

October 19, 2023

Right Honourable Justin Trudeau
Prime Minister of Canada
80 Wellington Street
Ottawa, Ontario
K1A 0A2

Sent by email to: Pm@pm.gc.ca

Re: Food Affordability and Availability at Risk Under Proposed Packaging Regulatory Actions

Dear Prime Minister Trudeau,

As a follow-up to our letter to you on August 31, 2023, **we wish to reinforce the very significant concerns the fresh produce industry has regarding the impacts of Environment and Climate Change Canada's proposed fresh produce packaging regulations**, in particular:

- The proposed ban of non-compostable plastic PLU stickers under the Labelling & Recycled Content Framework,
- The proposed Pollution prevention planning notice (P2 Notice) for primary food plastic packaging: Targets for reduction, reuse, redesign, and recycled content, and
- The proposed P2 Notice Risk Management Objective for fresh produce: *Fresh fruits and vegetables are distributed and sold in bulk and/or in plastic-free packaging – at least 75% by 2026; at least 95% by 2028.*

The fresh produce industry has been a food sector leader in reducing plastic packaging waste through the adoption of recyclable packaging, eliminating problematic plastics, and adopting novel packaging solutions where non-plastic packaging performance can ensure food affordability, food availability and minimize food waste. Examples of the industry's progress to date includes a 17% reduction in the produce to packaging ratio in the last 4 years, the significant elimination of problematic plastics, and the adoption of non-plastic packaging solutions where they can meet the rigorous packaging requirements.

The fresh produce industry supports and endorses key sustainable packaging initiatives including the Canada Plastics Pact, adoption of the Golden Design Rules, developing industry guidance for compostable PLU stickers, as well as developing Sustainable Packaging Guides for Food and Fresh Produce – a project financially supported by AAFC's CASPP Program. Although fresh produce packaging accounts for only 2% of total plastic

waste in Canada, these initiatives and related investments reflect the fresh produce industry's support of Canada's Zero Plastic Waste Initiative.

Consequently, the fresh produce industry is very concerned by the proposed regulations noted above – regulations which would fundamentally exclude the fresh produce sector from supporting the Government's Zero Plastic Waste goals. **The fresh produce industry remains at a loss to explain why it is being singled out when other food sectors would be encouraged to pursue activities in support of the Zero Plastic Waste Initiative. Excluding the fresh produce sector is of critical concern as the current suite of proposed regulatory actions, if adopted, would have a direct and adverse impact on food affordability, food availability and food waste in Canada.**

The time for consultation with the produce industry has been very limited (only 30 days in both instances of the Framework and P2 consultation), providing the industry little time to collect and dutifully analyze data, uses cases and market studies to both qualify and quantify the impacts of the proposed regulation. In addition, requests to ECCC for the data used to validate the produce-specific regulations have gone unanswered.

Nonetheless, we offer the following preliminary estimates to convey our concerns:

Food affordability | The proposed regulatory actions will increase the financial burden on Canadians by increasing the cost of fresh produce, at a time when Canadians struggle to make the most of their food budgets. These cost increases will arise due to the following key drivers:

- *Increased cost from changing packaging:* Tests conducted by produce industry stakeholders assessing non-plastic produce packaging have shown **upwards of 30% additional cost to the consumer**. The cost of non-plastic options, where they exist, that can meet the performance of leading plastic packaging are **currently in the order of three to four times higher** than those in use today.
- *Increased cost from losses in shipping efficiency:* changes to shipping formats and packaging composition can result in a loss in packing density or shipping efficiencies due to heavier packaging. These **efficiency losses will worsen the current rate of food waste – exceeding 30% along the supply chain - leading to commensurate cost increases for consumers**.
- *Increased costs resulting from product handling and logistics:* labor requirements and costs associated with the handling of bulk produce can be **up to 3 times** the cost of handling packaged produce.
- *Increased costs resulting from food waste:* It is estimated that **every 1% increase in food waste results in a financial loss of at least 4% in revenue**. To meet current objectives, packaging must be eliminated or will be of a much-diminished efficacy resulting in significant food waste. Any incurred food waste loss due to changes in packaging formats will have a direct and adverse impact on food costs for Canadians.

