



Presentation by the **National Farmers Union**, a member of **Food Secure Canada**,  
to the **House of Commons Standing Committee on International Trade**

on the  
**Proposed Comprehensive and High-Level Economic Partnership Agreement with Japan**

Ottawa, Ontario  
May 17, 2012

The National Farmers Union (NFU) welcomes this opportunity to present its views on the proposed Comprehensive and High-Level Economic Partnership Agreement (EPA) with Japan to the House of Commons Standing Committee on International Trade.

The National Farmers Union is a non-partisan, nation-wide democratic organization made up of thousands of farm families from across Canada who produce a wide variety of commodities, including grains, livestock, fruits and vegetables. The NFU was founded in 1969 and chartered in 1970 under a Special Act of Parliament. Our mandate is to work for policies designed to:

1. raise net farm incomes from the marketplace;
2. promote a food system that is built on a foundation of financially-viable family farms which produce high-quality, healthy, safe food;
3. encourage environmentally-sensitive practices that will protect our precious soil, water and other natural resources; and
4. promote social and economic justice for food producers and all citizens.

Family farmers are committed to a food system that provides safe and healthy food to people in this country and abroad. The NFU supports trade in agriculture, as long as it is fair trade – trade which supports the livelihoods of family farmers in Canada and those of our trading partners around the world, and which ensures each country has the capacity to feed itself and to democratically make decisions that support long-term economic, social and ecological sustainability in regard to their respective food systems.

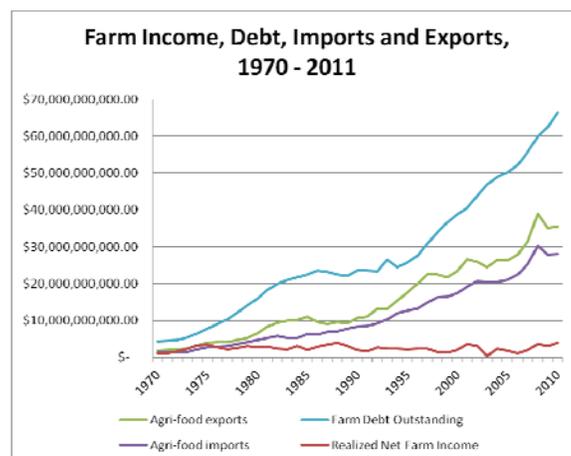
The National Farmers Union is a member of La Via Campesina, the international organization of small farmers that developed the concept of “Food Sovereignty” at the outset of the Doha round of the World Trade Organization negotiations in 1996. At the time, La Via Campesina asserted that agriculture and food cannot be treated the same way as any other commodity in trade agreements, because food is vital for human life -- food is a human right. This is a position that La Via Campesina, Food Secure Canada, and the National Farmers Union continue to uphold.

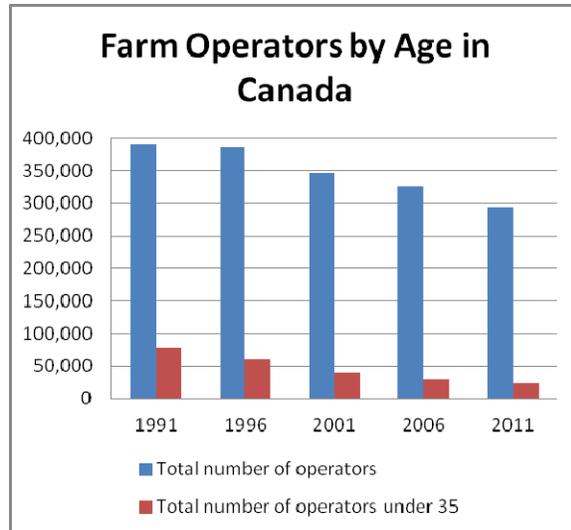
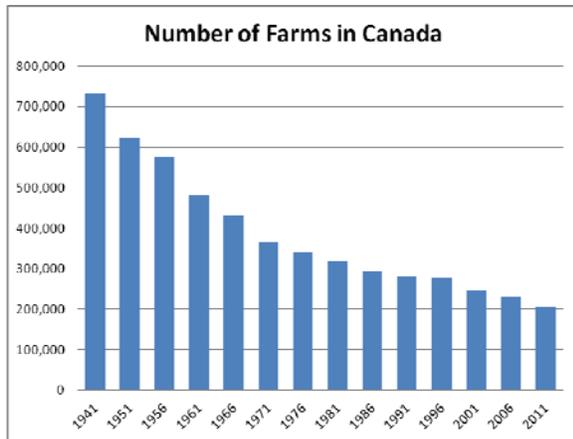
The NFU is a member of Food Secure Canada (FSC), the national network that promotes food sovereignty within Canada. Recently, FSC produced *Resetting the Table: A people's food policy for Canada*. As part of this project a discussion paper called *International Food Policy* was written. We have submitted both documents to the Clerk of this committee, and urge you to refer to them in the context of our presentation.

