

Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION

Ref: 178872

Date: December 5, 2013

Issue: Expected Benefits to BC Agrifoods of the Canada – European Union (EU) Comprehensive Economic and Trade Agreement (CETA).

Background: On October 18, 2013, Prime Minister Harper announced that Canada and the EU had reached an agreement in principle on a comprehensive economic and trade agreement. Negotiations towards this agreement have been underway since May, 2009.

A joint Canada-EU study done in 2008 concluded that a trade agreement could boost Canada's income by \$12 billion annually and bilateral trade by 20 percent. This would be equivalent to creating almost 80,000 new jobs or increasing the average Canadian household's annual income by \$1,000.

The Government of British Columbia, lead by the Ministry of International Trade (MIT), has been active and directly involved in the CETA negotiations from the beginning and AGRI staff have supported MIT in identifying negotiating priorities in the agriculture, fisheries and food sectors.

It is expected that following technical work on agreement details, legal review, translation and ratification by all governments involved, the CETA will come into force around January 1, 2016.

Results:

The CETA agreement in principle provides for the immediate (on the CETA coming into force) elimination of EU import tariffs for the following key BC products:

- Tree fruits – currently as high as 9 percent for apples and on cherries as high as 12 percent.
- Blueberries – frozen blueberries – currently up to 14.4 percent (although temporarily suspended).
- Halibut – fresh or chilled – currently 15 percent.
- Salmon – currently up to 15 percent.
- Frozen Herring – currently 15 percent.
- Dogfish – currently 6 percent.
- Beef – under the EU quota system, Canadian beef will get 60,000 additional tonnes of quota – 15 times what it currently has on an immediate duty-free basis.

In addition the existing duties of up to \$190/tonne on durum and wheat will be phased out over a 7-year period.

Commentary:

Christina Burrridge (Executive Director of the BC Seafood Alliance) representing wild fisheries on the West Coast praised the deal. "Seafood is BC's most valuable agrifood export commodity worth about \$1 billion annually. Wild seafood accounts for almost 2/3 of that total."

Burrridge noted that seafood consumption is growing in the EU and its consumers are prepared to pay high prices for safe, sustainable, healthy products. "While we have exported canned salmon to Europe for more than 100 years, high tariffs, often more than 20 percent, have made it very difficult to increase exports to this lucrative market," she said.

Foreseeing increased demand for BC's salmon, tuna, groundfish and shellfish, she paid tribute to the government's commitment to expanding trade. "Trade means jobs. It helps maintain Canadians' standard of living. This agreement means new market opportunities for fishermen and processors up and down the coast."

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David Haywood-Farmer (President of the BC Cattlemen's Association) says the new CETA between Canada and the European Union will open up another export market for beef producers in BC. The Canadian Cattlemen's Association said that the new EU beef access will be worth \$600-million a year and called the prospective deal a "game-changer" in a release.

The **Canadian Agri-food Trade Alliance** (CAFTA) Chair **Lisa Skierka** (representing the beef, pork, grains and oilseeds and sugar industries in Canada) believes that the CETA offers tremendous potential for Canadian producers and food processors to grow exports to the EU. "Current agri-food exports to the EU are \$2.4 billion a year. When completely implemented, we expect the CETA to eliminate tariffs on virtually all of Canada's agriculture and food products."

"We believe the CETA could increase total agri-food exports to the EU by \$1.3 billion a year," said CAFTA Executive Director **Kathleen Sullivan**. "Even in the case of beef and pork, where the EU is particularly sensitive, the CETA could be worth \$1 billion dollars a year."

Across Canada, 9 out of every 10 farms are dependent on exports. This represents 210,000 farms and includes a majority of farms in every province. Canada's food processing sector employs a further 290,000 Canadians. Together these industries support over \$44 billion in annual exports and account for 11 percent of Canada's GDP.

Conclusion:

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Contact: **James Marshall**, Agrifoods Policy and Legislation Branch, 250-387-9565

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Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
with Green Hectares on December 11, 2013

Ref: 178606

Date: December 2, 2013

Issue: Meeting with Green Hectares and Minister Pimm, scheduled December 11, 2013.

Background: Green Hectares is non-profit organization founded by a group of young leaders in 2008, based in Alberta. The non-profit is governed by a 7 member Board of Directors (representatives include academia and industry); an 8 member Advisory Council; 16 partners; and 4 staff. Partners include Shell Canada, the Rural Alberta Development Fund, and the University of Alberta.

