

# THE STANDING SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

## EVIDENCE

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CALGARY, May 18, 2016

The Standing Senate Committee on Agriculture and Forestry met this day at 9 a.m. to study international market access priorities for the Canadian agricultural and agri-food sector.

**Senator Terry M. Mercer** (*Deputy Chair*) in the chair.

**The Deputy Chair:** I welcome you to this meeting of the Standing Senate Committee on Agriculture and Forestry. I am Senator Terry Mercer from Nova Scotia, the deputy chairman of the committee. I would like to start by asking senators to introduce themselves, starting on my left.

**Senator Merchant:** Good morning. I am Pana Merchant, and I am from Regina, Saskatchewan.

**Senator Unger:** I am Betty Unger, and I am from Edmonton, Alberta.

**Senator Tardif:** Good morning. I am Claudette Tardif, from Alberta as well.

**Senator Dagenais:** Good morning. My name is Jean-Guy Dagenais, and I am from Montreal, Quebec.

**The Deputy Chair:** Thank you.

Today, the committee is continuing its study into the international market access priorities for the Canadian agricultural and agri-food sector.

We are here in Calgary today, and it would be remiss of me not to mention that it is a very difficult time to be in Alberta for Albertans. We understand the difficulties emanating out of

northern Alberta, and we want to assure Albertans that your pain is being felt all across the country. I was in church in Halifax on Sunday, and an extra prayer was added to the prayers of the congregation for northern Alberta, so hopefully that is happening all across the country.

Canada's agriculture and agri-food sector is an important part of the country's economy. In 2014, the sector accounted for one in eight jobs in Canada, employing over 2.3 million people and close to 6.6 per cent of Canada's gross domestic product.

Internationally, the Canadian agriculture and agri-food sector was responsible for 3.6 per cent of global exports of agri-food products in 2014. Also in 2014, Canada was the fifth-largest exporter of agri-food products globally.

Canada is engaged in several free trade agreements. To date, eleven free trade agreements are in force. The Canada-European Union Comprehensive Economic and Trade Agreement, the Trans-Pacific Partnership and the Canada-Ukraine Free Trade Agreement have been concluded, and eight free trade agreements' negotiations are ongoing.

The federal government is also undertaking four exploratory trade discussions with Turkey, Thailand, the Philippines and the member states of the Mercosur, which includes Argentina, Brazil, Paraguay and Uruguay.

We are very happy to be here in Calgary to hear from Western Canadian government and stakeholder representatives involved in the sector of agriculture and agri-food.

We now have with us, from the Manitoba Organic Alliance, Ms. Kate Storey, President; from Saskatchewan Organics, Ms. Marla Carlson, Executive Director; from Organic Alberta, Ms. Becky Lipton, Executive Director; from the Certified Organic Association of British Columbia, Ms. Carmen Wakeling, President; and from Grain Millers Canada Corporation, Mr. Terry Tyson, Grain Procurement Manager.

We are going to start with Ms. Wakeling.

**Carmen Wakeling, President, Certified Organic Associations of British Columbia**

Good afternoon, and thank you so much for having us. It is very exciting for us to be here today.

I am Carmen Wakeling, and I live on Vancouver Island. I have a company called Eatmore Sprouts & Greens Ltd. We grow 9,000 pounds of sprouts and greens a week, year-round. We employ 40 people, and alfalfa sprouts are our most requested sprout product.

I am here representing the Certified Organic Associations of British Columbia, and we are going to talk about the organic sector in British Columbia and the Canadian and international marketplace.

A little bit of background on the Certified Organic Associations of B.C., which I am now going to refer to as COABC: It is a provincial not-for-profit organization that oversees the organic certification process in British Columbia. We represent approximately 700 certified operations across the province, and they are all engaged in organic production.

The organic sector is one of the fastest-growing agricultural sectors in Canada and worldwide. Our goal is to ensure high quality organic products are produced with sufficient quantity and in a manner that nurtures healthy soil, biological diversity and ecological harmony.

Let me tell you about the basics of organics in Canada, just so you have some background information. The Canadian organic regime contains the national organic standards and the regulations that govern the organic sector in Canada. Under the regulations, conformity verification bodies or CVOs oversee the certification bodies or the CBs who then certify organic operators.

The multilevel system ensures a high level of accountability within the sector. The system provides transparency, traceability and quality assurance for the consumer, which is essential to building the integrity of the Canadian organic brand both domestically and abroad.

There are seven basic principles in organics, and I am just going to quickly read them so that you have that background for your records. The seven principles include: to protect the environment, minimize soil degradation and erosion, decrease pollution, optimize biological productivity and support a sound state of health. The second is to maintain long-term soil fertility by optimizing conditions for biological activity within the soil. The third is to maintain biological diversity within the system. The fourth is to recycle materials and resources to the greatest extent possible within the enterprise. Five is to provide attentive care that promotes the health and meets the behavioural needs of livestock. Six is to prepare organic products, emphasising careful processing and handling methods in order to maintain the organic integrity and vital qualities of the products at all stages of production. The seventh is to rely on renewable resources in locally organized agricultural systems. Those are the basics of organics.

Some important information about organic production: As of 2012, the Canadian organic market was worth \$3.5 billion per year, showing a threefold growth since 2006. The organic sector continues to be an economic driver, especially in B.C. In 2012, 58 per cent of Canadians purchased organic food weekly, while in B.C. that number was 66 per cent.

I am going to talk a little bit about things that are happening in our province and how they impact the international marketplace, etc. Some of the priorities for growth internationally for the organic sector in B.C. include a number of things. B.C. is very well positioned to access Asian markets, but many of the organic producers are not export-ready, so by supporting domestic growth, the government will facilitate the expansion of organic businesses into the export market.

B.C. has a diverse farming community, so we require strong support systems that function on multiple levels. From new entrants to established producers, building support will encourage growth and will lay the foundation for a vibrant future export market in the organic sector.

In order to take advantage of export opportunities, the organic sector requires high-functioning data systems. This has been a challenge for us all. Creating these will allow participants to identify market opportunities and fully understand the economic impact. Understanding areas for potential growth will encourage businesses to scale up production, which is a benefit for both the international and domestic markets.

We need help facilitating the transition to organics. Providing the tools needed to make the transition less overwhelming and to help in managing potential risk in giving up what is known for a new way of producing food would be very beneficial. Capacity building, investment in organics to create volumes required to fill the opportunities, especially with the national and international buyers, is essential to the long-term supply.

Infrastructure: of course, in B.C., we may benefit dramatically from things such as processing hubs dedicated to organic production, collaboration in distribution and help in reaching international markets. By investing in these areas, we can create medium- and long-term capacity to fulfil market demand internationally.

