

Enhancing Canada's Technical Market Access Capabilities for Agriculture

Recommendations Discussion Document

Presented to the
Beef Value Chain Round Table
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From the study undertaken by the
Canadian Cattlemen's Association
with involvement from representatives of the:

Canada Beef Export Federation
Canada Pork International
Canadian Beef Breeds Council
Canadian Livestock Genetics Association
Canadian Meat Council
Canadian Pork Council

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Overview

This discussion document presents recommendations on how Canada's technical market access capabilities can be enhanced to support continued growth in the volume and values of agricultural exports. The rationale for pursuing greater capabilities in this area include the fact that negotiations related to agricultural market access are often impacted by the unique and essential contribution of food products to the security and stability of any nation. Further, as agricultural tariffs are reduced there is a tendency in some markets to utilize technical barriers as a means of limiting imports. This reality supported the creation of the SPS Agreement during the Uruguay Round. Increasing technical barriers may also result from the growing global awareness of potential hazards to animal and human health which can motivate governments to put into place restrictions even when these concerns are largely a result of misperceptions by domestic consumers. It is also true that increased integration of global markets does warrant some additional safeguards which are appropriately reflected in SPS requirements for imported agricultural commodities.

In the most ideal scenario SPS restrictions in by key markets for Canadian agricultural commodities would be based on guidelines established by internationally sanctioned bodies such as Codex, OIE, and the IPPC. The reality of global trade is that these standards are often disregarded and as a result losses to Canadian agricultural economy are in the billions of dollars. Accordingly, there is urgent need to enhance Canada's capabilities to address technical market access issues recognizing their growing importance and the contribution of exports to the sustainability of plant and animal agriculture in Canada. In terms of meat production Canada is the fourth most export dependent country for beef and the most export dependent nation in the world for pork (see table 1 & 2).

Table 1: Beef Exports as a % of Total Production (Top 5 Countries)

Country	2003	2004	2005	2006	2007	2008p
New Zealand	80.50%	84.20%	83.50%	78.20%	78.00%	78.50%
Uruguay	72.20%	75.40%	81.20%	71.90%	67.80%	68.90%
Australia	61.00%	67.00%	67.20%	65.50%	64.10%	65.70%
Canada	32.20%	37.20%	36.20%	34.30%	35.70%	42.30%
India	22.40%	23.40%	27.90%	28.70%	29.00%	30.10%

Table 2: Canadian Pork Export Volumes by Year

	2002	2003	2004	2005	2006	2007
Total	827,378	924,345	931,287	1,030,497	1,037,966	996,985

Industry Initiatives supporting Agricultural Market Access

In recognition of the importance of market access Canada's agricultural sectors continue to enhance our animal health and food safety systems. In the beef and cattle sector the development of a global branding strategy based on the Canadian Beef Advantage (CBA) illustrates this commitment. At present this program serves to communicate related achievements including Canada's leadership in establishing the first mandatory national cattle identification system in North America. In the future, enhancements to traceability capabilities and expansion of on-farm food safety initiatives such as the Verified Beef Production (VBP) program will be central to maintaining and expanding market access.

The Canadian Beef Advantage initiative complements a direct investment by the Canadian Cattlemen's Association of approximately 1 million dollars per year in trade advocacy efforts.

Canada's pork industry has also worked diligently to enhance animal health and food safety controls which currently support exports to more than 100 countries worldwide. Approximately 70% of hogs born in Canada are produced in premises registered on the CQA® program. This HACCP based on-farm food safety program reflects the priority attached by hog producers to maintaining biosecurity and Canada's elite health status.

Enhancing Canada's Market Access Capabilities

To help achieve the vision of Canada as a world leader in agricultural market access the recommendations outlined in this text focus on the areas below;

- Export Focus and Mandates
- Government and Industry Collaboration in Market Access Initiatives
- Agricultural Technical Market Access Human Resources
- Information Resources that support Export Activities
- The Domestic Regulatory System and Agricultural Market Access

