



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on International Trade

EVIDENCE

NUMBER 026

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Friday, September 23, 2022

Chair: The Honourable Judy A. Sgro



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• (1300)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting to order.

This is meeting number 26 of the Standing Committee on International Trade. Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23. Members are attending in person in the room and remotely, using the Zoom application.

I need to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. When speaking, please speak slowly and clearly.

For those participating by video conference, click on the microphone icon to activate your mike. Please mute it when you are not speaking.

With regard to interpretation, for those on Zoom, you have the choice at the bottom of your screen of “floor”, “English” or “French”. For those in the room, you can use the earpiece and select the desired channel.

I would remind you that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Should any technical challenges arise, please let me know. We may need to suspend for a few minutes to ensure that all members are able to participate fully.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on March 21, the committee is resuming its study on trade opportunities for Canadian businesses in the Indo-Pacific.

We have with us today by video conference Raphael Gaudreault, chief operating officer of Arianne Phosphate Inc., and Brendan Byrne, chairman of the Grain Farmers of Ontario. In person, from Soy Canada, we have Brian Innes, executive director. Welcome to all of you.

We will start with opening remarks and then proceed to rounds of questions.

Mr. Gaudreault, would you like to start with an opening statement of five minutes?

[Translation]

Mr. Raphael Gaudreault (Chief Operating Officer, Arianne Phosphate Inc.): Thank you, Madam Chair.

Arianne Phosphate is a mining company headquartered in Chicoutimi which is launching a phosphate production project in Saguenay—Lac-Saint-Jean. Arianne Phosphate owns a phosphate deposit in Lac à Paul, a fully approved project that is ready to build, 200 km to the north of the city of Saguenay.

The asset is one of the largest undeveloped deposits in the world and capable of producing environmentally friendly phosphate concentrate. Owing to its purity and low level of contaminants, the Arianne company's phosphate can be used to produce fertilizer and specialized applications like food, animal feed and lithium iron phosphate batteries.

We are planning to build an open pit mine, an ore processing plant, and a deepwater port, in addition to leveling 240 km of forest roads to ship our annual three million tons of phosphate concentrate. When fully operational, the business would require approximately 375 employees.

Phosphorus is a key element in agriculture, and because nothing can be substituted for it, it is indispensable for crop development. It promotes root development and enhances resistance to drought. Recent disruptions in the world food chain resulting from quotas on exports from China and Russia have been aggravated by the situation in Ukraine. As a result, the selling price has increased considerably, and some countries, like India, have had to review their supply strategies.

Canada has not been a phosphate producing country since 2013, when Agrium, now called Nutrien, closed the mine in Kapuskasing, Ontario. We are therefore now 100% dependent on imports, mainly from the United States, which itself is a net importer. The economic performance of Canada's prairie provinces is now dependent on our capacity to obtain supplies of phosphate from overseas, even though the product is one for which Canada should be a net exporter.

There are potential clients for Arianne Phosphate around the world. The Indo-Pacific sector is particularly interesting, because it is a steadily growing market for phosphate product imports, whether for use in the traditional fertilizer or technological applications like the manufacturing of batteries for the electrification of transportation.

That being the case, the current study being conducted by the committee on trade opportunities in the ASEAN countries is very important for Canada's phosphate industry and for Arianne Phosphate. It's an opportunity for Canada to play an international role with a with a future-oriented product that addresses global needs: the use of fertilizer to enhance food productivity, and the development of lithium iron phosphate batteries for the global energy transition.

Although phosphorus is an abundant element on Earth, its geographical distribution makes it very vulnerable in terms of supply security, given that world reserves are mainly concentrated in North Africa and China.

The quality of the concentrates produced in these countries is also much lower than for those in Canada. The origin of our phosphate is igneous rather than sedimentary, making it possible to achieve a concentrate that has a much higher level of purity and that is virtually free of heavy metals or radioactive elements. This is very important for its use in fertilizer, and even more so for battery manufacturing, a subject that was studied by the committee last winter. Indeed, only a limited percentage of world phosphate reserves is suitable for the production of phosphoric acid that meets the technical specifications of battery manufacturers.

Canada has a role to play in solidifying its strategic advantage in phosphorus. It's disappointing to see that this metal of the future is not included in Canada's Critical Minerals Strategy. The government is also relying heavily on mining exploration, but few mining projects are underway in Canada. There are various reasons for this, including the lengthy time periods required and strict regulations, not to mention the lack of support for mining infrastructure development.

If Canada hopes to grow its expertise and export opportunities with the ASEAN countries to meet growing demand, including for phosphate, then government policies need to be in tune with the needs of the mining companies, including ours.

• (1305)

We applaud a future free trade agreement with the ASEAN countries, and believe that it is an opportunity for our industry that should not be missed. We simply hope that the government will be there to implement policies that are favourable to the future development of our sector.

Thank you.

[English]

The Chair: Thank you very much.

We'll move on to Mr. Byrne for five minutes, please.

• (1310)

Mr. Brendan Byrne (Chairman, Grain Farmers of Ontario): Thank you.

My name is Brendan Byrne, and I am the chair of the Grain Farmers of Ontario. I farm corn, wheat and soybeans in Essex, close to Windsor.

Thank you for inviting me to join you today to talk about the Indo-Pacific trade opportunities and what they will mean for grain farmers in Ontario.

We support efforts to expand Canadian export opportunities in this area. New markets help farmers manage market volatility risks. Right now, we are in a volatile commodity market.

To start, I would like to tell you about the Grain Farmers of Ontario. We represent the grains and oilseed industry in Ontario.

When many people think of Canada's farmers, they don't realize the unique qualities of the farms east of Manitoba and the contribution of Ontario's commodities to Canadian exports. Grain Farmers of Ontario represents 28,000 farmers from across the province, from Windsor to the Quebec border and as far up as Thunder Bay. Ontario grain covers six million acres, and our farmer members grow a rotation of crops, including soybeans, corn, wheat, oats and barley.

Our main export crop is soybeans. Over 70% of the soybeans we grow are destined for countries outside of Canada. Exports include both commodity beans used to feed livestock and specialty soybeans used to make tofu and natto beans. These are a staple in many of the countries in the Indo-Pacific region.

The soybeans grown in Ontario are some of the world's most sought after. We are a dependable supplier that countries can rely on. Specialty soybeans grown in Ontario are unique. Ontario farmers are able to produce exceptional quality food-grade soybean on their farms because of summer weather in Ontario. Hot humid summers and the cool nights created by the Great Lakes make a perfect soybean for specialty markets that are in high demand in the region of the Indo-Pacific.

Over the last few years, thanks to advancements in innovative farming techniques and seed technologies, the yields we have achieved on our cornfields have increased significantly. We have enjoyed an increase in new market opportunities created through Canada's new trade agreements.

Canada has gone from being a net importer of corn to a corn exporter in just the last 10 years. The opportunity for growth will continue as we achieve higher yields on the same amount of land.

However, our exports are not just in our crops. There is an opportunity for the value-added exports from renewable fuel made from soybeans and corn. Canada's livestock exports depend on our crops for feed as well.

The grains and oilseed farmers and the Ontario grain industry that is created from our crops contribute \$18 billion to the Ontario economy. We have a strong domestic value and industry and export business. The grains industry in Ontario creates 75,000 jobs.

