

# **Seed Field Crop Inspection Privatization: Analysis of “Alternative Service Delivery for Seed Crop Inspection”**

**National Farmers Union  
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The Canadian food and agriculture system begins with seed. Quality seed, free of disease, off-types and noxious weed seeds, with good germination and reliable performance is something we have come to expect. Canada’s seed system has been built in the public interest over the past century. Seed laws and regulations have been put in place to protect farmers from unscrupulous seed sellers, and to protect the quality and abundance of crops that Canadians depend upon for their daily nourishment. As a result, Canada’s seed – and the crops grown from it – have an excellent international reputation.

One of the key elements of Canada’s seed infrastructure is the integrity of the pedigreed seed system, which links the seed breeders who develop new varieties with the farmers who buy seed to grow crops. Some farmers specialize in the meticulous task of growing Certified seed – seed with a pedigree that can be traced back through just a few generations to the original breeder and which must meet exacting standards for purity and germination. Farmers who use farm-saved seed also rely on Certified seed when they choose proven new varieties or refresh their existing seed stock from time to time. Canada has had a government-inspected pedigreed seed system in Canada since 1928 that verifies seed growers’ production processes and results. This will end soon, as 2013 marks the last year of Canadian Food Inspection Agency (CFIA) seed field crop inspection for most seed growers.

The 2012 federal budget “refocused” the CFIA on its “core mandate”, directing it to exit seed field crop inspection and set up “Alternative Service Delivery for Seed Crop Inspection.” In plain language, seed crop inspection is to be privatized starting in 2014. Implications that flow from this change in Canadian seed policy are detailed in the following analysis. A privatized seed field crop inspection system embodies the fundamental and inherent conflict between commerce for private gain and regulation for public protection. Regretably, this is but one piece in the puzzle that constitutes the federal government’s vision for privatization and the planned hand-over of control of Canada’s entire seed system to global seed corporations.

## **What is seed field crop inspection?**

Seed field crop inspection is a key part of Canada’s quality control system for agricultural seed. Before a pedigreed seed crop can be certified by the Canadian Seed Growers Association (CSGA) the fields must be inspected to ensure that the seed is grown according to the requirements specified in *Canadian Regulations and Procedures for Pedigreed Seed Crop Production*. These rules are the result of the collective experience of federal, university and provincial research, regulators, seed trade representatives and the practical experience of seed growers. Inspection is required before the CSGA can issue an official certified seed tag. The inspector’s report details any varietal impurities, difficult-to-separate other crop kinds, isolation, objectionable weed content, previous land use and the pedigree of the parent seed planted. Pedigreed seed

can be traced back to the original seed breeder: each subsequent generation is identified by a class name (i.e., Breeder, Select, Foundation, Registered and Certified).

The CSGA entered into an agreement with the Canadian Government in 1928 to provide an unbiased, third-party inspection of seed field crops. Today's federal Seeds Act and Regulations designates the CSGA the certifier of pedigreed seed crops for all agricultural field crops in Canada except potatoes. The Canadian Food Inspection Agency (CFIA) is responsible for the administration and enforcement of the Seeds Act and the Seeds Regulations. The CFIA is a government agency that reports to Parliament. The CSGA, the national association of seed growers, is governed by a Board of Directors comprising seed growers elected by each regional branch and provincial government representatives.

### **Why is public seed field crop inspection important?**

Having the CFIA, an unbiased independent and publicly accountable third party, do inspections ensures that all seed growers are treated fairly and that the public interest is served. Inspection by CFIA inspectors ensures that performance - not relationships - guide enforcement of regulations. As public servants, CFIA inspectors are accountable to the people of Canada, and are bound to Values and Ethics Code for the Public Sector, (see Appendix 1) that requires them to act impartially and in the public interest.

Farmers who purchase Certified seed can trust that the seed will meet the required quality and varietal purity standards and will produce a crop with the variety's promised yield, quality, and/or disease resistance characteristics.

The Canadian public benefits from a seed production system that has quality control and varietal purity standards built into it. Seed that is the outcome of the public inspection process means that Canadian farmers can grow quality crops, and are not vulnerable to crop failures or losses due to poor quality seed or off-types. The quality of seed – whether Certified or farm-saved seed derived from Certified seed -- is also the starting point for the quality, reliability and safety of food produced from Canadian crops. Seed quality benefits the Canadian economy as a whole by making our agricultural products attractive to both foreign and domestic buyers. Seed is the starting point for the crops that make agriculture a huge part of the Canadian economy. It supports incomes for both rural and urban Canadians (who return a portion of their income to the public purse via taxes) and provides a major positive contribution to our balance of payments.

