



## **Written Submission for Consultations in Advance of Budget 2021**

### **Economic Growth: Ensuring Canada's Competitiveness in Agriculture and Agri-Food**

**Submitted by:**



**August 7, 2020**

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### **Recommendations**

**Recommendation 1:** In order to improve competitiveness and reach the government's stated goal of increasing our agriculture and agri-food exports to \$75 billion annually by 2025, Health Canada amends the mandates of both the Pest Management Regulatory Agency (PMRA) and the Canadian Food Inspection Agency (CFIA) to include the facilitation of competitiveness and innovation as core parts of their mandates.

**Recommendation 2:** In order to help spur investment and innovation in the Canadian plant sciences sector, ensure that Health Canada acts immediately to complete Treasury Board's regulatory roadmaps and works with industry to enact modernized regulatory policies for plant breeding innovations, including gene editing.

**Recommendation 3:** In the upcoming budget, ensure that Health Canada's PMRA receives the additional funding it needs to make required changes to address the sustainability of the re-evaluation program, create a national water monitoring strategy, and properly resource its trade facilitation work.

### **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.

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.

### **The Post COVID-19 Challenge Facing Canada**

As Canada looks for opportunities to recover from the current economic crisis, agriculture and agri-food could play a major role in achieving the goal. The agriculture and agri-food industry contribute roughly \$50 billion annually, about 6.7 per cent, of Canada's GDP. But this is just a small percentage of what the sector could do for Canada's economy, if fully enabled.

Even before the global pandemic hit, thought leaders were pointing to agriculture as an area with huge potential for growth. A [2019 Royal Bank of Canada report<sup>1</sup>](https://thoughtleadership.rbc.com/farmer-4-0-how-the-coming-skills-revolution-can-transform-agriculture/) suggested that Canadian

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agriculture could generate an additional \$11 billion for Canada's GDP by 2030 if the right investments are made. This, the report noted, would make the sector more productive than auto manufacturing and aerospace combined.

Prior to this, the Advisory Council on Economic Growth (a.k.a. the [Barton Report](#)<sup>2</sup>) also identified agriculture and agri-food as strong areas of potential growth in Canada. Stemming from that, [The Agri-Food Economic Strategy Table](#)<sup>3</sup> set a goal of growing agriculture and agri-food exports to \$85 billion by 2025, up from \$64.6 billion in 2017, in addition to similarly ambitious goals for increases in domestic sales of Canadian grown and processed foods.

Canada has many advantages that position it to be a global agricultural powerhouse. We have a large arable land base coupled with a relatively small population. We have access to vast natural resources and growers that are quick to adopt new technologies. We have built a strong global reputation as a provider of safe, high-quality food. And we have strong research and development capabilities, as well as access to a solid talent pool in areas like biotechnology, chemistry, engineering and artificial intelligence.

There are, of course, several challenges. We process only about half of what we grow in Canada, which leads to a more than \$3 billion trade deficit for agri-food products. Our vast country also creates challenges with transportation and getting products to market. While we have free trade agreements with many key markets, non-tariff trade barriers are preventing us from taking full advantage of these.

The sector also faces challenges with the adoption of the latest technologies (such as precision agriculture, which would improve productivity and sustainability) due to inadequate access to high-speed internet in many rural areas. However, the most critical challenge has been a lack of action on commitments to remove outdated regulatory policies that would unleash the sector's potential by improving regulatory speed and efficiency. It is this latter subject on which we will focus.

### **Canada's Global Standing in Competitiveness**

What tools does the Government of Canada have to spur growth and competitiveness, thus making Canada more attractive to global investors? The answer can be found in a strong and comprehensive, government-wide effort to reduce regulatory burden, and to expedite implementation of regulatory reforms for those that remain.

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<sup>2</sup> <https://www.budget.gc.ca/aceg-ccce/home-accueil-en.html>

<sup>3</sup> <https://www.ic.gc.ca/eic/site/098.nsf/eng/00022.html>

The World Economic Forum's Global Competitiveness Index tracks the performance of 141 countries on 12 pillars of competitiveness. In the 2018-2019 index, Canada ranked 14<sup>th</sup> overall.<sup>4</sup> The area of clear weakness for Canada, identified by the Global Competitiveness Index, was the sub-category of burden of government regulation, where Canada ranks 38<sup>th</sup>. Canada is bested in this category by developed economies (and competitors) such as Germany (7<sup>th</sup>) the United States (12<sup>th</sup>) and the developing markets of China and India (18<sup>th</sup> and 20<sup>th</sup> respectively.)

The message is clear – in order to improve its global economic performance, Canada must focus on regulatory modernization. It is the fastest, most inexpensive, and most impactful policy the government can undertake to jumpstart economic growth. The good news is that this process was already underway within the federal government – the imperative now is to finish the job.

### **Modern Approaches to Enable Canadian Agriculture and Agri-Food Production**

For the agriculture sector, the economic impacts of regulatory decisions by Health Canada can be significant – in either a positive or negative way. While the primary mandate must remain the protection of health and the environment, regulators must also be measured on their contributions to economic growth and innovation. This is why we believe it is critical that the mandates of both the CFIA and the PMRA be amended to include the facilitation of innovation and competitiveness.

