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China, Global Food Safety

### **Canada & China: Global Food Safety**

China has cut off many important agricultural trades with Canada and we need to know why. I will discuss what China has said in regards to why they have dropped such important trades and their claims are truthful. Using facts and opinions from people all over I will try to sort out what is happening with a situation this big and what could be in store for our future.

I am not a biased person so while researching this topic I tried to look at both sides of the story. First side is China, since they will not allow Canadian officials to investigate the claims of foreign materials in Canadian commodities nor have they provided proof it is hard to know what they are thinking. China could be looking at upcoming issues in Canadian agriculture, but it is still unclear their reasons for this sudden change.

China's trade blocks and fluctuation in the markets all will affect Canada greatly as 40% of Canada's canola goes to China. Canada is currently home to 43,000 farmers in the canola industry, either they will have to change to a different type of crop or go out of business. If these trading blocks continue Canada will lose \$2.7 billion in exports. Since the start of bans we have already seen a 10% drop in canola value. Some people believe that China has started to use food safety as a weapon in political affairs. Changes like these have not only farmers concerned, Sylvain Charlebois said "I saw China's decision as very forceful, measured, and very political". (Birmingham, "Canada's canola farmers fear they have become pawns in US-China trade war", 2019) "It was a big surprise when all of a sudden they just shut it down, nobody saw that coming" Sylvain also mentioned. The South China Morning Post said, "Canada's canola farmers fear they have become pawns in the US-China trade war" ("Canada gets tough with China on canola ban, demands contamination proof", 2019)

Living in Saskatchewan these changes have greatly affected me and my family. We run a family farm that produces mainly canola, so this has become a very big issue in our lives as Saskatchewan produces a significant portion of Canada's canola. In total Saskatchewan produces 46.8% of the grains grown in Canada, which includes canola, wheat, barley, oats, flax and many more. 91% of Saskatchewan's agricultural land is used for planting all types of crops. This supports our economy, our people and even other countries rely on us but if farmers can't afford to plant and nurture their crops a lot is going to change in the years to come.

Some people believe that China's actions are due to retaliation of a Canadian arrest of the Chinese woman Meng Wanzhou on December 6<sup>th</sup>, 2018. Meng Wanzhou is the daughter of Ren Zhengfei, who is the founder of the world's largest manufacturer of telecommunications equipment and the second largest manufacturer of smartphones. Ren was accused of possible violations of trade sanctions against Iran. The USA requested for Canada to arrest Ren's daughter Meng. Meng is being held in house arrest in one of her Vancouver homes but paid a bail and is now free to roam 100 square meters with a curfew and a GPS

monitor. Some Canadians think that the trade blocks might be due to ill manners and retaliation of this situation. For example, Don Leitch said “It is just too coincidental, we see through it. The overwhelming feeling, from our farmers up to our government, is that this is not a public safety issue, nor is it about the health of the grain”. (Birmingham, "Canada's canola farmers fear they have become pawns in US-China trade war", 2019) “Nine days after Meng’s arrest, China imprisoned two Canadians – ex-diplomat Michael Kovrig and the entrepreneur Michael Spavor – and accused them of violating China’s national security” said the Globe and Mail news page. (“Ottawa pushes China for evidence of canola claims, mulling aid for farmers”, 2019)

Many farmers have become angry with China. In The Western Producer there was a comic that had a man saying “CHINA STOPPED BUYING CANADIAN CANOLA!!!!” and another replying with “Trudeau is a magician, he just made 40% of our market disappear”. (“Craig's View", 2019, p. 10) Seem harmless? Well it's not. This comic is just another way of expressing the frustration that the trade blocks have brought to farmers. Other farmers have expressed their concern through articles and strongly opinionated blogs. “To claim the canola sent to China didn’t meet quality standards is completely absurd,” said Tory MP Luc Berthold. (“Ottawa pushes China for evidence of canola claims, mulling aid for farmers", 2019) This is another Canadian who is confused and has almost become aggressive with China’s claims. Some people have even become angry at our own government while looking for a person that they could pin the blame on. Until China provides more information all that Canadian farmers can do is wait. It is nerve wracking for farmers not knowing if there will be any market for next year’s crops and many farmers show these emotions in negative ways because there is so little they can do about it. Some people blame Canada’s government, some blame China’s. Everything is still uncertain, and the market is still unstable.

In recent events, China has now stopped taking all pork from Canada closing off another of our strongest trades. This will leave Canada scrambling to now find countries who will buy our pork and try and steady the markets. With trades closing left and right it leaves us to wonder what will come next.