More research and development funding specific to organic production would be very helpful, and collaboration at all levels is needed. We know that by working together we can make a bigger impact. If we want to provide for the world stage we need to build strong working communities. We need to provide information to industry groups and individuals about funding opportunities which support producers to both pursue existing opportunities and to explore needs that would be beneficial, support all agriculture to understand more the impact our sector is having on climate change and provide information to producers so we can be better partners in reducing or reversing climate issues. Organic producers are leaders in this area.

There is one challenge we are facing right now, and it is the impact of the GMO release in Canada on organic and conventional international markets. To frame it: GMOs are not allowed in organic food systems. For me personally, Roundup Ready Alfalfa is prohibited for sprouting. Coexistence with a perennial, which is a plant that lives for more than a year, for crops such as alfalfa is not a reality.

Internationally, GMO technology is not widely accepted. The introduction of more GMOs within Canada threatens the credibility of the Canadian organic brand and our access to the international marketplace. In the case of the Arctic apple, alfalfa and others, even the credibility of the conventional sector is being threatened.

By working together locally, provincially, nationally and at an international level, we will build robust food systems that will not only help facilitate export but will be capable of feeding our nation healthy, high quality food while caring for the planet.

Thank you for your time on this matter.

**The Deputy Chair:** Thank you very much.

Next we will hear from Organic Alberta and Ms. Becky Lipton.

Becky Lipton, Executive Director, Organic Alberta

Good afternoon, Mr. Chair and honourable members of the committee. Thank you very much for your invitation to speak about the organic sector and market access priorities.

Demand for organic products is booming, both domestically and internationally. Market access is a key priority for the organic sector, and we have been working nationally, regionally and provincially on this key issue.

The priorities that I will outline below come from my knowledge and work on several different levels. I am a member of the Organic Value Chain Roundtable, which is a federal government-industry partnership to provide leadership for the sector.

I am also the program director for the Prairie Organic Grain Initiative, a prairie-wide, four-year, \$2.2 million initiative dedicated at achieving resiliency and stability in the prairie organic sector by focusing on increasing quality and quantity of organic grains and on market development and market access.

I am a board member of the Prairie Organic Development Fund, which is an innovative funding model that allows industry to invest in the development of the organic sector in the Canadian prairies. I have also worked with and been the executive director of Organic Alberta for the past eight years, and Organic Alberta is the provincial association which represents and supports the entire organic sector in the province.

The key message that I want to convey to you today is that the global organic market is very strong, and there is a lot of room for continued growth. It is a tremendous diversification opportunity for the Canadian agricultural sector, and I hope that by the end of my presentation, you will also agree with me on that.

The global organic market is valued at over US\$80 billion per year. Canada is the fifth-largest market in the world, valued at over \$4 billion. Our organic exports have reached more than \$558 million per year. Fifty-eight per cent of Canadians buy organics on a weekly basis. The U.S. organic market, our largest trading partner and the purchaser of the vast majority of the organic grain commodities coming out of the prairies, increased from \$3.6 million in 1997 to \$39 billion in 2014.

With the Prairie Organic Grain Initiative, we have participated in trade missions to our key markets such as the United States and the EU as well as to key emerging markets such as Japan and South Korea.

In organics, we have an additional trade barrier above and beyond the regular barriers that face agricultural products. This is because many countries around the world have adopted their own organic certifications and standards. In order to import product such as organic, you must also certify to their standards, so we are asking our producers to carry the Canadian organic standard as well to certify to a standard in other countries.

Canada now has several equivalency agreements, including with the United States, the EU, Japan, Costa Rica, and are in the final stages with South Korea. This means our standards are harmonized and they accept certification to the Canadian organic standard, so, therefore, the producers only have to carry the Canadian standard to access their markets. These

equivalency agreements are key to market access and must be maintained with new agreements pursued.

Our most important trading partner is the United States, and the demand for Canadian organic grain products, in particular, is extremely strong. Through the Prairie Organic Development Fund, we have had major companies such as General Mills, as well as Grain Millers and many others, invest directly in the prairie organic sector in order to increase our supply.

The emerging markets also show tremendous potential, such as, for example, Japan. It is the ninth largest organic market in the world, and Canada is already Japan's fourth largest agri-food and seafood supplier. The market is currently strongest for processed products because of limited domestic processing capacity in Japan, but we are increasingly also seeing rise in demand for commodities.

The prairies are the third largest producer of organic pulses in the world. Eighty-nine per cent of organic wheat and oat, as well as 85 per cent of organic rye in Canada come from the prairies. I will also add that Alberta and Manitoba have invested in our processing sectors and that Alberta, in particular, has the majority of organic beef, pasture and forage production.

We have almost perfect conditions for growing oats, which allows two-thirds of Alberta organic producers to grow some of the highest quality and most sought-after oats in the world.

I sent to the clerk a copy of our latest statistical documents so that you can see some of the details in terms of acres and so on.

Alberta and the Canadian prairies has the ability to supply the international market, but in order to do so, we have a few key issues.

To reduce market barriers, a continued focus on equivalency agreements is key. We also face issues related to acceptance of organic products because of traces of genetically modified materials and pesticide residues. Our industry has, for example, seen shipments of organic product to the EU rejected because of trace pesticides and GMO levels from contamination.

The other major threat to our competitiveness is lack of supply. Currently, imports are flooding into Canada and North America to fill the demand. This is reducing the price obtained by Canadian farmers. It is allowing purchasers of organic grain to build a reliance on foreign markets and is threatening the integrity of organic because of lack of confidence in the integrity of those foreign commodities.

Organic production offers a strong diversification strategy for Canadian agriculture. There are significant risks associated with the transition to organic production, and in organic production that must be mitigated through policy and programs that can be offered by the Canadian government.

These should be focused on the various stages and risks associated at each stage. For example, they include: comprehensive organic crop insurance programs, financial assistance during transition and early years to counter some of those reduced yields that they face, reliable data to measure our success and to understand and position ourselves to take

advantage of opportunities. HS codes that measure organic exports are needed, and agronomic support programs to assist learning the new production management systems will all be integral to meeting the very strong global market demand for organics.

Thank you very much for inviting me to share with you the evidence on opportunities facing the organic sector, and I hope that you now agree that market demand for organics provides tremendous opportunity for diversification within Canadian agriculture.

**The Deputy Chair:** Thank you, Ms. Lipton.

Next we will hear from Terry Tyson from Grain Millers Canada Corporation.

**Mr. Tyson:** Good afternoon and thank you, Mr. Chair, honourable members of the committee. Thank you for the opportunity to present our thoughts to you today regarding the opportunities and challenges facing the organic agricultural sector.

Other people addressing you today will or have discussed other important topics, including data collection gaps, the organic principles and standards, the threat posed to the sector by GMO alfalfa and some transportation issues, I think, have been touched on. As such, I will focus my thoughts on the state of the market itself, the opportunities that are present for the Canadian organic sector and how the Canadian government can help build supply capacity in the sector such that we can capitalize on those opportunities.

