



Policy and Programs Branch
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Submitted Via Email

To Whom It May Concern:

RE: Framing Competitiveness and Innovation for Success consultation

On behalf of the Canadian Produce Marketing Association members, we welcome the opportunity to provide our comments to the Canadian Food Inspection Agency (CFIA) for the consultation entitled *Framing Competitiveness and Innovation for Success*.

About CPMA

Based in Ottawa, the Canadian Produce Marketing Association (CPMA) is a not-for-profit organization representing companies active in the marketing of fresh fruit and vegetables in Canada, from the farm gate to the dinner plate spanning the entire produce industry. The Association's members include major growers, shippers, packers, and marketers; importers and exporters; transportation and logistics firms; brokers, distributors, and wholesalers, retailers, and foodservice distributors; and fresh cut operators and processors. Founded in 1925, CPMA is today proud to represent over 800 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

Comments

CPMA and Canada's fresh produce industry are committed to partnering with the CFIA to ensure the success of its mission to promote innovation, growth and competitiveness amongst the agriculture and agri-food sector. First and foremost, we would like to emphasize that a collaborative approach to find workable solutions for industry and government is the backbone to success for regulatory and policy compliance. Particularly as the fresh fruit and vegetable sector navigates post-COVID economic recovery, our comments will focus on areas in which the CFIA services, programs as well as regulations can be strengthened to promote economic competitiveness and innovation and ensure the viability of our sector moving forward.



1. *Where do you see the greatest need for the CFIA to examine cumulative economic impact of incremental regulatory requirements on the agriculture and agri-food sector?*

- CPMA supports the Government of Canada’s ongoing efforts towards regulatory modernization, which is necessary to maintain and fuel the fresh produce industry’s global competitiveness. Regulatory reform that supports future innovations, while avoiding uniquely Canadian regulatory requirements, would bolster the fresh produce industry and contribute to our competitiveness, now and into the future. Regulations must not inadvertently place Canada in a non-competitive position relative to trading partners where similar regulations do not exist.
- The complexities and unique considerations of the fresh produce sector, related to the nature and perishability of our product, as well as time-sensitivity across the supply chain, can often mean that a one-size-fits-all regulatory approach will be ineffective, inefficient and impose undue burden on industry, without supporting the fulfillment of the Canadian Government mandate.
- CPMA supports the intent of the *Safe Food for Canadians Regulations (SFCR)* to deliver outcome-based regulations. However, when operationalizing regulations that are meant to be outcome-based, there seems to be challenges in avoiding prescriptive models, which has the potential to stifle innovation.
- In examining the cumulative economic impact of incremental regulatory requirements on the agriculture and agri-food sector, the CFIA should utilize a more business-focused lens to making regulatory changes and should draw upon the expertise of industry. With the shift towards a virtual work environment, the ability to engage with a wider range of industry stakeholders is now possible. Using a business-focused lens will maximize the industry-specific knowledge gained during the consultation process, which can go a long way in reducing unintended consequences following the enactment of regulations.
- CFIA has demonstrated an increased use of precautionary approaches to regulating specific commodities, such as romaine lettuce. This approach delivered in a manner that does not effectively consult industry can, and has, had significant impacts to the industry and food prices.
- A regulatory environment that fosters innovation requires a whole-of-government approach that considers how regulations interact with one another and mitigates unnecessary complexity for industry.
- CPMA strongly urges the CFIA to prioritize thorough consultation with industry prior to making regulatory changes, and to move away from a perfunctory approach to stakeholder consultation, to better understand the administrative or other costs of proposed changes, and to avoid imposing undue administrative or financial burden on industry.

