Competition Bureau
Place du Portage I
50 Victoria Street, Room C-114
Gatineau, QC K1A 0C9
Submitted via online form

Re: ***Behind the price tag: Examining the food supply chain***

July 31, 2026

To Whom it May Concern,

On behalf of Canada's fresh fruit and vegetable industry, I am pleased to share comments to inform the Competition Bureau's examination into the food supply chain.

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 more than 900 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

The fresh fruit and vegetable supply chain is a significant contributor to Canada's economy and food security, generating $18 billion in GDP and supporting more than 188,000 jobs in rural and urban communities from coast to coast to coast[1]. In addition to our sector's economic contributions, we also provide Canadian families with safe and nutritious food that is crucial to supporting their health and well-being.

To begin, it is important to understand the context of the fresh fruit and vegetable sector, which is highly competitive, perishable, weather-exposed, labour intensive and globally connected. Competition issues should therefore be assessed with care: some pressures reflect market structure or negotiating leverage, while many others arise from perishability, supply and demand, climate, logistics, labour availability, input costs, regulatory complexity and consumer expectations for year-round supply.

[1] Signal49 Research (formerly Conference Board of Canada), 2025

Sector characteristic	Competition relevance
Perishability	Fresh produce loses commercial value quickly. Delays in harvesting, cooling, transport, inspection, warehousing or receiving can reduce quality, increase waste and weaken negotiating power.
Commodity pricing	Many products are price-takers in regional or global commodity markets. Pricing often reflects daily supply-demand conditions, weather and availability more than individual market power.
Year-round consumer demand	Retailers source domestic, imported and exotic products across seasons to meet consumer expectations and Canada's diverse cultural demand.
Geography and climate	Canada's vast distances, regional growing seasons and winter dependence on imported products make transportation and border efficiency central to competitiveness.
Labour intensity	Production, packing, warehousing and trucking rely on reliable labour. Shortages can affect the entire chain and reduce the ability of smaller firms to scale.

In this context, CPMA offers the following comments to the Bureau's questions of interest with relation to the food supply chain in Canada.

1. <u>Production and Processing</u>

1.1 Key competition factors shaping the current and future outlook

The fresh fruit and vegetable sector is generally characterized by a large number of small- to medium-sized producers, packers, importers, exporters, wholesalers and marketers competing in fast-moving commodity and seasonal markets. The current and future outlook is shaped less by a single competition factor and more by the interaction of several structural pressures, such as:

- labour availability across production, harvesting, packing and warehousing;
- input costs, including energy, fertilizer, crop protection products, seed, packaging, equipment and financing;
- weather, climate variability, water access and pest pressures;
- market access, border efficiency and trade disruptions;
- access to capital for automation, cooling, packing and traceability systems;
- buyer requirements, audits, specifications and compliance obligations; and
- transportation capacity and refrigerated logistics.

These factors can act as barriers to effective competition where they disproportionately affect smaller and medium-sized businesses, or reduce the number of viable suppliers able to serve large customers consistently. At the same time, many price movements in fresh produce reflect genuine supply and demand conditions, particularly because fresh produce cannot be stored in the same way as shelf-stable packaged goods.

1.2 Regulatory requirements that may limit entry or increase costs

Regulation is essential to food safety, worker protection, environmental stewardship and consumer confidence. The issue for competitiveness is not whether regulation should exist, but whether requirements are proportionate, coordinated and predictable, and are implemented utilizing the appropriate tools to achieve the desired outcome. Areas in which current requirements can act as a barrier to entry and/or increase compliance costs include:

- Temporary Foreign Worker Program administration, inspections, housing requirements and compliance documentation;
- municipal zoning and permitting for worker housing, greenhouse expansion, packing facilities and agricultural infrastructure;
- overlapping federal-provincial requirements in areas such as environmental reporting and labour standards;
- slow or inconsistent access to crop protection products and innovative production technologies;
- gaps in destination inspection programs provided by government (CFIA);
- border and inspection procedures that can create delays for perishable goods; and
- interprovincial differences in transportation, labour and commercial requirements.