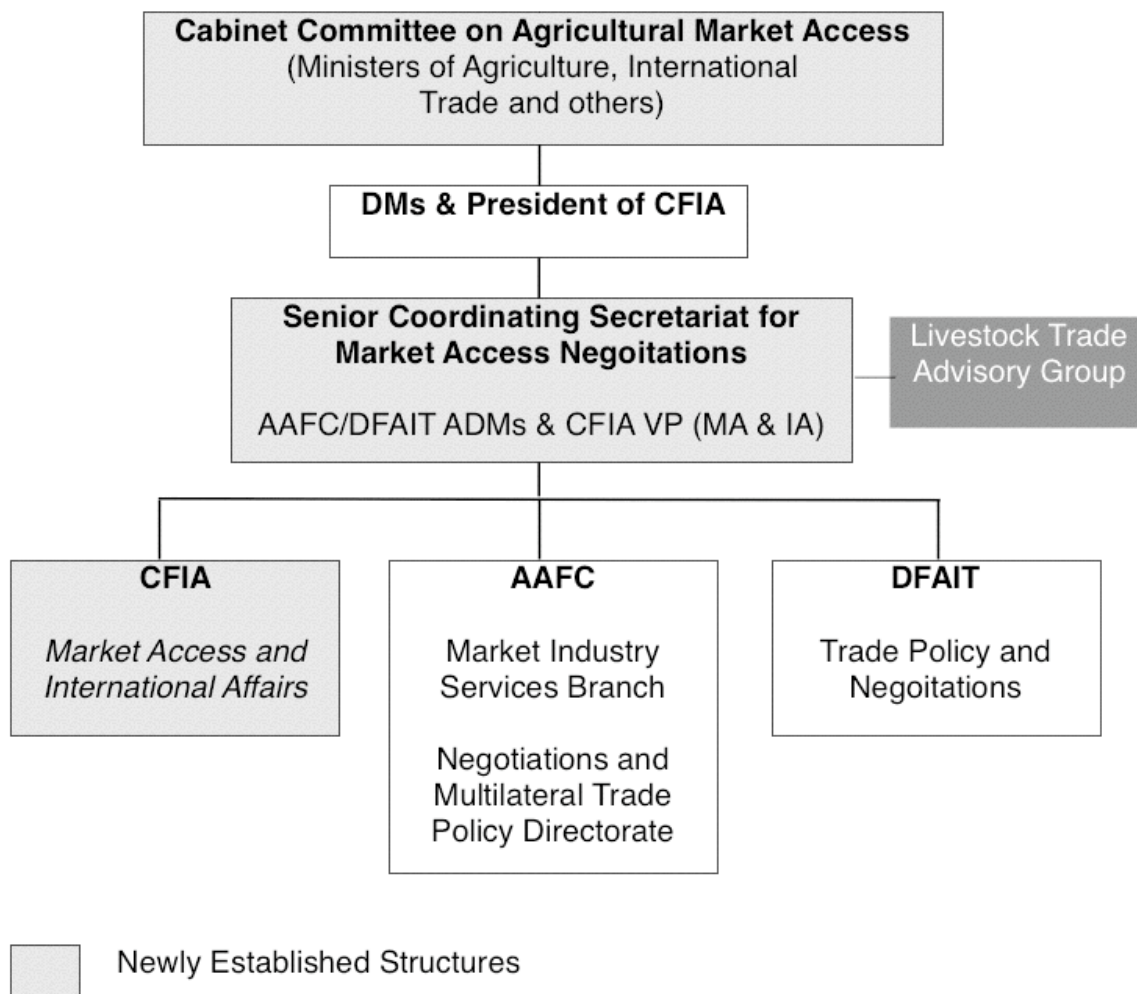
These recommendations have been produced from an examination of practices in New Zealand, Australia and the USA as well as personal perspectives provided by past and present representatives of the Government of Canada involved in market access negotiations and related fields. It is also important to note that while this document focuses on creating new or enhanced capabilities there is also recognition of the strong contribution of the existing resources within the Government of Canada (CFIA, AAFC, and DFAIT) and the Canadian agricultural industry.