A little bit about us: Grain Millers Inc. is a food ingredient manufacturer headquartered in Eden Prairie, Minnesota. We operate in 11 locations out of four countries and employ over 900 talented people committed to providing safe, high-quality food products. Our Canadian operations are based in Yorkton, Saskatchewan. We have facilities and partnerships across the prairies, including in Saskatoon, Saskatchewan and Rycroft, Alberta.

Our core business is the manufacture of oat food products. We also provide multigrain blends, corn products, flax products and other specialty and food ingredients. Across all segments of our business, we participate in both the conventional and organic sectors, and we have done so since our company's inception over 30 years ago.

While conventional markets still underpin the majority of our volumes, growth in most of our conventional sectors has been slow or flat over the past several years. During that time, the organic sector has provided a significant contrast. We have experienced double-digit annual growth year-over-year for the past 15 years in the organic sector, with the exception of a small period of flatness during the teeth of the financial recession in 2008.

More recently, it has become increasingly apparent that the marketplace for organic and specialty food ingredients will continue to grow. Respected market participants are projecting that organic food could comprise as much as 25 per cent of the U.S. food market by 2025, and that stands at only around 4 per cent today, which itself is significant growth.

Virtually every major food company and many smaller ones are looking for ways to differentiate their products. Our customers and their customers, consumers, are increasingly demanding healthy, nutritious food that is produced in a transparent, sustainable way, and many of those are equating that choice with organic products.

While the demand for these products continues to grow, the supply chain has not kept up. As a result, varying crop interests vie for production within the acreage base available each year in a highly competitive fashion. Inevitably, each year there are shortages of some commodities that lead to prohibitive commodity price runs and complete stock drawdowns. This has led to the rationing of demand in some cases and to high-priced imports displacing Canadian production in others.

Depending on origin, the organic integrity of imported product can also be suspect, which poses a threat to the credibility of the entire sector. Ultimately, it is this supply uncertainty that presents the largest challenge and stifles growth in the sector.

Counter-intuitively, adding supply-side production does not pose a significant threat to organic commodity prices. Increasing supply in Canada would first serve to displace imports and would also serve to embolden food companies wishing to join the sector to do so.

Over the past few years, we have had multiple major food companies approach us with interest in entering the sector either by transitioning existing product streams into organics or by developing new streams within their companies, and many of those companies have not taken that step because of concern over supply.

At the same time, we haven't been in a position to really assuage those concerns. In fact, we have actually spent a lot of time and effort working with some of them on strategies to transitioning supply from conventional to organic so that they could eventually take that step at the corporate level.

For that reason, we at Grain Millers have taken a very active role in the development of the Prairie Organic Development Fund or PODF, which Ms. Lipton alluded to in her presentation. Currently, I am the president of PODF, which is an industry-funded entity designed to help build capacity in the organic sector by providing financial support to the provincial organizations in the prairies as well as to innovation through research, development and extension initiatives.

The provincial organisations fill a vital role of providing a recognizable and respected voice for advocacy and government relations as well as a delivery mechanism for extension programs. The innovation funding will provide support for specific projects designed to better the sector. Currently, all the innovation funding has been directed to the Prairie Organic Grain Initiative which Becky Lipton just described as well.

It is worth noting that as we developed PODF and started to seek industry funding, the level of support forthcoming from stakeholders was pleasantly surprising. Getting money from industry participants can often be very difficult, and it speaks to the supply-side issues. Virtually everyone we approached was at least a willing listener, and most listeners became cheque writers.

When multinational companies such as ourselves at Grain Millers, General Mills, Nature's Path, Dave's Killer Bread and Clif Bar aren't just willing but actually excited to have a place they can put money into an organized effort to strengthen the sector, it again speaks volumes about the situation and those companies' perception about where their money can make an impact. Their investments in PODF are investments directly into Western Canada's organic agriculture sector.

Perhaps no one is better positioned than Canada to capitalize on this growing organic demand. While developing countries can bring dormant acres into production immediately, Canada's agricultural infrastructure and support, our long history of agricultural innovation and our proximity to the largest organic market in the world offer Canadian producers and the Canadian economy an extremely exciting opportunity.

Unlike much of the U.S., Canadian agriculture has not yet been reduced to a one- or two-crop game. Canadian farmers generally still take pride in fostering biodiversity and in shepherding their land and their resources, qualities that fit so well within the organic sector.

As well, while land values in Western Canada have climbed significantly over the last decade, they remain relatively affordable, which makes land accessible to smaller farmers. That is not to say that large farms can't thrive in an organic system; many do, and more and more view transitioning some acres into organics as a sound diversification strategy, but there is no question that the stewardship involved with organic farming as well as the returns offer ways to keep more Western Canadians on the land and slow the gradual stagnation of rural economies.

Having said all of that, making the transition from conventional to organic can be a daunting step for farmers. The transition process, with the exception of freshly cleared or broken land, takes three years, during which yields inevitably suffer while returns remain at conventional prices. Eventually, yields often start to come back closer to conventional yields, but that usually doesn't happen until several years of organic production have improved soil health.

While organic commodity prices offer a strong incentive for farmers to consider transition currently, the current reality of highly leveraged farming operations and tight cash flows make taking that step a very significant and risky leap of faith. As a result, I have had several farmers tell me that they can't transition acres because of their debt structure or debt load, and others that have made the transition explained that the first person they had to get onside was their banker.

Besides the economic risks of the decision, cultural factors also play a huge role. In many areas of the prairies, there is still a stigma associated with organic farming, one of unpaid bills and dirty fields. In addition to that peer pressure, there is also the uncertainty of departing from long-held and relatively easy practices. I don't want to imply that conventional farming is easy, but compared to organic farming, there is an ease factor.

Departing from those and embracing new methods can be daunting. Concerns about what their fields will look like and what their yields will be keep many farmers from taking this leap. As a result, I would urge the government to consider taking steps to reduce the impediments farmers face with transitioning acres to organic production.

To address cultural impediments and doubt-related inaction, that could mean increasing investments in organic breeding programs and agronomy research. Through the development of genetics uniquely adapted to flourish under organic production systems and the continuous improvement in production practice through scientifically executed trial and error, the gap between conventional and organic agronomic performance can continue to be closed while employing more environmentally and friendly sustainable systems.

To address the financial impediments, the development of programs to assist farmers in weathering the storm could have significant long-term payoff for Canada's agriculture and

agri-food sector and for the economy as a whole. In many jurisdictions, such assistance programs exist.

There could be any number of ways to provide assistance, ranging from outright grants or cost reimbursements to some form of premium stabilization program whereby organic premiums that will be realized could be borrowed against during transition.

While the sector faces some significant hurdles, it is worth stressing that they are the good kind of hurdles, those borne of growth. Consumer demand for specialty product continues to increase, meaning that this growth opportunity will persist.

I thank you for taking the interest in learning more about our sector today, and I hope I have helped illuminate some of the ways you may be able to assist Canadian organic stakeholders in meeting their challenges and capitalizing on that voracious consumer demand.

