



## **Presentation to the Standing Committee**

### **on Agriculture and Agri-Food**

### **Regarding Bill C-474**

### **By the Canadian Canola Growers Association**

**June 2, 2010**

#### **Introduction**

Science and innovation will be an important pillar of the canola industry's future success, something this committee recently agreed to in its own report, *Competitiveness of Canadian Agriculture*. But future innovations and the competitiveness of the Canadian canola industry could be in jeopardy if Bill C-474 is passed through Parliament.

As canola farmers, we stand behind Canada's current science-based regulatory system for approving new canola varieties, which ensures new varieties created by all technologies are safe for people, animals and the environment.

We urge you to support the current science-based variety registration approval system. Under this current system, Canadian farmers are competitive, innovative, and responsible land stewards. Anything short of supporting science-based approvals will stagnate our industry and will undermine our competitiveness in the world market. As such, we ask this Committee to reject Bill C-474.

#### **Canola, a Story of Ag Innovation**

Canola, the only made-in-Canada crop, is a truly great story of agricultural innovation and market achievement. Every year, our industry contributes \$14 billion to Canada's economy and benefits the profitability of more than 50,000 Canadian farmers.

Since its introduction in 1974, canola has become the second largest field crop and the number one source of field crop receipts for Canadian farmers. On average, canola has generated 19% of Canada's farm cash receipts since 2006, reaching over \$5.0 billion in 2009. While much of the economic benefit generated by the production of canola occurs in western Canada, canola processing in Ontario and Quebec is worth \$1.3 billion annually.

Beyond its economic benefits, canola is contributing to the health and well-being of Canadians and consumers around the globe. It is one of the healthiest cooking oils available, being naturally low in saturated fats and trans-fat free. In addition, high-oleic canola oil provides the food industry with a healthy cooking oil option that remains stable at high cooking temperatures and therefore does not require hydrogenation, a process that creates trans fat. These are particularly important characteristics for a nation struggling with increasing rates of obesity and heart disease.

Biotechnology has been a key innovation tool in achieving these economic and health-related successes. However, it should be recognized that the framework which facilitated this includes a regulatory approval process that encourages investment while ensuring safety, and an industry that has proven to be both responsible and effective at market development.

### **Benefits of Biotechnology**

In 2009, over 90% of the canola grown in Canada was grown from herbicide-tolerant varieties that benefitted from the use of biotechnology, also known as genetically-modified (GM) canola or transgenic canola. Since the introduction of biotechnology to canola in 1996, farmers have been rapid adopters of this technology that provides economic benefits to them. However, the benefits of biotechnology go beyond production agriculture and touch the environment and the rural economy as well.

#### **Agronomic Benefits**

One of the primary reasons farmers choose to grow GM canola is because weed control is more efficient and easier with herbicide-tolerant varieties. Herbicide-tolerant varieties, which are largely derived through biotechnology, allow farmers to reduce their overall pesticide usage and reduce their fuel consumption because of fewer trips across the field.

Another reason growers choose herbicide-tolerant canola is better yields, which in turn provide better returns and greater profitability. Growers have reported an average 10% yield increase from herbicide-tolerant canola compared to conventional canola (2001 Canola Council of Canada study). The factors that contributed to this increase included better yielding varieties, earlier seeding ability and better weed control.

In a 2007 study from the University of Saskatchewan, growers reported an average benefit of \$15/acre from herbicide-tolerant canola compared to conventional canola. Revenue was higher due to increased yields, less dockage and lower herbicide costs. Herbicide costs for growers using herbicide-tolerant canola were 40% lower than for conventional growers (2001 study).

#### **Environmental Benefits**

Land stewardship is an increasingly important issue for farmers and they have embraced the environmental benefits of conservation tillage. In 2007, 85% of canola grown on the Prairies was planted using conservation tillage methods, which improve soil structure and soil biodiversity and reduce soil erosion. Conservation tillage also means fewer tractor passes across the field, equating to less fossil fuel consumption and reduced greenhouse gas emissions.

