



Canadian Federation of Agriculture (CFA) Submission

TREASURY BOARD SECRETARIAT

Regulatory modernization – Request for stakeholder comment

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The Canadian Federation of Agriculture:

This submission represents the official position of the Canadian Federation of Agriculture (CFA), Canada's largest farmers' organization, through its members representing approximately 200,000 Canadian farmers and farm families from coast to coast. CFA was formed in 1935 to answer the need for a unified voice to speak on behalf of Canadian farmers. It continues today as a farmer-funded, national umbrella organization representing provincial general farm organizations and national commodity groups. The CFA's mission is to promote the interests of Canadian agriculture and agri-food producers - including farm families - through leadership at the national level, and to ensure the continued development of a viable and vibrant agriculture and agri-food industry in Canada.

CFA works to coordinate the efforts of agricultural producer organizations throughout Canada for the purpose of forming and promoting national agricultural policies to ensure Canadian agriculture remains profitable, competitive, and has the stability needed to innovate and adapt to meet changing domestic and international conditions.

CFA's Perspective:

Regulatory modernization remains a priority for CFA as part of the broader agri-food economic strategy. Canada struggles with cumbersome, costly regulations, resulting in delayed access to innovative products and lost efficiencies. Modernizing regulations is critical to the continued growth of the sector, enabling both the adoption and development of innovative products and techniques.

With the ongoing imposition of new and increasingly complex regulatory requirements, farmers face unprecedented pressures on their ability to remain profitable and competitive in domestic and global markets. The introduction of multiple, concurrent regulatory demands has created a difficult environment for farmers, as price-takers, to compete and achieve Canadian agri-food growth targets from Budget 2017.

CFA strongly supports continuation of the Treasury Board Secretariat-led regulatory modernization initiative announced in Budget 2018, and believes its mandate should be expanded to review the cumulative impact of regulatory burdens through a whole-of-government approach, while exploring innovative regulatory approaches through international benchmarking and best practices. The following submission outlines how accelerating regulatory assessments and approvals will spur improvements in production, food safety, environmental performance, and long-term growth.

A brief summary of the recommendations outlined throughout this submission include:

- 1. Science-based PMRA Evaluations and Re-evaluations:**
- 2. Bill C-68 - Streamline Regulations:**
- 3. Qualifying Farming Fuels in the Greenhouse Gas Pollution Pricing Act:**

4. **A Modernized Regulatory Framework for Plant Breeding Innovations:** The Canadian Food Inspection Agency explore a tiered, risk-based regulatory framework for plant breeding innovations in consultation with industry, with further resources employed to support international leadership in communicating the benefits of a rational, science-based regulatory framework for the approval of plant breeding innovations.
5. **Canadian Agri-food's Labour Shortages:**
 - a) Adopt a 2-year transitional period for biometrics collection to alleviate processing delays for Temporary Foreign Workers, while expanding opportunities for biometrics collection in Mexico, the Caribbean, and within Canada.
 - b) Establish a more transparent and inclusive definition of primary agriculture for the purposes of Canada's Temporary Foreign Worker Program.
 - c) Undertake an agricultural immigration pilot founded on this definition to provide pathways to permanent residency for workers with appropriate skills and experience to fulfill in-demand agri-food positions.
6. **Proposed Front-of-Pack (FOP) Labelling Review:** Undertake a comprehensive review of the evidence base, costs, and benefits associated with proposed front-of-package labelling regulations that considers more efficacious alternative approaches.
7. **Interprovincial Regulatory Harmonization:** Support the Canadian Free Trade Agreement's Regulatory Cooperation and Reconciliation process with the resources required to complete the current work plan and support the continued development of annual work plans with clear objectives and timelines.

1. Science-based PMRA Evaluations and Re-evaluations

CFA strongly commends the PMRA's effort to create a clear, agile and responsive regulatory structure through engagement in this review. Pest management is crucial for farmers to produce the safest and highest quality foods possible. For this work to be efficient and effective, farmers require a science-based regulatory system and a government committed to providing the necessary tools.