1.3 Market concentration and market power

Many parts of the fresh produce supply chain remain intensely competitive. However, concentration can exist in certain upstream and downstream segments, including agricultural inputs, packaging, specialized technologies, wholesale and retail customers, logistics infrastructure, ports, ocean carriers and some transportation services. The effects are often most visible when firms have few practical alternatives, especially during periods of disruption.

Market concentration can have an outsized effect on small- and medium-sized produce businesses because these firms often have less volume, less bargaining leverage, less access to capital and fewer alternative channels. When a small supplier depends on a limited number of large customers, distributors, carriers or input providers, it may have less ability to negotiate payment terms, service levels, promotional expectations, chargebacks, freight rates, packaging costs or compliance timelines. This can narrow margins and reduce the ability to invest in innovation, automation, food-safety systems, traceability or market expansion.

Concentration can also make market access more binary: a small firm that loses a major buyer or carrier route may not have enough immediate alternatives to redirect highly perishable product without quality loss or waste. These pressures do not necessarily mean that concentration is the only or primary driver of price outcomes, but they can amplify the vulnerability of smaller businesses in a sector where timing, shelf life and cash flow are critical. At the producer level, greater consolidation and/or the advancement of integrated business relationships to enable a more beneficial negotiating position for suppliers, is a key next step in evolution to support improved market conditions. This change must be supported by the appropriate regulatory levers which enable growth.

These challenges may vary by product category and region. A small greenhouse, orchard, importer or wholesaler in a remote or lower-density market may face a different competitive reality than a larger shipper operating near a major terminal, port, warehouse cluster or retail distribution centre. Policy responses should therefore distinguish between legitimate efficiencies from scale and situations where market access or bargaining leverage becomes constrained.

1.4 Business practices affecting competition

Business practices that can make competition more difficult include complex vendor compliance programs (Sustainability, Food Safety, Quality and Assurance models), short-notice specifications, inconsistent audit expectations, charge-backs, difficult payment terms, limited flexibility during disruptions and administrative requirements that may be manageable for large businesses but burdensome for smaller suppliers. In the fresh produce sector, in which product moves quickly and deteriorates with time, even modest delays or unexpected costs can have a material impact on end-of-life for the product, with impacts to price and sales.

1.5 Access to labour, capital and technology

Labour is a significant competitiveness issue across production and processing. Shortages can affect harvesting, grading, packing, cooling, warehousing and distribution. Access to capital is also critical because businesses must invest in automation, controlled-environment production, energy efficiency, cybersecurity, and data systems to support food safety and supply chain traceability requirements. Smaller businesses may face higher relative costs and slower adoption pathways, which can limit their ability to compete with larger firms or meet buyer expectations.

2. Transportation and Distribution

2.1 Key competition factors shaping the current and future outlook

Transportation and distribution are not support functions in fresh produce; they are core determinants of product quality, market access and commercial value. Key competition factors include trucking capacity, availability of refrigerated equipment, port performance, border efficiency, fuel costs, warehouse labour, cold-chain infrastructure and the ability to identify and prioritize perishable shipments during disruptions.

2.2 Regulatory requirements that may limit entry or increase costs

The following requirement categories serve important public objectives, but it must be understood that their cumulative impact can add cost and reduce flexibility, particularly where requirements differ across jurisdictions or where perishable products are delayed in the system as a result:

- cross-border documentation and inspection requirements;
- port, terminal and inspection-related fees;
- provincial differences in trucking requirements; and
- municipal zoning for warehousing, cold storage and distribution facilities.

2.3 Concentration among logistics providers

In some transportation and distribution segments, businesses may have limited practical choices. This is especially relevant for ocean shipping, rail, port infrastructure, specialized refrigerated trucking and remote or lower-density regions. Limited alternatives can affect access to capacity, reliability, service levels and negotiating power. These issues may become more acute during peak seasons, extreme weather events, labour disruptions or global trade shocks.