China has also recently had an outbreak of African Swine Flu which increased the demand for Canadian meat by 40%, this includes demand from all of the countries that would have bought from China before the flu came in. China had a very strong pork industry going but now the impact of the flu is changing the market drastically. This strain of flu proves fatal to pigs and is highly contagious. No other countries want to buy China’s pork with the risk of contaminating their own industry. If Canada pork got the swine flu, it’s hard to imagine what would happen to the markets. With the newfound pork shortage prices will soar and every type of meat will become more expensive. All of this throws the market completely off. This is making all uncontaminated pig farms happy, but buyers will be disappointed with the sudden rise in the price of meat. With meat going up and canola going down nobody knows what will happen next. “We’re in uncharted waters” said Al Mussell. (Snell, "We're in uncharted waters': Canola ban, swine flu in China adding up to volatile year for Canadian farmers", 2019) The markets have never been so unstable so this comes as a shock to all.

If the African Swine Flu came into other countries the results could be a game changer. The disease spreads so fast and acts so quick who knows what would happen. Luckily, humans can not catch the African Swine Flu but some scientists fear that if a strain of this flu mutates to allow humans to catch it the results could be catastrophic. If a farmer finds out that his pigs have African Swine Flu they must kill the infected pigs so that it can’t spread. In 2017 China was forced to kill 700 million infected pigs to keep

the disease from spreading. This has greatly affected their industry ever since. Experts predict that in the future China will lose 20% of their hog industry in 2019. Killing so many pigs did help to slow the disease but as their hog industry grows so does this illness. Some say that this could be connected to the trade block somehow others say it's just bad luck.

The swine flu has caused major difficulties for many countries and it has also brought up some unexpected problems for countries without the disease. When the pigs were killed and the pork industry brought down, China's need for feed became lessened which also swayed the market. Now big grain and feed exporters like Canada have less market for their grains. The reason for the change in market is because Canada has strict safety regulations when raising hogs and producing pork whereas other countries do not.

Now that China's pork industry has gone down, they need to get pork from other countries to support their own. Canada has been selling pork to China even though the shipments of canola has been blocked. China is still willing to buy Canada's pork, but it is being inspected very heavily before being distributed throughout China, China is doing this because in the past Canada has had some issues with pork leaving the country and paperwork being mishandled.

Saskatchewan also has a very large pork industry, we have over 500 large hog farms and make up 6.3% of Canada's hogs. Saskatchewan used to have a much larger hog industry but in recent years our hog farmers have switched to grains or other animals due to poor markets for long periods of time.

Canada's canola was not just sold to China to be made into oils or used in cooking. It was also used as meal for China's rapidly growing hog industry. After the swine flu devastated China's livestock numbers, they now needed even less canola from Canada. Canada also sold soybeans to China as meal for their pigs. In 2018, the soybean industry was soaring but now is rapidly decreasing bringing the markets down even farther.

This is leaving all types of farmers terrified for the seasons to come, they need to know if there will be a market for their products. With clubroot becoming a problem in Western Canada many farmers may switch to growing other types of grains. Major changes for many farms are to come and much stress is being put on farmers to make the right choices. People need to be aware of the issue at hand even if they think that these bans won't affect them in some way this will come back to people who aren't even involved with agriculture. I say this because people may not be aware of this, but they should be. This doesn't only affect farmers this affects everyone. This will affect the whole world, the markets will crash and some new opportunities will be found and others will be lost. Canada's economy will be affected greatly especially because Canada just lost \$2.7 billion. The government will be forced to make major changes to tax laws and government funded operations. No one knows if this is a temporary mishap or if this will be a permanent change.

This will also greatly affect the large corporations built around selling canola such as Bunge, Saporito Foods, Richardson Oilseed, Sunora Foods and many more. These companies have made major investments into what they thought was a stable canola market. The changes were so unexpected that they have caught these companies off guard. Now the companies are forced to make large decisions about the future of Canadian agriculture in very little time. When decisions this big are forced onto large company they often have to make cuts taking out smaller farmers and making it harder for someone to start

farming. In Saskatchewan many farms are just starting up and this could wipe out small farmers completely.

All Canadians are wondering why China won't allow Canada to investigate alleged claims of foreign materials in Canada's exports. China has claimed that they detected insects and other bacteria in Canadian canola yet won't let Canada inspect the flaw in their product. This has many Canadians questioning whether or not these claims are true and why China has done this. Rick White mentioned that "We can only go on what China says the problem is". (Powell, "'Huge uncertainty' for Canadian farmers: China stops buying canola just weeks before planting begins", 2019) If China is telling the truth then why won't they show Canada the proof? Could this all be a hoax meant for political gain? Until further notice Canada really doesn't know but some Canadians have their own ideas on what they think is happening. Steve Vandervalk said, "Right now if something doesn't change, I'll lose money for sure," (Powell, "'Huge uncertainty' for Canadian farmers: China stops buying canola just weeks before planting begins", 2019). Many other farmers know this to be true as they have already made large investments into this season's crop. People also wonder why only canola, why not any other of Canada's exports? Farmers are only becoming more and more frustrated as they have had to change their original plans for this year's crop due to market changes.

