty of timelines and data requirements.

Canada is in the envious position as a net exporter and to enhance our global presence we need modern, comprehensive trade agreements. We were pleased to see the CPTPP tabled in Parliament and hope for a speedy ratification. We also need to look aggressively at pursuing new deals, with China being the most critical market for many ag exporters.

However, to move our products we need the government's help. Increased seed exports mean more phytosanitary certificates are required from the Canadian Food Inspection Agency (CFIA). Phytos are essentially passports that allow shipments entry into foreign markets and currently only CFIA can issue them. Our members are experiencing delays in the issuance of phytosanitary certificates, putting Canadian companies at a competitive disadvantage with the US. We

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<sup>1</sup> The Act ensures that Canada is in keeping with its international obligations under the 1991 International Union for the Protection of New Varieties of Plants ("UPOV '91").

have one example of it taking 41 days for a phyto for oat seed to China. In the same time it took for a CSTA member to receive a phyto from CFIA their US competitor would have received a phyto from USDA-APHIS, loaded the shipment on a vessel and the lot would have reached China. The more we innovate and increase our exports the more phytos we will need. CFIA needs to dedicate resources to ensuring Canadian products can move internationally, or they need to consider accrediting private seed labs to issue phytosanitary certificates, the same way some labs can issue phytos for some grain shipments. Phyto delays will now be further exacerbated by recent changes by USDA-APHIS to import requirements of seed of foreign origin, now requiring a phyto from CFIA rather than a certificate from a private lab. This is very troubling and goes far beyond a clarification of existing rules.

Given Canada's reputation for agriculture innovation and our history of success in exporting products of biotechnology, we should be standing at the forefront, championing and encouraging the adoption of the newest tools that will drive innovation in seed and grain. Tools like gene editing can bring new varieties to the market faster and with lower costs than ever before. These varieties may be higher yielding, healthier for consumers and the environment while continuing to maintain Canada's high safety standards. Gene editing also holds significant promise for the management of diseases like Fusarium and Blackleg, diseases that impact Canadian growers domestically and can shut down markets internationally.

Canadians should be poised to reap the economic and social benefits of plant breeding innovations. However, members of the AAFC Seed and Grain Roundtables, like CSTA, are concerned with the state of Canada's readiness to adopt the newest cutting-edge innovations, and we see Canada at risk of losing our share of global investment in the newest technologies. We are pleased to have just received a reply from Minister MacAulay last week, in which he agrees with the Seed and Grain industry roundtable members, that there is room for improvement and that he has tasked the Biotech Working Group of the Grains Roundtable to bring industry and government together to find a workable solution.

We applaud the Committee for undertaking this important study. It is critical to recognize and understand the role that innovation and advancements in agriculture play in feeding Canadians and driving the economy through exports.

Dave Carey

Executive Director

Canadian Seed Trade Association



MAY 31, 2018

Office of the Hon. Lawrence MacAulay  
Minister of Agriculture and Agri-Food  
House of Commons  
Parliament of Canada  
Ottawa Ontario  
K1A 0A6

**RE: ISSUANCE OF PHYTOSANITARY CERTIFICATES | RECENT CHANGES TO THE EXPORT REQUIREMENTS OF USDA-APHIS**

Dear Abed, Dan and Michel-Antoine:

We write to convey trade concerns of our members regarding phytosanitary certificates. As you know, the Canadian Seed Trade Association (CSTA) is a national trade association comprised of more than 130 members engaged in all aspects of seed research, production, and marketing and trade, both domestically and internationally. Our membership is diverse, ranging from small family-owned operations to large multinational organizations. Seed is the first link in the agri-food value chain and represents a \$5.6 billion-dollar industry. It employs almost 60,000 people across the country with exports of close to \$700 million in the 2016/17 crop year.