**The Deputy Chair:** Mr. Tyson, thank you very much for your presentation.

We will now go to Kate Storey, President of the Manitoba Organic Alliance.

**Kate Storey, President, Manitoba Organic Alliance**

Thank you for your interest in organics and for inviting me to address you on behalf of the Manitoba Organic Alliance.

The alliance is a farm organization. It was created by farmers to bring the whole organic value chain together. Our purpose is to improve organic production, to promote trade and to build a stable, successful organic sector in Manitoba. Our board includes representatives from each aspect of organics, including buyers, certifiers, researchers, food processors and retailers, but the majority of our board members are farmers.

I am speaking to you as the President of the Manitoba Organic Alliance and as an organic farmer. From the perspective of a farmer, the difference between organic farming and conventional farming is that organic farmers can't go to a store and buy products to solve problems or to make their crops grow. We can't use man-made chemicals or fertilizer. Organic farmers have to make their soil and animals healthy through production techniques, and that takes knowledge.

Farming knowledge is called agronomy. Organic agronomy is knowing what crops to grow, when to plant them to get optimum yield, how to make soil fertile without buying fertilizer, how to prevent weeds without needing chemicals, and how to keep the animals healthy so they don't need medicine.

Organic foods are in high demand, and organic farmers want to get efficient and produce those higher yields to fill that demand. Our international buyers are asking Canada for those organic commodities now.

My first recommendation to you is to invest in agronomic supports to help organic farmers increase production. Invest in research, in crop rotations, cover crops, animal nutrition, improving soils. Farmers want fact sheets, websites, manuals. Farmers need demonstration

sites, crop trials just like conventional agriculture already has. Farm organizations need your help so we can initiate the research projects and get the knowledge out to farmers.

My second recommendation is to open international markets. Include organics in government trade missions, brand Canada as a reliable producer of high quality organics, treat organic agriculture like the important growing sector that it is. Some of this work has already begun with the Prairie Organic Growers Initiative, but we always need more.

My third recommendation is to ask you to protect Canada's organic crops from contamination so that we can assure our international consumers, customers that Canadian organic commodities meet their standards. In particular, please help stop genetically engineered alfalfa from ruining organics in Canada. GM alfalfa has recently been approved for sale in eastern Canada. There is no question that GM alfalfa will contaminate Canada's organic crops, and this could shut down many of our international sales. Many countries have a zero-tolerance for any GMO contamination.

To help stop this economic threat, you need to understand that normal alfalfa is a wonderful, versatile plant which is used by most organic farmers to feed cattle and to build soil. Normal alfalfa could be called the backbone of organic agriculture.

The new GM alfalfa is a threat because its pollen travels for miles from farm to farm, carried on the wind and by bees. When GM alfalfa pollen lands on an organic field, it cross-pollinates, contaminating the organic crop with new GM alfalfa plants. This will ruin many of Canada's key organic export sales because we will no longer be able to declare our products to be GMO free. GM alfalfa was approved for sale in Canada without any consideration of the economic damage it will do to organics.

The curious thing is that GM alfalfa is of limited use because it depends on the chemical glyphosate. The purpose of GM alfalfa is that the glyphosate is supposed to kill every plant in the field except the GM alfalfa, resulting in a pure stand of only alfalfa, except that it does not work very well, and many farmers don't want it. Pure alfalfa can kill a cow, so most farmers grow a mixture of grass and alfalfa.

Plus, there are a growing number of weeds and crops which are not killed by glyphosate, so that pure stand is often not attainable, and if it were, GMOs are shut out of some alfalfa markets. This essentially means that Canada's government has decided to sacrifice the organic sector and has done so for the benefit of only a part of the alfalfa sector.

Pitting one sector against another like this should be unacceptable in Canada. I feel confident that once you understand the economic damage which GM contamination will do to organics, you will help stop the sales of GM alfalfa in Canada.

Organics is an important and growing sector of Canadian agriculture with many side-benefits. Organics protects diversity. It helps sequester carbon. Organics takes less money and gives higher returns per acre, which means that it is a good option for Canada's struggling young farmers. The really great thing about organic agronomy is that those techniques are extremely helpful for increasing production on nonorganic farms too.

The Manitoba Organic Alliance looks forward to working with you to build the productive capacity of organics through investments in agronomy research, by stopping GM alfalfa, and by expanding Canada's international organic sales.

Thank you for allowing me to address the Senate Committee on Agriculture on behalf of the Manitoba Organic Alliance.

**The Deputy Chair:** Ms. Storey, thank you very much for your presentation.

We will conclude the presentations with Marla Carlson.

**Marla Carlson, Executive Director, SaskOrganics**

Good afternoon, Mr. Chair and honourable members of the committee. Thank you for your invitation to appear before your committee. The organic sector represents a billion dollars, Canadian, opportunity globally, and I am pleased that the committee has provided this time on your agenda today to hear evidence on the issues as they relate to our sector.

My remarks are based on my 10 years' experience working in the organic industry in Saskatchewan. For the first eight years, I worked for an organic farmers' grain co-op where I learned firsthand about the grain trading business.

I also serve as President of the Board for Organic Connections, the largest biannual conference for organic farmers on the prairies and am secretary of the board of the Prairie Organic Development Fund, a recently incorporated not-for-profit that brings together industry, organic farmers, organic industry associations and government to provide an innovative response to the organic sector's investment requirements on the prairies.

SaskOrganics is a farmer-led membership not-for-profit. We serve all certified organic entities throughout the value chain in Saskatchewan by advocating for a sustainable and thriving organic community through leadership in research, market development and communications. Our organization represents 842 certified primary producers, 28 certified organic livestock producers and 89 certified organic processors.

Our members farm over 2 million certified organic acres, 1.2 million acres in field crops, just under a million acres in pasture and forage and 1,765 acres in fruit and vegetable production. Saskatchewan organic farmers produce 76 per cent of the pulses, 93 per cent of the oil seeds, 72 per cent of the cereals, 80 per cent of the wheat, 91 per cent of the organic flax grown on the prairies and grow 97 per cent of Canada's organic lentil production. As you can see from these numbers, Saskatchewan makes a significant contribution to Canada's \$558 million export market.

If SaskOrganics had been asked to appear before the committee a year ago, I would not have been able to provide the committee with these statistics. The \$2.2 million investment in the Prairie Organic Grain Initiative by the Western Economic Diversification Fund is strengthening the sector in many ways, including collecting and collating detailed organic production data from prairie producers for the first time.

This is a great starting point, but as things stand at the moment, the funding for this data collection will end with the project in 2018. The lack of consistent data, both federally and provincially, limits the industry's ability to strategically plan and execute programs and services to best meet the needs of our members and grow supply to meet the year-on-year increase in the global demand for certified organic crops and food products.

