

2018



DRIVING THE CANADIAN ADVANTAGE

**MAKING CANADIAN AGRICULTURE MORE PRODUCTIVE AND
COMPETITIVE THAN EVER**

**2018 Pre-Budget Consultation Submission to
House of Commons Standing Committee on Finance**

From

**CropLife Canada
August 4, 2017**



Driving the Canadian Advantage –

Making Canada a World Leader in Agriculture Innovation

CropLife Canada - WHO WE ARE

CropLife Canada is the trade association representing the manufacturers, developers and distributors of plant science innovations, including pest control products and plant biotechnology, for use in agriculture, urban and public health settings. We are committed to protecting human health and the environment and we believe in driving innovation through continuous research.

CropLife Canada is a member of CropLife International, a global federation representing the plant science industry and a network of regional and national associations in 91 countries.

Our mission is to enable the plant science industry to bring the benefits of its technologies to farmers and the public. Those benefits manifest themselves in many different forms, including driving agricultural exports, job creation, strengthening the rural economy and increased tax revenue for governments.

EXECUTIVE SUMMARY

There has never been a better time to strengthen and enhance Canada's competitive advantage in agriculture than right now. The immense potential of Canadian agriculture was recognized in both Budget 2017 and by the Advisory Council on Economic Growth, Chaired by Dominic Barton. As Mr. Barton wrote in his report:

“The Canadian agfood sector has great potential, given the large natural endowment of water and arable land, distinctive record of accomplishments in research, and exceptional base of companies and entrepreneurs. This sector also has exposure to favourable global market trends including demand from fast-growing Asian economies where protein consumption is on the rise. These assets, coupled with the scale of the existing obstacles, provide the potential for material economic gains for Canadians while also providing a blueprint for how the government and private sector may work together to unleash Canada's potential in other sectors.”

The paper sets some lofty targets such as increasing Canada's share of global agricultural exports to 8 per cent from its current 5.7 per cent, thus making us the second-largest agricultural exporter after the United States. In the agri-food sector, the Barton Report goal is to double our share of world exports to 5.6 per cent from the current 2.8 per cent. Obviously this would require tremendous increases to the productivity and competitiveness of Canadian agriculture and agri-food.

It is our view that those increases in productivity and competitiveness will only stem from bold, meaningful policy initiatives from the federal government. For Canadian agriculture to realize the goals set out in the Barton Report, CropLife Canada believes it is imperative for the federal government to take the following actions:

1. **Revise the mandates of the Canadian Food Inspection Agency and the Pest Management Regulatory Agency to include issues of the promotion of Canadian innovation..** Virtually all innovation upon which Canadian agriculture relies as an engine of growth for Canada’s economy is ultimately regulated by these two agencies. At present, their mandates do not include the competitiveness of Canadian farmers and agri-food businesses globally, and the need to promptly commercialize innovations without compromising safety. These two agencies play a critical part in the facilitation and adoption of new technologies, and it is imperative that their respective mandates reflect this fact.
2. **Continue the focus on expanding multi-lateral and bi-lateral trade agreements with a strong focus on addressing non-tariff trade barriers.** Across Canada, 9 out of every 10 farms are dependent on exports. This represents 210,000 farms and includes a majority of farms in every province. The fall of tariffs around the globe, however, is often quickly accompanied by a rise in non-tariff trade barriers which often have a highly detrimental effect on Canada’s agriculture exports. Fighting non-tariff trade barriers, and insisting upon science based regulatory standards, will be critical to improving the competitive standing of Canadian agriculture globally.

These recommendations are entirely consistent with the Government of Canada’s new Innovation Agenda, particularly the commitment to “Ease of Doing Business”, the goals set out in Budget 2017, and the government’s trade agenda. CropLife Canada urges the government of Canada to take the necessary actions so that in cooperation with industry and farmers, we can continue driving the Canadian advantage and improve productivity and competitiveness throughout Canadian agriculture and agri-food.

REVISING THE MANDATES OF CFIA AND PMRA

With the release of both the federal government’s Innovation Agenda and the report of the Council on Economic Growth in the last year, there has been a great deal of discussion regarding innovation in agriculture and agri-food. Innovation, of course, is a critical driver of productivity and competitiveness, and no one understands that better than Canadian farmers. They are very rapid adopters of new technology, and as a result they are some of the most productive farmers in the world. Canola is an excellent example of Canadian innovation in action – this export dependent crop was developed in the 1970s through traditional breeding and greatly accelerated by biotechnology in the 1990s. It is now a \$26.7 billion a year economic driver for Canada.

