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Electronic submission: cfia.StandardsGradesModernization-Normesclassment.acia@inspection.gc.ca

The Fresh Produce Alliance appreciates the opportunity to provide comments on the public consultation to identify a new approach for developing and maintaining Canadian fresh fruit and vegetable grade standards.

Fresh Produce Alliance

The Fresh Produce Alliance (FPA) was established in 2004 as a collaborative advocacy initiative to ensure an improved business climate for the fresh produce industry. The FPA identifies and consolidates cross-sectoral and multi-stakeholder issues, validates potential solutions, and facilitates the necessary actions to generate change. The FPA seeks to substantiate and press for implementation of innovative legal, regulatory, and service delivery solutions that encourage fair and ethical business practices in the fresh fruit and vegetable (FFV) trade.

The FPA is comprised of:

- Canadian Produce Marketing Association (CPMA)
- Fruit and Vegetable Dispute Resolution Corporation (DRC)
- Fruit and Vegetable Growers of Canada (FVGC)

The FFV industry is a vibrant part of the Canadian economy. Collectively, the respective memberships represent a sector that works tirelessly to improve the health of Canadians while contributing \$15 billion annually to Canada's GDP. The industry supports over 185,000 jobs in communities across the country (Conference Board of Canada, 2023).

The importance of fresh fruit and vegetable grade standards

Fresh fruit and vegetable grade standards have been in Canada in various forms since the late 1930's. They are the common lexicon, or recognized language necessary for federal inspectors, private inspection firms, sellers, buyers, and others to communicate with each other in a common language, especially when separated by large geographic distances. The standards are important to successful trade and commerce, which is highly relevant to the mandate and responsibilities of the Canadian Food Inspection Agency (CFIA).

Additionally, the FFV grade standards:

- establish expectations for arrival condition given that fresh fruit and vegetables are generally purchased unseen,
- provide the basis for determining a breach of contract and act as an essential business-to-business tool,
- establish minimum import requirements, and
- are foundational to the DRC's Good Arrival Guidelines and Trading Standards, which serve to establish evidence in the mediation, arbitration, and resolution of FFV trade disputes.

Before the current initiative, a 2008 FPA grade standards review project, led by the Canadian Horticultural Council (now Fruit and Vegetable Growers of Canada) proposed more than 700 changes. This was prior to the coming into force of the *SFCA* and *SFCR* and is clear evidence of how and why the system at that time could not respond to much needed changes to the standards. In anticipation of the new *SFCA* and supporting *SFCR*, the proposed changes remained largely on hold. Unfortunately, the IbR process has thus far not been able to significantly improve the process and has brought us to where we are today. The need for this public consultation is timely and welcomed by industry as an opportunity to find a way forward.

Preferred option

Of the options presented, Option 1: to retain the FFV grades in the SFCR and give ownership of the IbR document for FFV grade standards to an industry body such as the Fruit and Vegetable Dispute Resolution Corporation (DRC) is the preferred option.

There is precedent for application and implementation of a third-party model through the CFIA arrangement with the Canadian Beef Grading Agency (CBGA). This model and arrangement have been in place for many years and have an acknowledged record of success.

Retention of the fresh fruit and vegetable grades in the *SFCR*, and transfer of ownership of the IbR document for these standards to an industry body, such as the DRC, makes sense. The DRC is uniquely positioned to take on this role. Standards are integral to its work. It houses the technical expertise to do so and has broad industry support in this regard. DRC has expressed its interest to maintain the grades on behalf of the FFV industry and is supported by CPMA, FVGC, and their respective memberships.

From 2016 to November 2023, supported by CPMA and FVGC, DRC led an industry initiative to modernize Canada’s fresh fruit and vegetable grade standards. Commodity-specific review teams representative of the entire supply chain reviewed many of the standards found in [Canadian Grade Compendium, Volume 2](#)) and submitted proposed changes:

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| Phase 1 | Greenhouse long seedless cucumbers (published), Greenhouse miniature seedless cucumbers (new standard) (published), Greenhouse tomatoes (TBC) | Public consultation completed |
| Phase 2 | Apples, Apricots, Asparagus, Grapes, Nectarines (new standard), Peaches, Pears, Plums and Prunes (TBC) | Public consultation completed |
| Phase 3 | Beets, Cabbage, Carrots, Onions, Parsnips, Potatoes, Rutabagas | Submitted to CFIA for review |
| Phase 4 | Brussels sprouts, Cantaloupes, Cranberries, Celery, Tomatoes (field), Rhubarb (field) | TBD |
| Phase 5 | Blueberries (high bush and low bush), Cauliflower, Cherries (sweet), Corn (sweet), Cucumbers (field), Lettuce (head), Strawberries | TBD |

As noted, the grade standards are foundational to the DRC’s dispute resolution services and support DRC’s role in the Safe Food for Canadians Regulations. The DRC is prepared to commit resources to maintain, update and create new FFV grade standards as may be required. It is important to emphasize that the successful transfer of these responsibilities will also require ongoing collaboration with Agriculture and Agri-Food Canada (AAFC) and CFIA, as well as continued, predictable government financial support to provide DRC with appropriate resources to deliver on this important work.

Public interest

The FPA believes that Option 1 best serves the public interest, which, broadly speaking, is recognized to include the primary users or practitioners (i.e.: growers, whippers, packers) and indeed all participants throughout the fresh produce supply chain.