In light of this shared value, it is important to address PMRA's regulatory requirements on Maximum Residue Limits (MRLs) as an impediment to competitiveness in Canada's agricultural sector. Access to emerging pest management products used by our competitors is key to Canada's presence in global markets. Unfortunately, this access is impacted by vastly lower MRLs on these products in Canada, despite available evidence that these thresholds are overly conservative. Specific to neonicotinoids, impacted stakeholders cite the National Honey Bee Health Survey's 2017 Interim Report, which indicates no ill effects to bee populations despite the presence of Imidacloprid in stored pollen well above MRL thresholds.

Recommendation: The Government should address these irritants by fulfilling PMRA's Regulatory Directive DIR 98-02, *Residue Chemistry Guidelines* – which furthers regulatory harmonization by considering chemistry reviews by the United States Environmental Protection Agency as acceptable to support MRLs here in Canada.

The Government should also fulfill PMRA Regulatory Directive 2016-04, *Management of Pesticides Re-evaluation Policy* (“DIR2016-04”), which requires collaboration with stakeholders to improve the quality of new scientific information. The above information on neonicotinoids is one of many such candidates for consideration in this process, further addressed in the following point.

Recommendation: To facilitate consideration of new data, PMRA must improve regulatory practices specific to seeking early input from the most affected stakeholders during the re-evaluation process. Most crucially, analysis of early input must be carried out transparently. This irritant has acutely impacted Mancozeb stakeholders, whom after an initial cancellation proposal of four uses in 2013, saw a cancellation of all uses in 2018 without notice or consultation. The CFA again calls on PMRA to implore DIRD2016, specifically to engage in transparency through issuance of technical briefings in advance of final decisions.

With respect to opportunities for regulatory experimentation in the agriculture sector, the *Pest Control Products Act* is currently constrained from including socio-economic considerations. While the *Act’s* concerns for human health and environment are of clear importance, sole focus on these risks fails to consider the impact on the ability of farmers to efficiently and competitively produce food.

Recommendation: The CFA believes there is further opportunity to integrate cost-benefit analysis into regulatory decisions resulting in cancellation of registration. The identification and mitigation of socio-economic risk would strengthen farmers trust in pest management regulation, serving the common value of sustainable food security for Canadians.

2. Bill C-68: Streamline Regulations

The CFA also commends Fisheries and Oceans Canada (FOC)’s invitation for consultations on Applications for Authorizations under the Fisheries Act Regulations. Such consultation is crucial to provide better certainty for industry in efforts to ensure the long-term sustainability of marine resources.

Recognizing this shared goal, it is important to address the uncertainty caused by recent amendments pertaining to the definition of fish habitat under Bill C-68, *An Act to amend the Fisheries Act and other Acts in consequence*. As the FOC’s recent consult does not cover these amendments, the CFA will address their regulatory impact on the agri-food sector, that are worth addressing in this forum.

Amendments in the Bill’s first reading revised the definition of fish habitat to mean “*water frequented by fish and any other areas on which fish depend directly or indirectly to carry out their life processes, including spawning grounds and nursery, rearing, food supply and migration areas*”. While this definition would likely prove acceptable with minor clarifications, the second reading amendments included a section pertaining to “Deeming – Fish Habitat” which stated “*For the purposes of this Act, the quantity, timing and quality of the water flow that are necessary to sustain the freshwater or estuarine ecosystems of a fish habitat are deemed to be a fish habitat*”.

The CFA acknowledges that the Bill has not received royal ascent and that these amendments do not presently have immediate regulatory impact on the agri-food sector. With that said, it is appropriate to address their potential future impact, which could cause regulatory requirements that impede economic development and

competitiveness in Canadian agriculture. The inclusion of wording specific to “*quantity, timing and quality of water flow*” causes stakeholders great uncertainty as to whether the definition of fish habitat will be deemed to include water not accessible to fish (e.g. rainwater pooling on cropland) but that may eventually reach fish habitat due to run-off caused by heavy rain. In that event, draining such pooling may be subject to Application for Authorization under Fisheries Act amendments – increasing regulatory burdens for producers. This uncertainty is a great irritant, one that the Government should address by explicitly exempting cropland pooling from the definition of Fish Habitat.