Green Hectares has positioned themselves as a leader in building sustainable agriculture communities. They work with all levels of government, industry, and youth to build sustainability in the agriculture industry, and in rural communities.

First Nations Considerations: N/A

Discussion:

Green Hectares delivers agriculture educational programs, training and business services to people living in rural communities. Programs are delivered online and in-person. Green Hectares operates 3 programs:

- Under the **Community Connector** program, Green Hectares partners with communities to tap into a network of existing educational programs, training and business services, and deliver them online and in-person to people living in rural communities. After performing an assessment of established and available programs, a gap analysis is conducted. Using their mobile computer lab, Green Hectares offers two-hour training, drop-in sessions, to one-on-one mentorship and consultations.
- The **Entrepreneur Exchange** is a short-term mentorship program (90 minutes in duration), providing agri-entrepreneurs the opportunity to present their business questions, proposals, or ideas to a panel of experts (similar to Dragon's Den). The panel shares their advice and connections so participants can learn and move forward with their business ideas. Typically, Entrepreneur Exchanges are held at key agriculture events and functions.
- The **E-Resource Centre** is an online listing and links to 73,000 agriculture websites, resources, information, experts and contacts. Examples of topics include small business tax issues, alfalfa seed commission – levy refund information, fact sheets and cattle genetics. The Hopper.Ag is a new addition to the E-Resource Centre, and an online information management system that connects people with rural interests with information, courses, sites and other tools to advance their learning..

Next Steps:

- Encourage Green Hectares to contact Pam Shatzko, Senior Manager, Innovation and Climate Adaptation, Innovation and Adaptation Services Branch to explore options to work together.
- Green Hectares is also meeting with Stephen Buchanan of the Innovation and Adaptation Services Branch on December 11, 2013 at 1 pm.

Contact: Pam Shatzko, Sr. Manager, Innovation and Climate Adaptation, 250 356-6660

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ADVICE TO MINISTER

Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
Minister's Meeting w/ Gary Sands, Canadian Federation of Independent Grocers
Regarding the sale of Safeway to Sobeys

Ref: 178420

Date: December 2, 2013

Issue: Sale of Safeway grocery stores to Sobeys.

Background: In June 2013, Empire co (the parent company of Sobeys) indicated its intention to purchase Safeway. The purchase involves stores in BC, Alberta, Manitoba and Saskatchewan and as such, it was subject to approval by the federal Competition Bureau. On November 4, 2013, the bureau approved the sale subject to the sale of 23 of Empire co.'s stores in western Canada, to preserve competition.

The Canadian Federation of Independent Grocers (CFIG) had provided a statement to the bureau outlining its opposition to the proposed sale, citing a threat to the continued viability of independent grocers. The CFIG noted that small- and medium-scale producers and processors would also be impacted by the sale. CFIG shared a copy of this statement with Minister Pimm in August 2013, *prior to the bureau's ruling*.

Some of the points made in the CFIG's submission include:

- Empire co. purchased BC-owned Thrifty foods in 2007. This following purchase of Safeway further consolidates both BC's food retail industry and the food value chain.
- This consolidation not only affects competing grocery stores, but could also result in a crowding out of small- and medium-sized producers and processors from the food retail market.
- Independent grocery stores in the province may lose viability because their purchasing costs are higher. Many purchase goods from manufacturers or distributors owned by competing chains, and may be required to pay surcharges to fund their competitors' businesses.
- BC producers and processors may lose market access previously provided by manufacturers, distributors and grocers who cannot stay viable in a highly consolidated market.
- The vertical integration of dominant food retail chains, and the exclusive supply arrangements they have with their suppliers, present barriers to entry for new producers, processors and grocers. Continued concentration intensifies this situation.

CFIG and its member stores often differentiate themselves from the larger national grocery chains by carrying and promoting local agri-food products that the larger chains do not carry. Individual CFIG members have previously been strong supporters of Ministry of Agriculture buy local programs.

First Nations Considerations: N/A

Discussion:

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The Buy Local Program, launched on August 30, 2012 involved a commitment of \$2 million to help businesses in BC's agrifoods sector market local foods. The cost-shared program, which is now fully subscribed, was delivered on behalf of government by the Investment Agriculture Foundation of BC. Over 38 applications were funded. Many Buy Local initiatives strengthen value chain linkages to help get BC products to market with high visibility.

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Suggested Response:

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Contact: Kate Hughes, Corporate Governance, Policy and Legislation Branch, 250 356-7219.

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