The NFU calls for a Canadian food and agriculture policy framework that promotes fair livelihoods for farmers, farm workers and people involved in the food processing system. We need agriculture policies that allow farmers to stay on the land and that allow them to use agronomic practices that support long-term soil health and water quality, as well as the production of nutritious, wholesome food, and which support high standards of animal welfare. We need to ensure that farming is an attractive business for young people to enter, and that older farmers can retire with dignity. Our agriculture policy needs to support a diversity of types and sizes of farming, so that we have the resilience required for our food system to survive in an increasingly unpredictable climate. Such a forward-looking food policy will also ensure that our rural communities remain viable and attractive places where Canadians can raise families and live fulfilling, productive lives. To achieve these goals we need to put our food and farmers first – and we uphold the right of other countries to take care of their people in the same way. It is simply the golden rule.

We would also like to emphasize that trade between Canada and Japan will continue regardless of whether or not the proposed bilateral agreement is made. Both countries are members of the World Trade Organization, which can be also used to resolve international trade disputes if they arise.

The National Farmers Union has monitored the impacts of Canada's increasingly trade-dependent agriculture policy for over twenty years. We have observed that while trade – both imports and exports – has increased dramatically, so has farm debt. At the same time, realized net farm income has remained stagnant at a very low level, in some years even dropping below zero. Furthermore, the number of farms and of farmers in Canada has steadily dropped, most dramatically for those farmers under the age of 35. The expansion of trade in Canada's agriculture sector has not benefited farmers.





Furthermore, as yesterday's report by the United Nations Special Rapporteur on the Right to Food noted, Canada's food and agriculture policies are not even adequate to feed our own people properly.