### **How is seed field crop inspection done today?**

Currently the Canadian Food Inspection Agency does pedigreed seed field crop inspection. The CFIA served, on average, 3,465 seed growers by inspecting 16,000 fields and one million acres of crops each year from 2009 through 2011. The CFIA has 80 permanent staff and 120 seasonal inspectors who carry out the annual inspections.

Each seed grower must join the CSGA and apply for inspection annually. Information is forwarded to the CFIA, which contacts the grower and conducts the inspection. Inspectors' reports are reviewed by the CSGA, which may then issue a certificate if the grower is in compliance. A small percentage of applications are refused for non-compliance. Growers can request re-inspection at their own expense if there is a dispute.

Seed growers must pay inspection fees depending on the type of inspection done according to the fee schedule posted by the CFIA. In most cases the fee is \$100 per grower plus \$1.80 per hectare (\$0.75 per acre).

A seed grower may *assign* the crop certificate to an *assignee*, usually the company that sold the Foundation seed to the grower. The *assignee* is then provided access to all CSGA records for that crop, and its name appears along with the grower on the certificate. Re-inspection requests from *assigned* crops must be submitted and signed by the grower. Assignment is sometimes used as a check by forage seed companies because they are dealing with multi-year, perennial seed crops.

Some private, second-party inspection of hybrid corn and hybrid canola seed crops is currently authorized by the CFIA and being done by seed companies.

### **What changes are planned for 2014?**

In 2014, pedigreed seed field crop inspection at the level of Certified seed for cereals and pulses, including soybeans, will be privatized. The CFIA will no longer inspect these crops unless there are exceptional circumstances. The CFIA will inspect Breeder and Foundation plots, as well Certified fields of other crop kinds in 2014, but expects to phase out of those roles in the future. The CFIA will authorize companies to be known as Authorized Seed Crop Inspection Services (ASCIS), to carry out Certified seed crops, and will license inspectors, to be known as Licensed Seed Crop Inspectors (LSCI), who will be employed by these companies. Inspectors who formerly worked for the CFIA are expected to seek licenses and offer to work for private inspection companies. The CFIA will offer training to inspectors in 2013 and 2014. Companies will be authorized to inspect additional crops if they have hired former CFIA inspectors who would be licensed to carry out those inspections based on their prior training. Companies will offer inspection on a fee-for-service basis. The CFIA will audit the private inspection companies and licensed inspectors. Remaining CFIA staff will be re-trained to take on this task.

Authorized companies will have to meet certain criteria, including having an arms-length relationship with the seed growers they inspect. In other words, seed growers cannot inspect themselves, and seed companies cannot inspect the farmers who grow seed for them. Seed growers will have to identify the inspection company they wish to deal with via a registration process run by the CSGA at its expense.

To create market competition and offer growers choice, the CFIA will authorize several companies. Each company may apply to do inspection in one or more of nine geographic regions. The regional structure was proposed after recognizing that it may not be possible for multiple companies to offer inspection across the

whole country, especially on such short notice. To ensure that each grower will have access to inspection, companies are required to offer a minimum number of inspections annually, based on the number of growers and authorized companies in a region. They cannot refuse an inspection until they have reached that minimum, unless the refusal is due to conflict of interest, history of non-payment of fees and/or lack of a qualified inspector. Seed growers who are refused inspection by a company will be notified, and then must seek inspection services from their second (or third) choice. In 2014, the CFIA will continue to offer inspection to growers who cannot obtain private service (at a rate comparable to that charged by private companies) and for more difficult crop kinds and complex situations.

It is expected that the fees for inspection will triple or quadruple. The CFIA and the CSGA will have no input into fee schedules for private inspection. The CFIA expects to reduce its own costs significantly by offloading the bulk of seed field crop inspection.

### **What additional changes are planned for future years?**

After the privatized system has been rolled out in 2014, the CFIA will review the criteria for inspection companies. The CFIA indicates that it expects to move away from independent third party inspection. It says “Although first and second party ASCIS are not being expanded at this time, they will be reconsidered as part of the ASD [Alternative Service Delivery] review following the transition period.” This is in spite of the fact that the CFIA recognizes that the integrity and reputation of Canada’s pedigreed seed system is based on the independent third-party relationship of inspectors to seed growers, and that without such a safeguard, conflict of interest is a clear hazard.