Everything that makes the Canola industry flourish, however, from approvals for new seed traits, pesticides to fight pests that threaten crops, and approvals for products stemming from Canola, must run through either the Canadian Food Inspection Agency (CFIA) or the Pest Management Regulatory Agency (PMRA). Our ability to either compete globally, or fall behind, is held in the hands of these regulators.

The CFIA is responsible for evaluating and approving new seed varieties, which are vital to the interests of Canadian farmers. The speed at which these varieties are approved affects the competitiveness of Canadian farmers greatly, especially when one considers that their global competitors will also be looking for access to new varieties. It takes seven to 10 years for our member companies to develop and commercialize a new variety on average, at a cost of \$150 million to \$200 million. A timely and predictable approval process is vital for Canadian farmers, and for making Canada an attractive place for investment by the developers of new varieties.

For its part, PMRA is responsible for pesticide regulation in Canada. Created in 1995, this branch of Health Canada consolidates the resources and responsibilities for pest management regulation.

In addition to their considerable domestic mandate, PMRA does a significant amount of vital work outside our borders. They work closely with a number of international organizations including: United States Environmental Protection Agency, the North American Free Trade Agreement Technical Working Group, and the Organization for Economic Co-operation and Development. A great deal of this work is related to the promotion of science-based regulation and the harmonization and mutual recognition of regulations. This is critical to the maintenance and promotion of trade.

Curiously, despite their considerable global responsibilities and their role in helping Canadian agriculture be more competitive around the globe, neither agency has a clear responsibility in their mandates to promptly commercialize innovations to help Canadian agriculture be more productive and competitive globally. PMRA once had elements of this as part of its mandate, but it has now been taken out. We believe that this must change, and that both agencies should have a mandate reflective of their roles in productivity and competitiveness.

Both CFIA and PMRA already do outstanding work in safeguarding the health and safety of Canadians, which is their primary directive. Indeed, they are known internationally for their standards and results, and have considerable influence in helping other nations develop and implement science-based regulatory systems. Nothing in our request would diminish this important part of their core mandates. Rather, it would enhance the ability of Canada to reach the world via the improved productivity and competitiveness of Canadian agriculture and agri-food products.

EXPANDING TRADE AND FIGHTING NON-TARIFF TRADE BARRIERS

Canada is a trading nation, and in no other sector is that more true than agriculture. Canada enjoyed a surplus of close to \$12 billion in agri-food trade in 2015. This is very positive not only for the Canadian economy, but for Canada and the leadership role we can play in feeding a growing world population.

This surplus is made possible by two broad policy pillars. Firstly, it is supported by a science-based regulatory system that allows farmers to stay modern and competitive. It provides a stable, predictable regulatory framework based on sound science rather than politics, and it ensures that our farmers have access to the innovative tools of modern agriculture they need to be sustainable and productive.

The second pillar of Canadian agricultural success is international trade agreements that secure markets for Canadian products. CropLife Canada and its member companies are strong supporters of agreements such as the North American Free Trade Agreement (NAFTA), the Canada-European Comprehensive Economic and Trade Agreement (CETA), and the Trans Pacific Partnership (TPP). Although we are disappointed that the TPP did not move forward in its original form, we are heartened by the continued discussions between interested nations to possibility create a revised TPP. Initiatives such as these hold the promise of access to robust, prosperous and growing markets for Canadian agricultural products.

Guaranteeing preferred access to markets such as these is vital given that Asia will represent two thirds of the world's middle class by 2030, and half of global GDP by 2050. Put plainly, Canada's future competitiveness depends on robust international trade.

Eliminating tariffs is obviously a desired outcome. Another vital trade issue, though, is that of non-tariff trade barriers. This is an issue of deep concern to both our members and their customers, Canada's farmers. Many agricultural exports face a daunting number of non-tariff trade barriers such as trading rules on biotechnology, sanitary and phyto-sanitary products, with arbitrary, non-science based rules imposed by other nations which act as a proxy for tariffs in preventing imports. As noted earlier, the fall of tariffs around the world is often quickly accompanied by a rise in non-tariff trade barriers.

Canada's trade with China is a good example of these challenges at work. China is a vital market for Canadian agriculture and holds the key to a great deal of our future growth. Despite our best efforts and those of the Government of Canada, however, China continues to develop and enforce policies which delay commercialization and export of Canadian grains and oilseeds, as well as processed products. This illustrates the need for both transparency and a rigorous dispute settlement mechanism in any trade agreement, one based on sound, peer reviewed science. We are supportive of the Government of Canada's efforts to explore a potential Free Trade Agreement with China, and believe that any agreement must ultimately include these provisions if it is to be an effective one for Canadian agriculture.