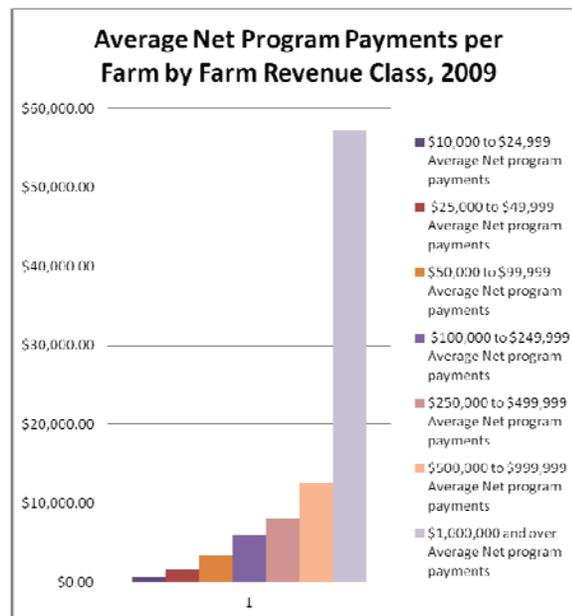
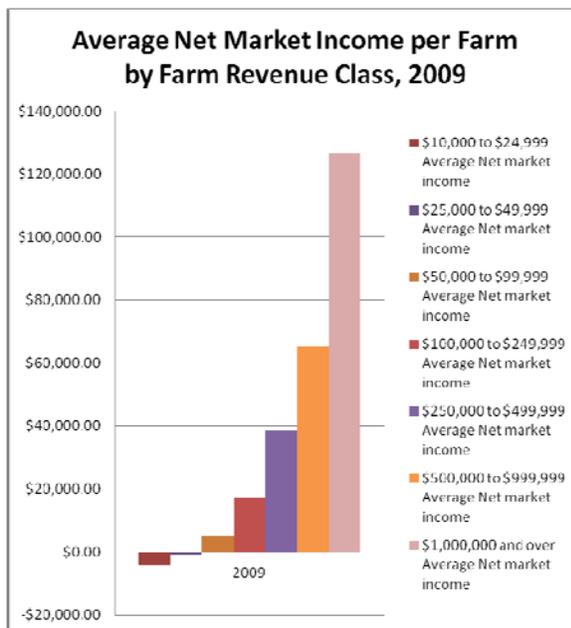
Canada's increase in agricultural trade is promoted by the multilateral and bilateral trade agreements that have been signed, starting with the Canada-US Free Trade Agreement in 1989. Currently Canada is negotiating an agreement with the European Union, known as the Comprehensive Economic and Trade Agreement (CETA). These agreements are the context and the backdrop for the failures outlined above. If we want to continue to remove farmers from the land and produce hungry people, we should continue along the same track.

In our presentation today we would like to point out some key areas of the proposed Economic Partnership Agreement with Japan that will result in further losses of farmers and a reduction in Canada's ability to realize the right to food for all of our people.

The Comprehensive and High-Level Economic Partnership Agreement (EPA) with Japan, like NAFTA and CETA, goes far beyond matters of trade between countries. It sets up rules that each country would have to abide by that will constrain and limit the ability of elected governments to make laws and regulations in the public interest. The trade agreement rules provide for the protection and privilege of global businesses, which are not citizens of any country, even if they claim the legal rights of persons under the law. The advantages gained by these companies and their investors are matched by the losses imposed on individuals, small businesses and local or regional companies in countries on both sides of the trade agreement. If the trend of negotiating ever more comprehensive economic partnerships continues, national governments will be rendered virtually impotent – unable to protect their voters, their public sector or their independent businesses – and instead playing a merely theatrical role.

It is stated in the Report of the Joint Study on the Possibility of a Canada-Japan Economic Partnership Agreement that this EPA is expected to build momentum towards realization a Free Trade Area of the Asia-Pacific. The intermediate step would be the Trans Pacific Partnership Agreement (TPP) which has been in the media lately. The main message Canadians have been hearing about the TPP is that certain business interests are asking Canada to abandon our Supply Management system in order to acquiesce to New Zealand's demands. The supply managed sector of Canada's agriculture system is one area where farmers are making a decent livelihood, do not require support payments, and one where consumers can be confident that the products they are buying are produced in Canada to Canadian standards. While Japan and Canada both support their dairy farmers, negotiating an EPA with a Japan takes us one step closer to losing Supply Management, which the NFU opposes.

The Joint Study suggests that an EPA will result in dramatic economic growth for both Canada and Japan. When we review the impact on farmers of Canadian trade expansion policies to date we see a clear pattern of loss of farmers and a concentration of production in fewer, larger units. We also note that these largest farms are also the ones that have benefited the most from our safety net programs. Their specialization and exposure to the volatility of world markets and currency rate fluctuations have caused wild swings in these farms' margins, triggering support payments. In 2009, the latest years figures are available, the largest farms obtained almost 1/3 of their revenues from support payments. Thus Canada is rewarding the least stable forms of farming business in order to serve its export enhancement goals, while impoverishing family farmers and decimating rural communities through asymmetric support that results in unfair competition.