Recommendation: The Government should further experiment with streamlined regulations to allow producers to mitigate intrusions of fish habitat (e.g. flooding from water to which fish may have access) onto agricultural land. The renewability of resources, be they produce or fish, is crucial to both fisheries and agriculture. Common trust must be established through regulations that are fair to both.

3. Qualifying Farming Fuels in the Greenhouse Gas Pollution Pricing Act

The CFA commends Environment and Climate Change Canada for consulting with stakeholders regarding changes to the Greenhouse Gas Reporting Program. Agricultural land is a great asset to carbon offsetting, and the CFA will work to ensure that this value is recognized. While engagement in consultation is currently underway, it is important to use this forum to address the potential regulatory impacts of the *Greenhouse Gas Pollution Pricing Act (the GGPP Act)* on the agri-food sector.

The GGPP Act was enacted under the Budget Implementation Act (*the BI Act*), which received royal assent on June 21st, 2018. *The GGPP Act's* regulatory requirements have potential to impede competitiveness in the agri-food sector. Carbon pricing has potential to significantly increase the cost of doing business for agricultural producers. As price takers in the market, producers do not have an opportunity to pass on the additional costs of a carbon price to their customers. In fact, it is more likely that increased costs of the processor or distributor will be downloaded to producers who must compete in many cases on a price set by global markets. Coupled with this is that fossil fuel use in agricultural production tends to be highly price inelastic; meaning that an increase in the price of fuels - from the application of a carbon price or otherwise - does not affect a farmer's consumption of those fuels in the process of producing food. In essence, farmers need to continue consuming fuel to meet Canada's growing demand for food security.

In light of the above facts, concern has been raised regarding the absence of “natural gas and propane” from the definition of qualifying farming fuels subject to exemption under *the GGPP Act's* Application of Charge. This is compounded by the absence of “heating and cooling of a building for agricultural production, including greenhouse vegetable and ornamental production” from the Act's definition of *Eligible Farming Machinery*. This particular absence would mean that heating and cooling machinery needed to produce and maintain quality vegetables and ornamentals would not be eligible for an exemption certificate. These fuels and activities are crucial to agricultural production, and should be considered for any exemption under *the BBPP Act*.

Recommendation: To address these irritants, the Government should amend *the BI Act* to add “natural gas and propane” to be included the definition of *Qualifying Farming Fuel*, and “heating and cooling of a building for

agricultural production, including “greenhouse vegetable and ornamentals production” to the definition of *Eligible Farming Machinery*. Furthermore, inconsistency in interpretation should be eliminated within the regulations by explicitly stating *the BBPP Act’s* intent to use the Canadian Revenue Agency’s definition of farming under Income Tax Folio S4-F11-C1. This confirmation would add clarity in future applications of the regulations.

Recommendation: The CFA also sees opportunity for regulatory experimentation with carbon offsetting under the Pan-Canadian Framework on Clean Growth and Climate Change. The CFA supports the development of a national carbon offset program that provides meaningful recognition of agricultural activities; financially supports the maintenance of existing carbon sinks, including wetlands, forests and grasslands; implements effective and cost-efficient verification; provides fair price to producers for voluntary sequestration or emission reductions; allows stacking of credits; reflects the diversity of different agriculture sectors; and recognizes the actions of farmers. With respect to The Framework’s Carbon Offset Project Team’s recent consultation, the CFA echoes its support for agriculture to be recognized as an eligible carbon offset sector, and for any offset program to include all of the facets listed above.