For example, during the widespread supply chain disruptions that occurred following the COVID-19 pandemic, the fresh produce industry faced per-container shipping costs that tripled, or more, in less than a year, with virtually no alternatives available to businesses needing to move highly perishable product.

2.4 Business practices affecting competition and expansion

In the highly time-sensitive and dynamic fresh produce sector, the following business practices in the transportation and distribution space can impact the ability of firms to compete and/or expand:

- prioritization of larger or more predictable volumes over small-lot or irregular shipments;
- unpredictable surcharges, detention, demurrage or accessorial charges;
- limited refrigerated capacity during peak periods;
- difficulty for smaller firms in negotiating beneficial contract terms; and
- insufficient operational transparency around delays, routing changes or container availability.

2.5 Spill-over effects and technology changes

The fresh produce sector is regularly exposed to spill-over effects from other parts of the economy. Port congestion, border delays, rail disruptions, fuel price shocks, labour shortages, extreme weather, cyber incidents and trade volatility can quickly affect product availability and quality. Digital tools can improve traceability, forecasting, shipment visibility and inventory management, but access and implementation costs may be more difficult for smaller businesses to manage.

3. Retail Pricing

3.1 Pricing practices that may help or hinder competition

Retail pricing in fresh produce is influenced by daily and weekly supply conditions, seasonality, quality, origin, promotions, freight, shrink and consumer demand.

Pricing practices that can help competition include clear promotions, price matching, digital flyers, accurate unit pricing and loyalty offers that provide genuine value. Practices that may raise concerns include overly complex loyalty pricing, unclear unit pricing, inconsistent promotional displays, personalized pricing that consumers cannot easily understand and promotional expectations that are difficult for smaller suppliers to support.

3.2 Impact on small and medium-sized businesses

Smaller produce businesses may have less access to consumer data, analytics, promotional funding and merchandising support than larger firms. This can affect their ability to participate in retail programs, forecast demand, adjust pricing, or demonstrate value to retail buyers. Where retailers rely heavily on data-driven plans, smaller suppliers may need support to keep pace with buyers' technology expectations.

3.3 Access to data and technology

Data and technology increasingly influence forecasting, promotions, inventory, dynamic pricing, traceability and waste reduction. Larger firms generally have more resources to invest in these tools. Measures that improve data interoperability, practical traceability, training and affordable technology adoption can help smaller firms compete more effectively.

3.4 Consumer comparison and switching

Consumers benefit when they can compare price and value across retailers in a clear and consistent way. In fresh produce marketing, pricing and value comparisons can be complicated by differences in variety, size, grade, origin, package format, quality, ripeness and whether items are sold by weight, by count or by package. Loyalty programs and digital offers can increased value, but they may also make product comparisons more difficult for consumers if discounts are conditional or not clearly displayed.

3.5 Shrinkflation and skimpflation

Shrinkflation is generally less of a factor in the sale of fresh produce than in other categories of packaged goods because many items are sold by weight or count and products are often visible through packaging. However, it may arise in product categories such as packaged salads, cut fruit, clamshells or trays, or other value-added produce formats. Skimpflation may be relevant where quality, size, grade, freshness or service levels change without clear communication. In both cases, clear unit pricing and transparent product information are important to consumer confidence.

3.6 Measures to improve retail pricing transparency in produce

The most constructive measures to improve retail pricing transparency for fresh produce would be practical, consumer-friendly and considerate of the realities of perishable products. These could include clearer and more consistent unit pricing, better disclosure when products are sold by weight versus count or package, improved consistency in how origin, variety, grade and package size are displayed, clearer presentation of loyalty program conditions, and stronger support for digital tools that allow shoppers to compare value across products and retailers.