The Joint Study indicates that the proposed EPA would guarantee considerable freedom to capital, including

- non-discrimination in both the pre- and post-establishment phases of investment;

- high standards of investment protection, such as protection against expropriation;
- prohibition of certain performance requirements;
- free transfers of capital;
- negative listing of non-conforming measures; and
- effective investor-state dispute settlement procedures.

While limitations on the international movement of workers, refugees and immigrants and increasingly severe, the money of investors is afforded not only access to our country, but protection as well. By allowing capital to go where it wants, stay as long as it wants, and to sue governments that attempt to regulate in the public interest, trade agreements ensure that global corporations become extremely wealthy and powerful. The imbalance between these companies and farmers is severe. Competition within the country is disappearing as global corporations pursue “competitiveness” with other giants on the world stage by taming governments and using their market power to enforce exploitive conditions on the producers who supply them with the goods and services they trade.

The investor-state dispute resolution mechanism allows a company to sue a government if it passes a law or implements a regulation that affects that company’s profit-making ability. This curtails the ability of duly elected legislators to carry out their duty to the public, and undermines the ability of all levels of government to be responsive to the concerns of citizens. While we may still vote in elections periodically, our democracy is diminished by the erosion of the scope of policy-making powers that is given up when international economic agreements are crafted behind closed doors.

In the Joint Study it was noted “that global demands for energy, minerals and foods continue to increase, Canada and Japan recognized that ‘energy security’ and ‘food security’ remain a priority issue globally.” While promoting increased dependence on fossil fuels and thus exacerbating climate change, the proposed EPA would actually promote food **insecurity** because the economic model of specialization, industrialization and selling large volumes at low prices into the world market makes for a brittle food system that is highly vulnerable to the previously mentioned volatility, and could easily collapse or spiral into crisis as a result of small changes in prices or from increasingly frequent catastrophic weather events.

We are also concerned that because Japan has adopted UPOV ‘91 plant breeders’ rights regime there might be pressure on Canada to adopt UPOV ‘91 as a “harmonization” measure. This would severely restrict farm-saved seed practices and dramatically increase seed costs for farmers. Currently, patents are being used in Canada to allow global seed corporations to charge high prices. As a result, patented canola seed costs for have increased dramatically. Farmers are now paying \$600.00 per bushel for seed, yet that same farmer sells his or her crop for \$13.00 per bushel. Under a UPOV ‘91 regime such lopsided pricing situations would also occur with non-patented seed varieties covered by Plant Breeders Rights.

The Joint Study mentions Intellectual Property Rights enforcement as one of the areas to be included. While the study focuses on counterfeiting and piracy, we are concerned that such

measures would unfairly affect farmers in light of the 2004 Supreme Court Schmeiser decision, which declared a farmer to be infringing on patent rights *no matter how* the patented genes were introduced into the crop. Genes are transferred by wind and insect pollination, seed is often spilled from trucks and rail cars along roads and railways, and pedigreed non-GMO seed stocks have been documented to contain GMO seed contamination.

This EPA would include public procurement measures that, like CETA's, reach into sub-national governments. This would impinge on provincial and local governments', schools' and hospitals' ability to adopt local food procurement policies as part of their strategies for health promotion and local economic development. Local food procurement programs are especially important for young and new farmers who would like to establish small farms near towns and cities.

Japan currently imports cereals from Canada; however it is a small portion of total imports. Japan's cereal of choice is rice, and it has a long-standing regime to protect rice farmers from harm caused by dumping of heavily subsidized rice from the USA and other countries. As both Canada and Japan have stated they want to eliminate tariffs as much as possible, the Japanese rice farmer's survival, and the survival of their role as carriers of Japan's traditional culture, is threatened.