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- For example, with the coming into force of the *Safe Food for Canadians Regulations*, test market provisions have expanded to apply to all foods. Test market authorizations (TMAs) can now be issued for the purpose of test marketing a food that has not been sold previously in Canada in that form and differ substantially from any other food sold in Canada with respect to its composition, function, state or packaging form. CPMA and other industry stakeholders have raised significant concerns that the new TMA provisions and the CFIA's definition of what constitutes a "new food" will make it very difficult, or impossible, for the fresh fruit and vegetable industry to test the market for innovative products.
- To date, the CFIA has indicated that the new TMA and Ministerial Exemption processes are limited to a very specific set of cases and that the issues industry has raised are best handled through Incorporation by Reference (IbR) changes. However, industry does not view the IbR change process as a workable mechanism for our sector, due to the lengthy review processes and WTO notification requirements. The fresh fruit and vegetable industry is seeking a regulatory mechanism to replace what was repealed in the previous *Fruit and Vegetable Regulations*. This mechanism is critical to granting industry the timely flexibility to market their product and test new and innovative compositions and packages for consumers. A nimble regulatory framework is required to foster rather than impede innovation – without this approach, Canadian industry will struggle to retain or expand market share.
- Similarly, CPMA is deeply concerned about the CFIA's consultation process to establish traceability requirements under the *SFCR*. One specific requirement has resulted in massive resource utilization, (both financially, in the multi-millions of dollars, and from a human resource perspective), to comply with what industry believes is an unnecessary and ineffective regulation. This includes thousands of hours spent by both government and industry to determine and implement "concessions" to enable compliance. While these concessions are appreciated, all of this could have been avoided. Furthermore, a lack of specific industry understanding and the "one food or one-size-fits-all" approach to the regulations have created unintended consequences which, in some cases, will result in reduced access to traceability information and country of origin information, with what industry believes will be little to no food safety benefit.
- In addition to the need for thorough consultation during the development of regulations, in cases where unintended consequences arise once regulations are enacted, CFIA must show flexibility in reviewing these regulations to address these consequences, especially while working in collaboration with industry. Improvements are required to ensure that tight adherence to regulation or departmental policy on the part of CFIA does not significantly impact business and Canada's ability to engage in both domestic and international trade and commerce.
- CPMA recommends that when significant impacts to industry arise as a result of regulatory or policy change, and CFIA feels bound by regulation, a mechanism should exist to allow for independent examination of the industry/regulatory issue with a goal of determining a pragmatic



solution that does not undermine business but supports an outcome-based model to regulatory compliance. While CPMA is not advocating to undermine the process for regulatory change, the timelines to address significant issues does not always align with the speed and realities of the commercial marketplace. These are likely to accelerate in the future so now is the time to ensure a review, and potential redress, mechanism exists that keep pace with business need.

2. *Where do you see that the CFIA would best support the agriculture and agri-food sector in gaining market access?*

- To ensure the ongoing viability of the food system, we need a strong domestic and global strategy. The success of the agriculture and agri-food sector, including the fresh fruit and vegetable industry, will be critical to Canada's economic recovery from the COVID-19 pandemic, but a strategic, whole-of-government approach is required to enable this success.
- Focusing on international standardization between government bodies is key to the success of the Canadian industry in gaining market access, particularly for the fresh produce sector, which is one of the most global supply chains in the world. International standardization includes the harmonization of food safety standards and systems that support the mutual recognition of food safety systems, such as that which occurs between Canada and the U.S. This recognition removes unnecessary and costly duplication within both the international supply chain and government and supports competitiveness of Canadian products in the international marketplace. CPMA recommends that the Government of Canada dedicate additional resources to CFIA efforts to enable further expansion of mutual recognition efforts with other key trading countries.
- To increase market access and sustainability of the Canadian fresh fruit and vegetable industry, the harmonization of pesticide regulation, products, and residue limits must occur. This requires collaboration both within Canadian governmental agencies, and between the Canadian government and other governments with which we trade. It is critical that this process takes place during trade negotiations to prevent technical barriers arising following the signing of trade agreements. Actions leading to harmonization would help promote international trade and investment with export markets.
- CPMA recognizes that phytosanitary requirements that are not science-based or essential to security act as effective non-tariff trade barriers between countries and must be eliminated. CPMA therefore urges the Government to work with all trading partners to ensure that any phytosanitary requirements for fruit and vegetable imports and exports be based on sound science and an appropriate risk-based approach. Furthermore, sound science transcends borders – more effort should be made to reduce duplication and lengthy review periods by recognizing the science of reputable bodies in other countries to facilitate a more efficacious approach to regulation and policy.