“First party” inspection would involve a company or inspector inspecting his or her own fields. “Second party” inspection would involve a company inspecting crops that had been assigned to it. The definition of “third party” inspection does not seem to exclude an inspection by a company that has the crop’s assignee as a major client or shareholder.

The definition of “third party” being used for inspection companies and inspectors is much less rigorous than Public Service of Canada conflict of interest guidelines. The meaning being used for private seed inspection services is that of “arm’s length” as found in section 251 of the Income Tax Act, R.S.C., 1985, c.1 (5th Supp.). This is summarized by the CFIA as:

- *Related persons do not deal with each other at arm’s length. This is the case regardless of how they actually conduct their mutual business transactions.*
- *Corporations can be considered ‘related persons’. A corporation can be related to another person if that person is in control of the corporation. Corporations can be related to each other if two corporations are controlled by the same person (or group of persons) or the persons (or individuals in a group of persons) controlling the corporations are related.*
  - *Individual shareholders who do not control the corporation, or are not otherwise related to the corporation can deal with that corporation at arm’s length. However, if*

*a sufficient number of minority shareholders act together to direct the affairs of a corporation they may be considered to not be at arm's length with that corporation.*

At time of writing, nine companies are preparing to offer authorized inspection services in more than one region in 2014. Only AgCall Inc. has indicated it will provide inspection in every region. AgCall Ltd. has several major seed companies as clients, including Bayer CropScience, Brett-Young, Canterra Seeds, Cargill, Dow AgroSciences, DuPont Pioneer, Monsanto, SW Seeds, Syngenta, and Viterra. It created a subsidiary, Crop Inspect, to do seed crop inspections. AgCall is a marketing agency that specializes in “word of mouth” advertising to promote its clients’ products. It is not hard to imagine the company providing inspection at a cut rate, knowing it could make up for any short-fall by asking its crop inspectors to multi-task and promote clients’ seed or other products during the inspection visit. While this type of activity would clearly be a conflict of interest, it is not excluded by the Income Tax Act’s definition of “arm’s length” relationships.

It appears that the federal government’s preference is for first and second party inspection, and that the third party requirement for 2014 was adopted only after the CGSA expressed its strong disapproval of the government’s initial plan<sup>1</sup>.

The federal government plan to withdraw the CFIA from seed field crop inspection altogether is outlined in the CFIA’s March 2013 information package, which states: “The goal is to establish an ASD model that will initially engage the industry and provide service to growers during transition, but then to allow industry and market forces to lead the future evolution of the model and provide for ongoing service levels.” The government further states that its long-term intent “is to continue working with the industry and other partners to minimize the CFIA’s involvement in all seed crop inspection activities.” Thus, some time after 2014 the CFIA will start authorizing companies and licensing inspectors to inspect Foundation, Registered and Select field crops and plots. The CFIA’s role is to be limited to matters such as training and licensing inspectors, and oversight of seed crop inspection and the performance standards for licensed seed crop inspectors. No details have been provided regarding how such oversight will be carried out. It is noteworthy that the CFIA has not indentified oversight of private inspection companies as one of its future duties.

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<sup>1</sup> The CSGA passed the following motion at its 2009/10 Annual General Meeting:

*WHEREAS: The Canadian pedigreed seed system was founded more than a century ago on a third party verification system; and  
WHEREAS: The Canadian Seed Growers Association (CSGA) entered into an agreement with the Canadian Government (CFIA) in 1928 to provide an unbiased, third party inspection of seed field crops; and  
WHEREAS: That partnership and process has with stood the test of time and has helped forge Canada’s leadership role in seed field crop certification around the world; and  
WHEREAS: The Canadian Food Inspection Agency (CFIA) is phasing out its involvement in seed field crop inspection; and  
WHEREAS: Seed field crop certification may be soon unavailable at any price to those Canadian Seed Growers operating in remote regions of the country;  
THEREFORE, BE IT RESOLVED that the Canadian Seed Growers Association work with other Seed Industry stakeholders to lobby the Canadian Government for the continued provision of field crop inspection services to the Seed Growers of Canada by the Canadian Food Inspection Agency (CFIA).*

## What are the implications for Canada's food and farming system?

- **Seed growers will pay more than their fair share**

Seed field crop inspection has public or societal benefits as well as direct private benefits. It is clear that seed growers benefit from having their fields inspected – it permits them to sell their crop as Certified seed for a higher price than they would receive from selling it as a simple commodity crop. The premium rewards them for the additional investment in Foundation seed and other necessary inputs, equipment, laboratory services and fees, as well as the extra work, care and attention required to grow pedigreed seed. That said, seed prices follow commodity prices so that even with the premium, Certified seed growers have narrow margins when crop prices are low, as do farmers in other sectors. Farmers who purchase Certified seed also receive direct private benefit, as they are certain that the seed will perform as claimed.