SaskOrganics recommends to the committee that the inclusion of more questions relating to certified organic operations in the Census of Agriculture, for example, a question that would identify the number of area acres under organic production and to expand the harmonized code system to better quantify the range of organic products imported into Canada and the introduction of HS codes for exported products.

The Canada organic regime was developed by the organic industry in 1999 and subsequently amended in 2006 through a Canadian General Standards Board review process. The standards remained voluntary until they became a part of the organic products regulation, which came into force as an annex to the Canada Agricultural Products Act in June 2009.

When the COR was first developed, Agriculture and Agri-Food Canada was designated as the sponsor the standards and agreed to cover the costs of the standards development and maintenance for five years. They remained the sponsors through the amendment of COR in 2006.

The standard went through a full review in 2013 to 2015. The cost of this review was \$1.3 million and was funded by the CGSB, the AAFC and industry. When the standard comes up for review in five years' time, the government has stated that it will no longer fund the review process.

Canada's major trading partners, the U.S. and the European Union, have standard development and maintenance systems that are funded entirely by their respective governments. Canada has negotiated equivalency agreements with both partners, providing Canadian organic exporters easy access to these large and growing markets. Imposing the responsibility for funding the maintenance of COR on organic producers could create a competitive disadvantage for the Canadian market. To help mitigate this risk, SaskOrganics is recommending that the government reconsider its decision to stop funding the maintenance of COR.

SaskOrganics made a submission to the Canada Transport Review as rail capacity and car allocation procedures impact the health and growth of the organic industry. Approximately 600 rail cars of organic grains are shipped annually from Western Canada to customers in eastern Canada, the U.S. and overseas destinations, representing about 80 per cent of all Canada's export sales. All of the rail cars are shipped from various small elevators and private rail sidings throughout the prairies, and many are spotted as five-car orders or less.

Timely rail service is essential to ensure Canadian organic grains are moved efficiently. If rail service is poor, Canadian organic grains can quickly become uncompetitive with organic grains grown in South America, Eastern Europe and Turkey.

In 2013 and 2014, Canadian companies lost sales due to the significant delays in getting rail cars spotted. SaskOrganics would ask the committee to keep in mind that rail car allocation policies which disadvantage small car spots are detrimental to the organic industry as we rely heavily on the movements of one to five cars; that rail car allocation policies that give movements to Eastern Canada and the United States are low priority are also detrimental to the organic industry as a large proportion of our business is in these corridors, and that producer car loading sites are maintained.

SaskOrganics, along with a coalition of 14 other farm organizations, wrote to Minister MacAulay in April asking for a stop to the release of genetically modified alfalfa seeds in

response to Forage Genetics International's sale of a limited quantity of GM alfalfa seed for the planting this spring in Eastern Canada. This is the first time any GM alfalfa seed has been released in Canada. The Canadian Biotechnology Action Network made the letter available on their website, and an additional 133 farms and farm groups have signed onto the letter, and 2,500 individuals have submitted letters to the minister expressing their concern over the impact the release of GM alfalfa seed will have in Canada.

With the movement toward GMO labelling in the U.S., our largest trading partner, and existing GMO labelling laws in 64 countries, the introduction of GM alfalfa presents a serious risk to organic markets through contamination. In light of this, SaskOrganics recommends that the committee assist the sector in maintaining the integrity of markets for organic alfalfa by supporting our request to Minister MacAulay to halt the sale of GM alfalfa in Eastern Canada.

The latest statistics show that the global organic market is now valued at over \$100 billion Canadian per year in consumer sales. Canada is the fifth-largest market in the world, valued at over \$4 billion. Our organic exports have reached more than \$558 million per year. For the past 10 years, organic sales in Canada have continued with double-digit growth.

Our biggest challenge remains supply. The number of organic producers has grown over the past two years. The production base is still not enough to keep pace with rising demand. The Prairie Organic Grain Initiative is providing much-needed investment in the prairies to help increase the number of certified organic farmers and help existing organic farmers optimize their operations through better agronomic support, research and educational opportunities.

If growth in the sector continues at a similar rate and Canadian organic farmers are going to benefit from this growth, we need additional ongoing support to keep the sector responsive to increasing demand. Federal programs to assist farmers to transition to organic production, funding for organic research and the transfer of this knowledge to the farm will be needed.

SaskOrganics applauds the federal government's work with our trading partners through each equivalency agreements and its investment in the organic sector to attend international trade shows, to build relationships and grow export opportunities for farmers and food manufacturers. The statistics shared with the committee today demonstrate that organics is moving rapidly from niche to mainstream.

In the past, as an industry we have focused on organic-only trade shows and trade missions. To better serve a changing marketplace where large conventional food manufacturers and food ingredient buyers are introducing organic products, and to diversify and strengthen the Canada brand, we are recommending that organic farmers and food manufacturers be represented in all international trade delegations in addition to the organic-only missions.

It is an exciting time to be in the organic industry in Canada. For too long, emphasis has been placed on the differences between organic and conventional farming. The reality is we are more alike than we are different. All farmers grow food. All farmers want to grow the best crops they can and run profitable businesses. We all contribute to the agriculture and agri-food sector in Canada.

SaskOrganics looks forward to continuing to work with the government at all levels and industry partners to constructively and effectively address our challenges so that we can capture trade opportunities available to Canadian farmers in the growing global organic marketplace.

Thank you.

**The Deputy Chair:** Ms. Carlson, thank you very much for your presentation.

We are going to go to questions in a moment, once I give up the microphone because I have a couple that I want to get in myself.

One of the issues that we are talking about here is not just the Canadian market, but in 2050 there will be 9 billion people on this planet. Somebody has got to feed them. This is a very real issue that goes not only to nutrition, but to safety. It goes to world peace because if you don't feed 9 billion people, there are going to be disruptions. There could be wars. There could be all kinds of problems.

That being said, you haven't told the committee anything about how organics has been able to increase yield. We need to increase yield if we are going to be able to feed 9 billion people in 2050. We are not going to be able to solve that problem in 2049. We need to start thinking about that problem today to get there. I know it seems far off, but we can't plan for 2050 in 2049. Does anybody have a comment on that?

**Ms. Storey:** May I speak to that?

**The Deputy Chair:** Certainly.

**Ms. Storey:** There are two ways to increase the yield of a crop. The first is to apply fertilizer. Whether that fertilizer comes from the back end of a cow or it comes from a truck, it doesn't really matter; the plant needs nutrition. The second way is through agronomy — I kind of touched on that — crop rotations, cover crops, building organic matter.

Research into agronomy has really been deficient in Canada and around the world. The yield potential of getting an increased yield by using more fertilizer and a stronger plant variety has pretty well plateaued. The new increases in production will have to come from agronomy, and that agronomic research is critical to organics now. It is critical to the increase in all conventional agriculture soon, so if you invest in organic agronomy, you are helping to feed the world in 2050.