I am proud to be a part of this industry, not just because of our significant economic contribution, but also because, as farmers, we take seriously our responsibility to protect the environment. Ontario's grain farmers are committed to preserving biodiversity in the areas where they farm, including protecting the local soil and waterways that keep our fields healthy, our food safe and our communities sustainable.

Quite simply, trade [*Technical difficulty—Editor*].

I've come out of our field today. We're ready to take some soybeans off. They're ready to harvest. The beans are ready to go to the local elevator to be shipped to export markets around the world.

Today I'm feeling confident because we have good prices, but it's been a very stressful year. Every year we need to manage risks—the weather and the markets—but the extreme market conditions we experienced this spring are something that I've not seen in my lifetime. Many producers across the province have stated the same.

The cost to produce this year's crop was higher than we've ever experienced. Fertilizer is one part of that price: Shortages were real, right up to the time of planting. Retailers were rationing fertilizer because shipments were blocked by sanctions put in place in Canada. This year, Ontario farmers paid 238% more than they did in the spring of 2020. A few years ago, before the pandemic, we had good prices, but then they dropped because, for political reasons, China decided to stop imports on soybeans directly from Canada. The drop was drastic. Soybean exports to China went from \$1.7 billion in 2018 to \$33 million in 2019. With today's prices on fertilizer, fuel, transportation and seed, if the same drop were to happen again here, it would be devastating for Ontario farmers.

We need to have more customers around the world and in this region so that we're not vulnerable to these types of political decisions made by one country on our exports. To us, the Indo-Pacific represents a growing market for farmers. Farmers face a lot of risks when growing a crop, and market diversity is one risk management strategy that we can count on. We support any efforts to develop more market opportunities in this region and are thankful to be here to express that.

Thank you very much.

• (1315)

The Chair: Thank you very much, Mr. Byrne.

Apparently the technical difficulty is due to your Wi-Fi connection, rather than the headset. That's the direction we've been given. Hopefully, everything will be all right as we move forward.

Mr. Brendan Byrne: Thank you.

The Chair: Next is Mr. Innes, please, for up to five minutes.

Mr. Brian Innes (Executive Director, Soy Canada): Thank you very much, Madam Chair.

Thank you to the committee for the opportunity to be here. I'm here representing the soybean value chain. This includes our farmers across the country, our seed developers, our processors and our exporters. We have a diverse industry from the Atlantic Ocean to the Rocky Mountains, and it includes farmers like Brendan.

Soybeans are the third most valuable crop here in Canada, with exports around \$3 billion in 2021. We produce world-leading food-grade soybeans, as Brendan explained, for things like soy milk and tofu as well as commodity beans that are crushed into meal for livestock as well as oil for humans and oil for biofuel.

With more than 70% of our production exported, we're very focused on global markets. We appreciate your attention to the Indo-Pacific, because it's a really important growth opportunity for us. Before I describe the most important ways we can increase growth in trade, I'd like to share why we see it as such an important opportunity.

From a soybean perspective, the Indo-Pacific is the heartbeat of global soybean demand. Take the ASEAN region as an example. It imports approximately \$9.1 billion of soybeans each year. Our Canadian exports are worth about \$380 million to this region. There's a lot of opportunity for us to grow market share. At the same time, demand is growing significantly for our products in these regions.

For example, looking at the Philippines and the annual growth rate for soybeans used for food purposes, the growth rate has been approximately 12% every year over the last five years. It's a large market and a growing market for us. For all of us, the question facing us today is how we can take advantage of this demand to increase the growth opportunities. For us, it means better access to these markets, and to do that we need three things.

First, we need to eliminate tariffs and establish ongoing regulatory co-operation on plant, animal and environmental health issues through our trade agreement negotiations with Indonesia. Eliminating tariffs would be really helpful for us, because we face uncertainty. Should Indonesia decide to, they could raise tariffs on our products up to 27%. But eliminating tariffs is not enough. We also need to address non-tariff issues like sanitary and phytosanitary issues or other barriers to trade related to regulations. These issues can appear suddenly. They can create costs and create risks, and can even stop our exports.

In conversation with government last week, I asked when the last time was that we had regulator-to-regulator interaction between Canada and Indonesia. The answer...? I'm still waiting to hear it too.

Secondly, we need to secure access to India for our food-grade soybeans. Increasing food-grade exports to India is a real opportunity for growth, given the size of that economy and the growing demand for our products. Currently, we face tariffs of 45% on our soybeans going to India. The tariffs are also very unpredictable. They could be changed, at a moment's notice, up to 100%.

Our soybean trade with India is actually quite interesting. We import a lot of organic soybeans from India that come into Canada without a tariff. While we as Canadians face really high tariffs exporting our soybeans into India, Indian soybeans come into Canada tariff-free. It's also interesting, because other countries can export to India without the tariffs that we face. That has caused us to not be able to take advantage of opportunities in India. Recently, our food-grade soybeans were trading at a \$100-per-tonne premium into India, or the opportunity was there, but because India could source without a tariff from other origins, we ended up selling those soybeans elsewhere.

The third thing we need to do is invest in industry-government collaboration to proactively prevent non-tariff issues throughout the ASEAN and Asia-Pacific and Indo-Pacific regions. Increased collaboration and investment would reduce risks and costs while helping to enable innovation on Canadian farms.

• (1320)

I will give you two examples of how this is hurting us and how it could be made better. The first example is in Vietnam, where we are unable to export our soybeans in bulk. While beans produced just steps away, in some cases, in the United States can be exported in bulk vessels to Vietnam, we are not able to do that because of concerns around sanitary and phytosanitary issues.

Secondly, when it comes to regulation of seed and crop protection technologies, throughout the regions, regulations are evolving. The result that ends up happening is that as regulations evolve, they may not evolve in the same way that they are evolving in Canada. Technology for new seeds and new crop protection products may be approved here but not in our export markets. That means we can't use them until they're approved.

The Chair: Mr. Innes, could you close off, please?

Mr. Brian Innes: In closing, we see lots of opportunities to export more to the Indo-Pacific.

Thank you for your interest and your questions.

The Chair: Thank you, Mr. Innes.

We will go now to our members, beginning with the Conservative Party.

Mr. Martel, you have six minutes, please.

[*Translation*]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Madam Chair.

I'd like to thank the witnesses for having made themselves available to us today.

My questions are for Mr. Gaudreault.

I'm pleased to see you here today Mr. Gaudreault. The Arienne Phosphate project is in fact located where I'm from. We know that our phosphate is excellent.

I'd like you to give us a bit more of an explanation of why phosphate is a mineral with a future.

Mr. Raphael Gaudreault: It's a mineral with a future because it is definitely part of the energy transition. It's essential. It's also indispensable for productive agriculture. As we know, arable land is limited, making the use of fertilizer essential to continued farmland productivity. Canada is also rich in lithium and iron. We are lucky to have phosphate, the third element in the composition of lithium iron phosphate batteries. It could enable us to become a major producer of such batteries.

All these elements can contribute to decarbonization and make us a leader in this area.

Mr. Richard Martel: Can you give us an overview of current phosphate demand in Asia and explain what we can expect going forward?

