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Via email: CUSMA-Consultations-ACEUM@international.gc.ca
Attention: *CUSMA Consultations*

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Subject: FVGC Comments on CUSMA- Fresh Produce Priorities

Introduction

The Fruit and Vegetable Growers of Canada (FVGC) welcomes the opportunity to contribute to the Government of Canada's consultation on the modernization of the Canada–United States–Mexico Agreement (CUSMA). North American trade in fresh produce relies on a shared commitment to open markets and integrated logistics. CUSMA has supported those outcomes by enabling reliable cross-border movement, fostering commercial relationships, and ensuring year-round access to fresh fruits and vegetables for consumers across the continent.

Canada's horticulture sector is not seeking any fundamental changes to the existing trade agreement. Rather, it is calling for the preservation of key mechanisms that work, targeted improvements to practical issues that impact perishables, and recognition that trade in fresh produce is different from other agricultural goods. The primary interest of Canada's horticulture sector is to maintain the existing strong, reliable North American supply chain while making measured adjustments that reflect on-the-ground realities for growers and shippers.

Recommendations

The following seven recommendations identify issues affecting Canada's fresh fruit and vegetable sector trade under the Canada–United States–Mexico Agreement (CUSMA). They reflect operational realities faced by exporters and areas where targeted and measured improvements can strengthen the existing agreement's performance for perishable goods.

1. Ensuring Competitive Conditions in an Integrated North American Market

Canadian growers compete in an integrated North American marketplace where differences in domestic regulations, input costs, and government programs across borders increasingly affect pricing, production decisions, and access to customers. Domestic regulatory obligations related to carbon pricing, energy, packaging and extended producer responsibility (EPR), and data or compliance reporting add measurable costs to production and marketing decisions in Canada. In the United States, federally funded programs such as the Environmental Quality Incentives Program (EQIP), the Conservation Stewardship Program (CSP), and various loan and grant initiatives under the Farm Bill provide financial support for producers adopting climate-resilient and conservation-oriented practices. These programs can lower production costs, shift planting decisions, and influence market conditions across the integrated North American supply chain.

Since fresh produce markets are highly integrated at the retail level, these policy differences have a direct effect on competitiveness. Growers in all three CUSMA jurisdictions ultimately sell into the same distributor and retailer networks, which means production-cost asymmetries influence pricing, volume planning, and investment allocation. For example, a Canadian grower facing EPR and carbon-pricing requirements may compete for the same retail shelf space as a U.S. supplier who does not face equivalent compliance costs—directly affecting margins and buyer product selections. A stable and predictable agreement benefits from mechanisms that recognize these structural cost differences and help ensure that Canadian-grown product remains commercially viable in a common marketplace.

Recommendations

- Establish a formal trilateral information-sharing and consultation mechanism within the CUSMA cooperation architecture to track domestic policies—such as subsidies, regulatory costs, and environmental compliance measures—that have measurable impacts on horticultural production and trade flows.
- Consider targeted, time-bound Canadian measures (e.g., cost-share programs, tax credits, or regulatory adjustments) for export-oriented producers facing documented disadvantages arising from cross-border policy differences—while remaining consistent with international trade obligations.
- Re-establish a trilateral regulatory cooperation forum (modelled on the former Regulatory Cooperation Council) to assess how policy asymmetries affect buyer specifications, supply contracts, and market-access conditions across the continent.

2. Modernizing Customs Practices

Timely and predictable border crossings are essential to the trade of fresh fruits and vegetables due to the highly perishable nature of the products. Even brief delays at ports of entry can lead to spoilage, diminished quality, financial losses, or cancelled deliveries. While most shipments move without issue, the sector has recently observed increased inspection frequency, unanticipated secondary holds, and disruptions linked to system

outages or labour actions—even where documentation is complete and compliance requirements are met.

Standard border procedures are not always designed for the time sensitivity of perishables. Yet fresh-produce supply chains already employ real-time tracking, digital documentation, and third-party certifications to ensure compliance and transparency. The customs regime under CUSMA should recognize these operational realities and provide more responsive, streamlined processing for low-risk, fully compliant shipments. Building on existing CUSMA customs and trade-facilitation commitments, Trusted Trader/FAST programs, and the Canada–U.S. Perimeter Strategy (“Beyond the Border”) cooperation work, FVGC recommends a small, time-limited pilot to operationalize these tools for perishables—within current authorities and without creating a new program.

Canada can build on existing perimeter cooperation by pursuing a renewed North American perimeter strategy, supported by trilateral coordination through mechanisms such as the North American Plant Protection Organization (NAPPO). This coordination would strengthen plant health protections, support real-time intelligence sharing, and avoid fragmented responses that disrupt perishable trade.

Recommendations

- Pilot a time-definite “green lane” at a limited number of high-volume ports of entry for fully compliant fresh-produce shipments, using current Trusted Trader/FAST eligibility and e-manifest capabilities. Set clear service targets (e.g. inspection/processing windows) and publish basic on-time performance metrics to evaluate results before any scale-up.
- Develop joint contingency playbooks among CUSMA partners—leveraging existing bilateral arrangements—to manage rerouting, pre-clearance, and inspection triage during strikes, severe weather, or system outages, so perishable traffic is prioritized without new legislative changes.
- Promote mutual recognition of electronic documentation and compliance records (single-window/e-docs, audit trails, trusted-shipper status) to reduce manual checks and accelerate processing for low-risk loads, focusing first on the pilot ports.