4. Appropriate Labelling of Feed Products

Feed product labels are currently not allowed state benefits regarding how they reduce pathogens. Stating these benefits on labels requires these products to be registered as drugs through Health Canada. This is despite the fact that there are many non-drug products that act in the gut-biome of animals to reduce pathogen levels. Reduction of these pathogens is a crucial priority for all levels of government, one they rely on industry to fulfill. In turn, industry relies on regulatory innovation to ensure the widespread success of these products’ benefits. As such, this regulatory process hinders manufacturers from including these benefits on labels and prevents industry and government from reaching the mutual goal of reducing pathogens.

Recommendation: To address this irritant, Health Canada and the CFIA should examine new avenues to provide the agriculture sector the tools needed to succeed. Evidence-based claims for the physiological benefits of gut-flora should be included on feed labels. Such policy and regulatory changes would allow Canada to ensure the success of this crucial innovation.

5. Appropriate Classification of Microbial Products as Feed Additives

The CFA recognizes that the classification of microbial products is an evolving process. While progress is being made, there is concern that recommendations from the Pan-Canadian Framework for Action and House Standing Committee on health are not reflected in current classifications of viable microbial products. These products require appropriate label claims and classification to reduce mislabeling and facilitate increased access on the Canadian market.

Recommendation: Health Canada and CFIA should use this classification as an opportunity to explore pathways to providing the agriculture sector the regulatory tools needed to succeed. Options include extending the list of

feed claims and including the administration of these products via water and feed under the Veterinary Health Products Program.

6. A Modernized Regulatory Framework for Plant Breeding Innovations

The Canadian government plays a critical role in regulating plant breeding innovation through independent health and safety assessments, while providing international leadership in the promotion of rational, science-based regulatory systems.

However, Canada's regulatory framework for plant breeding innovations and new varieties adopts a one-size-fits-all approach to the approval of novel traits. The interpretation of this regulatory framework continues to pose significant barriers to entry for innovators, as the cost and timelines associated with product approvals is uncertain. For new products seeking introduction to the Canadian marketplace, regulators are often unable to confirm a clear decision pathway, or provide guidance as to the regulatory requirements confronting a given product innovation. The costs associated with this uncertainty are difficult to quantify or assess, as many products that might otherwise contribute to yield or other agronomic improvements are either significantly delayed or never make it to Canadian producers in the end.

While the product-based focus of Canada's regulatory approach presents an opportunity to demonstrate this international leadership, exporting the Canadian model is only possible if it is based on sound scientific evidence and has predictable, consistent decision pathways for the interpretation and delivery of a science-based regulatory framework. Industry value-chains have a critical role to play in assessing the level of market acceptance and the potential consequences associated with production and marketing of any new innovations, but a sound, science-based, health- and safety-focused regulatory approach is essential as a foundation to ensure Canadian agri-food value chains are in a position to explore the opportunities presented by innovations derived from emerging plant breeding technologies, like CRISPR gene-editing, and determine a path forward.

Canada's regulatory framework cannot be one-size-fits-all for plant breeding innovations, as it must accommodate the diversity of approaches required by plant breeding innovations taking place across diverse sub-sectors, and remain adaptive to emerging plant breeding technologies. Without clear and consistent interpretation of Canada's regulatory framework, Canadian producers will continue to lose ground in international markets, with innovators unable to assess the costs and timelines associated with seeking regulatory approval in Canada. CFA recommends that the Canadian Food Inspection Agency explore a tiered, risk-based regulatory framework for plant breeding innovations, through consultation with primary producers across all commodities and their respective value chain partners.

Recommendation: A streamlined, risk-based approach is required to provide innovators with certainty regarding regulatory requirements, including up-front clarity as to the timelines and investments involved in moving a product through the regulatory system. A tiered, risk-based approach that provides this clarity will see increased competition in plant breeding, with a greater diversity of new products being brought forward to the Canadian marketplace across all crop types.

Recommendation: Additional resources should be provided to the Canadian Food Inspection Agency to support leadership in international fora, where Canada has an important role to play in communicating the benefits of a



rational, science-based regulatory framework for the approval of plant breeding innovations. The benefits of such investments include reduced technical barriers to trade, increased opportunities to export Canadian plant breeding innovations, and greater access to innovative technologies for Canadian producers.