Mr. Raphael Gaudreault: First of all, one of the main factors leading to increased phosphate demand is population growth. Asia is going through a strong period of population growth. People need to be fed. That's the main factor underpinning growing demand.

It's also related to upheaval in the supply chain. China was one of the leading importers from the Pacific countries. However, when the Chinese decided to keep their phosphate reserves for themselves, it upset the entire supply chain.

In short, growing demand stems in part from population growth and in part from a necessary realignment of the supply chain.

Mr. Richard Martel: Mr. Gaudreault, There's one thing I don't fully understand. Given everything that you've said, why has Canada not yet recognized phosphate as a critical mineral?

Mr. Raphael Gaudreault: I must admit that I have trouble explaining it too. Phosphate already meets several of the criteria for inclusion on the list of critical minerals. It's available in abundance and most importantly, the quality of our phosphate is, generally speaking, much higher than phosphate found elsewhere on the planet. It's clear to me that phosphate should have been placed on this list long ago.

• (1325)

Mr. Richard Martel: And how come Canada doesn't yet have any domestic phosphate supply?

Mr. Raphael Gaudreault: My view is that it's a combination of factors, including the fact that there are no longer any phosphate processing plants in Canada. The Agrium mine closed in 2013, and the plant that was converting some of its concentrates closed shortly afterwards. What this means is that if we want clients, a company like ours has to export 100% of its output.

Access to trade routes is also a challenge to the Canadian mining industry generally. Our land is vast and it's often difficult to transport concentrate to a railway line or a port for export.

These factors generate high costs. I mean both investment and operating costs. This negatively affects project profitability, which can reduce investor interest, and we end up paying the price.

Mr. Richard Martel: That leads me to another question. What could Canada do to become a leader in phosphates and boost its trade generally, including with the ASEAN countries.

Mr. Raphael Gaudreault: Canada already has the mineral reserves and resources required to gain recognition as a leader in phosphates. I believe that what we need is access to better infrastructure for dealings with our clients.

Mr. Richard Martel: Mr. Gaudreault, if I still have any time left...

[English]

The Chair: You have 30 seconds, Mr. Martel.

[Translation]

Mr. Richard Martel: Okay.

Could you briefly tell us what economic spinoffs we could expect from having a mining company like Arianne Phosphate here at home?

Mr. Raphael Gaudreault: In Canadian currency we're talking \$1.6 billion of investment during construction, \$12 billion in economic spinoffs over the 25 years of operation and approximately 1,000 direct and indirect jobs in the region.

Mr. Richard Martel: Thank you.

[English]

The Chair: Thank you very much.

Mr. Virani, go ahead for six minutes, please.

Mr. Arif Virani (Parkdale—High Park, Lib.): Thank you very much, Madam Chair.

Thank you to all of the witnesses. It has been very informative.

I'm going to start with Mr. Byrne from the Grain Farmers of Ontario.

I note that you observed that we've gone from being a grain importer over the last 10 years to now being a grain exporter, which is terrific news, and it demonstrates the importance of diversifying our trade and pursuing further trade arrangements around the planet, including with less traditional partners. That is really important.

I also note that you indicated that notwithstanding the important work that you and all of your members are doing as grain farmers in Essex and around Ontario, you have never before seen extreme weather conditions of the type you've seen this year, which, to my mind, just underscores the importance of addressing climate change and addressing it aggressively because it affects all of us whether we're individual residents or running massive farming operations.

In terms of the question for you, Mr. Byrne, you commented about China and what had happened over the past few years with that trading relationship, and you emphasized the importance of exploring different markets and opening up new markets and volunteered your assistance in that regard. Among the ASEAN group—we're talking the Indo-Pacific and more broadly ASEAN—are there specific nations you'd identify? I draw your attention to the fact that the speaker just after Mr. Innes was talking about Vietnam and Indonesia. Can you target us toward a few different nations that you think would be particularly attractive for us to be pursuing initiatives on with respect to freer trade, particularly in grains?

Mr. Brendan Byrne: Thank you for the question and the comments. Mr. Innes might be able to comment as well. With some of the ones he targeted, like Vietnam and Indonesia, we've had a very strong relationship, such as with Japan in terms of food-grade soybeans and tofu production. We've been providing them what they're looking for, so sometimes it's not necessarily us growing something that we'd like to then find the market for; it's finding what the market might be looking for and then being able to produce that here in Ontario.

We do have very strong identity preserved beans that are grown in Ontario and that are marketed throughout the globe in that manner.

• (1330)

Mr. Arif Virani: Thank you for that.

Could I turn to Mr. Gaudreault?

[Translation]

Your testimony was really fascinating, in keeping with your experience and your point of view. Thank you very much.

[English]

Mr. Gaudreault, you commented on this issue with respect to not just traditional fertilizer uses of phosphate but also obviously with respect to electric vehicle battery production, and I wonder if you could comment on this. Last year we spent some time specifically on combatting the Build Back Better Act and some of the potentially punitive aspects that would have applied to vehicle battery production here in Canada had it not been scaled back, and we saw that Build Back Better has been scaled back and now we're looking at the U.S. Inflation Reduction Act.

Could you comment upon that turn of events, how that impacts an industry like yours and where you see phosphate in terms of the future of battery production for electric vehicles in this country so that we can aid the move toward electrical vehicles both in North America and around the planet?

Mr. Raphael Gaudreault: Phosphate is a commodity that is really easy to source sustainably, compared to cobalt, let's say. Also, even though LFP batteries will have less power, they'll be longer-lasting, with up to five times the life of a standard NMC battery. It goes toward sustainable development.

We in Canada have very high mining regulations to make sure that whatever comes out of the country is a green product. I think this is why it would be a good move for the country.

Mr. Arif Virani: I'm also seized by the fact that you mentioned food security, and phosphate is a fertilizer. Obviously, we've taken a very aggressive position with respect to Russia and Ukraine, and the sanctions applied to many parts coming out of Russia, including fertilizers. That's had a knock-on impact upon the agricultural industry and farming communities around the country. We're quite alive to that and trying to address it.

How does phosphate production here, including the potential mine you're hoping to open, help us feed into that piece so that we could be sourcing phosphate as a fertilizer for Canadian farmers and, potentially, farmers in other parts of the world as well?

Mr. Raphael Gaudreault: It would reduce our reliance on imports with production right here in the country. We have a lot of potash available in Saskatchewan, but all of the potash in the world won't replace phosphate. They play different roles in the fertilizing cycle, and we need to have all of the available commodities to have a full fertilizer with the effect on NPK.

Mr. Arif Virani: Okay.

I'll say very briefly, Monsieur Gaudreault, that you've been well heard with respect to the critical minerals list. I will take that information back to the team in the minister's office.

Mr. Innes, I would indicate to you that having more regulatory conversations between the nations working on these trade agreements is something we're actively pursuing, particularly on sanitary and phytosanitary standards.

Thank you, all, for your evidence today.

The Chair: Thank you all very much.

Monsieur Savard-Tremblay, you have six minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Greetings to my colleagues, and thanks to the witnesses for being here.

I'd like to begin with Mr. Gaudreault.

Mr. Gaudreault, could you briefly explain to me where your company fits into the battery ecosystem?

Mr. Raphael Gaudreault: We position ourselves as a supplier for a future battery manufacturer. Phosphate is one of the raw materials needed to make batteries. We have recently seen battery and

even automobile manufacturers award contracts directly to mines to ensure that they have the raw materials needed for their production. That's where we fit in.