In Canada, biotechnology, through herbicide-tolerant canola, has helped facilitate the adoption of no-till and minimum-till farming practices, making canola a foundational part of a more environmentally-sustainable cropping system. Herbicide tolerance has made this system possible by reducing, or in many cases, eliminating the need to till the soil for weed control. As a result, these zero- and minimum-tillage farming practices have led to a recovery of our soil and soil carbon resources. At the same time, herbicide tolerance allows farmers to reduce their pesticide usage, which not only reduces production costs, it softens the environmental foot print of canola production. A 2007 study from the University of Saskatchewan concluded that cropping systems that employ herbicide-tolerant canola are the most environmentally-friendly crop production systems in use today in Canada.

Biotechnology helps Canadian farmers grow canola more efficiently. Through improved varieties, farmers can now produce more canola on similar or fewer acres. With the growing demands of a hungry planet, this means marginal land can be kept from cultivation, preserving wildlife habitat and biodiversity.

### **Investment in R&D**

Adoption of leading-edge technology has been a key success factor for canola in allowing us to reap these environmental and agronomic benefits. And science, including biotechnology, will be essential for Canadian canola growers, processors, and companies to remain globally competitive now and in the future.

The global oilseed market is highly competitive. But canola has been able to maintain and expand its share of the market by continuing to innovate and adopt new technologies. Looking to the future, in order for canola to remain competitive, it will need to continue to do this, and likely at a faster pace than in the past decade, particularly in the face of increasing global competition from other oilseeds especially palm oil from Asia and soybean from the U.S. and South America.

Recently, this committee released a report entitled *Competitiveness of Canadian Agriculture* which stated that “technological innovation is one of the best ways of improving Canadian farmers’ competitiveness through efficiency gains, higher yields and new product development.” We couldn’t agree more. Innovation is essential to ensure canola remains a western Canadian success story.

And the cornerstone of Canadian crop innovation is a predictable and science-based, regulatory approval system that encourages investment in research and development. That is the system that has allowed us to achieve so many successes in the canola industry and that will allow our industry to remain competitive in the future. This is why the Canadian Canola Growers Association views Bill C-474 as a significant threat to the future competitiveness of our industry.

If the regulatory approach in this bill had existed 30 years ago, the \$14 billion in economic activity that the Canadian canola industry generates would likely not exist today. If this bill is adopted now, with our competitors adopting new technologies at an increasing rate, our industry, including Canadian farmers, handlers, researchers, and processors would be competitively hobbled. There is no doubt this bill will have a significant impact on the canola industry.

## **The Canadian Regulatory System**

Canada's science-based regulatory approval system is a critical component of a thriving canola industry. While being very rigorous, it is based on a predictable science-based process that fosters an investment-friendly environment, which is so important to canola's continued success.

If the regulatory process governing the introduction of new technology were expanded to include non-science criteria, there could be severe consequences for the canola industry. The potential for political and activist intervention in the process would be significant and create additional risk for canola's technology investors. Given that Canada is the major canola production region and that the crop is relatively small when compared to competitors such as soybeans and palm, uncertainty about the Canadian regulatory process could divert research and development dollars away from canola into other field crops or to other countries where the regulatory approval system is more predictable, leaving Canadian farmers at a major competitive disadvantage.

The introduction of non-science-based criteria into our approval system would put in serious jeopardy the introduction of new plant traits. For example, improved stress tolerance (including drought tolerance) could help us manage and adapt through climate change, nitrogen-use efficiency will reduce the crop's need for fertilizer, and resistance to new and emerging pests can help stabilize both the food supply and farm incomes by reducing the frequency and severity of crop disasters. Furthermore, canola varieties that have enhanced nutritional properties, higher oil content, and even traits suited specifically for alternative uses, are expected to be coming down the pipeline. These new traits will not only provide additional market opportunities for Canadian farmers, but will also provide further benefits to our environment, the health of consumers, and the rural economy.