7. Canadian Agri-food's Labour Shortages

The lack of available labour to meet Canadian agri-food's diverse needs represents one of the most significant constraints on the competitiveness and sustainability of Canada's agri-food sector. In 2016, the Canadian Agricultural Human Resource Council (CAHRC) documented agricultural labour market information that shows Canada's primary agriculture had a labour shortage of approximately 59,000. This shortage is forecast to increase to 114,000 by 2025. At the time, farmers identified losses of \$1.5 billion due to unfilled vacancies, while food processors continue to lose opportunities to add value to carcasses and pursue international sales due to the limited, uncertain labour pool available to them.

As a sector that employs 1 in 8 Canadians, unfilled vacancies and lost opportunities threaten the viability and competitiveness of Canadian agriculture and place existing jobs in peril. 88% of Canada's agricultural workforce is comprised of Canadian workers but is supported by the remaining 12%, comprised of Temporary Foreign Workers through the Seasonal Agriculture Worker Program (SAWP) and the Agricultural Stream, when Canadians do not apply for on-farm jobs.¹

A Transparent and Expansive Definition of Primary Agriculture

Roughly half of the paid employees are seasonal. The majority of the jobs offered on field fruit, vegetable, and grain and oilseed farms do not generally provide year-round work. Where Canadian workers are not applying to these seasonal jobs, timely and consistent access to international agriculture and agri-food workers is needed.

In the short term, the Government of Canada needs to ensure Canada's international farm worker programs are available to provide timely and efficient access to international workers when Canadians are not available. Current definitions of primary agriculture, both in the Temporary Foreign Worker Program (TFWP) and in the *Immigration and Refugee Protections Regulations*, continue to create inefficiencies and undue barriers for farms and other agri-food businesses looking to bring in international workers.

Primary producers rely on multiple streams of the Temporary Foreign Worker Program, with significant variations in program requirements. The National Commodities List (NCL) dictates whether an employer can access SAWP or the primary agriculture stream, rather than the low-wage stream of the program. The NCL is an opaque system, creating undue complexity for producers and inefficiencies in accessing much-needed labour.

However, the primary agriculture definition within *Immigration and Refugee Protections Regulations* provides specific parameters for the definition of primary agricultural work.² Through the ongoing primary agricultural review of the TFWP, CFA recommends that a refined version of the definition in the *Immigration and Refugee*

¹ <https://cahrc-ccrha.ca/programs-services/agrilmi/national-data>

² Section 315.2 of the *Immigration and Refugee Protections Regulations*

*Protections Regulations*³ be adopted for the 2020 production season, providing a more transparent definition of primary agricultural work. This definition must recognize that modern, value-added agriculture includes on-farm production practices and primary processing to get products to market. For example, primary agricultural operations in the fresh fruit and vegetable sector is highly integrated, requiring workers to participate in harvesting activities, transportation of products, and primary processing, to achieve necessary efficiencies.

Recommendation: The current regulatory definition of primary agriculture is overly restrictive, limiting farm operations from undertaking practices that are essential to capture opportunities in modern agri-food markets. CFA recommends that the definition of primary agriculture includes transportation and primary processing of products from a given farm, thus enabling farm workers to participate in the full continuum of work that now comprises primary agricultural production.

Agri-food Pathways to Permanent Residency

To help address in year-round agricultural work on a more permanent basis, the Government of Canada must ensure pathways to permanent residency by modernizing Canada’s immigration regulations, which continue to limit access to immigration for agriculture and agri-food employees. Farm workers face many immigration obstacles that are further challenging the agri-food sector to fill extensive job vacancies.

There is no federal pathway to permanent residency for low-skilled and semi-skilled farm workers, despite the unique technical skills they require. In 2016 IRCC’s Express Entry program devalued existing job offers, leaving experienced farm workers and specialized livestock technicians without a federal immigration option. At the same time, many Provincial Nominee Programs similarly exclude ‘low-skilled’ occupations. This is made more problematic by prescriptive educational and language criteria in federal and provincial immigration programs that do not match the skills & experience needed for farm occupations

Meanwhile, rural immigration settlement is not a priority for primary settlement. There is no screening for agriculture experience, skills and interest, and no incentives to settlement agencies to settle immigrants outside of urban centers.