The health and safety of Canadians and the protection of our environment must always come first, and our industry takes great pride in our record for both safety and sustainability. We have worked closely with regulators on these issues, and will continue to do so. We believe it is possible to keep these goals first, while at the same time acknowledging the reality of the economic role that both agencies play in the competitiveness of Canadian agriculture and agri-food. Without the active and positive acceptance of the Health portfolio being a critical component of the government's agricultural growth agenda, the economic targets for agriculture will go unrealized.

### **Pest Management Regulatory Agency**

Key to the competitiveness of Canadian farmers is access to innovative crop protection products, the same products to which their global competitors operating under similarly advanced, science-based regulatory systems have access. Underpinning that access is the re-evaluation program for existing technologies. PMRA projects that the number of legally required pesticide re-evaluations initiated each year will nearly triple by 2028-29 relative to 2019-20, exceeding its capacity and current resources.

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<sup>4</sup> Global Competitiveness Index 2018-2019, World Economic Forum, 2019

Available resources for the PMRA's post-market re-evaluation program have not kept pace with the increased workload. Significant resources are also required to address considerable concerns with the current re-evaluation process, which result in lengthy and delayed decisions ultimately resulting in a growing backlog. If the agency's persistent resource gap is not addressed, it threatens to undermine the credibility of Canada's regulation of pest control products.

More A-base funding is needed to support the re-evaluation program, specifically, the plan that the PMRA is developing in broad consultation with CropLife Canada and other stakeholders to ensure the program meets its objectives and is sustainable. At present, PMRA only has re-evaluation review funding through 2020, and a lack of funding would risk losing critical momentum on the file.

PMRA is also Canada's only competent authority on the issue of Maximum Residue Limits (MRLs), a key to facilitating international trade. Without the competitiveness mandate referenced earlier, PMRA is unable to properly resource work on this critical trade issue.

#### **Water Monitoring for Pesticides**

Our industry remains committed to the safeguarding of human health and the environment and proper stewardship of our products. A dedicated national water monitoring program is needed to bolster public trust and validate the environmental safety of registered pest control product uses as well as to document the impact of grower-led stewardship initiatives to block potential pathways into surface water. New funding is needed to support a dedicated national program to reliably monitor the occurrence of pesticides in water and generate the data needed for PMRA assessments. In funding this work, it is critical that water program oversight remains with the PMRA, and not another agency or department, as the data produced have direct bearing on the quality of the PMRA's re-evaluation decisions. Consultations on the scope of a new Canada Water Agency could take years to complete, and Canadian agriculture needs accurate water monitoring data urgently.

#### **Putting Canada at the Cutting Edge of Agriculture Innovation**

Innovation in seed and grain must be a driving force if Canadian agriculture is to meet its growth targets. Seed is the fundamental mechanism for delivering innovation to our farmers, and grain contributes more than any other sector to Canada's agri-food exports, with 90 per cent of some of our commodities destined for international markets.

A key to delivering on this potential will be attracting investment in gene editing, cutting edge technology that provides benefits to the economy, the environment, and consumers. Many of our major trading partners are outpacing Canada by providing regulatory clarity on gene editing and positioning themselves to capitalize on its potential while maintaining a high standard of safety. The United States Department of Agriculture recently [clarified that it will not apply additional](#)

[regulation to gene edited products](#)<sup>5</sup> that could have been created through conventional breeding, which will encourage investment and innovation in this space. Australia, Argentina and Japan have also made similar decisions. We need a clear, predictable and competitive regulatory system here in Canada so that the investments we are making in development actually get to market here in Canada, benefiting Canadian farmers first.

Canada has been a leader globally on biotechnology in the past helping make Canada a canola powerhouse, and Treasury Board's regulatory roadmaps set a clear path for modernizing the regulatory system for plant breeding innovations which can pave the way for our next success story. The time for action, though, has urgently arrived. Argentine regulators confirmed their positive experience in this area in a review of their modernized regulatory policies put in place in 2015, stating, "The regulatory approach adopted in Argentina is already stimulating local innovation processes. Noticeable changes include an increase of technology developers/providers and the diversification of products."<sup>6</sup>

Health Canada and the CFIA must act quickly so that Canada can be part of the global agricultural revolution that has already begun and take our rightful spot with the rest of the world's top producers of innovative, sustainable and high-quality crops.

## **Conclusion**

Like all nations, Canada faces a daunting challenge in its post COVID-10 economic recovery. There are, however, several areas of strength on which to draw, with agriculture and agri-food being one of the most vital. It will not happen on its own, however. The sector requires a whole of government approach to ensuring growth and competitiveness, with regulatory modernization being at the top of that list.

Regulatory modernization provides a tremendous opportunity for the Government of Canada to take an organized, comprehensive approach to enhancing competitiveness, while ensuring that the health and safety of Canadians and the protection of our environment remains priority one. The progress made to date has been promising, and now it is time to finish the job. CropLife Canada and its members stand ready to play a constructive role in the process, one that will help the government reach its policy goal of \$75 billion in agriculture and agri-food exports by 2025.

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<sup>5</sup> <https://www.usda.gov/media/press-releases/2018/03/28/secretary-perdue-issues-usda-statement-plant-breeding-innovation>

<sup>6</sup> <https://www.frontiersin.org/articles/10.3389/fbioe.2020.00303/full>