**The Deputy Chair:** Thank you.

Mr. Tyson, in your presentation you talked about addressing the financial impediments to the development of programs to assist farmers in weathering the storm of long term pay-offs for Canadians and for Canada's agriculture and agri-food sector and for the economy as a whole. Such assistive programs exist in many jurisdictions.

How do we square that with our current agreements with some of our trading partners? My colleagues around the table are never surprised when I criticize the American farming sector. I always say that the most important piece of equipment on an American farm is the mailbox because that is where the money from subsidies comes in. They can call them what they want; they are subsidies.

There are very few problems about being a Canadian. One of them is our honesty, and when we have a subsidy, we call it a subsidy.

How does your proposal, how does it sit with our current trade agreements that we would have, particularly with our American colleagues, who are our biggest customers still? How do you square that circle?

**Mr. Tyson:** Off the top, if you needed to defend some sort of certification assistance, the first place you could go is to the many U.S. states that provide that assistance, so at face value, we would offer maybe nothing different from them.

The other approach you could take — and I mentioned it — is sort of a stabilization program that wouldn't necessarily add revenues or pay fees for farmers but might help advance money against organic premiums that will come after transition is done. That could then be offset down the road.

**The Deputy Chair:** A subsidy by any other name is still a subsidy.

Ms. Carlson, you said that the government has stated that it will no longer fund the review process when the standard comes up for review. Which government said that, the current government or the previous government?

**Ms. Carlson:** The previous government.

**The Deputy Chair:** Has the organization spoken to the current government to see where they stand on this subject?

**Ms. Lipton:** An organization that represents us nationally is the Organic Federation of Canada, and they currently have a submission in requesting ongoing funding.

**The Deputy Chair:** For Minister MacAulay or for another minister?

**Ms. Lipton:** It is to Agriculture and Agri-Food Canada.

**The Deputy Chair:** If I recall correctly, some of this funding did not come through Agriculture Canada but through Western Diversification, did it not?

**Ms. Lipton:** No. Western Diversification has invested \$1.2 million in the Prairie Organic Grain Initiative, but that is separate entirely from the ongoing maintenance of the standards.

**The Deputy Chair:** Thank you.

Now we will go to other senators for questions. I will stop hogging the floor, but I do have the gavel.

Senator Unger, please.

**Senator Unger:** Thank you, everyone, for your interesting presentations.

I like the idea of buying organic, but my tendency is to support the farmers who bring their own locally grown produce to farmers' markets. You are talking about an entire industry — fledgling, to be sure. According to Organic Alberta, 58 per cent of Canadians buy organic products every week, yet about 2 per cent of farms in Canada are certified organic. That is really a small minority.

I was thinking of agriculture and how farmers years ago never got help or subsidies as I was noticing your wish list: Funding, for sure, GMOs and specifically GM alfalfa should be stopped, and also you need rail cars in small numbers. Those rail cars would have to be sanitized/sterilized before loading. That, to me, is a lot to ask for to get your industry going. Do you really think it is fair, you know, to kill one industry, GM alfalfa, to promote yours?

I am completely impartial on this issue, but your comments struck me along the same line the Chair mentioned, a subsidy is still a subsidy.

**Ms. Wakeling:** I would like to start, but I think that everybody around the table probably should participate in the answers.

Some of the things that I have brought forward have already been initiated. We are getting going on these things. It is always good to have more support. Our province, B.C., is fairly advanced in a lot of areas in this regard, and we have very strong support from our provincial ministry, but we are talking about national and international export markets. Those areas still need the strengthening, and I know the other provinces do need that support as well.

By working collaboratively, I think we will be able to really benefit, and sometimes short-term investment will really pay long-term dividends. That is my response to some of those aspects.

I can't speak to the rail cars, but the GM alfalfa I can certainly speak to. If GMO comes in, it will have a large impact to the conventional market as well as the organic market. The conventional industry will be impacted deeply by this as well.

I am going to hand it over to somebody else now.

**Mr. Tyson:** I could speak a little bit to both of those topics as well. First off, on the rail car issue: Those cars don't typically need to be cleaned and sanitized by the provider. Typically, the shipper cleans those themselves, so that isn't something that is sort of hoisted on to the provider.

**Senator Unger:** They still need that though.

**Mr. Tyson:** Yes, they do. Typically, with organic shipments you will have a clean vessel affidavit, so they will need to clean or wash out those cars before they are loaded.

On the organic alfalfa scenario, this intertwines a lot with improving organic yields. It is not simply about the organic alfalfa market. It is the utility of alfalfa in organic crop rotations. Alfalfa is a significant soil builder in organic rotation as it fixes nitrogen and helps to kind of clean up fields. It is not simply about harm to the organic alfalfa market; it is harm to the sector in general. As Kate mentioned in her submission, it really has dubious benefit to the conventional side.

**Ms. Storey:** What organics is asking for is equal treatment to what the conventional agriculture side has received all along. The government helps conventional agriculture develop. Organics is now a couple of decades behind, but we are now developing. We are not asking for anything more. We are asking for equal treatment.

As far as the GM alfalfa issue, we are also asking for respect. Organics didn't complain when GM canola came out — we can't grow canola; we were growing it and then we were unable to grow it — because genetically modified canola stays in the farmer's field. The problem with GM alfalfa is that the pollen can leave one farmer's field and contaminate another farmer's field; it moves.

If organics had some technique that was going to threaten other farmers, then conventional agriculture would be on our case very quickly and it would be shut down. Now, we have GM alfalfa, which is threatening not only organic farmers but also the viable forage seed industry, honey production, and there are a couple more that are threatened by GM alfalfa, but nobody is willing to stop that.

It is like discrimination. It is like some sectors are more equal than others. We are just asking for equal treatment.

**Senator Unger:** Ms. Carlson, do you have a comment?

**Ms. Carlson:** I don't think I have anything additional to add to what has already been said, unless there was a further question on the rail cars.

**Senator Unger:** I want to raise something we heard from the Alberta Wheat Commission earlier today. We were talking about carbon taxes, and they feel that regulators need to take into account the fact that zero-till practices used by farmers today actually reduce greenhouse gas emissions by sequestering carbon in the soil, so they are putting back value into the soil. I asked, or opined that they should be marketing that fact because I don't think most people know it.

Is your industry aware that conventional farmers are not just using pesticides or different modified fertilizers for their crops, but are actually doing things that help the soil as well?

**Ms. Lipton:** One thing that I would like to emphasize to the committee is that we in organics also see ourselves as a part of all of agriculture. We realize that there are many benefits for the organic sector in working with the rest of agriculture, and there will be many benefits through us to the rest of agriculture.

For example, there is a lot of renewed interest in intercropping, in a number of practices in all of agriculture that organics specializes in. One of the things that we really want to do is reach out and build some of those bridges that perhaps in the past were not there.