3. Advancing Science-Based, Time-Bound Regulatory Cooperation

Fresh-produce shipments are increasingly affected by delays or rejections related to sanitary and phytosanitary (SPS) and technical barriers to trade (TBT), due in part to regulatory divergence, evolving labelling requirements, and increased inspection activity. These issues often arise even when there is no underlying food-safety concern. For perishables, even short administrative holds can render a shipment unsaleable. CUSMA’s SPS and TBT chapters provide mechanisms for science-based decision-making, but implementation has not kept pace with the time sensitivity of modern produce logistics. Lack of coordination or clarity undermines the predictability exporters require. Delays that might be tolerable for durable goods are catastrophic for fresh produce.

Recommendations

- Establish time-bound service standards for SPS/TBT determinations affecting perishables, with named escalation pathways once timelines are exceeded.
- Prioritize MRL alignment/equivalency where international standards exist or science supports it, and publish joint guidance to reduce ad-hoc holds.
- Create a fast-track resolution track for top horticultural commodities, using shared documentation templates and agreed data requirements to shorten review and release times.

4. Supporting Payment Protection Through PACA Reciprocity

Payment security is fundamental to the functioning of the fresh produce sector, where shipments often move rapidly, over long distances, and without upfront payment. The United States Perishable Agricultural Commodities Act (PACA) provides a deemed trust mechanism that protects sellers from default when trading within the U.S. market. For many years Canadian sellers lacked equivalent protection when selling into the United States market.

Canada's passage of Bill C280, which establishes a similar deemed trust regime, was a major step forward. However, Canadian sellers remain unprotected in the U.S. until PACA is amended to recognize Canada's system. That recognition depends on Canada demonstrating credible, transparent, and functional implementation of its own trust framework—including clear regulations, trustee obligations, and banking procedures.

Recommendations

- Complete implementation of the Canadian deemed trust system, including regulations, compliance guidance, and standard banking practices.
- Initiate formal discussions with the United States Department of Agriculture (USDA) and relevant Congressional stakeholders to secure PACA reciprocity for Canadian exporters.
- Monitor and assess the performance of Canada's trust system in collaboration with industry, ensuring it provides the credit assurance necessary for effective trade.

5. Enabling Rapid Cross-Border Mobility for Technical Specialists

The operation of export-critical infrastructure in the horticulture sector—including climate-controlled storage, greenhouse systems, packing lines, and quality control technology—relies on access to highly specialized technical personnel. When equipment fails, producers often require immediate service to prevent product loss or shipment delays. In many cases, the required expertise is located just across the border.

Current labour mobility provisions under CUSMA do not clearly include these specialized roles, creating uncertainty at the time of entry and resulting in delays that can compromise perishable shipments. These are not long-term immigration cases, but short-term, high-priority service interventions essential to maintaining continuity in fresh produce exports.

Recommendations

- Expand and clarify the list of eligible technical service roles under CUSMA labour mobility provisions to include time-sensitive, export-critical functions.
- Establish a rapid processing standard—within 48 to 72 hours—for technician entry requests tied to infrastructure or equipment failures affecting perishable goods.
- Create a verification protocol, jointly managed by industry and government, to validate the urgency and legitimacy of technician deployment for customs and immigration officials.

7. Advancing Cost Alignment in a Shared Market

Canadian horticulture producers are adapting to an expanding range of environmental and regulatory requirements, including fuel and energy cost pressures associated with carbon pricing systems, even in jurisdictions where the direct consumer carbon tax has been set to zero, as well as regulations relating to water use, packaging, and waste management. For example, greenhouse operations using natural gas for heating may still face costs under provincial or industrial carbon systems, even if exempt from the federal fuel charge. These obligations can raise production and compliance costs significantly. In contrast, similar rules are often absent or implemented differently in the United States and Mexico.

This divergence creates structural cost asymmetries that disadvantage Canadian growers competing in a common continental retail space. These challenges are compounded when major North American retailers adopt uniform supply chain standards, which may align with Canadian regulatory requirements but do not equalize the underlying cost of compliance across jurisdictions. While Canada's leadership on sustainability is important, these differences must be considered to maintain competitiveness for export-facing producers.

Recommendations

- Conduct benchmarking studies through the CUSMA framework to quantify regulatory cost asymmetries between Canada, the United States, and Mexico for horticulture producers.
- Introduce targeted offset or transition support for Canadian producers where clear and persistent asymmetries are identified.
- Engage with major North American retailers to promote harmonized compliance expectations that account for jurisdictional differences in regulatory obligations.

Conclusion

The free and open trade in fresh fruit and vegetables is a proven success story under the Canada–United States–Mexico Agreement (CUSMA). It depends on integrated logistics across borders and maintains strong commercial relationships with buyers in the United States and Mexico. Continued access to fair, predictable, and science-based trade is essential to preserve this success and ensure that fresh produce continues to move efficiently throughout North America. FVGC welcomes continued engagement with the Government of Canada as CUSMA negotiations move forward.

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The Fruit and Vegetable Growers of Canada (FVGC) represents growers across the country involved in the production of over 120 different types of crops on over 14,000 farms, with a farm gate value of approximately \$8 billion. FVGC is an Ottawa-based voluntary, not-for-profit, national association, and, since 1922, has advocated on important issues that impact Canada's fresh produce sector, promoting healthy, safe, and sustainable food, ensuring the continued success and growth of the industry.