With the destruction of the Canadian Wheat Board as our farmer-controlled marketing agency for wheat and barley exports, access to Canadian grain supplies is something Japanese companies are interested in as they seek to expand and consolidate their control over Asian food markets. With the impending, and so far unrestricted sale of Canada's largest grain company Viterro, to Glencore International, a Switzerland-based global commodity trader, it seems that the Canadian government has abandoned any interest in ensuring Canada's grain will be under the control of Canadians.

One of Japan's global corporations, Marubeni, is reportedly planning to buy Gaviola, one of the largest grain traders in the USA. If the EPA proceeds, this company would then have preferential access to Canada's grain supplies, and would have access to the investor-state dispute resolution measures if it ever considered Canadian laws to restrict its profit-making ability. The EPA intends to define a Japanese company as one with 10% or more Japanese investment, so the agreement's terms would apply to many more companies than a person might expect. In the absence of the Canadian Wheat Board as the farmer-controlled single-desk marketing agency, we can expect a flurry of mergers and acquisitions by global corporations, with Canadian farmers now pawns instead of kings in this high stakes international chess game.

Currently Canada's top agricultural exports to Japan are beef, pork, canola and soy. Under the proposed EPA it appears that sellers of these commodities would seek even more access to the Japanese market.

The bulk of Canada's canola and soy crops are genetically modified (grown from expensive patented seed), yet Japanese consumers are very averse to GMOs. Japan has strict labeling regulations, and there is virtually no consumer demand for food made from genetically

modified crops. We are concerned that Canada may try to impose GMO crops, or crops that have a “low level presence” of GMO content (otherwise known as “contaminated”) on Japan through sanitary and phyto-sanitary measures or non-tariff trade barrier elimination measures under the proposed EPA.

Canada’s beef and pork processing sectors are highly concentrated, with about 80% of beef being packed by Cargill and XL Foods and about 70% of pork being packed by Olymel and Maple Leaf foods. The NFU produced a major study on the beef industry in 2010 that clearly shows that prices for farmers are kept artificially low because the packers own vast feedlot herds, allowing them to manipulate prices. In pork, Canada has lost thousands of farmers since 1997 when trade promotion significantly ramped up after NAFTA was signed. Now, there are very few independent hog farmers left in business, and many of those remaining must contract their production to one of the two big packers and just take the price offered. Prices for pork are often below the cost of production. The beneficiaries of increased exports of beef and pork are the four big meat-packing companies, not farmers.

Japan has very strict rules around food safety regarding BSE in beef. Canada’s record on dealing with BSE is poor. The impact of Canada’s convoluted response has hit small and regional abattoirs, and the farmers they serve, most severely. Canada could change its approach to BSE to allow testing instead of requiring all processors to adopt expensive Specified Risk Material measures. With a more sensible and less expensive approach to BSE risks Canadian farmers might be better able to serve the Japanese market, if Japanese farmers are unable to raise enough for domestic consumption. However, as long as the current system is in place Japan is unlikely to change its age-specific rules.

Canada and Japan each have their own unique histories, cultures, and traditions. Our differentness from each other, as well as each country’s internal diversity, is a source of richness, creativity and vitality. The nuances and complexity of our two cultures stand in sharp contrast to the sameness that will result if “regional economic integration based on market principles” is realized through this and subsequent economic agreements. The ultimate goal of this EPA, along with the proposed Trans Pacific Partnership and Free Trade Area of the Asia-Pacific, is the complete penetration of global corporations into every facet of economic life. In the process, the culture of farming and food would be transformed by the imperatives of corporate efficiency and profitability.

We believe that international relations must be based on mutual respect for the whole of each society, that trade can be conducted fairly without destroying the cultural and economic institutions that peoples have built, and that democracy means that people have a real say in the economic choices that affect their lives. We urge that the federal government develop a national food and agriculture policy that reflects these values instead of pursuing the proposed EPA with Japan.

*- Respectfully submitted by the National Farmers Union, as a member of Food Secure Canada.*