• (1335)

Mr. Simon-Pierre Savard-Tremblay: There is now a strategy in place to free us from our dependence on Asia for batteries. I'm sure that we all agree on the need to do that. One day, we have to be able to make them ourselves.

It's also essential to link up with trade in the Indo-Pacific region. If I've understood correctly, from your standpoint, you are seeking more clients in this part of the world so that they can assemble their own batteries using your product. Is that correct?

Mr. Raphael Gaudreault: That region is where the battery industry is the most advanced at this time. In North America, generally speaking, many projects are being launched or at an advanced engineering phase, but there are not yet any actual producers. That's, in fact, is why we are focusing on this region.

Mr. Simon-Pierre Savard-Tremblay: By doing that, do you think it will be possible in the short term to free us of our dependency on this part of the world, which is already supplying 90% of the world's batteries?

Mr. Raphael Gaudreault: Yes, that's right. As I was saying earlier, all the raw materials required to manufacture batteries are available in Canada. There is therefore no reason to export our products there only to have them returned to us afterwards. However, there is a transitional period during which we will have to export raw material.

Mr. Simon-Pierre Savard-Tremblay: So in the short term, that's where things stand. Thank you for your answers.

I now have a question for Mr. Innes, of Soy Canada.

Mr. Innes, in discussing the need for soybeans for human consumption, you said that it would have to come from the Indo-Pacific region. What country are we talking about, exactly?

Mr. Brian Innes: Thank you for the question.

For food grade soybeans, the greatest demand, which is currently growing, is definitely in the Indo-Pacific region. Whether in Indonesia, Vietnam, Japan or South Korea, soy-based products are in very high demand in all these countries, as are tofu and soy milk.

Much of our soybean exports to Indonesia for example, is used to make soy milk. It's therefore safe to say that this region is central to international demand for soybeans, particularly for our identity-preserved or IP soybeans, which are produced in Quebec by Prograin, Ceresco, and other companies that export to Asia and the Indo-Pacific region.

Mr. Simon-Pierre Savard-Tremblay: In other words, it means exporting our soybeans to the Indo-Pacific region for processing in that part of the world.

From your standpoint, on the other hand, do you have any concerns about a possible agreement? Are your members afraid that the corresponding sector in the Indo-Pacific region will be given preferential treatment in exporting its products to our region?

Mr. Brian Innes: Not really. We are concentrating on exports. We are usually very competitive. We have a number of challenges, such as the concentration of companies that provide container services, but generally speaking, we are focused on exports. We export approximately 80% of the soybeans produced in Quebec and 70% of soybeans produced across Canada. We are therefore highly competitive, despite the challenges tied to fertilizer and containers, as Mr. Byrne explained. That's why we're focused on export markets, but also on aspects that keep us competitive.

Mr. Simon-Pierre Savard-Tremblay: What is distinctive about soybeans and would give it value on the Indo-Pacific market?

Mr. Brian Innes: Our industry in Canada is highly specialized in the production of food quality identity-preserved soybeans. We produce specialized seed crops for a higher quality tofu compared to other regions. As Mr. Byrne explained, we also have the right climate for growing quality soybeans, whether because of the sugar content or other factors. We also have a highly developed industry. Our producers can adapt to technology and our exporters are very agile, as are our seed producers.

• (1340)

Mr. Simon-Pierre Savard-Tremblay: I'm being told that I am out of time. So I will just thank you and congratulate you on the quality of your French.

[English]

The Chair: Thank you.

We'll go on to Mr. Masse, please, for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair.

I want to start by recognizing that Mr. Virani was correct on the dilatory motion. I was wrong on it. I didn't read my email stuff on the web, so I want to thank him for holding off for the last meeting, but we'll be happy to move that when we get there. If the Liberal whip gives them a hard time, they can blame it on me. I'm sure it's not the first time that my name has come up.

With that, I definitely want to continue with Mr. Innes here. I didn't realize the trade imbalance position that we have with India. What's it like with the United States and Mexico? Those are our NAFTA trading partners. I'm curious about what their treatment and the reciprocity are in this as well.

Mr. Brian Innes: In the world of soybeans, soybeans are the number one agri-food export from the United States into Canada—soybeans and their products—so while we're a major exporter to the globe, we're actually also a major importer of things like soybean meal from the United States, just based on the significant back-and-forth trade that happens—

An hon. member: Like our cars.

Mr. Brian Innes: Like our cars, yes, and like processing facilities in Windsor and across the border in Michigan. Farmers like

Brendan can often have the opportunity to sell to the United States as well.

If we look at the trade between the North American partners, we don't export a lot of soybeans to the U.S., if at all. It really depends on market conditions, and Mexico is not an important market for us. It's served significantly by the Americans. They have a much larger soybean production, and it would be a bit like selling ice to the Eskimos, so to speak.

I thank you for the question. We're very much part of an integrated economy.

Mr. Brian Masse: Following that, I'm wondering if there's a list of certain trading partners and those that are getting favourable treatment in India, compared to us. If we're looking at how we get involved in more reciprocal trade fairness, I'm curious as to whether we've identified which nations we are doing a lot of trade with that perhaps have that access. I wonder how they might have changed theirs.

For example, if the United States has better access, I wonder what they did to get it.

Mr. Brian Innes: With respect to India, part of our challenge is that we only have the access that's granted to WTO countries, and we don't have preferential access through a trade agreement, for example, like Australia has just achieved through their early harvest agreement with India. While Australia is not a major soybean exporter and wasn't the origin that I referenced, that challenge is something that we see.

With India, what's happened is they have achieved some agreements that we have not yet. Also, other origins face different treatment because of a lesser-developed status under the WTO than Canada faces.

Mr. Brian Masse: That's interesting.

I'll ask Mr. Byrne a question really quickly. How much support do you get for exporting into different markets? Do you do that through your trade association, or do you do that individually? Give us a little glimpse into the challenges you face trying to find new markets.

Mr. Brendan Byrne: I think, in general, the challenges we face are that we need at times the backing of government to help us with some of these. This is a perfect example of it. We see a market opportunity, but we can't find that alone as individual farmers. Sometimes, even as an association, it's hard. With the backing of government and having, say, Brian from Soy Canada with us, the farmers on the ground here in Ontario, we can collaboratively work together to find some of those pieces.

Otherwise, it's pretty tough on our own to go about that. However, we have a market development group at the Grain Farmers of Ontario that tries to explore some of those and sees where those partnerships make sense.

Mr. Brian Innes: If I could, I'll add to that briefly. Working with our members, like Grain Farmers of Ontario, we look to leverage our industry investment and our voluntary investment from growers like Brendan and the association into work that we can do collaboratively and internationally. We have support from Agriculture and Agri-Food Canada, but the challenge we face is that our support is much less than what the Americans get, for example. We do the best with what we can, but it works out to be roughly one-twentieth of what the Americans get per tonne of exports to promote their products internationally.

• (1345)

Mr. Brian Masse: Really quickly, to follow up, do you work with the different trade offices? Some trade offices closed. Some were stronger in the past. I'm curious about your relationship with the trade offices.

