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May 5, 2021

Submitted Via Email to: ec.creditscompensatoires-offsets.ec@canada.ca

RE: Consultation on Proposed Greenhouse Gas Offset Credit System at Canada Gazette I, March 6, 2021

Dear Ms. Mercer:

On behalf of the Canadian Produce Marketing Association, we welcome the opportunity to provide amended comments to the Government of Canada on its proposal for a federal greenhouse gas offset credit system.

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 produce industry generates over \$17 billion annually in economic activity throughout the supply chain and supports over 249,000 jobs across Canada. 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 today proud to represent domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

You will find CPMA's overarching comments on areas of critical importance to the fresh fruit and vegetable industry below, along with comments regarding Environment and Climate Change Canada's (ECCC) proposed regulations, particularly its proposed protocol for sustainable agricultural land management activities that reduce GHG emissions and enhance soil carbon sequestration on agricultural lands.

General Comments

- The fresh fruit and vegetable sector supports the Food Policy for Canada's commitment to the promotion of long-term social, cultural, environmental and economic sustainability. Partnerships with federal and provincial governments can position the industry for long-term sustainability as we strive to recover from the economic impacts of the COVID-19 pandemic.

- Canada has been fortunate that the worst-case scenarios for our food supply have not been realized during the pandemic, but this renewed focus on our food supply chain is an opportunity to better understand the instrumental role our food system plays in a healthy economy and a healthy population.
- CPMA and the fresh fruit and vegetable sector recognize that a sustainable environment is essential to the future viability and growth of our industry and Canada as a whole, and are supportive of the Government of Canada's efforts to address climate change under the Pan-Canadian Framework on Clean Growth and Climate Change and to foster Canada's post-COVID economic recovery through clean growth. To ensure the effectiveness of regulations put in place to support these efforts, CPMA urges the Government to develop these regulations in a way that reflects scientific evidence and accounts for reasonable compliance timelines in implementation.
- We are also supportive of the Government's stated commitment to supporting the agricultural sector as key partners in tackling climate change and promoting environmental sustainability. It should be noted that the agricultural sector is on the front lines when it comes to facing the challenges of a changing climate and environmental sustainability. We are working to ensure the economic viability of our sector and the wellbeing of the people and the planet that support it. Indeed, farmers and others along the supply chain have led the way in adopting environmentally sustainable practices.
 - In Ontario's Holland Marsh region, growers have implemented a variety of practices to increase carbon sequestration, such as: planting grasses and flowers on dykes/berms, cover cropping in-between revenue crops, planting cover crops on headlands and end rows, establishing grassy areas on boundaries, and planting trees along roadways.
 - Highline Mushrooms has implemented a 82% waste diversion rate, water reduction and a reduction in the use of all fungicides and pesticides.
 - CF Fresh has added rooftop solar panels that generate 42% of their electricity.
 - Greenhouse growers have made significant moves to clean technology and carbon sequestration, including through measures such as utilizing carbon capture technology, sending by-products of the growing process to anaerobic digestors, and implementing infrastructure to enable energy cogeneration up to 5 times more efficient than traditional energy production.
- The fruit and vegetable industry is a major contributor to job creation and Canada's GDP and will continue in this role as we move toward a low carbon economy, but the Government of Canada must put in place policies and programs to support the ongoing growth of the industry. In particular, the government must provide greater recognition for the efforts of the agricultural sector to reduce greenhouse gas emissions and implement more environmentally sustainable practices, including in the development of any carbon offset system.
- Finally, while the Government's move toward increased consultation with industry is welcome, there remains work to be done to ensure that these consultations are effective and provide benefit to both government and stakeholders. The complexities and unique considerations of the fresh produce sector, related to the nature and perishability of our product as well as time-sensitivity across the supply chain, can often mean that a one-size-fits-all regulatory approach will be ineffective, inefficient and impose undue burden on industry, with little benefit to the Canadian

Government or indeed the Canadian public. Effective and achievable carbon sequestration efforts may differ from one agricultural sector to another.