The reason I go down this route is so you understand that we do see the many benefits that are happening in conventional agriculture as well. We do not see ourselves in an us-versus-them scenario. In this particular instance, yes, certainly there are a lot of benefits that come from no-till, and in fact we also have a subset of organic agriculture that is trying to move toward no-till as well.

We have many similarities. We have a lot of benefits that will come through working together.

**Ms. Wakeling:** I just want to add one thing: the importance of soil micro-organisms. That is something in the last number of years that we are just really starting to open up.

I understand that there has been a lot of studies on micro-organisms in this world and that our bodies are made up of those same organisms. By treating the soil as you would your own body and trying to support the beneficial micro-organisms living in the soil through all sorts of different practices will help, in the long run, in carbon sequestering and building healthy soil. That is really important to build on.

**Ms. Storey:** I don't know if you intended it or not, but your question kind of raises an important point. Organic farmers are not trying to replace conventional farmers. There may be a message coming from some consumers that organic is better, and maybe in their minds it is and maybe it isn't. Different consumers have different needs. Organic farmers are really only concerned about their production, improving their own yield, doing the best possible job.

I have been on lots of committees, and sometimes I get the feeling that conventional farmers are worried that organic farmers are setting themselves up as better-than, but that is not coming from the organic farmers. It is not coming from the organic farm organizations. We consider ourselves, as Ms. Lipton said, part of agriculture.

**Senator Unger:** Okay. I didn't mean to convey that that was the case.

**Ms. Storey:** No, it just raised the question, and I thought it was a good opportunity.

**Senator Unger:** Thank you.

**The Deputy Chair:** Senator Merchant, please.

**Senator Merchant:** Thank you for your presentations. I was interested in this report that Saskatchewan is producing so much from organic farming. Why is that? We just heard from British Columbia, and I would have thought that with their weather they would be the number one producer. Why is Saskatchewan such a producer?

**Ms. Carlson:** Again, I think a kind of theme is developing. Saskatchewan is a huge agricultural province, and organics is a reflection of that. Also, 97 per cent of what we produce is grain and we export that to the world basically. That is why we have more producers. We also have more potential for the expansion of organics because of the land base.

We have been doing a lot of transitioning to organic workshops in Saskatchewan and in Alberta and Manitoba to raise awareness of all of the things that we have been talking about here today to try and increase our supply and because there is so much potential there in Saskatchewan to transition.

I really like the point that Kate made, it is not about better or worse. It is not that whole polarization that a lot of the discussion can devolve into but, rather, looking at organics as a business opportunity, as a niche market and its huge potential. That is a long answer to your short question.

**Ms. Wakeling:** I just wanted to address B.C. In British Columbia, we have a lot of very small producers. I live in a community on Vancouver Island. I have 450 producers in my region, but they are all very small. There is a difference in scale in the different provinces. It is very interesting to see the diversity and the differences between the provinces. It is quite intriguing.

**Senator Merchant:** In a previous study this committee did, we learned also that sometimes farmers who wanted to buy untreated seed were not able to buy it. There are other players in the mix that have a part to play. I'm not sure if untreated seed is organic seed. I don't know if that is synonymous, but you don't use any seed that is treated. Is that an impediment to organic farming, that the companies themselves don't always have the seed available for farmers to use?

**Mr. Tyson:** It can be. There has not been the development of a seed infrastructure in the organic sector. On organic farms, that leads to a lot more farm-saved seed regrowth, and that can actually impact some of the agronomic issues — germination levels and that type of thing along the lines.

As new genetics come out and come to market, they are less available to organic farmers right away. Essentially, if an organic farmer wishes to switch a variety to a new variety, they need to seek an exemption to buy conventional seed that is not treated. Those two things aren't necessarily synonymous, but not treated certainly is a part of being organically acceptable. They have to get an exemption to buy seed that they then grow out to use as their seed for the following year.

**Ms. Carlson:** Also, it raises another potential collaboration and partnership because this year actually was the first year that GMO crop acreage decreased since their introduction, by 1 per cent globally. Again, conventional farmers are responding to the marketplace and saying that: If I'm going to market my crops, at a minimum they need to be GMO free.

That, again, points to the concept that we are all part of agriculture, and if we work together we can figure out solutions to some of the issues, and meet demand.

**Ms. Lipton:** Just one additional piece: One of the challenges we also face is with varieties and what varieties are available. Different varieties grow either well or poorly under organic conditions, and they are not necessarily bred under organic conditions. We have to kind of reach out and figure out which of those varieties will work well under organic management practices.

Then it does occur where those varieties may not be available, and some of that is due to the size and the amount of demand that we can put on the market. I had a conversation recently with an organic potato grower who had found, through trials on their own farm, a number of varieties that would work well, and then, all of a sudden, those varieties were no longer available from the seed suppliers. That type of thing does happen in our industry as well.

**Senator Merchant:** Thank you.

**Senator Tardif:** It is wonderful to see four provinces representing the organic sector here today. As you are speaking, I am sure that you are already telling yourselves, "Oh, that is an area for collaboration" with each other, and it's great if the Senate can contribute to increased collaboration between the provinces on this matter.

Ms. Wakeling, in your presentation you indicated seven general principles of organic production. For my own personal curiosity, do you use pesticides in organic crops?

**Ms. Wakeling:** I don't personally but some are allowed. I don't even know the language because it is not my thing at all. There is a permitted substances list, and on that list are things that we are allowed to use, and that does support us.

The seven principles are directly from the standards and those are the basic values associated with organic production. We do all sorts of interesting things to try and reduce pest issues, crop rotation being a big one. I have a small vegetable production area. My focus is the indoor sprouting facilities, so I buy a lot of grains from these folks here. I will let them speak to the pesticide issue though.

**Ms. Lipton:** There are a limited number of biological substances, naturally based substances that can be used under organic management practices. However, we find that very few organic producers use them, and that is because organic producers must manage their entire system from a very holistic perspective. That means that they have to focus on soil biology, soil health, the entire plant system, health ecosystem and so on.

It is more of a preventative system. When you use those production practices, there tends to be very little need for those types of things. Then if a producer is to use some of those substances, they need to explain why they have resorted to them. It can't be something that is used over the long-term. They have to have a preventative management system in place.

**Ms. Storey:** The permitted substances list includes things like salt. Now, every animal needs salt, but which salt? From where? Some salts come with additives. The list tells you which brand names are pure enough to be used, those that don't contain other substances that are not allowed under organics.

As far as the pesticides go, there are a lot of companies out there trying to devise a lot of things, and some of them are coming from natural chemicals. They don't work very well. They cost a lot. Really prevention, as Ms. Lipton said, is what organics is based around.

**Ms. Wakeling:** I want to add one more thing. I think there are some challenges. I think the tree fruit industry in British Columbia has some challenges, and they have had to work pretty hard to come up with some solutions. They have seemed to be able to do that, and I think you have somebody speaking from the BC Fruit Association afterwards.