Mr. Brian Innes: The trade commissioner service and the trade offices are very helpful. I was in touch just yesterday, for example, with those in Malaysia, Indonesia and Vietnam. Those offices are very helpful for what service they're able to provide.

They certainly help, but we could use more investment.

Mr. Brian Masse: Thank you.

Thank you, Madam Chair.

The Chair: We will move on to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Madam Chair.

Thank you to the witnesses for being here today.

I'd like to build on the line of questioning that was just concluded by Mr. Masse to Mr. Innes, and perhaps Mr. Byrne, on the role of the trade commissioner and trade commission offices. Several other organizations have come forward to advance the notion of the creation of a Canadian Indo-Pacific diversification office as part of the government's Indo-Pacific trade strategy.

Mr. Innes, I'd be pleased to hear your thoughts on that. What is Soy Canada's position?

Mr. Brian Innes: When we highlight the opportunity and the need to be more proactive and to have more collaboration between industry and government in market, what that means in practice could be exactly what you're describing as an Indo-Pacific diversification office. From our experience, trade commissioners are helpful. They're also scattered and there is often not as much coordination as there is between industry and government and across government, including regulators.

Trade commissioners are often policy officers or commerce officers without scientific expertise. To solve SPS issues, it is really helpful to have a regulator-to-regulator conversation between scientific experts. At the same time, it's also very helpful to have on-the-ground intelligence from industry as part of those discussions.

I think what you're describing as the Indo-Pacific diversification office, if it embodies those things, could be quite helpful.

Mr. Tony Baldinelli: Thank you.

Mr. Byrne, do you have any comments on that, or did Mr. Innes touch upon it all there?

Mr. Brendan Byrne: I think Mr. Innes touched on it perfectly there.

Mr. Tony Baldinelli: That's great.

Just to build on that, in June the Minister for Global Affairs, the Honourable Mélanie Joly, established an advisory committee for Indo-Pacific. It's to have representatives from the government, the private sector and civil society organizations. It's "tasked with providing independent perspectives and recommendations on Canada's Indo-Pacific strategy" moving forward.

We're able here in our international trade committee to receive presentations from several organizations. Have they yet to reach out to organizations to get presentations such as this, feedback from grain growers of Ontario or feedback from Soy Canada? Have they yet to have those conversations?

Mr. Brian Innes: We would welcome that invitation.

Mr. Tony Baldinelli: Mr. Byrne.

Mr. Brendan Byrne: I would say the same. For anybody who is looking to speak with us, we're easy to get hold of and would gladly have those conversations about what we can collaboratively do together.

Mr. Tony Baldinelli: The hope is that the government will then be reaching out as part of coming forward with this strategy. Again, building on what's been taking place here, in your recommendations what are some of your priority issues that you feel the government should put forward, as part of this new strategy moving forward?

Mr. Brian Innes: Maybe I'll start.

We certainly see that increased attention to the region, increased investment in the region and increased regulator-to-regulator conversations would be quite helpful.

There are a number of things that come into a strategy. When it comes to boots on the ground, it's not just about identifying people but also about the type of people and the types of interactions, coming back to your question around an office and how we create something that's greater than the sum of its parts. There are elements of that strategy that could be in a trade agreement. There are elements that could be in increased investment and attention. Certainly thinking about boots on the ground, making that sum greater than the parts would be our wish.

• (1350)

Mr. Tony Baldinelli: Quickly, Mr. Innes, especially when you talk about the great opportunities in terms of ASEAN nations and the growth there—it was said that merchandise trade was \$31.5 billion, and most of it was in terms of imports rather than exports—do you find that with respect to some of the concerns you're expressing, maybe that diversification office could provide more assistance with the non-tariff barriers that you're finding, those regulatory hurdles and barriers that get thrown in your way?

Mr. Brian Innes: Absolutely. The essence of having greater investment is being able to work through more complex issues.

Sometimes these things take time. They take effort and sometimes face-to-face conversation. Having the attention to invest in that can really help yield results, but if we're only half committed, we're not really getting results.

The Chair: Thank you very much.

Mr. Sheehan, go ahead for five minutes, please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you, Madam Chair.

Thanks to all the presenters. It was very informative.

For our study, the motion names a number of countries we're looking at analyzing and studying. One of them is Taiwan. Basically I have not heard anyone talk about the Taiwan market, so my question will be, through you, Chair, to our three presenters. What do you see as the opportunities in Taiwan or any possible threats? Are you doing business there now? It's that line of questioning about the Taiwan market.

I'll start with Brian.

Mr. Brian Innes: Thank you.

Taiwan is certainly an important market for our soybeans, primarily our food-grade soybeans that are turned into tofu, soy milk, natto, miso and other products really central to the diet that's local there. It's a market that's strong and stable. It also is growing, not at the same rate that other markets are, but we're certainly very interested in maintaining that. It's been an important market for us for a long time, and we'd like that continue.

Mr. Terry Sheehan: To the people online, I put the same question.

Mr. Brendan Byrne: I would just echo what Mr. Innes said. I'm sorry, but it cut out there. I think that roughly 1% of the soybeans that are exported are currently going to Taiwan. With that being a growing market, I think there are opportunities for growth, especially here in Ontario. On our family farm, for probably about the last 30 years off and on, we have grown identity preserved beans for specialty markets, for tofu or whatever else they're looking for. I think that any of these have potential for growth. That's why we're here exploring this alongside you.

Mr. Terry Sheehan: Thank you for that.

I'll go back to Brian.

Soybeans are the third most important food crop in Indonesia after rice and maize. The demand for soybean consumption tends to increase annually. In 2020 the figure was about 3.28 million tonnes,

while the domestic production was 0.63 million tonnes. Thus, about 83% of the soybean needed was imported.

Can you tell the members of the committee what the cause of this annual increase is, in your opinion, and how Canadian soybean contributes to meeting the Indonesian demand for soybean? Also, do you believe the world trend will continue?

Mr. Brian Innes: Absolutely, and that's why we're so interested in the negotiations between Canada and Indonesia. Indonesia is also an incredible growth story. If we're looking at the statistics even back three or four years, our exports from Canada to Indonesia have grown incredibly. Between the U.S. and Canada, we supply the lion's share of the soybeans to Indonesia.

We see that continuing to grow, hopefully, and for Canada to continue to have significant market shares and be competitive in the Indonesian market with our soybeans relative to competitors like the United States, for example. Yes, there's a huge opportunity for us to continue growing, but it's also one where we've had amazing growth in the last few years.

Mr. Terry Sheehan: Are there any current barriers that exist there which might prevent you from exporting more beans to Indonesia?

Mr. Brian Innes: I referenced my conversations around interaction between plant health regulators because there are always issues that arise in the trade of food products. It creates risk when we don't have confidence that the conditions in place today will continue in a month, and to be more candid, when there are challenges that come up, what is the capacity we have to solve them?

All of that creates risks and challenges for us to really maximize our ability to take advantage of that growth. If we look at other competitors and other countries, we can certainly say that they are much more active on the ground in working with regulators and industry to have smooth trade, which then enables them to take advantage of that growth.

• (1355)

The Chair: Thank you very much, Mr. Sheehan.

We'll move on to Mr. Savard-Tremblay for two and a half minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

I'd like to continue with Mr. Innes to obtain further details about the precise nature of the tofu that apparently has such a comparative advantage in this region.