- The Government of Canada should therefore draw upon the expertise of industry across various agricultural sectors to avoid unintentional errors in the development of regulations resulting from a lack of industry-specific knowledge. As the Government looks to develop its protocol for sustainable agricultural land management activities that reduce GHG emissions and enhance soil carbon sequestration on agricultural lands, CPMA strongly recommends that ECCC create a series of industry-government task forces to determine the most effective ways to achieve carbon sequestration goals on a sector-by-sector basis within Canadian agriculture.

Comments – Proposed Regulations

- CPMA is pleased to see a focus on “enhanced soil organic carbon” included among the Government’s initial project areas to be developed under the proposed federal carbon offset system.
- The Government has indicated that each federal offset protocol would “define, or provide the methods for determining, a baseline for project activities, as well as the methods for quantifying GHG reductions that would be considered incremental to this baseline”. As noted above, CPMA strongly urges the federal government to work closely with industry stakeholders on a sector-by-sector basis within agriculture to further develop the details of its protocol for sustainable agricultural land management activities that reduce GHG emissions and enhance soil carbon sequestration on agricultural lands. Consultation and collaboration with industry stakeholders is necessary to ensure that the federal government’s protocol reflects the different realities of each sector. In addition, the protocol must be designed in such a way as to allow for the necessary flexibility to be able to adapt to advancements GHG reduction practices, reporting and other technologies, so that the carbon offset credit system can support the best available science on an ongoing basis, without requiring continual regulatory amendments.
- CPMA would also like to reiterate that Canadian fruit and vegetable growers have been implementing more environmentally sustainable practices for many years, with benefits to carbon sequestration in Canada. In order to provide reasonable and fair recognition for these efforts, the government should consider applying a retroactive lens in the determination of the project baselines to be used in its protocol, and should allow for previous projects to be eligible for offset credits if the project meets the necessary reporting criteria and can demonstrate its positive impact on GHG reduction and/or carbon sequestration. CPMA recognizes that the Government has made some provision for retroactivity in its proposed regulations that stipulate that “for any registration application made on or before December 31, 2023, the project start date must not be earlier than January 1, 2017”. However, we would recommend that this date be amended to “not earlier than January 1, 2013” to better recognize industry efforts undertaken over the past decade.
- CPMA would also like to note that many companies in the fresh produce supply chain operate across provincial borders, with efforts to implement more sustainable practices happening company-wide. Therefore, CPMA strongly urges the Government of Canada to work with its provincial and territorial partners to develop a protocol, (similar to that covering aggregated

projects within a single province under the proposed Section 23), that can allow for recognition of cross-provincial efforts under the carbon offset credit system without the administrative burden of having to perform application, monitoring, reporting and verification activities on a province-by-province basis.

- CPMA is supportive of the Government’s proposed eligible crediting period for biological sequestration projects of 20 years, with the allowance for the crediting period to be extended up to 100 years, if all regulatory requirements continue to be met. It is imperative that the government recognizes the long-term, continuous benefits of the carbon sequestration efforts of the agricultural sector.
- CPMA is generally supportive of the government’s assertion that each protocol will contain requirements related to project planning and implementation activities, including monitoring, verification, reporting, and risk assessment and management. Given the unique complexities of each individual agricultural sector, we strongly recommend that the Government develop these requirements in partnership with industry, on a sector-by-sector basis to ensure that they meet the needs of the Government without imposing undue burden on industry, which could drive down participation in the carbon offset system.
 - For example, CPMA has some concern with the proposed monitoring and reporting provisions under Sections 27(2) and 28, which require project proponents to submit an annual monitoring report and implement the risk management plan for “100 years *after* the end of the crediting period for the project”. As currently written, this provision seems to impose significant burden on industry for decades after they are receiving credit for their project – an administrative cost that few would be willing to take on. If this is not the intention of the proposed regulations, further clarification to that effect is required.
 - The Government must also ensure that there are accredited verification bodies with the sector-specific knowledge to be able to effectively perform the necessary auditing activities, particularly if project proponents will be required to have different verification bodies provide reports for their project, as outlined in Section 20(1).
- CPMA is supportive of ECCC’s commitment to “produce guidance material to support submissions of registration applications and regulatory reports, and to assist project proponents in using the credit and tracking system for offset projects and credits”, including a description of the information to provide, along with the templates and steps to be followed by project proponents. We strongly recommend that ECCC work closely with industry stakeholders to develop these guidance materials to ensure they sufficiently address industry questions.
- Regulatory reform that supports future innovations, while avoiding uniquely Canadian regulatory requirements, would bolster the fresh produce industry, strengthen our ability to meet the challenges of moving to a low carbon economy, and contribute to our competitiveness, now and into the future.