Our concerns center around phytosanitary certificates and are three-fold:

- 1) **Phytosanitary Certificate Timelines:** CSTA members have been experiencing significant delays in receiving phytosanitary certificates from the Canadian Food Inspection Agency (CFIA) for shipments of seed destined for foreign markets. These delays have been observed since the fall of 2017. In March, CSTA contacted CFIA to raise this issue formally. In doing so, CSTA shared the following examples of phytosanitary certificate turnaround times for shipments to China:
  - a. September 2017.....22 days (Tall fescue) – 2 lots: 25 mT and 25 mT
  - November 2017.....33 days (Tall fescue) – 1 lot: 25 mT
  - November 2017.....35 days (Alfalfa) – 5 lots: 17.5 mT, 2.5 mT, 7.4 mT, 7.1 mT, 5.5 mT
  - December 2017.....41 days (Oats) – 1 lot: 75 mT
  - January 2017.....21 days (Alfalfa) – 2 lots: 15 mT and 10 mT
  - January 2017.....24 days (Alfalfa) – 2 lots: 10 mT and 10 mT
  - February 2018.....22 days (Oats) – waiting to confirm details

Our member companies' US competitors are receiving phytosanitary certificates from their National Plant Protection Organization (NPPO), USDA-APHIS, in roughly 7 days, putting Canadian companies at a significant export disadvantage. Anecdotally, we are also hearing that there has been a spike in inconsistent service standards and turnaround times.



- 2) **USDA-APHIS Changes** – CSTA was notified in mid-April that USDA-APHIS was clarifying the rules for export of foreign origin seed from Canada into the US. In short, the new changes require a phytosanitary certificate from CFIA for Canadian exports of foreign origin seed to the US. Prior to this change a company re-exporting seed only required a seed analysis certificate from an accredited private seed lab as well as the original phytosanitary certificate from the country of origin. This change will impact our members' ability to export as currently, only CFIA can issue phytosanitary certificates, further exacerbating the timelines raised above.

The US is Canada's number one destination for seed and there is every indication it will remain the most important market going forward. In 2017, Canada's aggregate seed exports to the US hit \$419 million; nearly ten times the seed sales Canada made to China, Canada's second largest seed market.

- 3) **CPCPS Program** – The Canadian Phytosanitary Certification Program for Seeds (CPCPS) is a unique program which has 12 participants from across Canada engaged in a wide variety of seed exports to the US, from direct-customer sales of small packets of garden seed; to commercial sales of garden seed to US greenhouse growers and other commercial entities; to shipping seeds for sprouting. It is a quality-system-based label program overseen by the Canadian Seed Institute (CSI) in which the participants are audited yearly. The USDA-APHIS decision threatens the future viability of a program that allows companies to export very high value seed, including seed of foreign origin, to the US without requiring a CFIA phytosanitary certificate. A diminished CPCPS program will result in additional burdens placed on CFIA to produce phytosanitary certificates which have not been required in the past.

The program has been operating for over 15 years in a rigorously monitored environment. It has provided tremendous value to the participating companies in facilitating seed exports. A copy of a letter to CPCPS companies is attached to provide you with context and program details.

The CSTA hopes that the issuance of phytosanitary certificates by CFIA can be accelerated to accommodate more timely exports and that the ongoing talks between CFIA and USDA-APHIS will result in a compromise to facilitate seed trade across our borders while maintaining the CPCPS.

The above issues will result in a competitively disadvantaged Canadian seed sector as timely delivery is essential to fulfill international contracts. The USDA-APHIS' newest requirement for phytosanitary certificates from Canadian exports of foreign origin can only be expected to put more pressure on limited CFIA resources and increase timelines.

With bold but achievable export targets set for the agriculture and agri-food industry in the 2017 budget we need to ensure that we can move our products to international markets. The more we increase our exports, the more phytosanitary certificates our members will need and the more resources the CFIA lab and CFIA Operations will need. The Canadian seed industry cannot increase its exports without the support of the government to make sure its products are accepted internationally.

We recommend exploring the recent CFIA decision on grain phytosanitary certificates whereby CFIA implemented an alternative service delivery system to test grain exports. Private seed labs can now be accredited under the CFIA REGAL (Recognition of Export Grain Analysis by Authorized Laboratories) to test grain export shipments to China, India and Mexico.

We believe this is an issue which would benefit from greater dialogue and would request a meeting to discuss our understanding of the matter with your staff. We look forward to hearing from you.

Sincerely,

Dave Carey,

A handwritten signature in black ink, appearing to read 'Dave Carey', with a stylized, flowing script.

Executive Director  
Canadian Seed Trade Association

CC:

Alison Porter, Director of Policy, Office of the Minister of Agriculture and Agri-Food