As we have only two minutes left, I'd like you to briefly answer the following question: Why is there none of this specific variety of soybean in a region like that, which is after all a major grain producer?

Mr. Brian Innes: We've been particularly successful in Canada thanks to seed producers in Quebec and Ontario, as Mr. Byrne explained so well. It's because the varieties of soybean are really local. The quality of the seed for tofu, for example, is really specific to the variety. That's why we produce over 100 varieties of food-grade soybean in Canada to factor in the very specific requirements of the industries.

In Canada, we have the capacity to invest in seed production. We are highly advanced in this area. It's also the result of investment from Agriculture and Agri-Food Canada, and the quality program that operates in Harrow, near Windsor. Our system is therefore working very well.

Mr. Simon-Pierre Savard-Tremblay: You were saying that we import a lot of American soybeans. Even though 80% of our production is for export, is part of it used for domestic consumption? Does that include the higher-quality food-grade soybeans that you mentioned.

Mr. Brian Innes: Yes, definitely. We too consume our food-grade soybeans. It's just that in Canada, we eat a lot less tofu than they do in the Indo-Pacific countries, for example. In Canada, we use our soybeans for animal production, including chicken and pork, but also for the production of soy milk, tofu and natto.

Mr. Simon-Pierre Savard-Tremblay: What, approximately, is the tariff on what goes to the Indo-Pacific region?

Mr. Brian Innes: It depends on the market. The stiffest tariffs are in India, but they are also high in Indonesia. This could be dealt with in a trade agreement.

Mr. Simon-Pierre Savard-Tremblay: Thank you.

[English]

The Chair: Mr. Masse, we will go to you for two and a half minutes, please.

Mr. Brian Masse: Thank you, Madam Chair.

Mr. Gaudreault, what would be your biggest competition in terms of other countries? I'm just curious as to what you see in terms of your market challenges.

Mr. Raphael Gaudreault: In terms of quality, Russia has the most igneous phosphate available, so they would be the greatest importer. In terms of quantity, Morocco definitely is the biggest competitor.

Mr. Brian Masse: I'm not familiar with this. That's interesting. What's the difference in the products?

Mr. Raphael Gaudreault: The product you'll find in Morocco is of sedimentary origin, so it will concentrate to lower levels, around 28% to 30% P2O5. Igneous deposits are able to concentrate to around 40%. You get more phosphate for the same tonne of concentrate, basically. Igneous phosphate is usually easier to transform into a high-quality acid, because it will have less contaminants.

Mr. Brian Masse: Lastly, real quick, do you have any logistical or other operational advantages over those other countries, or is their infrastructure for trade stronger than ours?

• (1400)

Mr. Raphael Gaudreault: Of course, they've been running for more than 100 years in Morocco, so yes, definitely everything there

is very well set up. They are located close to the seaboard, so they have strong exporting facilities.

In our case, we have 240 kilometres of road we need to upgrade. We also have to build new port facilities on the north shore of the Saguenay River. That's definitely a hurdle we have to go over.

Mr. Brian Masse: Interesting.

Thank you, Chair.

The Chair: Thank you very much.

Mr. Lewis, you have five minutes.

Mr. Chris Lewis (Essex, CPC): Thank you, Chair.

Thank you to all the witnesses. I suppose maybe we should have this meeting in Essex today, because if we're talking about Harrow, we're talking about Essex and we're talking about batteries. It's been a really fantastic meeting that's been full a lot of information so far.

Monsieur Gaudreault, I will not be able to get to you in my line of questioning, but if you would please reach out to my office, sir, I would love to have a conversation with you with regard to batteries.

Madam Chair, farmers feed cities. We see those signs right across Essex. Everybody knows that. It's not only Canadian cities. We now have an opportunity for trade.

Mr. Byrne, I just want to let you know that I got home late last night and woke up this morning to my soybean field: It's now turning. Before very long, my yield will be part of this conversation as well.

Just recently I visited ADM. For those who don't know, ADM is a crushing plant and then an export plant in the LaSalle-Windsor area. That's where freighters and trains come and do a bunch of exporting from. Generally speaking, I'm pretty well versed on this site.

Just as a point of interest, the shadow minister for agriculture, John Barlow, will be in Essex on Saturday. I'll be having a conversation with him as well on a lot of these various fronts. There are a lot of things in the mix right now.

Specifically, Madam Chair, through you to Mr. Byrne, I understand the costs. I understand the price of grain. I understand the price of fuel. By the way, I understand the lack of fertilizer and then the price of fertilizer, if you can even find it. In the last session of Parliament, Mr. Lawrence brought forward a private member's bill to take the tax off gas to dry our grains. I believe Mr. Lobb will be introducing that very shortly. Is that something that would help farmers to invest more and have more grain going forward?

Mr. Brendan Byrne: It's a great question.

I think that in general anytime a farmer can invest in his own operation versus sending the money out to the government side it's a positive on our end.

In this case, a lot of people are doing exactly the same thing they would be doing on their farms to dry their grain, but they're having to send out cheques of \$8,000, \$10,000 or \$20,000 to dry it down, and, as you would know, we don't have a reliable source that we could change to. Usually some of these pieces come into play to enact change, but there's nothing currently reliable that we can switch to from natural gas and propane. We certainly look forward to that private member's bill continuing and we hope that it will pass.

Mr. Chris Lewis: Okay. Thank you.

Chair, through you, I'd like to go back to Mr. Byrne, please.

Maybe less than a couple of weeks ago, I was fortunate enough to address the Essex County Federation of Agriculture, and they certainly had a lot of concerns with regard to the fertilizer side of things. I asked them, "If we give you some relief, how much more capacity does Ontario have specifically?" I'm wondering, when I say capacity, if we gave the proper relief to the farmers, how much more could Ontario export? Are there any numbers for that, sir?

Mr. Brendan Byrne: I could certainly pull some numbers from our team. We have an economist on staff and our GR department as well. I know, in general, that the issue you get into with the fertilizers, especially with the tight supplies and the tariff, is that there will be some people, say in planting wheat [*Technical difficulty—Editor*]

The Chair: Hold on, Mr. Byrne.

You need to go back half a minute, please.

• (1405)

Mr. Brendan Byrne: Yes, that's no problem.

On that fertilizer piece, there are farmers right now who are planting wheat. They're providing it with just a base level of nitrogen versus a full level, and that's where you [*Technical difficulty—Editor*]

The Chair: Hold on again.

Mr. Brendan Byrne: —impact food production. You'll have—

The Chair: Hold on, Mr. Byrne. We missed a little bit. Go back 30 seconds with your last statement as it's getting broken up.

Mr. Brendan Byrne: Okay. I'm sorry about that.

Anytime we're using less fertilizer because it costs more or because there is a tariff being applied to it, that is going to directly affect food production, because farmers are going to make decisions based on the amount they can put into the crop with the expectation of the return, knowing full well that they are at the mercy of the weather.

We certainly hope tariff relief comes. We'd like to see the tariff removed—we're the only G7 nation that has enacted that—so that we can provide as much food production as possible, not only for Ontario and Canada, but also for those areas around the world, especially in and around Ukraine, where we could maybe help out. It's certainly going to be needed.

Mr. Chris Lewis: Thank you.

The Chair: Thank you very much.