Comments – International Standardization/Harmonization & Benchmarking

- CPMA would like to emphasize that international standardization between government bodies is critical to the success of the fresh produce sector, which is one of the most complex and integrated supply chains in the world.
- In any efforts to harmonize and standardize between governments, it is essential that government also considers the existing international standardization integrated in business. Where business has developed international/global standards – standards tested by commercial application – government must ensure that, wherever possible, the standards it chooses to implement in services and solutions reflect those business-driven and tested standards. To achieve this, as government considers new solutions, a key piece of that effort should be early engagement with business stakeholders to understand the standards which already exist and have been implemented across international supply chains.
- Across the agri-food sector ambitious targets are being set to reduce the environmental footprint of producing and supplying food. Metrics and benchmarks are being increasingly deployed to operate, compete, and contribute to economic viability in this rapidly changing agri-food world. Multiple private and public partners in Canada are involved in an effort to create a national sustainability index for the agri-food sector with a strong link to, and consideration of, the substantive work occurring in other jurisdictions around the globe. As a partner in the National Index on Agri-Food Performance, CPMA is appreciative of the Government of Canada’s support of this initiative and urges the government to continue this critical engagement with stakeholders to achieve our common sustainability goals and secure Canada’s position as a global leader in agri-food sustainability.

Comments – Other

- While not directly within the scope of this consultation, CPMA would also like to emphasize the importance of ensuring that fresh fruit and vegetable producers have access to, and can utilize, products and processes that ensure the sustainability of the industry and support food security, the lack of which can lead to unintended negative consequences on Canada’s ability to meet our sustainability goals. Given the linkages between sustainable production and the ability to decrease GHGs, government is encouraged to take a holistic view of how supporting a sustainable agri-food industry complements environmental targets.
 - We would like to reiterate the vital role that crop protection tools play in protecting our food and crops from invading weeds, insects, and disease. Particularly as we mark the UN International Year of Fruits and Vegetables in 2021, it is imperative that we recognize the essential contribution of crop protection tools to the fresh fruit and vegetable sector.
 - We acknowledge that pesticides must be used within the guidelines of good agricultural practices, which consider the needs of environmental quality and human health, as well as agricultural stability and effective pest management. The fresh produce industry has a long history of Integrated Pest Management (IPM) implementation, and given that many producers not just farm, but also live on the land where production occurs, they pay close

attention to the crop protection tools used to ensure that crops can be brought to harvest safely.