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- CPMA also notes that consumer confidence in the safety of the food supply is eroded when jurisdictions have different regulations, or if there is not sound science behind them. Consistent, evidence-based requirements will serve to boost trade for producers while also allowing a variety of healthy, safe fresh produce choices to continue to be available to consumers around the world.
- In any efforts to harmonize and standardize between governments, it is essential that government also considers the existing international standardization integrated in business. Where business has developed international/global standards – standards tested by commercial application – government must ensure that, wherever possible, the standards it chooses to implement in services and solutions reflect those business-driven and tested standards. To achieve this, as government considers new solutions, a key piece of that effort should be early engagement with business stakeholders to understand the standards which already exist and have been implemented across international supply chains.
- CPMA also notes that the CFIA participates in multiple international fora, such as the International Plant Protection Convention (IPPC), that create guidance and standards to support regulations; this participation often involves significant resources as well as consultative involvement from stakeholders. CPMA supports the CFIA's participation in these bodies and recognizes the importance of this work in ensuring that Canada is a leader in implementing global best practices and standards. It is therefore imperative that the CFIA prioritizes the implementation of the agreed-to outcomes of various bodies, rather than implementing regulation out of line with the international standard, which creates confusion and puts Canadian industry at a competitive disadvantage.
- CPMA also wants to emphasize that data is a key input for ensuring global competitiveness and the ability to meet the challenges of accessing new markets. Unfortunately, Canadian data, particularly in agriculture and agri-food, is difficult to find, incomplete or onerously expensive for associations and businesses to purchase. More granular data on consumption, trends, trade, and consumer preferences would act as a catalyst for focused innovation, growth and greater competitiveness, as well as allowing industry to be better positioned to navigate the transition to a low carbon economy.
- A robust and fully funded data strategy must be implemented by the Government if we are to be competitive on the global stage and reach our agri-food export target. Such a data strategy is also needed to ensure the development of sound, scientifically based policy and regulations. CPMA urges the Government to establish a data working group between Agriculture and Agri-Food Canada, Innovation, Science and Economic Development Canada, and other relevant departments and agencies, including the CFIA, to prepare and implement a comprehensive, long-term, and fully funded data strategy that will fuel our competitiveness and inform key strategic decisions for our members. CPMA is eager to work with government on such a strategy and discuss potential industry-government cost-sharing scenarios.



3. To what extent do you support prioritization of regulatory activities to facilitate market access of new/novel products given the CFIA's mandate and the need to promote a level playing field for regulated parties?

- CPMA is pleased that innovation has been a key priority for the Government of Canada and is included in the framing of this consultation. A strong and growing Canadian produce industry will depend on our ability to leverage innovation. We emphasize again the importance of regulatory reform that supports future innovations, while avoiding uniquely Canadian regulatory requirements, in strengthening the ability of the fresh produce sector to remain globally competitive.
- Global advancements in agricultural biotechnology pose challenges and opportunities that will be amplified with gene-editing systems and tools for plants. CPMA emphasizes that the Canadian fresh fruit and vegetable sector needs access to utilize these tools in order to stay competitive globally and are supportive of regulatory activities to facilitate market access for new and novel products.
- In terms of promoting a level playing field, regulatory alignment with our trading partners is vital to supporting economic competitiveness and increasing market access for Canadian agricultural operations within the globally integrated fresh fruit and vegetable sector. For example, the United States has moved to exempt agricultural innovations that are the products of plant genome editing from being regulated. CPMA urges the CFIA to consider following suit and to adopt this approach so that these products can enter the Canadian market at the same time as they become available in the U.S., maintaining the Canadian industry's competitiveness.
- Finally, as part of the *Agri-food and Aquaculture Roadmap Policy and Program Initiatives and Novel Approaches*, the CFIA's focus on Reducing Risk and Improving Trust using Distributed Ledger Technology (Blockchain) aligns with exploratory efforts in other key trading party countries. As the CFIA explores the potential to adopt a data-exchange platform based on blockchain, it is crucial that impacted stakeholders are engaged early in the process to ensure that market capacity and business reality is a key component of discussions and of any eventual implementation. Also critical to this effort is the understanding that blockchain is, at its core, simply another methodology for sharing data; what is key is the data itself and, in particular, wherever possible, ensuring that a common language (data) is used to harness the power of blockchain solutions. As this work progresses, including in conjunction with the Standards Council of Canada, it is critical that "Made in Canada" solutions align with international efforts, particularly with our largest trading partners. While Canadian-focused solutions can support the domestic market, lack of alignment with efforts abroad will limit private sector engagement – and ultimately the initiative's effectiveness – as industry seeks out more international solutions.