However, the value of inspection also accrues to the society at large, including nearby local residents, Canadian and global society and the Canadian government. Past governments have recognized this public value by funding the CFIA's inspection service and setting per-acre fees that are the same for all seed growers, while reflecting the private benefits that growers obtain from public inspection.

The integrity of the pedigreed seed system hinges on the integrity of the inspection process. The resulting benefits to Canada's economy are shared by the public, and distributed locally, provincially and nationally. Local economies in areas where seed growers live are strengthened as a direct result of the higher income these farmers obtain. Likewise, rural communities benefit from the participation of farmers whose incomes are supported by the use of quality seed, whether Certified or farm-saved seed that originated in the pedigreed seed system. The long-term and generalized use of seed that originates from the pedigreed seed system in Canadian agriculture also reduces societal costs resulting from problems such as serious crop diseases and the spread of noxious weeds. The overall Canadian economy benefits from the availability of high quality inputs into the food processing industry and from a positive trade balance due to export demand for crops. Governments also benefit from the taxes generated from the economic activities related to the production and use of Certified seed and farm-saved seed that originated in the pedigreed seed system.

It is inappropriate, therefore, that seed growers and their farmer customers must pay for the full cost of inspection including the portion that has provided public benefits and been covered by public funds up until now.

In addition to privatizing inspection, the CFIA is also offloading their inspection-related administrative tasks onto the CGSA, which will require seed growers to pay higher membership fees to the organization and/or for the organization to reallocate funds and reduce services to members in other areas. Offloading all the costs of service onto seed growers means that seed

growers and farmers unfairly pay for public benefits as well as their own, and thus carry more than their fair share of the burden of costs to maintain the integrity of the seed system.

- **Mandating a for-profit system**

The CFIA's exit from seed crop inspection will transform a public service into a mechanism for wealth transfer from seed growers to private inspection companies and eventually, to the large seed corporations. By introducing private inspection services on a fee-for-service basis, seed growers' fees will have to not only cover the full cost of inspection, but also a profit margin so that the inspection company can stay in business.

- **Reinventing the wheel**

Our current system is nation-wide and provides inspection services to all of Canada's seed growers through one integrated, publicly accountable infrastructure – the CFIA. The new system will require several companies to set up their own bureaucracies to carry out the task. This inefficient use of resources will further increase costs to seed growers and farmers.

- **Diminishing human resources**

The CFIA will continue to provide inspector training and will audit inspections. It will need employees to carry out these functions. Currently, the pedigreed seed system benefits from the CFIA's ability to fill senior positions from the ranks of experienced seasonal field crop inspectors and their supervisors. Managers can encourage competent and committed staff to pursue a career within the CFIA by providing them with opportunities to train for and take on increasingly responsible positions. Once seasonal inspectors' jobs are privatized, the CFIA will depend on recruiting to its supervisory and management roles from the private sector. The "revolving door" phenomenon will be intensified, as the values of public service and public accountability will be weaker in mid-career recruits whose earlier experience was in the private sector.

Individual inspectors' work may become more precarious. Even though seasonal inspectors are not permanent staff, they are represented by the Agricultural Union of the Public Service Alliance of Canada and therefore, have certain protections. In the privatized system, these workers are unlikely to be unionized and thus more vulnerable to pressures that make it difficult to do thorough inspections. Continued employment may hinge more on the inspector's ability to earn money for the company than on his or her ability to provide service to the seed crop grower and the public. In fact, the company may discourage its inspectors from sharing valuable information with growers if it perceives this to be a threat to its competitive edge in the marketplace.