- In Canada, the pesticide approval process used is one of the toughest in the world and meets or exceeds the health standards established by the World Health Organization. It is also important to recognize that for many years, crop protection in Canada has included the widespread adoption of IPM on fruit and vegetable farms. Constant monitoring of crops supports decision making, including plant protection products (PPP) use. Pesticides are not liberally applied; instead, application is guided by sophisticated data sets to maximize output and support sustainability of the land that farmers steward.
- In the fresh produce sector, production methodologies are rapidly improving and innovating – for some, like the greenhouse sector, this includes minimal amounts of PPP use and a reliance on IPM tools such as beneficials like insects and/or fungi that are active against pests. Innovation and rapid growth in growing environments such as vertical farming is also another type of production which has changed the use patterns of PPP.
- At the same time, it is a global reality that much of fresh produce production will remain in a natural setting which will continue by its very location to be susceptible to insects, pests, invasive species, and disease, and the priority of all governments must be food security for the global population. Conventional production, as opposed to other production such as organic, will continue to represent the vast majority of global outputs of fresh fruit and vegetables and without the tools to ensure products reach harvest, well-intentioned efforts could result in devastating impacts to their availability. As an example, [CropLife Canada estimates](#) that 72% more fruit and 83% more vegetables can be grown every year by farmers in Canada than could be produced without the use of PPPs.
- Global advancements in agricultural biotechnology pose challenges that will be amplified with gene-editing systems and tools for plants. CPMA emphasizes that the Canadian fresh fruit and vegetable sector needs access to utilize these tools in order to stay competitive globally. In fact, a 2019 [Royal Bank of Canada \(RBC\) report](#) found that with the right combination of skills, capital and technology, agriculture could add \$11 billion to Canada's GDP by 2030. The RBC report also found that Canada's share of global agtech investment is only 3.4%, falling behind countries such as Brazil and India.
- Changes to current production technology and biotechnology have the potential to create unintended consequences which could see the increased use of land for agriculture. In Canada, [CropLife Canada estimates](#) that 50% more farmland would be needed to grow what we do today without pesticides and biotech crops – a land area equivalent to the combined area of the provinces of New Brunswick, Nova Scotia and Prince Edward Island. Increased land use that threatens natural habitats, wildlife and potentially biodiversity is of concern to the global community and this concern must be a cornerstone of decision-making that integrates a responsible and sustainable approach to production, especially as countries work to adopt the UN Sustainable Development Goals and as Canada seeks to meet its own terrestrial conservation targets.
- Regulatory alignment with our trading partners is also vital to bolstering economic competitiveness within the fresh fruit and vegetable sector, which is highly-integrated

around the globe. The U.S. has moved to exempt agricultural innovations that are the products of plant genome editing from being regulated. CPMA urges the Government of Canada to consider following suit and adopting this approach so that these products can enter the Canadian market at the same time as they become available in the U.S. to maintain the Canadian industry's competitiveness.

- Finally, while the *Greenhouse Gas Pollution Pricing Act* provides certain exemptions for farmers' use of gas and diesel as well as specific exemptions for greenhouse operators' natural gas/propane use for their crops, we echo the Canadian Horticultural Council in noting that growers use a range of fuels based on many factors, including their local energy infrastructure, as well as the equipment that is both financially feasible and readily available to them. We therefore support the recommendation that the Government of Canada should extend the carbon tax exemptions for farmers to cover all on-farm fuel use, including but not limited to gas, diesel, propane and natural gas by all farmers, including greenhouse growers.

CPMA recognizes and is appreciative of the government's recent commitments to support agricultural efforts to transition to more sustainable practices and reduce GHG emissions, including Federal Budget 2021 announcements of funding for the Agricultural Climate Solutions program, the Nature Smart Climate Solutions Fund, and the Agricultural Clean Technology Program, as well as the creation of an investment tax credit for capital invested in carbon capture, utilization and storage projects. It is imperative that the Government clearly elaborates how these programs do and do not overlap with any federal carbon offset credit system, and if participating in one program will negate eligibility in another, so that industry members can determine which programs can best support them and their operations.

In closing, where possible, the Government of Canada should engage with the fresh produce industry as they determine proposed models and implementation plans for the key areas noted in this submission. We also request that the Government publish a *What We Heard* report for this consultation, with reasonable time allowed for stakeholder review, prior to publication of these regulations in *Canada Gazette II*. Furthermore, a monitoring and accountability mechanism should be established, with key objectives assessed in an annual public report. CPMA and Canada's fresh produce industry are keen to partner with government to find effective solutions to tackling climate change and reducing Canada's greenhouse gas emissions.

Thank you for taking the time to review our comments.

Regards,



Ron Lemaire
President
Canadian Produce Marketing Association