4. How do you see the CFIA positioning itself to support small and medium-sized enterprises and Indigenous peoples with agriculture operations?

- The full scope of the impact of COVID-19 on the fresh produce industry will likely not be known for months and even years to come, but planning for recovery must include looking at how the business environment may change permanently. One example is the marked shift to online purchasing. Depending on how consumer behaviour shifts towards e-commerce continue to develop post-COVID, some restaurants and other store front businesses may remain online. CPMA recommends that the Government of Canada should provide support for small- and medium-sized businesses making the shift to digital.
- Feeding remote communities, including Indigenous peoples, continues to be a significant challenge but some success stories exist when those communities are given the tools and support to produce their own agricultural products. Innovation is at the heart of this capacity, especially in harsh climates, and new growing structures/methodologies have been leveraged to enable production. CFIA and the Canadian government in general should support innovation to create these new growing hubs and should ensure expertise exists to help communities navigate regulations that may impact their ability to produce.
- In addition, the Government of Canada should lead a national innovation agenda with significant new investments in research and knowledge mobilization, with an emphasis on helping domestic companies grow and compete globally. In particular, CPMA urges the Government to support businesses of all sizes and foster our ongoing competitiveness by providing innovation funding specific for the fresh produce supply chain that is broad in scope and does not limit market opportunities.
- Cumulative regulatory burden already impacts small- and medium-sized businesses. As the Government of Canada advances its innovation agenda, applicable regulations must consider this burden and ensure that SMEs are not disproportionately impacted.
- CPMA also emphasizes that the CFIA's digitalization efforts, in line with their goal of promoting economic competitiveness and innovation, should use a cross-government lens and take a whole-of-government approach to reduce burden for industry, particularly considering the needs of small- and medium-sized businesses.
- The Government's *Regulatory Roadmap for Agri-Food and Aquaculture* identified as an action item the digitalization of CFIA by setting up an online system for issuing export certificates (being done through MyCFIA). This is a welcome initiative with potential to have significant benefit to the fresh produce sector, including many small and medium-sized enterprises, particularly given the time-sensitive realities of our supply chain. Moving out of the COVID-19 pandemic, the implementation of export certificate services through the MyCFIA portal can help promote trade



and investment with export markets and can support Canada in reaching its agri-food export target.

- Indeed, the development of this type of online import and/or export portal has enormous potential to streamline processes for both industry and government. However, in order to maximize the potential benefits and minimize any burden to industry, the Government of Canada should take a whole-of-government approach to ensure consistency and integration across and between the government systems wherever possible.
- Furthermore, while we recognize that it is outside of the scope of the CFIA's mandate, we must note that a lack of digital infrastructure remains a major roadblock to innovation for many growers and other businesses in the fresh produce industry, and renders many businesses in rural, remote and Indigenous communities unable to reap the full benefits of digitalization. The CFIA must remain aware of these challenges and ensure that those without the digital infrastructure they need are still able to access services.

Closing Remarks

CPMA welcomes the opportunity to submit comments on these issues, which are of great importance to our members. We would like to reiterate that, where possible, the CFIA should engage with the fresh produce industry as they determine proposed models and implementation plans for the key areas noted in this submission. Furthermore, a monitoring and accountability mechanism should be established, with key objectives assessed in an annual public report.

As noted above, a collaborative approach to find workable solutions for industry and government is critical to the success of regulatory and policy compliance. CPMA and Canada's fresh produce industry are keen to work with the CFIA to ensure the success of its mission to promote innovation, growth and competitiveness amongst the agriculture and agri-food sector.

Thank you for taking the time to review our comments.

Regards,

A handwritten signature in black ink, appearing to be 'R Lemaire', with a horizontal line extending to the right.

Ron Lemaire
President
Canadian Produce Marketing Association

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