However, half of on-farm work provides full-time, year-round jobs. This split between year-round and seasonal labour needs is shared by Canada’s primary processors. **Table 1** describes the job vacancy rates in 2014, the number of Temporary Foreign Workers (TFWs), and the labour gap for seven primary agriculture commodities that offer year-round occupations. As this data suggests, year-round agricultural vacancies would benefit from more immigration options.

Table 1:

		2014						
Year-round Commodities	NAIC Codes	Labour Demand	Employment	Unfilled Vacancy Percentage %	Unfilled Vacancies	TFWs	Labour Gap (Unfilled Vacancies +TFWs)	Economic Impacts of Unfilled

³ Ibid

								Vacancies (Millions)
Greenhouse	1114	63,475	60,629	4	2,846	17,024	19,870	\$100 M
Beef	11211	44,411	40,864	8	3,547	298	3,845	\$141 M
Dairy	11212	43,289	39,866	8	3,423	244	3,667	\$71 M
Swine	1122	14,883	13,992	6	892	411	1,303	\$170 M
Poultry & Egg	1123	15,876	15,626	2	249	198	447	\$6 M
Sheep, Goat, Lamb	1124	39,23	33,28	15	595	3	598	\$8 M
Aquaculture	1125	44,25	39,77	10	448	5	453	\$57 M
		190,282	178,282	7.5	12,000	18,183	30,183	\$553 M

CAHRC AgriLMI Research 2014

By facilitating consistent access to international workers through the TFWP and enhanced economic immigration opportunities, these lost sales and market opportunities could be captured. Budget 2017 and the Federal Advisory Council on Economic Growth identified the immense economic potential of the Canadian agriculture and agri-food sector, setting an ambitious growth target of \$75 billion in agri-food exports by 2025. CFA believes the agri-food sector is primed to surpass this target, as well as create jobs and economic opportunities for all Canadians in regions all across Canada.

Recommendation: CFA recommends amending educational and language requirements in both federal and provincial immigration programs to accommodate farm and agri-food needs, while increasing the value attributed to existing job offers for in-demand positions.

The aforementioned, improved definition of primary agriculture would also provide a clear foundation through which agricultural economic immigration should be prioritized through the creation of an Agriculture Immigration Pilot, modelled off of the Atlantic Immigration Pilot, allowing farm workers employed in year-round jobs to use this stream where access through a Provincial Nominee Program is unavailable. This must be supported through the provision of targeted rural settlement support. Similar to the hotel sector, a pilot should be established to facilitate agricultural employers in connecting with incoming refugees and new immigrants.

Biometrics Expansion

Furthermore, as of December 31, 2018, all foreign workers will be required to provide biometrics information to obtain entry into Canada. In the 2017-2018 season, Canadian agriculture applied for 57,987 temporary foreign workers to address job vacancies throughout the sector. More than two-thirds of these applications were for seasonal workers to address acute seasonal labour needs, with 42,815 applications to the SAWP, which sources workers exclusively from partner countries in Mexico and the Caribbean. There are currently only three Visa Application centres across this entire region, leaving prospective workers having to travel great distances at their own expense to provide biometrics information. This will create additional delays in the processing of applications during peak periods early in 2019, while imposing undue costs on workers. While workers from

visa-exempt countries can provide their biometrics at points of entry into Canada, current regulations⁴ explicitly prohibit this for SAWP workers. This regulatory impediment will create significant barriers and uncertainty for many farm businesses, potentially causing further lost sales and opportunities in the 2019 season.