We go now to Mr. Miao for five minutes.

Go ahead, please.

Mr. Wilson Miao (Richmond Centre, Lib.): Thank you, Madam Chair.

Thank you to all the witnesses attending today.

I'd like to, through the chair, direct my question to Mr. Gaudreault.

Further to the question Mr. Virani asked earlier, global demand for phosphate is increasing at a rate of 2% to 3% each year, indicating a phosphate production requirement of four to six million tonnes per year.

What other uses of phosphate beyond EVs and fertilizers are contributing to the growing demand?

Mr. Raphael Gaudreault: Eighty-five per cent of the production goes to the fertilizer world and then the 15% that's left is for all other applications—specialty phosphate and the technological side also. It plays a role in hydrogen production as well. It will increase the solubility and increase the performance of the hydrolyzer, so these are the main applications for phosphates.

Mr. Wilson Miao: Thank you.

The next question I'd like to direct, through the chair, to Mr. Byrne or Mr. Innes.

How would you describe the value of gaining increased access to the Indo-Pacific region markets? Is the value in expanding your potential consumer base or more focused on access to cost-competitive supply of services and goods?

Mr. Brian Innes: Maybe I'll start and then Brendan can add his perspective as well.

When we look at our soybean sector, we're really export focused, and so access to the Indo-Pacific is about accessing growing demand to grow our exports but it is also very importantly about having options, and about having diversity.

I'll let Brendan elaborate on what he said in his opening remarks on the impact of instabilities when there's a problem in one market and you can't sell there, or you have difficulties selling there, and what happens on the producer side when that happens. However, from an industry perspective, we want to have as many options as possible, as many open channels, if you will, because that helps us have growth but also helps us have diversity when challenges come up.

Mr. Brendan Byrne: I would simply add that farmers like consistency and the ability to avoid some of the market volatility.

I know we're at the mercy of the weather and that's a volatile thing, but we like to be able to know that there are markets for our crop that are available to us and to explore that. I know from talking to farmers across Ontario that you'll find all different types of growers that are interested in providing for specialty markets—whether they be tofu or organic—across the board that way.

I think at our end it's just about opening that extra market for the export opportunity in case something like what we saw with China happens again.

Mr. Wilson Miao: Continuing with you, Mr. Byrne, what is the competitive advantage of importing Canadian grains as opposed to grains from other countries? What countries are your largest competitors in relation to exporting to the Indo-Pacific region and the ASEAN region?

• (1410)

Mr. Brendan Byrne: I would probably look to Mr. Innes for that last part in terms of our largest competitors.

I'd say that it's probably 35 years ago or so when my family—my uncle and cousin—went on a trade mission to Japan, which was looking at our identity preserved soybeans. Even at that time, they were known as the best in the world. When you were looking for identity preserved food-grade soybeans, you looked to Ontario.

We've continued that all the way through, including pieces on sustainability and on making sure that everybody knows exactly what has been put into that crop. I can't speak to the growing regions in those other areas, but I know that the soybeans grown here in Ontario are perceived as a very high-quality crop around the world.

Mr. Wilson Miao: Mr. Innes, you would like to add to that?

Mr. Brian Innes: Building on Brendan's remarks, we have an agriculture sector that adopts technology really quickly. We create technology, including seed technology and seed varieties, to produce the best tofu in the world, as Brendan describes, and we have a logistics and small and medium-sized enterprise system of exportation that is able to deliver their side of the responsibility quite efficiently. We often rely upon other partners, such as container lines, for example, or railways, which are less reliable, but our sector is competitive because of those things that we do along the value chain.

You asked about our competitors, and it's often the United States when it comes to identity preserved food-grade soybeans. South America also produces a lot of soybeans. Where we fit in is really in providing a high-quality product that works for food manufacturers. Also, we provide sustainable products that our customers have confidence in, and they can also have the confidence that we will deliver them reliably because of producers like Brendan, and because of our system that's highly developed and the trustworthy relationships that our businesses develop.

The Chair: Thank you very much.

We will go on to Ms. Gray for five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Madam Chair.

Thank you to all the witnesses for being here.

When this committee was looking at trade with regard to Canada and the U.K., I know that one recommendation we heard at the time was to put a chapter on small business into trade agreements. This chapter would enhance the ability of SMEs to benefit from trade agreements through things such as information sharing.

Would having SME-focused measures in trade agreements in the Indo-Pacific benefit your organizations?

I'd like to ask all three of our witnesses here that question. Maybe we'll start with Mr. Innes.

Mr. Brian Innes: When it comes to the soybean industry, we have a lot of small and medium-sized businesses. From our seed companies to our exporters, we have many small and medium-sized businesses spread across the country. We also have a lot of small and medium-sized businesses in the processing industry, not far from Ottawa, which turn soybeans into oil and meal for various purposes. We're very focused on small and medium-sized businesses, including farmers like Brendan. There are tens of thousands of them across the country.

When it comes to trade agreements, I think we're certainly interested in how the language can help us. It's something that we would like to look into more. The issues we face are often regulatory in nature, so if there are provisions that help to facilitate those discussions on regulatory issues, which are much easier when you're a larger organization, we would see that as really helpful.

Mrs. Tracy Gray: Thank you.

Go ahead, Mr. Byrne.

Mr. Brendan Byrne: We have farms across Ontario of all different sizes, so we look at it as something that all growers could take advantage of if it's right. We look to facilitate that, because we see some small enterprises that have found some specialty markets, as well as some larger growers that do the same. We'd like an equal opportunity in that for our growers, but it would certainly be interesting to take a look at the language that you might be proposing and make a comment on it.

Mrs. Tracy Gray: Thank you.

Go ahead, Mr. Gaudreault.

Mr. Raphael Gaudreault: Presently, of course, we're a small company, but when we launch production, we're looking at somewhere around 400 employees, so I'm not too sure if we really fit into that category.

Mrs. Tracy Gray: That's great. Thank you.

Each of you mentioned a number of issues that you're having. As the government enters into various negotiations, what would be some of the top pieces of advice you would give the government to mitigate some of these current issues? Again, we'll go through and we'll see how much time we have here.

Go ahead, Mr. Innes.

• (1415)

Mr. Brian Innes: From our perspective, prioritizing trade agreements and the infrastructure that is required after them would be our number one piece of advice, in the sense that we should invest energy to achieve both of those objectives.

We know that not all countries in the world are thinking like that at the moment, so the fact that Canada has negotiations with Indonesia is very positive. The fact that we have negotiations with India is also very positive.

However, we also have to realize that success doesn't stop at an agreement. We have to not just build a bridge, but walk across it. Following up on those agreements with investment in regulatory co-operation to resolve issues that are really important for small and medium-sized enterprises around regulations and technical issues would be our second piece of advice.

Mrs. Tracy Gray: Go ahead, Mr. Byrne.

Mr. Brendan Byrne: I think that was well said by Mr. Innes. On our end, we're looking to a level playing field with our competitors on this, the carbon tax, fertilizer tariffs and pieces like that which are at play. I'm in an area where I see U.S. crops coming across the border that are not subjected to some of the things that we are.

When we're exploring use in these markets, we want to make sure that our farmers are competing on a level playing field with any of our competitors that are also trying to establish relations in those areas.