Although preliminary, **our current estimates are that the cost to consumers due to food waste alone could exceed \$3.4 billion per year; this is a dramatic increase from our 2019 review**. Retail stakeholders have made a conservative **estimate of a \$160 per year increase for each Canadian or a \$400 per year increase per average household on produce costs alone if regulations go through as proposed**.

Food availability | Canadians spend \$4 out of every \$5 on imported fresh produce, due in large part to our limited growing seasons for fresh produce, as well as a limited climate which can only support certain types of produce. The proposed regulations are seen by numerous fresh produce importers and exporters as a **significant regulatory burden which cannot be readily addressed without incurring significant costs, food waste levels and/or changes to their business models**. Consequently, there is concern that the proposed regulations would result in reduced food availability for Canadians, including:

- **Overall reduction in produce availability** due to the inability to ensure proper produce quality at the point of sale (due to insufficient ripening or rapid spoiling during transportation).
- **Reduced availability during key periods of the year** (due to challenges in maintaining produce safety & quality during transportation). Western Growers Association members who make up a significant volume of the fresh produce exported to Canada have confirmed they will stop shipping to Canada if the policy moves forward as written. It is anticipated that other U.S. growing area shippers will take the same position.
- **Total loss of select produce availability due to insurmountable costs or other factors**. At present, numerous foreign and domestic vendors have stated that they would not ship to Canada under the proposed regime due to serious concerns with increased operating costs, impacts to produce quality and increases in food waste.

Food waste | Recyclable plastic packaging plays an integral role in ensuring produce quality, safety and in minimizing food waste in transit and at the point of consumption. The proposed regulations would create a significant increase in fresh produce waste which currently sits at approximately 11% within the retail sector. These impacts would include:

- *Increased food waste during shipping, storage and point of sale*: Substitution of plastic packaging with non-plastic options including fiber, has shown a **reduction in shelf life of sensitive fresh produce by upwards of 40%**.
- *Increased food waste during consumer usage*: American Institute for Packaging and the Environment indicated that **improper use of packaging might increase 10 to 15 percent of food waste at the store level and 20 to 25 percent of food waste at the household level**.

Nationally, it is estimated that **upwards of 1 million tonnes of fresh produce could be lost** per year if plastic produce packaging was restricted based on the proposed P2 Risk Management Objective and timeframe. The **financial value of this lost produce could be upwards of \$6B per year**.

Food loss and waste also exacerbates the climate change crisis with its significant greenhouse gas (GHG) footprint. Production, transportation, and handling of food generate significant Carbon Dioxide (CO₂) emissions and when food ends up in landfills, it generates methane, an even more potent greenhouse gas.

The U.S. Environmental Protection Agency (EPA) published a [report in 2021 on the environmental impacts of food waste](#) estimating that each year, **U.S. food loss and waste embodies 170 million metric tons of carbon dioxide equivalent (million MTCO₂e) GHG emissions (excluding landfill emissions) – equal to the annual CO₂ emissions of 42 coal-fired power plants**.

Other Adverse Impacts | The adverse impacts of the proposed regulations on food affordability, food availability and food waste will also contribute to other important societal impacts, including:

- **Adverse dietary impacts:** Canadian's diet is at risk if the proposed regulatory actions proceed as outline, ranging from reduced consumption of key staples such as potatoes and carrots, to imported produce such as bananas and citrus, to more sensitive produce such as salads and berries.
- **Rural and Remote Communities:** The elimination of recyclable plastic packaging and/or increased reliance on bulk produce will significantly hinder the industry's capacity to ship fresh produce to rural and remote communities – communities who already face challenges with food affordability, availability and minimizing food waste.
- **Trade implications:** the proposed regulations would put Canadian growers at a competitive disadvantage by having to compete with markets where increasingly recyclable plastic packaging is being adopted, leading to foreign partners reducing or eliminating trade with Canada, thereby reducing produce diversity, and increasing supply and demand costs for Canada's produce and food industry.
- **Food safety:** there is a concern that the proposed P2 risk management objectives could significantly hinder industry's capacity to meet food safety requirements embodied in the *Safe Food for Canadians Regulations*.

