

**STANDING COMMITTEE ON AGRICULTURE
AND AGRI-FOOD**



**COMITÉ PERMANENT DE L'AGRICULTURE ET
DE L'AGROALIMENTAIRE**

Ottawa, April 30, 2019

The Honourable Marie-Claude Bibeau
Minister of Agriculture and Agri-Food

Dear Ms. Bibeau:

The Standing Committee on Agriculture and Agri-Food held two public meetings on April 2 and 9, 2019, to discuss the trade disruptions caused by the Chinese authorities' suspension of certain Canadian canola imports. The Committee heard from Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency (CFIA); the two Canadian companies whose export permits have been revoked by China; the canola and wheat growers' associations; and canola producers who appeared as individuals.

China claimed that the canola products from the two major Canadian exporters – Richardson International Limited and Viterra – did not meet Chinese phytosanitary requirements, alleging that pests were found in the Canadian shipments. The CFIA also conducted tests, but they did not detect pest contamination. The Government of Canada officials explained that, occasionally, there are differences in the technical interpretation of compliance with import requirements. They also told the Committee that Canada has a stringent quality assurance system that meets the requirements of its trading partners. Some producers believe that the restriction on Canadian canola exports is meant as political retaliation. All the witnesses acknowledged that urgent action is needed to resolve the trade dispute with China.

China's suspension of certain imports of Canadian canola raises serious concerns within Canada's canola industry since China accounts for 40% of all Canadian canola exports. The Western Canadian Wheat Growers said that China is not the only market where Canada is dealing with trade disputes; other non-tariff barriers affect Canadian agricultural products, particularly pulses in India and durum wheat in Italy.

The witnesses also said that the restriction on Canadian canola exports to China is creating an environment of uncertainty, particularly as the planting season is about to start. Canola producers said that the dispute between China and Canada could drive down canola prices and their short-term cash flows. That is why some have called for an increase to the Advance Payments Program (APP) limit (currently at \$400,000) and adjustments to the business risk management programs AgriStability and AgriInvest. These measures represent a temporary solution to an urgent crisis.

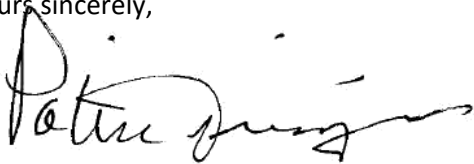
Richardson International Limited and Viterra said that if the Chinese suspension of certain imports of Canadian canola remains in place, other markets will need to be found, which would be a difficult task. On April 1, 2019, the federal government announced the creation of a working group comprised of members from the Canola Council of Canada, the Canadian Canola Growers Association, Richardson International Limited, Viterra, the federal government and the governments of Alberta, Manitoba and Saskatchewan to resolve the issue of access to the Chinese market. The Committee hopes that this working group will be able to quickly find solutions to this major trade issue.

The Canadian canola industry generates 250,000 jobs across the country. By affecting the canola value chain, market access issues weaken Canada's economy as a whole. Market access is critical for the canola industry, since 90% of canola grown in Canada is exported. Farm viability and sustainability is highly dependent on exports.

It is therefore important for Canada to work collaboratively with its Chinese regulatory counterparts to address canola-related trade barriers as quickly as possible. A science-based resolution to trade disputes is an absolute priority for Canada's agricultural sector.

On behalf of the Committee, I hope that the Government of Canada will be able to find common ground with China in order to very quickly resume trade.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pat Finnigan". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Pat Finnigan, MP

Chair of the Standing Committee on Agriculture and Agri-Food