

Expanding Ontario's Export Capacity through Harmonizing Agri-Food Cross-Border Trade Regulations

Submitted by the Guelph Chamber of Commerce

- ❑ Taking advantage of new opportunities in the global economy

Issue:

The ability for Ontario's agri-food industry to swiftly and efficiently deliver their product to cross-border markets is hampered by cross-border trade inefficiencies.

Background:

Ontario-U.S. trade is valued at approximately \$180 billion annually. In 2012, Canada-US agri-food trade exceeded \$44B, in 2015 Ontario-U.S. agri-food trade exceeded \$10B. Canada-US agri-food trade involves a wide range of fresh, processed and frozen foods, beverages, floral and nursery products, pre-packaged consumer foods/beverages and bulk shipments of grains, oilseeds, food oils among other products. There are differences in legislation, regulatory authority, coverage, standards, measurements and in the handling of real and perceived risks of agri-food product trade to the other nation's domestic food safety, environmental security and responsiveness to its own public. It is clear that some of these different regulatory challenges can and do limit smooth cross border movement however, the Canada/US agri-food trade is Canada's largest bilateral relationship.

For Canada/US cross border trade, it is critical that the scarce public and private resources focus increasingly on those product shipments not in line with border measures. This should, in turn, result in allowing greater amounts of trade-including agri-food trade, to flow more easily. These day-to-day operational challenges tend not to be reflected in trade policy analyses, but they do affect overall product movements between the two countries, and ultimately the competitiveness of those traded products.

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. As an exporting nation, Canadian businesses are dependent on smooth, fast and free trade. The RCC is an essential program for identifying impediments to trade across numerous sectors. Canadian businesses are sure to see tremendous benefit when RCC recommendations are implemented. Both Prime Minister Justin Trudeau and President Barack Obama have committed to a strong U.S. – Canada working relationship.

Currently, there are 10 inspection centers conducting food product re-inspection at the U.S. border. These privately owned businesses charge exporters large fees to conduct a second inspection of the food product, rendering one of the inspections redundant. This lengthy process costs exporters both time and money, increasing compliance cost for Ontario's agri-food industry. By harmonizing inspection protocol with the U.S. these redundant border inspections can be eliminated.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Urge the federal government to recommit to the principles of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on agri-food products between Canada and the United States of America with a specific focus of eliminating the re-inspection of agri-food.