

August 19, 2020

The Honourable Blaine Pedersen
Minister of Agriculture and Resource Development
Room 165 Legislative Building
450 Broadway
Winnipeg MB
R3C 0V8

Via email: minagr@leg.gov.mb.ca

Re: Development of the Federal Clean Fuel Standard

Dear Minister Pedersen,

As you are likely aware, the federal government is continuing its development of the proposed Clean Fuel Standard (CFS). In June 2020, stakeholders received updates as to significant progress in the creation of this regulation and we are aware this has included consultation with provinces. This is a very important issue for Manitoba canola farmers and the entire industry as Canadian canola is a high-quality feedstock used to produce low-carbon fuels.

Due to the importance of the canola industry in this province, we wanted to make you are aware of our perspective as we anticipate the CFS regulation being formally published in Canada Gazette 1 in fall 2020. The canola industry views the forthcoming CFS regulation as a potential win on three fronts, particularly in the post-pandemic economic recovery period:

1. Economic growth through value-added agriculture processing – investment in clean / low-carbon biofuels will spur investment in canola processing.
2. Market diversification – new demand creation for canola in Canada reduces reliance on unpredictable markets such as China.

3. Reduce greenhouse gas emissions – canola-based biofuels currently contribute ~1.5 million tonnes of annual GHG emissions reductions. Under the CFS this could reach 6 million tonnes by 2030.

For the above reasons, we have to get this regulation right. As currently proposed, there is one major policy element that we view as a serious shortcoming in the proposed CFS design, which will directly impact Manitoba farmers and the industry's ability to capitalize on the opportunities: the Sustainability or Land Use and Biodiversity Criteria (LUB).

As proposed, the LUB does not recognize crop-based agriculture in Canada as sustainable and instead proposes an unnecessarily complex documentation system that is not reflective of the state of modern Canadian agriculture and its environmental and sustainability performance that is respected as being world class by Canada's trading partners.

The CFS must recognize canola and crop-based agriculture in Canada as sustainable and limit regulatory burden on the supply chain (from farmer to biofuel producer).

To achieve this outcome, we have recommended the CFS adopt an aggregate compliance approach to meet important sustainability requirements such as land use and biodiversity. This approach is similar to what Canada has established with the United States, which is essentially a government to government agreement recognizing that farmers from qualified countries are not engaged in unsustainable agriculture practices. Aggregate compliance has proven to be an effective method to ensure biofuel policies do not lead to unsustainable farm practices while also supporting efficiencies in the biofuel supply chain.

Moving away from this option and mandating complicated LUB on all domestic and international feedstock producers does not guarantee better sustainability performance and has a high likelihood of interrupting important supply chains. For example, imposing the LUB as proposed may cause the United States to rethink its aggregate compliance agreement with Canada, potentially compromising the current free trade of agricultural products, biofuel feedstock and finished biofuels between the two countries. Alignment with our largest trading partner is imperative to maintain/strengthen the integrated nature of our trade relationship and ensure agricultural feedstocks and biofuels can continue to trade freely.

In addition to potential trade frictions, the LUB provision also proposes requirements that may infringe upon or duplicate provincial laws / regulations. Provinces are typically responsible for establishing regulations, rules and guidelines that protect Canada's biodiversity. The proposed LUB would impose specific biodiversity criteria such as definitions for wetlands and riparian zones that in many cases do not

align with provincial requirements. This has the potential to create confusion over jurisdiction and create a dual regulatory obligation (federal and provincial) for impacted stakeholders such as farmers. The LUB criterion in the CFS must not duplicate or contradict existing provincial laws or regulations.

As provinces are affected by the CFS and are being consulted, we wanted you to be aware of the Manitoba Canola Growers Association's perspective on this proposed regulation and request that the provincial government actively engage with the federal government to help ensure our issues surrounding sustainability are addressed. We would welcome an opportunity to discuss this issue further and will follow-up with your office to identify a mutually agreeable time to do so.

Sincerely,



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Cc:

The Honourable Sarah Guillemard, Minister of Conservation and Climate
Dori Gingera-Beauchemin, Deputy Minister – Agriculture and Resource Development
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