



June 9, 2017

Dear Sir or Madam,

RE: NAFTA Negotiations

USTR-2017-0006, Requests for Comments: Negotiating Objectives Regarding Modernization of North American Free Trade Agreement with Canada and Mexico

On behalf of the Canadian Produce Marketing Association (CPMA), I am pleased to submit the following comments for consideration by The Office of the United States Trade Representative regarding the re-negotiation of the North American Free Trade Agreement (NAFTA). We appreciate the opportunity afforded to us to submit comments on this important matter which affects a majority of our membership on both sides of the border.

By way of background, CPMA represents 840 members across Canada and the world, including 260 U.S. members. Our membership is comprised of businesses across the entire fresh fruit and vegetable supply chain from farm gate to dinner plate. Despite being based in Canada and working with our members to grow the business and advocate on their behalf to the Canadian government, almost one third of our members are U.S.-based companies.

This statistic demonstrates the integration of the fresh produce industry across the continent, with many companies having business operations in all three NAFTA countries. Indeed, research by the Economic Research Service (ERS) at the U.S. Department of Agriculture highlights how, for the fruit and vegetable industry in Canada and the U.S., there was a medium level of industry integration pre-1989 whereas now it enjoys a high level of integration. Both industry and consumers acknowledge that a strong trading relationship, supported through progressive regulations and harmonization of standards, stands to benefit everyone.

Furthermore, the U.S. fresh fruit and vegetable industry currently enjoys a \$2 billion trade surplus with Canada given the seasonality of some produce products and year-round demand by Canadian consumers which cannot be met by domestic growers due to Canada's climate. According to the same ERS report previously mentioned, U.S. fruit and vegetable exports to Canada have increased by just over 300% since the implementation of NAFTA, or a jump from \$1.9 billion USD in 1993 to \$5.8 billion USD in 2013. In this sense, NAFTA has been a true economic success story for the fresh fruit and vegetable industry in the U.S.

In terms of labour impact from agricultural trade with Canada, U.S. employment benefits greatly from North American trade under the current agreement. According to a recent report from the Center for North American Studies at Texas A&M University, over 273,000 jobs are impacted by U.S. agricultural exports to Canada with more than 509,000 jobs impacted as a result of U.S. agricultural exports to all NAFTA countries.

That said, CPMA also believes there is room for improvement and that these negotiations are an opportunity to build on an already successful agreement. A February 2017 report by the Congressional

Research Service highlights some key areas that could be improved including: customs automation procedures, the creation of a single-access window at one entry point for importers and exporters and special customs procedures for express shipments. CPMA is also in favour of a perimeter approach to trade in order to shrink the border and ensure shipments can flow through as smoothly as possible given the perishability of the commodities in question.

Moreover, CPMA is in favour of further harmonizing sanitary and phytosanitary (SPS) requirements by ensuring that sound science is a fundamental principle upon which NAFTA countries trade. The Congressional Research Service also provides some examples of areas of improvement relating to SPS measures such as promoting “science-based and transparent regulatory activities, including the use of risk analysis to improve the scientific basis of SPS regulations, notifications to importers or exporters of shipments detained for SPS issues, [and] a consultative mechanism to seek quick resolution of such detentions.” It is the opinion of CPMA that the implementation of these recommendations would significantly improve trade between NAFTA countries and would benefit both businesses and consumers in all three countries.

To conclude, NAFTA has been a tremendous success for the fresh fruit and vegetable industry and a re-negotiated NAFTA has the potential to further increase trade across the continent. As such, and on behalf of a deeply integrated North American membership, we urge the U.S. Administration to “do no harm” to NAFTA and, more importantly, to remain within NAFTA. We are hopeful that the Government of Canada, the Administration and the Mexican government can reach an agreement which stands to benefit North America for generations to come. Thank you for your time and for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line.

Ron Lemaire
President
Canadian Produce Marketing Association