While estimates of costs and timelines for implementation of these recommendations are being developed it is worthwhile to consider the potential benefits to the sector and to Canadians. An analysis of the premiums available in international markets for beef (relative to domestic pricing) indicates that for non-USA export markets approximately 80-90\$/head in additional value can be captured. For the Canadian pork sector the premium for non-USA export markets has been estimated at 19\$/head over domestic pricing. A significant portion of this value arises from capturing returns on portions of the animal which have limited value in Canada such as offals. In addition, export markets offer premium pricing on high value cuts such as middle meats. Export premiums could be as much as 270 million dollars for beef and 380 million dollars for pork if they could be captured on all cattle and hogs slaughtered at federally inspected plants in Canada in 2007. Further, the economic multiplier effect would result in larger benefits to the overall economy. While some investment is certainly necessary to enhance Canada's market access capabilities these amounts must be considered not as expenses but rather as an investment with significant returns.

Export Focus and Mandates

1) Establish a CFIA/AAFC/DFAIT *Senior Coordinating Secretariat for Market Access Negotiations* which reports to a *Committee of Cabinet*.

To support an enhanced profile for work to address barriers to agricultural trade and to ensure the highest level of coordination between AAFC, CFIA and DFAIT a Senior Coordinating Secretariat for Market Access Negotiations should be established. The Secretariat would include representation from the Vice President of Market Access and International Affairs from CFIA (see recommendation #2) and ADMs from DFAIT and AAFC. The Secretariat would report to a Cabinet Committee on Agricultural Market Access which would include the Ministers of Agriculture, Trade and potentially Health.



2) Establish a *Vice President in charge of a Market Access and International Affairs* division of the Canadian Food Inspection Agency

The structure of New Zealand's FSA and Australia's AQIS clearly communicates the priority attached to exports and the contribution of the regulatory system to achieving market access. The following structural changes are recommended for the Canadian Food Inspection Agency.

a) Establish a *Vice President of Market Access and International Affairs* reporting to the CFIA President

New Zealand and Australia have both established a senior official in charge of exports and market access who reports directly to the Executive Director (the equivalent of the CFIA President). Given the economic importance of agricultural exports to Canada this type of representation on the executive committee of the CFIA is essential. The *VP Market Access and International Affairs* would be an individual with significant experience in market access or closely related fields and would be responsible for the *Market Access and International Affairs (MAIA) Division* (see b) below). The newly established VP MAIA would also serve as a resource to the Executive Vice-President/Chief Veterinary Officer recognizing the current and anticipated future contribution of the EVP/CVO role to market access issues.

b) Establish a *Market Access and International Affairs Division of the CFIA*

The proposed *Market Access and International Affairs Division* would include the International Programs Division (E-Certification, Exportation Program, Import Program, Import/Export Information Systems), International Policy Division and its two divisions (International Policy and Bilateral Relations), as well as the regional veterinary import/export specialists. In addition the Market Access and International Affairs division would contain a newly created *Market Access Group* (see c) below).

c) Create a *Market Access Group* within the *Market Access and International Affairs Division*

The *Market Access Group* would be charged with maintaining and addressing technical market access issues impacting Canadian agricultural products in partnership with AAFC and DFAIT. The group would consist of senior technical negotiators (based in Ottawa) working to address market access issues related to agricultural commodities, Canada's Veterinary Counselors, as well as supporting specialists. Consideration could be given too establishing teams focused on plant and animals products respectively given the conventions adopted by countries such as Australia .e.g. AQIS Animal Products Market Access Team.

3) Produce an *Annual Report on Progress of Technical Market Access Negotiations*

The DFAIT currently produces Canada's International Market Access Report (CIMAR) on an annual basis and this document provides an overall perspective on global trade in goods and services. A more detailed report focusing exclusively on agricultural commodities and completed collaboratively by AAFC/CFIA and DFAIT is required to communicate progress on technical market access restrictions. This report would be prepared for the Cabinet Committee on Agricultural Market Access (including the Minister of Agriculture and the Minister of International Trade) under the supervision of the *Senior Coordinating Secretariat for Market Access Negotiations*. The full report would also be distributed to members of industry and government consultative groups focused on trade. An executive summary could also be made available for broader distribution within the agricultural sectors and would establish accountability for key market access objectives.

4) Develop an *International Market Access Work Plan* for Key Agricultural Commodities

An International Market Access Work Plan which identifies key objectives and estimated dates for completion should be developed for key agricultural commodities by the *Senior Coordinating Secretariat for Market Access Negotiations* in collaboration with industry. Performance assessment criteria which consider economic impacts on the agricultural sector associated with market access agreements and other key milestones should be developed. The work plan could be contained in an electronic database similar in function to the existing CIMAR trade barriers database but including proposed and completed actions being taken to address restrictions to agricultural trade in various regions. This database would be contained on a secure password protected website which could be utilized by members of industry and government consultative bodies.