- **Conflicting goals of service providers**

Even with only third party companies providing inspection, a conflict of interest arises: companies ultimately seek to be profitable and they do this by ensuring revenues exceed costs. Revenues can be increased by having a larger customer base – often achieved by offering lower prices. However, this means costs must be carefully controlled. As they consider the future, companies may provide incentives for their inspectors to look the other way on minor violations in order to maintain a given grower as a customer. The result is likely to be a weakening of standards in practice, even if the explicit requirements remain the same, to the detriment of the integrity of Canada’s seed system and our international reputation.

- **Institutionalizing discrimination**

The current system does not discriminate among growers. Regardless of location or size, all seed growers are provided with inspection by the CFIA and pay according to the same fee schedule. This equitable situation will not continue. Each private seed company will set its own prices. Each year, the seed grower will have to indicate which company he or she would like to use. Many will choose based on cost. If the preferred (and likely, least expensive) company has already reached its required minimum number of inspections, the grower may be refused service. The grower will then have to apply to be inspected by a second or third choice service. Growers with smaller acreages or in more remote locations would be likely to have more difficulty securing inspections, pay a higher base fee and/or surcharges set by the company, or have their inspections delayed beyond the optimum stage of crop development. It will be more profitable for inspection companies to focus on larger operations in convenient locations. All growers may still have access to inspection under the planned scheme, however, over time the smaller and more remote growers are likely to be sufficiently disadvantaged economically that some will go out of business.

- **Compromising the Rule of Law**

By inserting private interests into the regulatory chain of accountability, the risk of having “rule of men” displace the rule of law is introduced. Under the current public inspection system, authority to inspect seed crops is derived directly from Parliament via the Seeds Act, its Regulations and the civil servants who implement them. All are accountable to Canadian citizens through our system of democratic governance. The privatized inspection system changes the lines of accountability and the application of regulatory authority in significant ways. Because the inspection company needs to build and maintain a relationship with its customers (seed growers) to stay in business while at the same time having been delegated the authority to regulate, the relationship between the company and the customer can colour the application of the rules. To maintain a customer, the company may wink at violations and wield its authority on a personal basis. The likelihood of this hazard increases if and when first- or second-party private inspection companies are authorized.

The company's loyalties are also split: on one hand, it is responsible to carry out the public duty of impartial inspection as part of the regulatory system; on the other, it is responsible to its owners to produce a profit. When there is conflict between these two duties, a decision has to be made. The profit-making imperative will likely win out, as the company cannot survive if it is not profitable. Canada's regulatory system in the area of seed inspection may thus become governed by the owners and shareholders of private inspection companies instead of by the citizens of Canada.

These processes may be subtle, but they embody a clear shift towards "the rule of men" whereby authority is vested in persons (including corporations), rather than in the law.

- **Squeezing out independent growers and inspectors**

If first and second party inspection is introduced as planned, there will be even greater conflict of interest that will affect not only the integrity of the seed system, but lead to further concentration in the sector. Independent third party inspection companies may lose market share and ultimately go out of business because first and second party seed inspection companies could benefit by subsidizing inspection fees to their clients, and/or by including mandatory use of the seed company's inspection services in seed production contracts. The relationship between the grower and the inspector will therefore become an important factor in the access to and outcome of inspections. Growers' autonomy will be reduced if their inspector is also their supplier and their market. Growers who do not have, nor wish to have, an exclusive relationship with one seed company may find it impossible or very expensive to have their fields inspected.

Only six multinational corporations, Monsanto, DuPont, Syngenta, Bayer, Dow and BASF, control 75% of all private sector plant breeding research, 60% of the commercial seed market (100% of the transgenic seed market) and 76% of global agrochemical sales.<sup>2</sup> Through greater concentration in pedigreed seed production, these few global seed companies will wield even greater control, compromising the economic, social and biological diversity of the seed production system to the detriment not only of Canada's agriculture, our food supply and our food sovereignty, but of the food system on a global scale.

### **How does seed field crop inspection privatization fit with the other changes in the seed regulatory system?**

Privatizing seed field crop inspection is but one piece in the puzzle that makes up the federal government's picture of privatization and eventual control of Canada's whole seed system by global seed corporations.

