



Market Access Secretariat
Agriculture and Agri-Food Canada
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Submitted Via email aafc.mas-sam.aac@agr.gc.ca

August 25, 2023

To Whom It May Concern:

RE: *Comments on a possible organic trade agreement with the European Union*

On behalf of our members across the fresh fruit and vegetable supply chain, the Canadian Produce Marketing Association is pleased to offer comments to the Market Access Secretariat and the Canadian Food Inspection Agency in relation to the potential for the Government of Canada to enter into negotiations with the European Union (EU) to establish a bilateral Agreement for trade of organic agricultural products.

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 proud to represent over 830 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada, including both organic and conventionally grown products.

Comments

To begin, CPMA would like to emphasize that, the government's initial two-week time period to receive comments to this consultation did not provide stakeholders with sufficient time to provide feedback. While we are appreciative of the government's flexibility in allowing CPMA an additional seven working days to submit our comments, we must reiterate that providing less than 30 days for any consultation, particularly during the summer months, greatly hinders stakeholders' capacity to solicit and compile thorough feedback from our members, which ultimately dilutes the quality of the information available to inform and support the government in its efforts.

To the best of our ability, we have endeavoured to gather feedback from our members operating in the organic sector and the comments received thus far are reflected below. As the Government of Canada moves forward with its discussions with the EU, CPMA strongly urges the government to prioritize ongoing engagement with stakeholders across the Canadian organic sector to ensure that the needs of all segments of the Canadian organic industry are met, and unintended consequences avoided, in any future trade agreement.

New Agreement

1) Do you support Canada entering into negotiations with the European Union (EU) to establish an equivalency trade Agreement for organic agricultural products between Canada and the EU?

CPMA is generally supportive of the Government of Canada entering into negotiations with the EU to establish an equivalency trade Agreement for organic agricultural products.

Promoting international trade and investment with export markets is a priority for the Canadian fresh produce sector, and Canada plays a vital role in supporting the consumption of fresh fruits and vegetables amongst the European population. In fact, EU member countries are among the top ten Canadian export markets for both fruit and vegetables. At the same time, due in large part to the limitations of our climate on the Canadian growing season and on the products able to be grown here, approximately \$4 out of every \$5 spent on fresh produce is spent on imported product. Therefore, to ensure the ongoing viability of the Canadian food system, including the organic sector, we need a strong domestic and global strategy. Free and fair international trade in fresh produce offers huge economic growth opportunity for Canadian businesses and provides Canadians with access to safe and healthy fresh food options year-round.

At the same time, it must be noted that Canada's trading relationship with other organic equivalency partners – particularly the United States and Mexico – are far more significant for fresh produce than that with the EU, for both imports and exports. It is imperative that adopting an organic bilateral trading agreement with the EU must not in any way negatively impact the Canadian sector's equivalence arrangements with these other partners.

In its preparations for negotiations with the EU, CPMA urges the government to ensure thorough consideration of any potential impacts or consequences of moving to a binding trade agreement model, including questions such as the following:

- Compared to processes under the current equivalency arrangement, how will moving to a trade agreement model impact Canada's ability and/or processes to review, re-negotiate or amend the provisions of the agreement?
- Will moving to a bilateral trade agreement model in any way hinder Canada's own regulatory agility in the organic space?
- How/to what extent will moving to a bilateral trade agreement model with the EU impact Canada's organic equivalency arrangements with other trading partners, particularly the United States and Mexico? Will moving to a bilateral trade agreement with the EU prompt similar models with other trading partners, and what would the impact of doing so be on the Canadian organic sector and the Canadian Organic Regime?

2) What impact/benefits do you foresee for your industry or industry members if Canada was to negotiate such an equivalence Agreement?

International standardization and collaboration between government bodies is critical to the success of the fresh produce sector, which is one of the most global supply chains in the world. Canada's organic equivalency arrangements, including with the EU, provide the Canadian fresh fruit and vegetable industry greater ability to access important export and import markets.

The continuation of benefits under the existing equivalence arrangement with the EU, including the ability of Canadian operations to export products to the EU that are certified under Canada's organic standards rather than being required to be certified under the EU standards, as well as ongoing cooperation and coordination with EU suppliers, services and others, would be positive for CPMA's members.

3) Would you foresee areas or opportunities if Canada was to build on the existing equivalency Arrangement when negotiating an equivalency trade Agreement? What would those new areas or opportunities be?

In addition to the benefits noted above, our members have indicated that the negotiation of a bilateral trade Agreement could offer an opportunity to improve upon the existing equivalency arrangement regarding further alignment with EU standards pertaining to USDA organic export requirements.