There is also growing concern that the migration from recyclable plastic packaging to non-plastic packaging **may produce no net environmental benefits – and may in fact worsen sustainability outcomes**. The elimination of recyclable plastic packaging, as proposed in the P2 risk management objective, along with the ban on non-compostable PLU stickers, will significantly disrupt the balance between bulk and packaged produce within the fresh produce supply chain – a balance critical to maintain food affordability, availability and minimizing food waste. The fresh produce industry is increasingly reliant on comprehensive Life Cycle Analysis to assess the total environmental footprint of fresh produce production and distribution to mitigate increases in GHG emissions, water usage, or food waste generation – increasing the sustainability of fresh produce supply chains. More detailed summaries of the PLU and P2 considerations are attached for reference.

The proposed regulations introduce a significant risk to the Canadian produce industry, and by extension to Canadians who rely on fresh fruits and vegetables as a staple of a healthy diet. The fresh produce industry is committed, like other food sectors, to transitioning to a circular economy that addresses Canadians' concerns with packaging waste, while also delivering food affordability, food availability and minimizing food waste.

Canada's fresh produce industry is seriously concerned that the proposed P2 Notice, the produce-packaging specific risk management objectives, and the proposed banning of non-compostable PLU stickers, if adopted, **would significantly disrupt, if not irreparably damage Canada's fresh produce sector**. The livelihood of the Canadian fresh produce sector, and access to fresh produce for Canadians is at risk if these proposed regulations are implemented as outlined.

ECCC has provided no data to support the proposed P2 targets, evidence that the P2 will not create undue regulatory burden, and that adverse impacts from banning PLU stickers will not result in undue costs to Canadians. Fresh produce comes to Canada through a highly complex international supply chain system – a system that needs to be dutifully accounted for when developing any packaging regulations.

Recommendations

Consequently, we recommend that:

1. The Government **postpone adoption of the Pollution Prevention Notice for Primary Food Packaging** pending a comprehensive due diligence to ensure that it does not adversely affect food affordability in Canada.
2. **Remove the restrictive Risk Management Objective currently proposed for fresh produce packaging**, acknowledging the produce industry's ongoing efforts and investments in support of the Zero Plastic Waste Initiative. The fresh produce industry, along with the other food industry sectors, must work together to achieve the ambitious Zero Plastic Waste targets.
3. **Request that the Agriculture and Environment Committees review the application of the P2 Notice** for Primary Food Packaging, given the complexity of food supply chains and the challenges with maintaining food affordability, availability and minimizing food waste.
4. Defer any decision regarding **the proposed ban on non-compostable PLU stickers** given their importance within the fresh produce supply chain.

We acknowledge that urgent and prompt action is necessary to address the growing concern with plastic waste. However, the current proposed regulations risk adversely increasing food costs, reducing food availability, and resulting in increased food waste – while also leading to significantly worse environmental outcomes. A truly sustainable fresh produce supply chain will not be achieved under the proposed regulations.

On behalf of its members, the CPMA would welcome the opportunity to meet with you so that we can work together towards a more sustainable fresh produce supply chain for Canada.

Regards,



Ron Lemaire
President, CPMA

CC: Hon. Chrystia Freeland, Deputy Prime Minister
Hon. Rechie Valdez, Minister of Small Business
Hon. Mark Holland, Minister of Health
Hon. Anita Anand, President of the Treasury Board

Attachments

1. P2 Notice backgrounder
2. PLU backgrounder