Any government action should avoid adding unnecessary compliance burden or implying that all price changes are solely the result of a retailers' pricing practices, since fresh produce prices often move quickly because of weather, seasonality, supply, freight, exchange rates and quality variation. A balanced transparency framework would help consumers compare value while preserving the flexibility retailers need to manage perishability, promotions and food waste.

Conclusion: Food affordability is a broad and complex issue

Food affordability is a critical consumer concern and should be addressed by government, but it should not be attributed primarily or exclusively to retail market concentration or competition issues. While retail concentration can affect bargaining leverage, market access, promotional expectations and access to consumer data, retail structure is only one part of a much broader cost and supply picture. In the fresh produce supply chain, final prices are shaped by the cumulative effect of farm input costs, labour availability, energy, packaging, cold-chain handling, freight, exchange rates, border and inspection performance, weather and climate events, origin and seasonal availability, quality variation, shrink, regulatory requirements, trade disruptions and consumer demand for year-round supply.

This complexity is complicated even further by the high perishability of fresh fruits and vegetables. Unlike shelf-stable products, fresh produce cannot be stored as long, reformulated, or held back until market conditions improve. Delays, temperature breaks, labour shortages, port congestion, border disruptions, crop losses or sudden changes in supply can quickly affect quality, waste, availability and price. Prices may therefore rise even in the absence of anti-competitive conduct, simply because product is scarce, more costly to move, or more expensive to preserve at saleable quality.

A narrow focus on retail concentration risks misdiagnosing the drivers of food affordability and may lead to policy responses that do not address the root causes of higher prices. A balanced approach should examine market structure and bargaining power where they affect competition, while also recognizing the practical cost drivers that move through the entire supply chain. Measures that improve affordability should therefore support stronger supply-chain resilience, more efficient border and inspection processes, predictable labour programs, investment in cold-chain and wholesale infrastructure, practical regulatory alignment, reduced food loss and waste, and clearer consumer pricing information. The goal should be to improve competition and transparency without implying that all food affordability challenges are caused by retail concentration and anti-competitive behaviour.

Summary of Potential Measures

Policy area	Potential measure	Competition rationale
Labour	Improve predictability and efficiency of labour programs while maintaining worker protections.	Supports continuity of production, packing and distribution.
Regulatory alignment	Reduce duplication and improve coordination across jurisdictions.	Lowers compliance costs and supports new entrants and smaller firms.
Transportation	Prioritize perishable goods during disruptions and invest in cold-chain infrastructure.	Improves reliability, reduces waste and supports market access.
Technology	Support affordable adoption of traceability, forecasting and shipment visibility systems.	Helps small and medium-sized firms meet buyer and regulatory expectations.
Retail transparency	Strengthen practical unit pricing and clearer promotion/loyalty disclosures.	Improves consumer comparison without undermining legitimate produce pricing flexibility.
Market access	Maintain open trade channels and efficient border processes.	Supports year-round supply and competitive sourcing.
Food affordability	Assess affordability through a full supply-chain lens, including costs, perishability, logistics, labour, climate and regulatory factors.	Avoids over-attributing consumer prices to retail concentration while still recognizing market structure where it affects competition.

Competition in the fresh fruit and vegetable sector must be understood in the context of perishability, speed of transaction, commodity markets, supply volatility and consumer demand for year-round availability. Market concentration, especially in downstream retail and some logistics or input segments, can affect bargaining leverage and market access, particularly for smaller businesses. However, many pricing and availability outcomes also reflect legitimate market forces such as weather, seasonality, labour shortages, freight costs, border conditions and global supply-demand dynamics. The most effective policy response would be balanced: strengthen transparency, reduce unnecessary barriers, improve supply-chain resilience and support smaller businesses without creating rigid rules that reduce flexibility in a highly dynamic sector.

We thank you in advance for your consideration of the comments shared above. CPMA and our members are happy to serve as a resource and to answer any questions you may have as this examination moves forward.

Sincerely,

Ron Lemaire
President
Canadian Produce Marketing Association