Recommendation: Given that biometrics information must only be collected once every ten years, the delays, processing issues, and labour uncertainty facing farm businesses looking to hire international farm workers will be exacerbated for the 2019 production season. CFA strongly recommends three measures for immediate implementation:

- A 2-year transitional period for initial biometrics collection be implemented to prevent additional delays;
- Establish additional biometrics collection locations, temporarily, in Mexico and throughout the Caribbean to accommodate the number of workers requiring biometrics for 2019; and
- Allow regularly returning seasonal Temporary Foreign Workers to provide their biometrics information at Canadian locations while already in Canada.

8. Proposed Front-of-Pack (FOP) Labelling Review

The Healthy Eating Strategy represents a coordinated approach to help consumers make informed, healthier choices as part of Health Canada’s broader mandate “to promote health and safety and to prevent injury to health, develops and promotes evidence-based, national food and healthy eating policies and standards to help ensure the safety and nutritional quality of food and enable Canadians to make informed decisions in relation to their health and safety.” CFA strongly supports these objectives.

However, recently proposed Front-of-Package (FOP) labelling regulations⁵ focus on three nutrients of public health concern, providing dietary guidance that will unduly and negatively affect domestic consumption of some Canadian agri-food products because the proposed approach fails to reflect the best available scientific evidence. As a result, this proposed approach will create misalignment between Canada and its major trading partners and limit consumers’ options, while creating an additional disincentive for value-added food processing companies looking to Canada as a means of investing in what is a highly integrated North American market. This approach holds the potential to drive costly reformulations and change consumption habits without promoting diets that actually improve overall health outcomes.

Support for this approach is grounded in assumptions that lack evidence, such as the estimated 1.5% annual reduction in direct and indirect health costs attributed to this proposed approach in the Canada Gazette 1 Regulatory Impact Analysis Statement (RIAS). The same RIAS identifies a one-time implementation cost for industry of \$836.95 million, which falls well short of the \$1.8 billion⁶ in net costs identified in a report prepared for AAFC’s Food Processing Industry Value Chain Roundtable. The RIAS further references a range of costs that are deemed ‘non-quantifiable’, including that:

⁴ Immigration and Refugee Protection Regulations, R198(2)(a)(i)

⁵ Canada Gazette Part I. Regulations amending certain regulations made under the Food and Drugs Act (nutrition symbols, other labelling provisions, partially hydrogenated oils and vitamin D). 2018-02-10 Vol.152, No.6

⁶ Food Processing Industry Roundtable Regulatory Initiatives Working Group Response to Labelling Changes Proposed by Health Canada and the Canadian Food Inspection Agency, June 2017.

- “Increases in labelling costs may have to be absorbed by Canadian consumers due to increases in food prices to recover costs.
- Opportunity costs lost from product innovation in order to comply with proposed Regulations in approximately three years.
- Loss of market share due to carrying an FOP nutrition symbol.”⁷

These potential impacts are further compounded by the fact that proposed FOP labels would see Canada significantly diverge from the approach taken by other major trading partners during a period of increasing global trade instability. When considered alongside recent US tax reforms, rising labour and energy costs, and a number of disruptive trade policy developments, the introduction of mandatory FOP labels presents an additional disincentive for companies looking to invest in an otherwise highly-integrated North American agri-food market.

A more comprehensive analysis would ensure the most effective approach is adopted, contributing to improved health outcomes for Canadians while preventing the imposition of an unnecessary trade irritant to Canada’s major trading partners. Furthermore, this would prevent the imposition of an additional disincentive to investment in Canadian food processing at a time when Canada continues pursue ambitious export growth targets set for the sector by the Government of Canada and the Advisory Council on Economic Growth.

Recommendation: CFA strongly advocates for a truly comprehensive cost-benefit analysis of proposed FOP labels that includes a transparent dialogue with all stakeholders on the evidence base informing a nutrient-specific approach, as well as the full spectrum of costs and benefits associated with the proposed labels.

This analysis should be conducted in alignment with the broader TBS regulatory review, while aligning with the recommendations put forward by the agri-food economic strategy table, to provide the whole-of-government perspective needed to lend critical context and incorporate consideration of the cumulative regulatory burden facing the agri-food sector. This review should inform further consideration as to whether FOP labels are the most effective means of informing consumers on healthy eating habits, and as such, alternative approaches should be considered as part of this analysis.