Recent and proposed changes include:

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<sup>2</sup> *Putting the Cartel before the Horse ...and Farm, Seeds, Soil, Peasants, etc.: Who Will Control Agricultural Inputs, 2013?* ETC Communiqué No. 111, September 2013. [www.etcgroup.org](http://www.etcgroup.org)

- Amendments to the Seeds Act Regulations in 2009 changed the Seed Variety Registration system by creating a process for crop kinds to be exempted from independent field testing and merit requirements.
- In February, 2013, Agriculture Minister Gerry Ritz asked the Prairie Recommending Committees for Wheat, Rye and Triticale (PRCWRT), Oat and Barley (PRCOB), Pulse & Special Crops (PRCPSC) and Oilseeds to review their processes by early 2014. He asked them to streamline (reduce) merit requirements, maximize flexibility under the existing regulations, allow for field test data from foreign countries, and re-structure membership to include representation from the whole value chain. The Committees' procedures are reviewed annually by Agri-Food Canada and must be approved each year by the Minister.
- In March, 2013, amendments to the Seeds Act Regulations were proposed that would allow de-registration of varieties at the sole request of the variety registrant (i.e. without providing rationale or evidence supporting the need for deregistration), and the registration of all forage and soybean varieties without field testing or merit requirements. As of September, 2013, these changes had not been adopted.
- In August, 2013, the CFIA began another review of the entire variety registration system. This time, one of the options on the table is "Withdraw federal government oversight, allowing the industry or third parties to fill the role."
- An amendment to the *Canada Grain Act* in Bill C-18 (passed December, 2011) declared "any elevator is a work for the general advantage of Canada, every flour mill, feed mill, feed warehouse and seed cleaning mill is a work for the general advantage of Canada." This declaration puts seed cleaning mills under federal jurisdiction, making them subject to federal regulation. It allows the federal government to demand disclosure of records, which could then be used to enforce regulations regarding "stocking" (storing) and "conditioning" (cleaning and treating) of seed if the UPOV '91 Plant Breeders Rights regime is adopted as planned.
- Bill C-18 dismantled the Canadian Wheat Board as the single desk selling agent for prairie wheat and barley. As a result, there is no CWB allocation of check-off dollars from grain sold to fund and enable farmer input to seed research by the Canadian International Grains Institute, the Western Grains Research Foundation and the Canadian Malting Barley Technical Centre. Check-offs are now collected by licensed grain buyers at the point of sale and allocated by new wheat and barley commissions being established in each prairie province. The governance and mandates of these commissions, however, are still under development, and may not be as independent, transparent or farmer-focused as the former CWB.
- Amendments to the Seeds Act in Bill C-38 (passed June, 2011) give the CFIA the power to grant licenses "to authorize any person to perform any activity specified in the licence that is related to controlling or assuring the quality of seeds or seed crops, including the sampling, testing, grading or labelling of seeds." (Note that the term "person" includes corporations.)
- The 2012 federal budget de-funded the Cereals Research Centre, a national research facility that focuses on cereal, flax and Eastern Prairie pulse breeding, improving quality and the resistance to diseases and insects. This Winnipeg institution will close in April 2014. Some programs will be transferred to the Morden Research Station, but public plant breeding will now be stopped at the

germplasm stage instead of proceeding to variety development and commercialization. Germplasm developed by AAFC breeders will be sold to private seed companies for further development.

- The 2013 federal budget along with Growing Forward 2, the federal-provincial agriculture policy framework, and the new commercial mandate for the National Research Council starve public interest plant breeding by universities and Ag Canada by limiting federal funding to projects that have a direct commercial application. This puts control of seed research programs into the hands of corporate funding “partners”, with the result that public research funding should now be understood as a subsidy for global agribusiness.
- The Seed Sector Value Chain Roundtable, an advisory body set up by the federal government and led by the Canadian Seed Trade Association and the Canadian Seed Growers Association in conjunction with Ag Canada, has outlined a work plan to bring about significant changes to Canada’s seed system. Many items have already been accomplished, and all advance corporate control over the seed system. The remaining “to do” list includes:
  - streamlining the seed grade tables (standards for weed seeds, seed weight and germination rates)
  - removing tariffs on seed imports and exports
  - harmonizing plant disease regulations for importing and exporting seed
  - allowing Low Level Presence of unapproved GMOs in seed
  - promoting changes to Canadian plant breeders' rights legislation to conform to UPOV'91;
- Leaked draft text of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) include EU demands for severe restrictions on farmers’ right to save and re-use seeds, with penalties potentially including precautionary seizure of farmers’ assets (including crop, machinery and bank accounts) when patent infringement is alleged – not proven – and precautionary seizure of the assets of a third party (such as a seed cleaner) if alleged to be assisting patent infringement. As of September, 2013, CETA was still under negotiation.
- Analysis of leaked texts of the TransPacific Partnership agreement indicates that signatories will be required to adhere to UPOV ’91. Canada has joined the TPP negotiations, but no agreement has been reached yet.