The grade standards are an industry-wide, business-to-business tool and also provide elements of consumer confidence. Working with the grade standards is a normal FFV business practice and they are used by many supply chain operations for training and quality assurance purposes.

Appropriate role of the CFIA in relation to developing and maintaining fresh fruit and vegetable grade standards

An appropriate role for CFIA in relation to developing and maintaining fresh fruit and vegetable grade standards is for the CFIA to provide and maintain a fitting regulatory framework to facilitate Option 1. As noted above, this includes various forms of support resources (human and financial), as may be required.

In addition, FPA believes the CFIA should:

- retain responsibility for WTO notifications and interaction with counterpart international bodies,
- retain elements of verification and enforcement activities (i.e.: continue to inspect grades as required),
- maintain an appropriate level of training, expertise, and knowledge transfer among CFIA staff to deliver on these responsibilities.

Considerations the CFIA should be aware of as it reviews options for transferring development and maintenance of fresh fruit and vegetable grades, in whole or in part, to a third party?

As noted, the DRC is committed to assuming this role going forward, in collaboration with AAFC and CFIA. However, unlike the situation and arrangement with the CBGA, there are no opportunities for a third party, such as the DRC, to monetize the maintaining and development of the FFV grade standards. Therefore, it is expected that AAFC/CFIA will provide appropriate resources, as may be required, to assure success for all.

Furthermore, a new direction for the development and maintenance of FFV grade standards must consider and ensure the need for a practical application, and the means and regulatory agility to maintain a set of standards reflective of, and responsive to, evolving innovations, technologies, and consumer demands. This includes predictability, established cyclical reviews, and transparency in the steps to process changes as features critical to the success of a new approach.

Other options or considerations that the CFIA should take into account in modernizing the approach for developing and maintaining Canadian fresh fruit and vegetable grade standards.

While the options presented in the discussion paper may appear reasonable, after careful consideration the FPA has concluded that neither Option 2 nor Option 3 are viable for the following reasons.

Option 2 - Expand the mandate of the DRC to include the development and maintenance of most grades

Under Option 2, CFIA could give DRC responsibility for developing and maintaining FFV grade standards other than apples, onions, and potatoes (due to specific import regulations under *SFCR*). This could be achieved under the existing CFIA-DRC MOU or through a new, stand-alone grade standards-specific MOU. As suggested

in the discussion document, remaining grades would be removed from the Compendium and housed in DRC's Operating Rules.

However, implications of this include:

- with the exception of apples, onions and potatoes, the DRC-maintained FFV grade standards would no longer be incorporated by reference (IbR) under SCFR and therefore would have no direct regulatory standing, which is important to industry
- DRC would be required to create two (2) membership classes: Canadian members versus members from all other countries
- DRC would be involved in compliance actions where grade standards are not followed as required, which includes potential membership termination
- DRC would require additional resources to update the 28 grade standards and assure compliance with DRC by-laws and trading obligations
- potential negative impact on minimum import requirements

Option 2 would be a challenge for any not-for profit corporation due to the nature of the *Canada Not-for-profit Corporations Act (CNCA)*. CPMA and Canadian Horticultural Council (now Fruit and Vegetable Grower of Canada) were both required to amend their respective by-laws to comply with the coming into force of the *CNCA*.

Option 3 - CFIA maintains FFV grades in the SFCR

A scenario whereby CFIA maintains the FFV grades in the *SFCR* and applies a risk-based approach to develop outcome-based grades is essentially "the status quo". Operating in this manner is what has brought us to the crossroads at which we currently find ourselves. Also, FPA firmly believes that CFIA would require additional appropriate (i.e.: additional) resources and a dedicated FFV program to move forward effectively under this Option.

Option 3 is not viewed as a viable option by industry given CFIA's historical and current resourcing of activities related to maintaining FFV grade standards.

For these reasons, Option 1 is the preferred and most logical option for the future.

Other considerations: Considerations and concerns related to sustainability, food waste/food loss, food availability, climate change.

Concerns related to these issues are shared by industry and government alike.

The FFV industry is a recognized leader in sustainability issues – domestically and globally. It has always been, and continues to be, at the head of the line in the development of and investment in new innovations, technologies, and practical solutions to address all relevant areas of sustainability. Both CPMA and FVGC have representation on the Board of Directors of the International Federation for Produce Standards (IFPS), supporting various industry global efforts to ensure that government regulations do not inadvertently disrupt trade and commerce through well-intentioned, but potentially significantly disruptive, legislation.

There has been significant attention on food waste/food loss (FLW). Grade standards themselves do not impact FLW. In fact, a first loss at the farm level is the least costly loss along the supply chain. Each step further along

the supply chain and further away from the farm incurs greater losses, which almost always find their way back to the farm. It is most efficient to eliminate product at the farm rather than after various steps of transportation, wholesale, retail, etc. Inferior quality on a store shelf increases FLW in the home.

Other options or considerations

We are not aware of options other than Option 1 which would serve the best interest of all stakeholders.

Again, thank you for the opportunity to comment. We look forward to continuing to work collaboratively with CFIA to find a workable solution that meets the needs of the government, the public and the fresh fruit and vegetable supply chain.

Respectfully,



Ron Lemaire
President, CPMA
rlemaire@cpma.ca



Luc Mougeot
President & CEO, DRC
lmougeot@fvdrc.com



Massimo Bergamini
Executive Director, FVGC
mbergamini@fvgc.ca