**Senator Tardif:** I know that some crops use pesticides to increase their yield. You don't. You use, as you said, a preventative approach. Does that have impact on your yield capacity, the fact that you are not using chemicals or additives or anything that is not natural?

**Ms. Storey:** Not really. Fertility seems to be the key thing in organics, making sure that the soil can support the crop. Also, there is the knowledge of when to plant because weeds grow at a particular temperature and moisture level. Every plant has its own little niche of when they grow, and if you seed your crop at just the right time you won't have much of a problem with weeds.

It comes right back to the agronomy and the knowledge. If you do it right, it doesn't have an impact on the yield.

**Senator Tardif:** Capacity has been a big problem, as you have indicated, and you have signed equivalency agreements with certain countries, Costa Rica, I believe, the U.S. Because you have access now to those markets and they have access to our market, does that put increased pressure on your capacity to meet those increased demands? For example, access to exporting to the U.S. or to Costa Rica or to some of the countries that we have equivalency agreements with?

**Mr. Tyson:** It can. Equivalency agreements make it easier to market into those countries just by virtue of automatically accepting Canadian farmers who hold a Canadian certificate. Whether there is an equivalency agreement with another country doesn't necessarily mean the market is closed. That may mean additional certification issues.

Overall, the market demand, as it grows within our borders, in the U.S. or in the EU, puts pressure on that supply capacity almost regardless of equivalency agreements.

[*Translation*]

**Senator Dagenais:** My first question is for Ms. Wakeling.

In your presentation, you emphasized the importance of providing good quality products. I imagine you are aiming to move your products onto the international market. Do you think we should be implementing traceability systems for your products to improve security at least on the international market?

[*English*]

**Ms. Wakeling:** Sorry, I missed the initial component of the question.

[*Translation*]

**Senator Dagenais:** In your presentation, you said it was important to provide good quality products. You also said that, sooner or later, you want to make your organic products available on the international market. Do you think that, when exporting to the international marketplace, it would be a good idea to have traceability systems for your products?

[*English*]

**Ms. Wakeling:** Actually, traceability is a key component to organics. It is one of the biggest focus areas. When we have our organic inspections, we need to be able to pull our product backwards and forwards make sure that we know where it is going. At that level it is addressed in organics and always will be as part of the management of the organic program. Having somebody come and do that inspection is a fairly in-depth process.

[*Translation*]

**Senator Dagenais:** Okay. Thank you very much.

Ms. Lipton, we know that some organizations expressed reservations about signing the TPP Agreement. We know that the agreement will be signed. We know what to expect. Obviously, the agreement will also focus on organically made products.

Do you agree with signing the TPP Agreement, which should open new markets for your industry?

**Ms. Lipton:** Can you repeat the question? What exactly is the question?

**Senator Dagenais:** Certainly.

We know that some organizations expressed reservations about signing the TPP Agreement, for many reasons. The agreement will be signed shortly, and the major points have been explained to various producers. Are you in favour of signing the TPP Agreement?

**Ms. Lipton:** Right. I'll try to answer in French. If I need to, I'll switch to English.

**Senator Dagenais:** No problem.

**Ms. Lipton:** Our sector, the organic sector, includes all sectors. Some sectors support the TPP, and others have questions or issues. The same is true for the organic sector, and it all depends on the sector.

Obviously, for commodities such as cereals, we are currently unable to access certain markets, and the TPP will give us access. Surely this will benefit our sector.

However, I need to inform you that trade barriers still exist and that's very important to keep in mind. Even though the TPP can eliminate the tariffs or trade barriers currently in place, without an equivalency agreement, it will be difficult, or another step may be required, to access the market.

**Senator Dagenais:** My next question is for Mr. Tyson.

A number of witnesses, even this morning, spoke of the importance of exporting products to foreign markets at a reasonable price, a competitive price, but they also spoke of the problems related to transporting the products. If a problem exists, what could we do or what could we recommend to the government to improve transportation and its associated costs?

*[English]*

**Mr. Tyson:** The transportation systems for grains out of Western Canada can be a problem. It isn't always a problem, but it seems like when it is a problem, it is a major problem.

What can we do to address that? From my perspective, what is missing in the transportation system is accountability on the part of the providers. There are asset-use charges liberally applied to users of transportation companies' assets, rail cars. If you don't load a car in 24 hours, you pay a fine. There is no reciprocity on that.

If I order cars and have them approved, the provider can simply shortfall that approval. I may have lined up in-bound logistics to meet those rail cars that are coming, but then at the last minute they are not provided, and there is no recourse, really, for shippers, small or large, in that respect.

The same would apply to — you do get the cars you have ordered, you have loaded them — transit times. There are people who watch that, but I don't know that there are serious implications to CN or CP if my car, for example, sits in a yard in Winnipeg for two weeks without moving.

I don't know exactly how you build in reciprocal accountability, but at the base of it, I think that is the issue with the system.

**The Deputy Chair:** In most other businesses, if you did what the railways do, you wouldn't be in business.

**Mr. Tyson:** Correct.

**The Deputy Chair:** They should be ashamed of themselves, but that is not the first time we have said that in this committee. Hopefully, sometime we will get to the point where it will be the last time we will say it.

Thank you, Senator Dagenais.

We have a couple of minutes left only, so Senator Unger for one question and then Senator Merchant for another question.

**Senator Unger:** I would like an idea of your organization's size. Ms. Wakeling, you mentioned you have 450 producers, but they are very small?

**Ms. Wakeling:** That is just in my community region. Our organization in British Columbia represents 700 producers.

**Senator Unger:** Okay. Alberta?

**Ms. Lipton:** In Alberta we have approximately 360 organic operators. Our organization also represents the rest of the businesses that provide services to the entire industry, so upwards of about 450.

**Mr. Tyson:** Our company is the world's largest organic oat-ingredient producer in North America, of course, and the largest in the world.

**Senator Unger:** And how many people is that?

**Mr. Tyson:** Do we employ?

**Senator Unger:** Yes.

**Mr. Tyson:** Over 900 people we employ. In Canada that would be 150.

**Senator Unger:** And in Manitoba?

**Ms. Storey:** Last year there were 153 organic farmers and processors in Manitoba. We have just added 10 I think, so that is like an 8 per cent growth rate in one year.

**Senator Unger:** Saskatchewan?

**Ms. Carlson:** We have 870 certified organic producers and 89 certified organic processors.

**Senator Unger:** Thank you.

**Senator Merchant:** When we ratify, let's say, CETA or the TPP, what country will be your largest competitor in the organic market?

Maybe you can find out for us? I would be curious to know, and you could send us your response at some different time.

**The Deputy Chair:** Yes, and on that note, if there are any other items you think you forgot to tell us or in response to Senator Merchant's question, please don't hesitate to send us something in writing. Address it to the clerk, and he will circulate it to the rest of the committee.

I want to thank you for being here this afternoon. It has been very informative. I think we have had a fairly good exchange of questions and answers, and we continue to learn.