



Canada-Ecuador Trade Consultations
Global Affairs Canada
Trade Negotiations Division (TCE)
Submitted via email to TCE-Consultations@international.gc.ca

February 21, 2023

RE: Consultations on Consulting Canadians on possible free trade agreement negotiations with Ecuador, as published in Canada Gazette, Part I, Volume 157, Number 1: GOVERNMENT NOTICES

To Whom It May Concern:

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 proud to represent over 830 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

On behalf of the Canadian Produce Marketing Association (CPMA), it is my pleasure to provide comments to the Government of Canada on a possible Canada-Ecuador Free Trade Agreement. As an industry, we are fully supportive of the Canadian government's progressive trade agenda and its commitment to pursuing free trade agreements with new and emerging markets, including building on those free trade agreements currently in effect with Ecuador members. The comments below will provide some preliminary insights on a potential Canada-Ecuador free trade agreement.

Comments

Regulatory Harmonization

A study conducted by the Bank of Canada found that harmonizing standards leads to an increase in trade flow¹. The Government of Canada should actively pursue regulatory harmonization with Ecuador to facilitate trade in order to reduce trade barriers, increase market access and making it easier for businesses to trade across borders. This can lead to increased efficiency and lower costs for businesses, as they do not need to comply with different sets of regulations in different countries. Regulatory harmonization can lead to the adoption of higher standards and regulations across countries, ensuring that products and services meet the same safety and quality standards, which enhances consumer protection and trust in the products they purchase. When regulations are harmonized, businesses do not need to comply with multiple sets of regulations, reducing complexity, which can save time and

¹ [Bank of Canada, 2019](#)

resources for businesses as they can focus on compliance with a single set of regulations. Harmonization of regulations can create a level playing field for businesses, encouraging innovation and competition. If regulations are harmonized between Canada and Ecuador, businesses can focus on innovation rather than regulatory compliance. Harmonization of regulations can increase transparency in the regulatory process, as the same rules and standards apply across countries. This can improve the predictability of regulatory outcomes for businesses and mitigate regulatory capture.

Robust Institutions and Infrastructures

In order to increase the success of the Canada-Ecuador free trade agreement, efficient bureaucracies, strong property rights management, and low levels of corruption are important determinants of international trade success between nations². Good institutions in free trade agreements require transparent and predictable regulations that are designed to promote fair competition and protect the rights of workers and consumers. Transparent regulations can provide a level playing field for businesses, while predictable regulations reduce uncertainty and risk. To enable adequate phytosanitary certification, Ecuador requires well-equipped inspection and testing facilities. Good infrastructure for phytosanitary certification requires well-defined certification processes that are based on international standards. These processes should be transparent, efficient, and cost-effective, and they should include clear procedures for the issuance of certificates. The opportunity for expansion into other commodities is significant as the Canadian market looks to expand a new trading corridor, in order to build upon existing trading commodities.

Food Safety System Recognition

Any free trade agreement pursued with Ecuador should create the foundation for future discussions on mutually recognizing food safety systems while ensuring the existing systems in Ecuador do not negatively impact our domestic industry.

Commodities

Ecuador is a major exporter of fresh produce to Canada. With 75,405 metric tons of annual fresh fruits imported to Canada in 2021³ such as pineapples, mangoes, avocados, guavas, watermelons, papayas and bananas, the demand for Ecuadorian produce in Canada has grown a lot in the last few years. In terms of volume, Canada's top three imported fruits were bananas (20.4%), watermelons (8.6%) and grapes (7.0%). Being Canada's fourth largest importer of bananas⁴, Ecuador continues to stand out as one of the top exporters of fruit, ranking 12th globally.⁵ Having seen a steady increase in their fruit exports in the last five years, establishing a free-trade agreement with Ecuador would benefit the Canadian fresh produce industry. In 2021, the top three Canadian fruits imported by dollar value were grapes (\$669 million), strawberries (\$643 million) and bananas (\$575 million), representing 9.7%, 9.4% and 8.4% of the total value of fresh and frozen fruit imports respectively. For Canadian importers,

² [World Bank Group, 2006](#)

³ [Statistics Canada, 2022](#)

⁴ Ibid

⁵ Ibid

Ecuadorian grapes were ranked no.1 in the 2021 Pest Risk Analysis (PRA) survey from the Canadian Food Inspection Agency (CFIA). This highlights a growing demand for Ecuadorian products.

Progressive Trade Elements

CPMA is pleased to see that the Canadian Government is pursuing a progressive trade agenda, including the environment and gender, and encourages the Canadian government to ensure that progressive trade elements on issues such as these are discussed during negotiations in order to avoid the trivialization of these important issues. Where possible, Canadian negotiators should engage with the 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. Industry is keen to partner with the Government to ensure the success of all future trade agreements. Thank you for taking the time to review our comments on this important trading relationship. We would be pleased to assist the Government in any way possible throughout discussions with Ecuador.

Regards,

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

Ron Lemaire
President
Canadian Produce Marketing Association