The adoption of Bill C-474 would mean that key customers would no longer be able to cite the Canadian example of science-based regulatory approvals as justification for maintaining similar systems in their own countries. The potential for other countries, particularly those that grow rapeseed, to use non-science based criteria in order to control imports with non-tariff trade barriers could be justified on the basis that Canada no longer has a solely science-based system.

Many smaller countries, including several to which the Canadian industry wishes to market canola, are considering rules that would govern importation of GM technology. A change in Canada's variety registration regulations could tip the balance against science-based criteria in these countries, causing uncertainty with respect to the security of trade flows.

It should also be noted that by allowing consumer preferences in a few foreign countries to dictate what we are able to grow on Canadian farms, we will be giving up our sovereign right to determine what is grown on Canadian soil.

To preserve and expand export markets and ensure continued research and development in canola, the Canadian Canola Growers Association supports the continuation of the current science-based regulatory system governing the introduction of all varieties including those derived from GM technology.

## **Market Access and Acceptability**

Since the adoption of GM canola in 1996, canola has continued to expand its export markets. From 1998 to 2008, Canadian canola exports increased by over 40% from 3.9 million tonnes to 5.6 million tonnes and our trade represents 75% of the global trade in canola/rapeseed. Looking forward, the industry has set a goal of 15 million tonnes of sustainable production by 2015, 7.5 million tonnes of that is expected to be exported as seed and upwards of 85% of the total crop will be exported when canola oil exports are included.

These targets and successes speak to the canola industry's confidence in its ability to grow the market for GM canola and in the acceptance of GM canola by our major customers. They also speak to the success of the Canola Council of Canada's *Market Access Policy*, a voluntary agreement that ensures new GM seed traits are only introduced commercially when they have been approved in all major export markets. The fact that this policy has been always been respected since its inception in 1995 is a strong reflection that the industry recognizes and respects the importance of being responsible about the introduction of new technologies and does not require regulation to police itself.

That said, ensuring Canadian farmers have access to international markets is a serious issue for the canola industry. We believe our efforts would be better spent working with governments around the world through vehicles such as CODEX to develop low level presence (LLP) policies and agreements will ensure that the low level presence of traits that have not yet been approved in the respective importing country do not disrupt trade flows. Rather than work toward a more realistic and forward-thinking solution, such as LLP agreements, Bill C-474 would maintain the zero tolerance thresholds, which are pragmatically impossible to achieve and cause major trade disruptions, especially as the ability to detect even the most minute traces of material increases.

By proactively developing a LLP policy, Canada could provide global leadership and encourage importing governments in major markets to develop better functioning regulatory systems and policies that would replace zero tolerance thresholds and facilitate Canadian exports.

## **Summary**

Science and innovation will be an important pillar of the canola industry's future success with yield improvements, stress tolerance and nutrient efficiency being but a few of the traits already in the technology pipeline. But these future innovations and the competitiveness of the Canadian canola industry could be in jeopardy if Bill C-474 is passed through Parliament.

While this bill is intended to protect market access, creating an unpredictable environment for Canadian crops is an unacceptable consequence of this legislation. There are a number of alternatives that exist for protecting market access, some of which are successfully used in Canada today, that are ignored by this legislation.

Going forward, adoption of leading-edge technology will be key to the continued success of canola, and science, including biotechnology, will be essential for our industry to remain globally competitive.

Canola farmers will require all future technological advancements to be made available to them in order to remain competitive, and as a nation, we need to facilitate this, not hamper it. CCGA sees a bright future for canola, backed by our current predictable and responsible science-based regulatory approval system, the same system that allowed canola to become a western Canadian success story.

As canola farmers, we strongly support maintaining Canada's current science-based regulatory system for approving new canola varieties. We urge you to do the same by rejecting Bill C-474.

### **About CCGA**

The Canadian Canola Growers Association represents 52,000 canola farmers on national and international issues and polices that affect the profitability of canola growers.