

January 23, 2009

The Honourable Gerry Ritz, P.C., M.P.
Minister of Agriculture and Agri-Food
Agriculture and Agri-Food Canada
930 Carling Avenue, Sir John Carling Building, Floor 9
Ottawa, ON K1A 0C5

Dear Minister:

In October, the Canadian Chamber of Commerce concluded its 79th Annual General Meeting (AGM) in Quebec City. One of the highlights of Chamber's AGM is the Policy Session. It is during the Policy Session that resolutions submitted by local chambers of commerce and boards of trade from across the country are debated and voted on by accredited delegates. Once approved, these resolutions become the policy position of the Canadian Chamber of Commerce for three years. This year our delegates issued a clear and decisive national policy mandate that we intend to pursue vigorously with the federal government over the coming months.

Beyond those issues we have already brought to your attention, our renewed national policy mandate includes a number of additional issues that fall within your portfolio. Accordingly, we would like to discuss these issues with you directly in the near future.

“Grown in Canada” Label – Marketing the Nation’s Agriculture and Agri-Food Products: The Canadian Chamber applauds the government’s plan to modernize federal guidelines governing the use of the “Made in Canada” and “Product in Canada” labels. This way, Canadian consumers will be able to more easily identify the Canadian content in food products. Moving forward, we recommend that the federal government introduce a voluntary branding theme for 100 percent Canadian grown product. Further, we should avoid mandatory country of origin labeling and any label regulations with product description requirements that discriminate against imported products. The federal government should also make additions to the appropriate legislation, respecting “Made in Canada” rules, by adding a separate “Grown in Canada” marker for 100 percent Canadian product.

Compensation and Response Procedures for Plant, Animal, and Food Health Related Emergencies: All agriculture sectors in Canada are exposed to the risk of infection or contamination that on occasion results in catastrophic losses. Other than animals (*Health of Animals Act*), farmers and food producers are not protected from a plant and food health emergencies. Only costs related to the treatment, storage, and disposal of crops or products are remunerated to the producers. We recommend that the federal government establish a compensation program pursuant to the *Plant*

Protection Act similar to what is in the *Health of Animals Act*. Further, we recommend organizing a panel of public sector and private sector stakeholders to develop and implement a national response protocol for all plant, animal, and food health emergencies.

Expedited Application and Funding Approval Process for Bio-Product

Applications: We recommend that the federal government expedite the approval process for all incentive programs related to renewable chemicals, fuels, bio-composites and evolving industrial bio-product applications.

Agriculture can help Canada meet its Greenhouse Gas Targets: Agriculture is a sector that can be an important part of Canada's efforts to reduce its net greenhouse gas emissions, particularly through the generation of offset credits. For agriculture to have a positive impact on greenhouse gas reductions, three things need to be developed:

- More protocols for agriculture;
- A cohesive National Program for all producers to participate in over GHG reduction; and
- A streamlined, cost-effective system to facilitate registration, verification, and clear offset processes on a national basis.

The full text of these resolutions is attached and we look forward to receiving your response to these important proposals.

Sincerely,



Perrin Beatty
President and CEO

Attachments

CC: Yaprak Baltacioglu, Deputy Minister of Agriculture and Agri-Food, Agriculture and Agri-Food Canada Canada
Carole Swan, President, Canadian Food Inspection Agency
Pierre Lemieux, Parliamentary Secretary to the Minister of Agriculture

Minister
of Agriculture and
Agri-Food
and Minister for the
Canadian Wheat Board



Ministre
de l'Agriculture et de
l'Agroalimentaire
et ministre de la
Commission canadienne du blé

Ottawa, Canada K1A 0C5

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Quote: 128501

Mr. Perrin Beatty
President and Chief Executive Officer
The Canadian Chamber of Commerce
360 Albert Street, Suite 420
Ottawa, Ontario K1R 7X7

Dear Mr. Beatty:

Thank you for your letter regarding this year's Canadian Chamber of Commerce's national policy mandate. I appreciate the opportunity to provide you with the following information, and I sincerely regret the delay in this reply.

Agriculture and Agri-Food Canada, in partnership with provinces and industry, introduced a branding initiative in 2006. The Canada Brand International initiative was developed as a means to differentiate the Canadian food and agriculture sector from its competitors and provide a competitive advantage in international markets. Currently we have more than 190 brand members from across the Canadian agriculture and food sector, including the livestock industry, using Canada brand tools and products to help them market their products internationally.

Under Growing Forward, we will build on the work and accomplishments achieved to date with the Canada Brand International initiative to provide farmers and others in the sector with the tools to better communicate the strengths and advantages Canada offers, and to help them capture opportunities and grow their business both domestically and internationally. In addition, a domestic branding initiative is planned under Growing Forward to enable Canada's food and agriculture sector to capitalize on Canadian consumers' willingness to buy domestic products over imports, provide the sector with the tools to help improve its competitive position, and seize domestic market opportunities.