5) Resolve Issues related to Roles of Government and Industry in Market Access Initiatives

Representatives of the Canadian Food Inspection Agency and Canadian agricultural industry stakeholders have expressed concerns related to mandates and their relationship to key aspects of market access related initiatives including incoming and outgoing missions. Roles of government and industry need to be discussed and clarified within industry and government consultative groups. This is a long standing issue which should be resolved as quickly as possible. The potential contributions of provincial governments should also be discussed and coordinated with federal efforts in forums such as the Federal/Provincial Market Development Council (FPMDC).

6) Increase participation of Senior Civil Servants and Elected Representatives in Outgoing Missions to Key Markets

The involvement of senior federal government officials and elected leaders (Ministers etc..) in public ways to support market access objectives has been cited by New Zealand, Australia and the USA as being very helpful. In some key markets like China an increased frequency of visits by Canadian officials has been explicitly requested and will be necessary to achieve market access objectives in this and other hierarchy oriented Asian cultures. Visits to key export markets by senior officials should therefore be actively encouraged and frequency targets be established on the basis of potential economic contribution of specific regions.

7) Develop a Coordinated Communication Strategy in Support of Market Access Objectives

The New Zealand industry has noted the importance of a coordinated effort by both industry and government to communicate on export themes. Joint messaging has the potential to strengthen the approach whereas a lack of coordination could have negative impacts. Communication opportunities and strategies should be discussed within industry and government consultative groups before outgoing missions and other key events.

Government and Industry Collaboration in Market Access Initiatives

8) Implement a Strategy for Engagement of Industry in Technical Market Access Negotiations

Stakeholders in the United States, New Zealand and Australia emphasize the importance of government and industry collaboration to ensure optimal outcomes in market access negotiations. A survey of Canadian beef exporters representing more than 95% of exports indicated that collaboration to establish market access priorities in the period just before formal market access negotiations were initiated was rated as “fair”. Collaboration during active negotiations was also rated as “fair” while collaboration to implement market access agreements following negotiations was typically rated as “poor”. It is recommended that a working group of GoC and industry personnel (BCTAG and pork industry representatives) review the 2005 CFIA Strategy for Engaging Industry in Technical Market Access Negotiations and make any required modifications to ensure implementation. The final strategy should include a means to augment and coordinate government to government negotiations with parallel industry to industry efforts in pursuit of common market access objectives. Following successful implementation for pork and beef (as a pilot project) the engagement strategy could be expanded to include other commodity groups.

9) Enhance Approaches to Incoming Market Access Inspection Missions

Incoming inspection missions represent a critical step in securing market access. A recent survey of Canadian beef exporters indicated they typically rated government and industry collaboration during work to plan and complete inspection missions as “fair, generally functional but with multiple aspects needing improvement”. It is recommended that government and Industry review the processes for planning inspection missions and the respective roles and potential contribution of both government and industry. Current procedures for documenting observations made during inspection missions and providing timely feedback to inspected establishments should also be reviewed.

10) Support the Function of Government and Industry Consultative Groups focused on Market Access

Australia, New Zealand and the United States maintain industry and government working groups to focus collaboratively on exports and market access. As an example Australia’s Export Meat Industry Advisory Committee established in the 1960’s conducts similar work as the Beef Cattle Market Access Group recently formed in Canada. Meetings of Canada’s working groups have been impacted by the scarcity of resources and the lack of required support given many competing demands relating to market access. It is recommended that the *Senior Coordinating Secretariat for Market Access Negotiations* be responsible to allocate resources which would be available to support industry and government consultative groups to ensure meetings can be held at the required frequency and sufficient support exists to address issues brought forward.