9. Interprovincial Regulatory Harmonization

CFA has long been a proponent of including regulatory alignment discussions in any trade negotiations. Real market access opportunities derived from trade agreements are often hindered by regulatory impediments, technical trade barriers, and a variety of trade irritants as a result of different regulatory regimes in the respective countries. Once borders are open, regulation should be harmonized to the highest level, without compromising health, safety and the environment. The same holds true for inter-provincial trade. Trading between provinces sometimes seems more difficult than trading internationally, because of significant differences in provincial regulatory regimes. CFA welcomed the inclusion of the Regulatory Reconciliation and

⁷Canada Gazette Part I. Regulations amending certain regulations made under the Food and Drugs Act (nutrition symbols, other labelling provisions, partially hydrogenated oils and vitamin D). 2018-02-10 Vol.152, No.6



Cooperation Table (RCT) in the Canadian Free Trade Agreement (CFTA) to establish a formal process to work on inter-provincial regulatory alignment.

A good example is in the transportation sector. CFA, together with member organizations, have just come through a fairly intensive consultation process on grain rail transportation, leading up to the passage of Bill C-49, which left no doubt as to the importance of removing all the barriers to competitiveness that we can identify in grain transportation. But it was also a good reminder that the importance of eliminating competitive barriers is not limited to the grain industry or to rail transportation.

CFA members across Canada made note of the fact that weight limits/axle configurations imposed on our trucking industry vary considerably both between provinces, and between Canada and the United States. This poses a considerable trade and transportation irritant given the volume of agricultural goods moving across Canada and to the U.S. by road. In fact, this barrier is not exclusive to agricultural products. Recent reports indicate that close to 60% of goods exported to the U.S. are transported by truck.

The RCT recently circulated their first work plan for 2018-19⁸, which outlined a formal process with intent to address a range of regulatory barriers. CFA supports this work plan, and the recommendations included within it, as an important step forward in addressing a number of long-standing regulatory irritants. For example, on transportation the work plan included the following:

- 1) Transport Wide Base Single (WBS) Tires – WBS tires are wider tires that replace dual tires, that can allow trucks to carry similar weights with less wear on tires and increased fuel economy, which reduces the carbon footprint of the trucking industry. The patchwork of regulations and allowances across the country result in several barriers for the trucking industry.
- 2) Transport Spring Weight Restrictions (TransCanada Highway) – Differing spring weight regulations require transport trucks, which are distributing goods across provincial boundaries on the Trans-Canada Highway, to abide by the lowest weight restriction.
- 3) Transport Size and Weight Restrictions (excepting Spring Weight Restrictions) – Trucking businesses have to contend with different trucking rules, depending on whether they are travelling inter-provincially or intra-provincially. Each province and territory is responsible for regulating the size and weights of trucks allowed on their highway systems.
- 4) Transport Electronic Logging devices – In Canada, electronic logging devices (ELDs) are not currently mandated for use in the trucking industry to track the consecutive hours of service (HOS) on the road; they are mandatory in the United States, affecting Canadian trucking companies.

In December 2017 Transport Canada (TC) proposed changes to the Federal Commercial Vehicle Driver's Hours of Service (HOS) Regulations, including the mandated use of ELDs for interprovincial travel. As provinces and territories consider mandating for intra-provincial travel, a consistent in approach will enable more accurate

⁸ <https://www.cfta-alec.ca/wp-content/uploads/2018/07/RCT-2018-2019-Work-Plan-List-of-Measures-Final-July-20-2018.pdf>



monitoring of a driver's HOS, enhance road safety, and provide a level and competitive playing field for all carriers.

Recommendation: CFA recommends that all orders of government prioritize the activities outlined in the CFTA RCT work plan, providing the resources required to address these regulatory irritants within the timeframes outlines. CFA also supports continuation of this process through annual work plans, with clear milestones and timelines laid out to address the regulatory barriers identified within any such future plans.