The Government of Canada has also introduced new voluntary food labelling guidelines which will better identify products that are virtually grown, raised and produced in Canada. Under the new guidelines, when the label claim "Product of Canada" is applied, all or virtually all of the significant ingredients, components, processing and labour used in the food product must be Canadian. Food products claiming "Product of Canada" must contain very little or no foreign content, with the exception of minor food additives, spices, vitamins, minerals and flavouring preparations.

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Canada

The “Made in Canada” claim may be used when the food product is manufactured or processed in Canada, regardless of whether the ingredients are imported or domestic or a mix of both. However, this claim must always be qualified with either “Made in Canada from domestic and imported ingredients” or “Made in Canada from imported ingredients.” To use these qualified claims, the last substantial transformation of the product must have occurred in Canada. This recognizes the importance of value added by Canadian ingredients and by processing.

Qualified claims for other food products that do not meet the new “Product of Canada” and “Made in Canada” guidelines may continue to be used. For example, “Roasted in Canada,” “Packaged in Canada,” “Distilled in Canada” and “Processed in Canada” could be used provided that they are not false or misleading. However, the use of “Product of Canada” and the qualified “Made in Canada” claims would be encouraged for those products that meet the guidelines in order to provide consistency and clarity for the consumer.

While Canada’s food system is a vast and highly sophisticated network of organizations, the Government of Canada is supporting community-level initiatives to improve Canadians’ connections with primary producers of food. In November 2008, the Government of Canada announced its support for Farmers’ Markets Canada, a national network to support the development and growth of farmers’ markets across the country. The Government believes that strengthening the direct connection between primary producer and consumer will play a role in the future success of the sector and encourage Canadian consumers to buy domestic products.

I would like to respond to your comments regarding compensation and response for emergencies related to plant, animal, and food health. AgriRecovery, part of the new suite of business risk management programs, allows federal and provincial governments to jointly respond to natural disasters with quick, targeted assistance. The program is intended to help affected producers resume business operations and/or mitigate the impacts of a disaster as quickly as possible.

AgriRecovery provides a process for governments to quickly determine whether or not further assistance beyond existing programming already in place is warranted and if so, what form that assistance should take. In the event that plant and/or food producers suffer a loss relating to a disaster, they could be eligible to receive similar compensation to that which would be provided to animal producers by the Canadian Food Inspection Agency under the *Health of Animals Act*.

With regard to your comment about capital assistance to support the construction of biofuels facilities, the federal government offers the ecoAgricultural Biofuels Capital (ecoABC) Initiative and the Government of Saskatchewan offers the SaskBIO initiative (which mirrors the ecoABC approach in both content and timing). It should be noted that conducting the due diligence on multi-million dollar projects is an important process and that Canadians expect the Government to use taxpayers’ money effectively and judiciously. The program has internal guidelines to

complete the due diligence on these projects. The ecoABC assessment and approval process is streamlined, consisting of a financial and a technical viability assessment which are completed simultaneously.

It should also be noted that meeting all municipal, provincial and federal permitting and environmental requirements is always a condition of securing debt financing. A project that does not meet these requirements only has conditional financing until these requirements are met.

Prior to ecoABC funding approval, an environmental assessment under the *Canadian Environmental Assessment Act* must be completed. Meeting all municipal, provincial and federal permitting and environmental requirements is always a condition of securing debt financing. A project that does not meet these requirements only has conditional financing until these requirements are met. There have been seven projects approved for ecoABC funding to date, and in no case has project approval been delayed due to the environmental assessment requirements. Typically, the last outstanding eligibility requirement has been the securing of project financing.

Regarding Canada meeting its greenhouse gas targets, our researchers are providing leading-edge scientific support for understanding, reducing, and monitoring emissions of agricultural greenhouse gases, including the development of farm management practices that result in carbon storage and protocols for the reduction of greenhouse gas emissions from agricultural fertilizers and soils. Growing Forward will encourage producers to adopt beneficial management practices that address key environmental challenges in Canada, including agriculture's impact on water quality and water use, adaptation to the impact of climate change, and mitigation of agriculture's greenhouse gas emissions. In addition, the Agri-Environment Services Branch was created to meet the challenges of agri-environmental issues and support producers in their efforts to address agri-environmental adaptation and practice change.

I appreciate the time you have taken to provide me with the policy positions of the Canadian Chamber of Commerce. As these issues are important to the sector, I would like to further discuss financing options and credit availability with you to help investors take advantage of economic opportunities and build a stronger Canada.

I trust that this information is of assistance. Again, thank you for writing.

Sincerely,



Gerry Ritz, PC, MP