

Minister
of Agriculture and
Agri-Food



Ministre
de l'Agriculture et de
l'Agroalimentaire

Ottawa, Canada K1A 0C5

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Mr. Pat Finnigan, MP
Chair
Standing Committee on Agriculture and Agri-Food
131 Queen Street, Room 5-77
Ottawa ON K1A 0A6

Dear Mr. Finnigan:

Thank you for your letter regarding exports of Canadian canola seed to China. I was pleased to appear in front of the Committee on May 2, 2019, and address Committee members' questions related to canola. As I mentioned, addressing China's actions on Canadian canola seed and restoring access for the suspended companies as quickly as possible are top priorities for the federal government.

The Government of Canada understands that maintaining and expanding access to fast-growing markets like China is critical to the success and development of the Canadian agriculture sector and the Canadian economy. The Government recognizes the importance of Canada's canola industry and is committed to working on market access conditions for Canadian canola to China in close collaboration with federal and provincial government departments, industry, and Canadian farmers. The Government's priority is to regain full market access for Canada's canola seed to China while ensuring that Canadian producers are supported.

As you note, Agriculture and Agri-Food Canada established the Government-Industry Canola Working Group to support the sector and to develop and coordinate strategies on the market access issue with China and market diversification. I have also engaged my counterparts from the Prairie provinces and consulted with western Canadian stakeholders.

The Government of Canada is working through all available channels in both China and here in Canada to find a science-based solution to this issue. I had the opportunity to have a conversation on the margins of the G20 with the Honourable Han Changfu, the Agriculture Minister of China. In this pull-aside, I expressed the Government of Canada's deep concern with the suspension of Canadian canola exports to China and urged that this issue needs to be resolved quickly. Canada also formally raised this issue with its counterparts at the World Trade Organization through the

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General Council on May 7, 2019. The Government of Canada's message remains clear: we continue to seek further evidence of any issues with Canadian canola. If there are issues, then it is important for China officials to engage with our technical experts so that they can be resolved.

On June 3, 2019, I announced the implementation of the new regulations to strengthen the Advance Payments Program. The amendments increase loan limits from \$400,000 to \$1 million for all producers on a permanent basis and increase the interest-free portion of loans on canola advances from \$100,000 to \$500,000 in the 2019 program year. Producers of all other commodities can continue to receive up to \$100,000 interest-free.

Government officials are working with the 36 program administrators to get ready. There are significant changes required to contracts, operating procedures, and systems by all involved in the administration of the Program. This includes the Canadian Canola Growers Association, the administrator that issues the majority of canola advances. Producers will be able to apply for the new amounts as early as June 10, 2019, and new advances above \$400,000 will be issued as of June 26, 2019.

I am pleased to confirm that canola advances above \$100,000 that already have been issued will become interest-free as of May 29, 2019, the date the amended regulations came into force. Producers are encouraged to seek advances under the current program parameters, as they can now benefit from the increase in the interest-free portion.

Furthermore, under the Canadian Agricultural Partnership, farmers continue to have access to a robust suite of federal, provincial, and territorial cost-shared business risk management programs to help them manage severe risks that threaten the viability of their farm and that are beyond their capacity to manage. Specifically, farmers can draw on their AgriInvest account balance at any time to manage income declines or cash flow. In addition, AgriStability is a whole-farm program that provides support for severe income declines. For the 2019 AgriStability program year, I was pleased to reach an agreement with my provincial and territorial counterparts to extend the enrolment deadline from April 30, 2019, until July 2, 2019.

The Government remains focused on trade and has set an ambitious target to grow Canada's agriculture and food exports to \$75 billion by 2025. We are committed to exploring opportunities to open new markets and diversify exports for Canadian agri-food products, including canola. To this end, the Working Group is exploring options and strategies for market diversification, both for the short and long term. Additionally, during my recent visit to Japan to the G20, I traveled to Tokyo to meet with key Japanese industry organizations from the grains, oilseed, and meat sectors to emphasize the mutual importance of rules-based trade and the countries' long-standing partnership.

With the Canada-European Union Comprehensive Economic and Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Canadian exporters,

including those in the agriculture sector, now have preferential market access to an estimated 1.5 billion consumers in more than 50 countries. We will continue to pursue these opportunities while working hard to resolve the current challenges with China.

We are confident in Canada's robust inspection and certification system, and we will continue to work collaboratively with our regulatory counterparts in China to resolve this issue as quickly as possible to resume predictable canola seed trade to China. We continue to monitor the situation and any potential impact on Canada's broader agricultural trading relationship with China.

Again, thank you for writing.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Bibeau', with a long horizontal flourish extending to the right.

The Honourable Marie-Claude Bibeau, PC, MP