## **Conclusion**

The federal government’s demand that the CFIA exit seed field crop inspection and set up “Alternative Service Delivery for Seed Crop Inspection” marks a significant shift towards a food and agriculture system that serves the corporate sector at the expense of farmers and the Canadian public – and at the expense of the pedigreed seed system’s integrity. The newly privatized system asks inspectors to serve two masters, an impossible task. When there is a conflict between enforcement of exacting regulatory standards and the profit imperative of a competitive business, it is likely that public protection will lose out to the need to stay in business. The consequences of losing the integrity of Canada’s seed system goes beyond the seed grower, the farmer and the inspection companies – it will affect our whole agriculture and food system.

The economic burden of privatized seed crop inspection will be carried by the smaller players in the seed system. Seed growers' inspection fees will increase immediately. Farmers who purchase pedigreed seed will have to absorb some of the additional cost of inspection. Not all private inspection companies will survive, so their future demise will entail yet another set of losses. As first and second party inspection is introduced – and as smaller inspection companies are squeezed out -- the private seed inspection system will function as a mechanism for the highly concentrated global seed industry to transfer wealth from increasingly captive growers. As seed producers lose autonomy, the genetic diversity we rely upon for a resilient food system will narrow, as result of the six globally dominant seed companies' power to tailor seed production to fit their own business priorities. The regulatory system will be corroded as the CFIA is increasingly captured by the global seed industry.

Privatized seed field crop inspection, combined with the other changes being proposed by the federal government through the Seed Sector Round Table, are building a regulatory system based on expedience rather than integrity. Canada's international reputation for seed excellence will be harmed, as will the quality and value of our crops. If these policy and regulatory changes are allowed to proceed, global agribusiness corporations will control the entire seed system. If they control seed, they control our farms, our food and our lives.

## Appendix 1 – Expected Behaviours, from *Values and Ethics Code for the Public Sector*

Federal public servants are expected to conduct themselves in accordance with the values of the public sector and these expected behaviours.

Public servants shall uphold the Canadian parliamentary democracy and its institutions by:

### 1. **Respect For Democracy**

- *Public servants shall uphold the Canadian parliamentary democracy and its institutions by:*
- 1.1 Respecting the rule of law and carrying out their duties in accordance with legislation, policies and directives in a non-partisan and impartial manner.
- 1.2 Loyal carrying out the lawful decisions of their leaders and supporting ministers in their accountability to Parliament and Canadians.
- 1.3 Providing decision makers with all the information, analysis and advice they need, always striving to be open, candid and impartial.

### 2. **Respect For People**

- *Public servants shall respect human dignity and the value of every person by:*
- 2.1 Treating every person with respect and fairness.
- 2.2 Valuing diversity and the benefit of combining the unique qualities and strengths inherent in a diverse workforce.
- 2.3 Helping to create and maintain safe and healthy workplaces that are free from harassment and discrimination.
- 2.4 Working together in a spirit of openness, honesty and transparency that encourages engagement, collaboration and respectful communication.

### 3. **Integrity**

- *Public servants shall serve the public interest by:*
- 3.1 Acting at all times with integrity and in a manner that will bear the closest public scrutiny, an obligation that may not be fully satisfied by simply acting within the law.
- 3.2 Never using their official roles to inappropriately obtain an advantage for themselves or to advantage or disadvantage others.
- 3.3 Taking all possible steps to prevent and resolve any real, apparent or potential conflicts of interest between their official responsibilities and their private affairs in favour of the public interest.
- 3.4 Acting in such a way as to maintain their employer's trust.

### 4. **Stewardship**

- *Public servants shall use resources responsibly by:*
- 4.1 Effectively and efficiently using the public money, property and resources managed by them.
- 4.2 Considering the present and long-term effects that their actions have on people and the environment.
- 4.3 Acquiring, preserving and sharing knowledge and information as appropriate.

### 5. **Excellence**

- *Public servants shall demonstrate professional excellence by:*
- 5.1 Providing fair, timely, efficient and effective services that respect Canada's official languages.
- 5.2 Continually improving the quality of policies, programs and services they provide.
- 5.3 Fostering a work environment that promotes teamwork, learning and innovation.

For the full text, please see <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=25049&section=text> (accessed August 2013)