Mrs. Tracy Gray: Go ahead, Mr. Gaudreault.

Mr. Raphael Gaudreault: I definitely agree with what was said. Anything that makes sure that there aren't tariffs applied to our product and that we can trade as much as we want or are able to definitely facilitates our lives afterwards.

The Chair: Thank you very much.

Monsieur Savard-Tremblay for two and a half minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Mr. Gaudreault, I'd like to make a geographical point. When we talk about the Indo-Pacific region, we think of the ASEAN countries, but it includes other countries too. I just wanted to point that out.

Right now, which countries might be interested in your product and need it most in their supply chains for battery production?

Mr. Raphael Gaudreault: For battery production, I think it's mainly South Korea, which is a world leader in that field. For fertilizer, it's undeniably India, which had a very hard time in the last season because of serious problems in obtaining fertilizer, including phosphate.

Mr. Simon-Pierre Savard-Tremblay: I would imagine that you don't have an overview of companies working in your sector, so I'll

ask you to talk about your company. Do these two countries already account for a substantial portion of your market or are you waiting for a tariff cut before jumping in?

Mr. Raphael Gaudreault: We are in fact still at the planning phase. We don't have any product to sell at the moment, but we have been having discussions with companies and investors in these countries about selling our product to them.

Mr. Simon-Pierre Savard-Tremblay: Based on what you've heard, are Quebec and Canada exporting only a little or a lot of products in that region? Would a future reduction in tariffs simply ramp up existing trade or would an agreement create new opportunities?

Mr. Raphael Gaudreault: I apologize, but I don't have enough information to answer your question.

Mr. Simon-Pierre Savard-Tremblay: That's all right.

I see that I have only 30 seconds left, which doesn't leave me enough time to ask any other questions.

Thank you.

[*English*]

The Chair: Thank you.

Mr. Masse for two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

I'll go really quickly to Mr. Innes and Mr. Byrne.

Obviously, my area is Windsor, Ontario, with the Great Lakes. Is there any notable change in weather conditions for growing, especially with climate change coming? Are there things that we should be looking at infrastructure-wise as well to help protect the industry or ameliorate what could take place? I'll turn it over to you to hear from you if there's anything you've noticed or something of concern that we need to start planning for.

• (1420)

Mr. Brian Innes: I'll start, but I certainly want to hear from the ground, from Brendan as well.

When it comes to soybean varieties, they're very sensitive to the amount of heat, so we need to continue to invest in varieties that fit the geographic conditions we have; our temperatures are getting warmer, which is generally a good thing for what we're able to grow, both in eastern and western Canada. Also, they need to be able to withstand periods of prolonged lack of moisture or drought and to be able to take more extremes, whether they be cooler temperatures in the spring or hotter temperatures in the summer.

Brendan, I'm sure that on the ground you can add to that.

Mr. Brendan Byrne: Yes, I would say that there certainly are climate change pieces at play. Even in our region, we've been pushed to later plantings in the spring than we probably were when I started farming full time almost 20 years ago, and harvest goes out a little longer, but we do find that we are able to access genetics and whatnot that do survive those pieces.

I guess that having the support of the government in case there are some of those once-in-a-lifetime storms that are happening more than once in a lifetime now and having some of those backstops in place are important to our farmer members, as well as investment in some domestic production of fertilizer and fertilizer storage. Pieces like that would help alleviate a bit of the risk as we go, but also, there's working alongside farmers and seeing what they're seeing on the ground, and not having just a top-down mechanism of government, down to farmers. Work collaboratively on what they're seeing in climate change and on what can be worked on together.

Mr. Brian Masse: That has been very helpful. Thank you.

The Chair: Mr. Sheehan, you have five minutes, please.

Mr. Terry Sheehan: Thank you very much.

Thanks again to the presenters for this important discussion.

Interestingly enough, there's a gentleman from Sault Ste. Marie, Gerry Fowler, from Manna International, who is a broker that does organic soybeans. He represents a number of farmers in southern Ontario and mainly ships into Europe. He and I have discussed the industry. One of his concerns—not tariff related—is shipping containers and the shortage thereof.

Brian, and perhaps the other speaker, could you update us on what's happening with the shipping containers and shipping? That's one piece of the question.

Further on, where are you guys shipping to? Which ports are you entering into and distributing to in the Indo-Pacific region? I'd be interested to know. The sub-question or thought on that is about the South China Sea. We see certain security concerns from our friends and allies, such as Japan, with some of the claims that China makes in certain areas. Are there any concerns and what do you do to deal with those issues in the South China Sea?

Mr. Brian Innes: Thank you very much for the question on containers. Containers are really important for our ability to export. In fact, almost all of our food-grade soybeans are exported in containers and, of all the grains in Canada, soybeans are the greatest users of containers for export. About 40,000 containers of soybeans are exported from Canada every year. They're loaded in places like just south of Montreal and farms near Essex, all across the country, including in the Prairies and even in the north.

What we see is that what's happening in the container system is a concentration of market power, which is giving us poor service and discriminated rates here in Canada. What we see is that relative to our competitors—in the earlier question about what our American competitors are facing—our shippers continue to have a really hard time getting competitive service and competitive rates for containers to ship our soybeans.

It's a challenge for us and it's a real challenge on the ground for farmers like Brendan, who are about to harvest their soybeans this year, because we still haven't shipped last year's crop. There's a limited amount of storage available for our soybeans. Thankfully, we're looking for a good crop this year, but that challenge of poor service means that our shipments have backed up and we haven't kept up with what we'd like to export.

Our container shipments go through Montreal and they go through Vancouver and Prince Rupert, so we utilize the ports both east and west for soybeans. It's a critical part of our competitiveness. They're an important link to get food from places that can grow it, like Canada, to people who consume it right around the world.

Unfortunately, it's not just about COVID and supply chains. It's about the concentration of market power, which is really hurting our small and medium-sized enterprises.

• (1425)

Mr. Brendan Byrne: I can maybe add, as an example, that last year during harvest time, there was a time when we got a rain that slowed down the harvest. However, in talking to the delivery ports we would have, just in terms of our grain delivery, they were saying they were almost at capacity and not really able to take more soybeans at the time. Ordinarily, that's not the case, but the logistics, the slowdown and some of the shipping had affected them to that point where they were able to source somewhere to ship and find the space. Otherwise, crops could have been spoiled.

On our level, on the farm side, we were able to grow [*Technical difficulty—Editor*].

The Chair: Hold on, Mr. Byrne. We've lost you again.

Mr. Byrne, you have the floor to finish your comments.

Mr. Brendan Byrne: Mr. Lewis might be able to attest that some of our rural Internet outside of Essex is not the greatest. I apologize for that.

When the shipping containers or that logjam happens and farmers are unable to get the crop off and delivered in a timely fashion, it can delay harvest and cause some of these other stresses. We already have a mental health crisis on the farm side, as well, that we're trying to tend to.

With any pieces like this, we want to make sure that the containers are available, so that when the farmers harvest, the delivery ports we would use are available to take the seed—because they've already had access and were able to ship out last year's crop, as I said—and not hold it while this year's is coming off.

The Chair: Thank you.

I want to thank the witnesses very much. It was a very valuable session for all of us today.

I will suspend for a moment while we go in camera for some quick committee business. *[Proceedings continue in camera]*

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