Agricultural Technical Market Access Human Resources

11) Ensure an Adequate Number of Senior Technical Negotiators and other Officials working in Technical Market Access Initiatives

Trade in Canadian agricultural products has been impacted by an increasing number of technical restrictions. As tariffs are reduced through trade agreements (such as those that may result from the Doha Round) the probability of technical barriers being used as an alternative method to reduce imports is increased. Resources required to conduct technical market access initiatives must be sufficient to permit simultaneous negotiations to be undertaken in four continents. A recent survey of Canadian beef exporters indicated that the number of negotiators working in technical or meat hygiene aspects and those working in policy areas such as FTAs was perceived as “less than required”. In multiple instances single individuals are responsible for technical negotiations around the world involving key commodities. The required overseas travel to conduct active negotiations and to maintain key contacts in support of established trade must be shared by multiple individuals so that it can occur without presenting an undue strain on the personnel involved. There is also a need for common working files which can be utilized by multiple negotiators to permit continued progress in the event that one more individuals must be reassigned to address unexpected circumstances.

It is therefore recommended that the level of human resources assigned to technical negotiations and related initiatives within the Canadian Food Inspection Agency and other Government of Canada departments be reviewed. The beef industry has identified a number of key areas which should be examined on a priority basis which are outlined below.

- a) Technical Market Access Negotiators for beef, cattle, semen, embryos and products of rendering,
- b) Veterinary Counselors in the Canadian Food Inspection Agency
- c) Exportation Program within the International Programs Division of the Canadian Food Inspection Agency
- d) TSE Secretariat of Health Canada
- e) Technical Barriers and Regulations Division of the Department of Foreign Affairs and International Trade
- f) Animal Health Risk Assessment Division of the Canadian Food Inspection Agency
- g) Bilateral Relations and Technical Trade Division of Agriculture and Agri-food Canada.

It is important to note that the Canadian industry recognizes the important contribution of the existing personnel within these departments. However, the sector also recognizes that additional support for the current team could have significant benefits for Canadians employed in the agricultural sector.

12) Optimize the Contribution and Utilization of Veterinary Counselors

Veterinary counselors in Australia are described as “invaluable” by the export industry. In addition to work with industry these individuals are also charged with making representations to high level officials in key markets on behalf of the Australian government. In Canada these same positions have very limited involvement with industry and the role of Veterinary Counselors is less engaged in market access issues. The actions outlined below are therefore recommended.

- a) Review the number of Veterinary Counselors and consider placements in additional markets based on the potential for exports of Canadian agricultural commodities.

12) Optimize the Contribution and Utilization of Veterinary Counselors *continued...*

- b) Opportunities for Veterinary Counselors to interact with industry should be identified and utilized. This would include their periodic presence at the Value Chain Round Tables and other industry and government consultative groups as was envisioned when these positions were originally created.
- c) The role and reporting arrangements of Veterinary Counselors should be reviewed to ensure their potential contribution to market access negotiations is fully captured. The qualifications and capabilities to support this type of engagement should be considered in the upcoming recruitment required to replace Veterinary Counselors returning to Canada.
- d) To support preparedness for the role of Veterinary Counselor the required qualifications should include time spent working on international market access issues as a country/region desk officer or similar position.
- e) Ensure that the role of the Veterinary Counselor is fully integrated within the team of individuals (including AAFC and DFAIT personnel) who are working on trade related issues at Canada's international posts.

13) Optimize Recruitment, Training and Transition planning for Individuals working in Technical Market Access Initiatives

The Canadian Government as well as those in Australia and New Zealand have identified challenges related to recruitment and transition planning for senior officials working in market access areas. In New Zealand a shortage of qualified personnel has led to changes in typical recruitment patterns (focusing on existing government employees) to involve mid-career professionals in industry. In Canada demographic issues and other factors has led to shortages of skilled personnel which will cause significant issues in the absence of a concerted effort to address this situation. Ensuring individuals working in market access have an understanding of the industries they serve has been identified as very important by Canadian industry stakeholders, the USA, Australia and New Zealand. Typically this training is accomplished by senior personnel accompanying incoming missions and other ad-hoc activities but more formal training could be supportive recognizing the critical nature of practical implementation issues to market access agreements. The importance of cultural awareness has also been indicated as critical by the USA and Canadian stakeholders and this aspect needs to be considered in recruitment and training.

It is therefore recommended that the actions below be undertaken.

