



CUSMA Consultations
Global Affairs Canada
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Submitted Via email CUSMA-Consultations-ACEUM@international.gc.ca

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RE: Consulting Canadians on the operation of the Canada-United States-Mexico Agreement (CUSMA)

To Whom It May Concern:

On behalf of our members across the fresh fruit and vegetable supply chain, the Canadian Produce Marketing Association is pleased to offer comments to Global Affairs Canada regarding the CUSMA trade agreement. As a highly globally integrated industry, we are supportive of the Canadian government's progressive trade agenda and its commitment to strengthening our trading partnerships across the Americas.

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 880 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

General Comments

CPMA is pleased to provide comments regarding the CUSMA agreement and its significant impact on the fresh produce sector. As a key stakeholder in the North American food supply chain, we recognize the importance of CUSMA in facilitating trade and ensuring market access for our industry.

As noted above, the fresh produce supply chain is highly integrated around the globe and relies on a harmonized flow of goods across borders. In Canada, our climatic limitations and shorter growing season means that we rely upon imported product to ensure that Canadians are able to put a variety of fruits and vegetables on their tables year-round.

CPMA cannot understate the critical importance of CUSMA in supporting our integrated supply chain. Our partners in CUSMA, particularly the United States, are by far Canada's largest trading partners when it comes to fresh produce – in both imports and exports. There are also many companies which operate across all three jurisdictions. The CUSMA agreement plays a vital role in supporting this integration, benefiting both producers and consumers by ensuring the availability of high-quality produce and maintaining competitive markets.



The COVID-19 pandemic made it clear that ensuring the stability and efficiency of food systems and supply chains is fundamental when framing agreements like CUSMA. It also reinforced the importance of trade policies that not only foster international cooperation, but also prioritize the protection and support of our markets – both domestic and international.

Following the coming into force of the agreement in 2020, there has been a notable increase in both imports and exports within the North American produce industry, a trend that has been influenced by the trade framework provided by CUSMA. According to Statistics Canada, within the last 5 years:

- Total fresh fruit and vegetable exports to the United States and Mexico grew from nearly \$2.8 billion in 2019 to over \$4.1 billion in 2023.
- Total fresh fruit and vegetable imports from the US and Mexico increased from close to \$6.9 billion in 2019 to over \$7.8 billion in 2023.

As in many sectors, the United States is our largest trading partner in fresh produce, in both imports and exports. In 2023 alone, Canada imported just over \$5 billion in fresh produce from the United States, representing a little less than half of all fresh produce imports, led by lettuce, strawberries, nuts, grapes, and cauliflower and headed broccoli. Just as important, Canadian companies exported just over \$4 billion in fresh produce to the United States, comprising more than 95% of Canada's fresh produce exports, led by cucumbers, peppers, tomatoes, potatoes and mushrooms.

The upward trading trend noted above highlights the growing importance of CUSMA in supporting the supply chain, supporting food security by ensuring the availability of fresh produce for Canadians year-round, and maintaining strong trade relationships with our partners, particularly in the produce industry. As with the former NAFTA agreement, CUSMA has proven to be an essential element in supporting the growth and integration of our sector across North America and around the globe.

Challenges for consideration in 2026 CUSMA review

At the same time, despite the clear advantages of this agreement, there are some areas of concern which should be considered in the 2026 review of CUSMA.

First, in recent years, US growers have pushed for trade actions, including attempts to impose seasonal tariffs on certain produce to protect US domestic producers from perceived unfair competition from imports, which was not validated. CPMA once managed the US duties for industry which were phased out under the CUSFTA and then NAFTA, along with the phase out of duties with Mexico and Chile. As we look to the 2026 CUSMA review, the Government of Canada should oppose any move to return to these types of duties.

In addition, between 2020 and 2022, the U.S. International Trade Commission undertook a safeguard investigation into blueberry imports, as well as fact-finding investigations regarding cucumber and squash imports. Investigations into strawberry and bell pepper imports were also launched, but ultimately stalled. Fortunately, the Commission's findings were ultimately in the Canadian industry's favour, but the process cost the Canadian government and the Canadian industry significant amounts of money in legal fees and other resources – and there is concern that we will see these types of investigations again, particularly if there is a change in administration south of the border.



Second, Canada's free trade agreements, including CUSMA, should support regulatory harmonization that can lead to the adoption of higher standards and regulations across countries – ensuring that products and services meet the same safety and quality standards, while also reducing regulatory burden and associated compliance costs for businesses. Therefore, the 2026 CUSMA review should aim to support regulatory harmonization across member countries, benefitting industries and consumers alike.

Plant health and pest risk management is one area for potential improvement when it comes to regulatory collaboration. Phytosanitary and other requirements that are not science-based or essential to security effectively act as effective non-tariff trade barriers. We have long encouraged a North American perimeter approach to plant health and pest management, which would allow for the effective, science-based management of these challenges, while reducing burden for the industry.

Finally, CPMA would like to draw the government's attention to potential trade irritants arising from Canada's proposals related to plastic packaging which could negatively impact trade relations and market access under CUSMA; these include the introduction of Canada's Federal Plastic Registry and proposed regulatory actions related to plastic produce stickers and plastic reduction targets under a proposed Pollution Prevention Planning Notice.

Our North American partners have raised concerns that the introduction of the Federal Plastics Registry may violate the environmental and trade provisions under CUSMA, including by requiring the disclosure of proprietary information such as the composition of packaging. Other concerns with the Registry include the lack of clear guidelines on registration duties and accountability across the supply chain, as well as increased risk of supply chain disruptions due to discrepancies with existing supply chain data systems. These issues could ultimately hinder the operation of the supply chain which CUSMA is meant to support.

Environment and Climate Change Canada's proposed regulatory actions in the form of the Pollution Prevention Plan Notice for Primary Food Packaging, as well as the proposed Labelling and Recycled Content Regulations, also contain requirements which are highly problematic for the North American fresh produce industry, including a ban on non-compostable plastic produce stickers. These stickers play a crucial role in the movement of fresh produce in bulk, as they ensure accurate information on pricing, differentiate between varieties of the same commodity and distinguish between organic and conventional products.

CPMA emphasizes that a combination of these proposed actions poses a serious risk to the current operation of the Canadian fresh produce market, potentially leading to trade and supply chain disruptions across North America. In fact, these disruptions to the North American fresh produce supply chains arising from these regulatory changes are so significant that many foreign suppliers have expressed in writing their concerns that they would be unable to ship to Canada if they came into force. Concurrently, Canadian domestic suppliers have expressed that the implementation of the proposed regulations could lead them to redirect their focus on serving the US market only, with detrimental impacts for Canadians. The 2026 CUSMA review offers an opportunity for the Government of Canada to drive North American and global conversations to advance sustainability harmonization goals and solutions, including related to fresh produce packaging.

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In closing, CPMA emphasizes that the continuation of a robust free trade framework for fruit and vegetables under CUSMA is vital as we navigate a world of high food inflation and growing production challenges. It is also critical that the government support all Canadian agriculture and food products in trade negotiations, and not prioritize certain sectors to the detriment of others.

As representatives of a highly globally integrated fresh produce industry, CPMA is strongly supportive of the Government's progressive trade agenda which aligns to business growth and market access. We look forward to working collaboratively with the government to ensure that the agreement continues to support the growth and stability of the produce sector while addressing these critical issues.

Regards,



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President
Canadian Produce Marketing Association