The Canadian Food Inspection Agency standards clearly state that every company selling or exporting their goods must go through a thorough inspection and be up to a certain grade before sale. This does not mean something might not have slipped through, but it means that would be very unlikely. It seems even more odd when you do a background check on Canada and see that we have a history of selling high quality products. Canada is known worldwide for its safe high-quality goods. This makes it even harder to believe that China's claims are substantial.

In The Western Producer an article was written by Sean Pratt who is a Saskatchewan reporter. In his article he spoke of why China might have only blocked canola trades and not other trades with Canada. Canada is still selling peas to China and that market has only gone up so far. "China has become Canada's top pea market by a long shot" Sean said. (Pratt, "Canadian Peas Still Going to China", 2019, p. 6) The pea sales to China have gone up 10% in only a year while canola went down by 40% in a day. China has started to use more pulses than other grains for their livestock which contributes to these sudden movements, but it makes people wonder why China decided to pick on canola.

Some interesting statistics were found concerning the trade between Canada and China. We see that Canada made the most money from canola seed exports with \$2.7 billion, then from canola oil with \$1.1 billion. Next comes peas at \$717.9 million, wheat at \$593.0 million, barley at \$515.9 million, beef at \$267.5 million and lastly flax at \$167.6 million. In total without the new trade blocks Canada used to sell China about \$7 billion worth of agricultural stock.

China will have to replace all the imports that they have blocked somehow. They will need to consider new oils to use if the blocks are to continue. This could be good for other countries that produces vast amounts of edible oils but bad for Canada. Another shift in the markets will come if China is to replace the products that they have lost.

To try and bring Canadian markets back up the federal government is planning to invest \$6.2 million over the next three years. The money is going toward market research and employee exchanges. This will

hopefully make the markets more predictable so that Canada can gain the money that they lost through canola in different export areas. “This project will enable CIGI to strengthen confidence in Canadian wheat quality” said The Western Producer. (“Funding to Help Boost Wheat Exports”, 2019, p. 71) (CIGI stands for Canadian International Grains Institute) If other countries start to fill in the gap that China left this could put more and more Canadians at ease. The government did this not just to help stabilize the futures of farmers but also to give them faith that things will work out soon enough.

One good thing for Canada that has come out of this whole situation is that Canada now has the opportunity to open new fresh trades with countries that we weren't trading with before and if the trades between China are restored we will be able to keep the newer trade routes as well. Even now that canola seems so low our other trades are better than ever due to the US tariffs. For example, China now wants Canadian peas, wheat, barley and flax and these exports are higher than they have ever been. This happiness is not shared by all farmers, Donald Trump's tariffs have now forced US pork farmers to sell their meat for less money just to get it off their hands. In one country's greatest hour comes another's lowest, for now we will do what we can and hope this will all eventually balance out.

What has Canada done to ensure that the quality of their grain is up to regulation? Agriculture Minister Marie-Claude Bibeau told The Canadian Press “I am doing a review of the different tools we have in terms of financing support for our farmers”. (McIntosh, "China ban on Canadian canola not science based: Chamber of Commerce", 2019) The Canadian government has started pushing China for the truth. Proof has been asked for but not given and without knowing what the problem is Canada doesn't know how to fix it. Marie-Claude Bibeau made sure to note that the Canadian Food Inspection Agency is trying to get to the root of the problem. They have had conversations with China but no clear evidence has come out of their efforts. As said by the Canadian Chamber of Commerce “China's decision has no basis in scientific fact”. (McIntosh, "China ban on Canadian canola not science based: Chamber of Commerce", 2019) As this is happening Canada is doing everything they can to make sure that all Canadian products including canola are up to code so that this event will never be repeated by making export standards stricter and making sure to check every product that will leave our country for flaws.

Canada has been trying to get a free trade agreement with China for years without any luck. Now we see China stopping trades with Canada and gaining a free trade agreement with Australia. This free trade agreement will make it better for both countries but Canada is still left behind. Even though all hope seems lost for stable trades between Canada and China, Canada pushes on doing all they can to make the markets reliable. Canada has now moved on not only to restoring broken trades but also to make new and better trades with other countries. Many Canadians became frustrated when the free trade came so easily to Australia after years of Canada trying to gain that title. This movement has some people asking, is China trying to replace Canada by opening more trades with Australia?

I think we can all agree that something needs to change here, either the leaders of both countries need to sit down and have a conversation about how they could make a deal to help both countries or the world trade organization needs to get involved to fix this problem and make sure that situations like this can not repeat. Until then farmers are stranded in the middle of an ocean of unsteady markets with no idea when the next wave will hit.

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