



July 18, 2017

NAFTA Consultations  
Global Affairs Canada  
Trade Negotiations – North America (TNP)

Email: [NAFTA-Consultations-ALENA@international.gc.ca](mailto:NAFTA-Consultations-ALENA@international.gc.ca)

**Re: Consulting Canadians on the renegotiation of the North American Free Trade Agreement with the United States and Mexico**

To Trade Negotiations – North America (TNP):

The Western Canadian Wheat Growers Association are pleased to provide the following comments with respect to this consultation on the important matter of trade in North America.

Founded in 1970, the Western Canadian Wheat Growers Association is a voluntary farmer-run advocacy organization dedicated to developing public policy solutions that strengthen the profitability and sustainability of farming, and the agricultural industry as a whole.

Trade and market access is absolutely essential to western grain farmers, and the North American market is paramount for prairie growers.

Over a year ago, in May 2016, the Wheat Growers had an op-ed published in the *National Post* with the title ‘Why grain farmers support the TPP trade deal’. In the article, we said “we have to maintain our markets, create new ones, and ensure when hauling future harvests we’re not at a competitive disadvantage to other countries.” As that Asia-Pacific market is crucial for western farmers, we saw the clear benefits of tariffs and non-tariffs barriers being reduced or eliminated, prohibitions imposed on export subsidies, and co-operation on issues around biotechnology to be enhanced. We also cited how Bank of Canada Governor Stephen Poloz has spoken on the importance of trade—trade improves productivity, innovation and supply chains, helping drive economic growth forward.

Now, over a year later, and while we would have preferred TPP had gone ahead and improved our trade access in our top markets such as Japan, it’s somewhat frustrating we’re having to make this submission on a possible re-negotiation of NAFTA, of all things. However, we’re pleased to reiterate our message of the benefits of freer trade for farmers, our agriculture value chain, economic growth and jobs, and consumers in Canada and throughout North America.

In North America, and specific to the crop sector, we’re sending more and more of our product south, as the Canada and U.S. markets continue to grow individually, together, and become more integrated. As we become more integrated in our markets (which is a good thing), our growers

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and industry colleagues in the agriculture value chain continue to work closer together, which is a great example, or a template of sorts, of how we can improve and modernize NAFTA in a re-negotiation of the trade deal, which would improve the flow of trade.

Farmers and the ag sector have been working together on key issues, and there are areas for improvement towards greater harmonization between the countries in a re-negotiation, such as:

- Greater synchronicity in the crop input approval process—so trade barriers such as on maximum residue limits (MRLs) are not created.
- Agreement on the treatment of modern plant breeding techniques—technologies like CRISPR are rapidly advancing, so concurrent reviews of varieties developed by these new technologies, and a consistent approach to the approval process, will benefit all stakeholders.
- A low level presence (LLP) policy—this would facilitate the trade of products developed through the use of those modern plant breeding techniques if the countries have robust science based approval processes.
- Build on the Regulatory Cooperation Council (RCC)—the RCC was to reduce regulatory “red tape” restricting Canada/U.S. trade, which is positive in theory but needs to be so in practice as well.

Further, as we’re discussing the benefits of trade, broadly, we know our colleagues in the U.S. are as well, with the national industry groups for the U.S. corn and soybean growers, the Grains Council, and others, have recently cited how important NAFTA is for American farmers—while there is agreement on areas for improvement, the deal and trade must improve, and must continue.

Our counterparts, the U.S. Wheat Associates and the National Association of Wheat Growers, recently said “there are several elements of the trade agreement that could be re-examined and modernized. However, we believe withdrawing from NAFTA would be a serious mistake.”

The Wheat Growers agree, and in fact wrote a joint op-ed in February with U.S. Wheat Associates where we highlighted specifically how we can improve trade, with one concrete example. Currently, Canadian farmers delivering wheat into the U.S. receive equitable treatment with grain grown south of the border; however, because of legislation and regulation that existed for years before the marketing freedom changes came to western Canada, U.S. producers who currently deliver wheat into Canada automatically receive the lowest grade, regardless of the quality or variety of grain, even if the variety is registered in Canada.

Our organizations have been working together to urge the House of Commons to address open, cross-border wheat trade, and we support updating the law to ensure wheat is treated consistently on both sides of the border. As farmers, we want access to the most competitive wheat markets, but this often is not the case for U.S. wheat farmers near our border. Some of these farmers live closer to a Canadian grain elevator than an American one, but cannot take advantage of selling their wheat into the bulk grain handling system in Canada, and our marketing system cannot access these U.S. supplies.

This inequity has created significant concerns in the Canadian and U.S. wheat industries, especially given the potential of re-opening the NAFTA. A free flow of grain in both directions will improve the efficiency of the grain handling systems in both countries and eliminate artificial price distortions that frustrate farmers and can cause ill will. Grain producers in both

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countries have worked hard to maintain a good relationship and these ongoing concerns need to be addressed to prevent any future trade restrictions, which would be bad news for farmers and industry on both sides of the border.

Our organizations and farmers on both sides of the border strongly support cooperating to ensure an open market. Last year, we also worked together to recommend the RCC and the Pacific NorthWest Economic Region work to address this trade disparity. We hope that work on this subject in the House of Commons can result in a free and equitable wheat trade across the Canada-U.S. border. That would be good news for grain growers, the wheat value chain, and consumers in both countries.

In April, the Wheat Growers reiterated this call for the Government of Canada to take action to harmonize regulations and ensure the free flow of wheat between Canada and the U.S., as we're growing concerned with respect to the open wheat market and cross-border trade with the U.S. A U.S. Senator moved a resolution in April with respect to 'Supporting fair and equitable grading treatment for exports of United States wheat products to Canada', which was referred to the Committee on Finance. If not remedied, the action suggested in the resolution would be devastating to Canadian wheat farmers and the broader agriculture sector.

This is an area for greater harmonization in a re-negotiation, and a timely one. U.S. leaders, including Secretary of Agriculture Sonny Perdue, say they hope to re-negotiate a new NAFTA trade agreement within the next six months. He recently met with Iowa farmers and said NAFTA has been good for farmers, and it was highlighted that Iowa exported \$3.4 billion in goods to Canada last year, much of which is in the agriculture sector.

Western farmers are innovative and entrepreneurial, we're helping create jobs throughout the value chain and growing the Canadian economy, and open markets and freer trade are essential to continuing down this road.

Thank you again for the opportunity to present you this submission from the Western Canadian Wheat Growers Association, and we look forward to any questions you might have and any assistance we can provide going forward.

Sincerely,



Levi Wood  
President

c.c. Hon. Lawrence MacAulay, PC, MP  
Hon. Chrystia Freeland, PC, MP  
Hon. François-Philippe Champagne, PC, MP

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