Currently, the Canadian industry is not on an even playing field with producers in the EU in terms of accessing the broader US organic produce market. Under the terms of their equivalence arrangement, operations in the EU are able to grow products certified to the USDA Organic standards within their local regions, so long as those products are destined for export to the United States. By contrast, Canadian producers must grow products certified under the terms of the Canadian Organic Standards, even if the products are to be sold in the United States market. This misalignment hinders the Canadian organic fresh produce industry, particularly in the greenhouse sector, from being able to capitalize on the US export market in the same manner as our EU counterparts. It should be noted that, for companies with operations in both Canada and the United States, this can mean lost opportunities for expansion and jobs that could provide significant economic benefit the Canadian organic sector and Canadian communities.

CPMA members have also raised a potential opportunity to improve certification alignment between the EU and Canada, with a focus on ensuring science-based decision making as the basis for standards development (see comments below under Questions 7 and 8). The potential to enhance trade arrangements and agreements affecting fair market equivalency between Canada and our key trading partners, while maintaining partnership and cooperation between all regions would be of significant benefit.

Current Organic Equivalency Arrangement

5) How are you currently benefiting from the EU Canada Organic equivalency arrangement in terms of costs, regulatory processes, etc.?

See comments above under Questions 1 and 2.

6) What interests is there for your business or members to have a recognition of equivalence with the EU?

See comments above under Questions 2 and 3.

7) Are there concerns or challenges you are experiencing with the current Arrangement?

As noted above, CPMA members have noted concerns that the Canadian organic fresh produce industry is not on an even playing field with our European counterparts in terms of access to the broader US organic produce market (see comments under Question 3).

In addition, members in the Canadian greenhouse sector have noted that misalignment between the Canadian Organic Standards and the EU and US organic standards pertaining to soil requirements are costly and do not contribute to optimal and sustainable crop growth.

As noted above, the Government of Canada should consider the potential opportunities to improve certification alignment between the EU and Canada, with a focus on ensuring science-based decision making as the basis for standards development, as well as opportunities to ensure the Canadian industry can remain competitive in the global market.

8) Based on your knowledge of the new EU Regulations, are there in your view any technical requirements or challenges Canada should be aware of prior to initiating negotiations?

CPMA members have expressed that the EU organic standards are considerably more challenging and restrictive than the existing Canadian standards, and that the direct adoption of the new EU regulations within Canada would have extremely detrimental impacts on the viability of the Canadian organic fresh produce sector. It is imperative that the Government of Canada consult thoroughly with the Canadian organic sector as negotiations progress to avoid unintended consequences for Canadian growers.

No equivalency from January 2027 (Canadian businesses required to follow and be certified to EU requirements to export to the EU)

9) As a business or Association representing businesses in the organic sector, what challenges or negative impacts would you see as a result of Canada and the EU not entering into an equivalency trade Agreement whereby Canadian businesses would need to comply with EU requirements to export?

As noted above, the current organic equivalency arrangement between Canada and the EU provides the Canadian organic fresh produce industry with better access to an important export market. This access would be substantially hindered in the absence of such an arrangement or bilateral trade agreement.

In addition to a significant reduction in exports to the EU, other potential impacts include increased costs and administrative burden, and diminished cooperation between Canada and the EU leading to a possible regression of alignment between the Canadian and EU organic standards that would add further complexity and cost to the organic supply chain.

10) Could you provide potential costs you would foresee as a business or Association representing businesses in the organic sector to comply with two sets of requirements and processes to export your products to Canada?

For clarification, it is our belief that the question is intended to address potential costs for Canadian businesses exporting to the European Union (ie. not for businesses exporting to Canada), and our comments below are written accordingly.

While it is difficult to quantify the potential costs of requiring compliance with two sets of requirements and processes, as would be the case if Canada and the EU did not enter into a bilateral organic trade agreement to replace the current equivalency arrangement, we can confidently state that the costs would be immense and would almost certainly result in a reduction of exports of Canadian organic fresh produce to the EU.

Examples of increased costs in the fresh produce sector include requiring companies to resource separate internal operations related to crop inputs, food safety, compliance standards and administration, among others.

CPMA is appreciative of the opportunity to provide comments to the Market Access Secretariat and the Canadian Food Inspection Agency regarding the future of our organic trade with the European Union. We thank you in advance for your consideration and look forward to future discussions as this initiative moves forward.

Sincerely,

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

Ron Lemaire
President
Canadian Produce Marketing Association