- a) A transition plan be developed for all senior positions involved in market access negotiations to help ensure (to the extent possible) that this valuable experience is preserved and utilized to shape future candidates. Specifically, a program to train and develop technical negotiators should be established based on an apprenticeship type of training program.
- b) To support recruitment of highly qualified candidates the compensation offered to senior positions in technical market access negotiations should be reviewed to ensure it appropriately recognizes the importance of the role and its contribution to Canada's agricultural economy.
- c) To ensure senior negotiators and key support staff are highly aware of industry practices and circumstances they should be encouraged to participate in an annual workshop which would provide related information. This type of training has previously been undertaken in collaboration with industry and should be reestablished.

13) Optimize Recruitment, Training and Transition planning for Individuals working in Technical Market Access Initiatives *continued...*

- d) Review recruitment and training programs for senior negotiators to ensure they explicitly consider the importance of cultural awareness and its contribution to market access. This may include a requirement for knowledge of languages spoken in key markets as a hiring criteria.
- e) Encourage the recruitment of skilled professionals in technical market access positions and work to address barriers to the movement of skilled professionals from industry to government and vice versa.
- f) Ensure adequate support for training of skilled veterinary professionals in academic centres recognizing the shortage of qualified specialists.

14) Ensure the Role of Senior Officials working in Market Access are Fully Recognized and Supported

The importance of senior negotiators and support staff to achieving Canada's market access objectives was rated as "very important" to "extremely important" by Canadian Beef Exporters in a recent survey. Individuals that have previously worked as senior negotiators in the Government of Canada have confirmed the importance of the profile of the position particularly in hierarchy oriented countries in Asia where significant trade in agricultural products occur. Appropriate placement in the corporate structure also communicates the priority assigned to market access within the Government of Canada which is helpful to negotiators in obtaining the required support from within the civil service. The ability to utilize dedicated and sufficient financial resources is also essential to undertaking the responsibilities of the position. The actions outlined below are therefore recommended.

- a) The title and reporting relationships of senior individuals working in technical market access negotiations within the Canadian Food Inspection Agency and other Government of Canada departments be reviewed. These attributes must appropriately reflect the high priority attached to market access to officials in foreign markets as well as to Canadian government and industry stakeholders.
- b) The financial resources available to senior officials to carry out their duties, and their ability to access dedicated funds in a manner which supports the effective execution of their responsibilities be reviewed. Where required resources from other departments be identified where these resources can support required travel and other market access initiatives. e.g. resources from AAFC to support travel of CFIA personnel to foreign markets

Information Resources that Support Exports

15) Monitor and Communicate the Economic Contribution of Agricultural Market Access to the Canadian Economy

Australia and New Zealand have both noted the importance of understanding the financial contribution of export markets to establishing a strong export focus. An ability to predict the economic contribution of various market access scenarios is also essential to support negotiating positions. The following actions are recommended:

- a) Agriculture and Agri-Food Canada and Canadian agricultural sectors develop (or use an existing) global trade economic contribution model which would be updated on at least an annual basis. This model would estimate the contribution resulting from exports of key Canadian agricultural commodities including employment and other benefits resulting from the economic multiplier effect. The results of this modeling would be made available in a public report for further distribution by industry and government stakeholders. Current information regarding the economic contribution of agricultural exports should be provided to policy makers and regulators to help them consider the impacts of their decisions on trade volumes and values.
- b) Create an industry and government working group to determine the economic impacts of potential market access scenarios with involvement from academic experts in agricultural economics including those located at the U of A, U of C, Laval University, U of S and U of G. Where there is concern among Government of Canada departments on sharing information from econometric models these issues should be openly discussed in government and industry consultative groups. This type of understanding is vitally important to Canada's export focused agricultural economy and a multitude of differing projections from industry does little to support an informed debate which could lead to consensus.

16) Enhance Communication of Technical Requirements for Export Shipments

Representatives from the USA, New Zealand, Australia and the Canadian beef industry have all identified accurate and timely information relating to technical requirements for exports as being essential. A survey of Canadian beef exporters representing more than 95% of exports indicating that Canada's capabilities in this area were typically rated as "fair" with information systems being "generally functional but with multiple aspects needing to be improved". It is therefore recommended that the actions below be undertaken.

- a) Service standards for updating the technical requirements for export shipments including the CFIA website be established and monitored recognizing the importance of this resource.
- b) A working group of Canadian industry and CFIA personnel review the presentation of information from Chapter 11 of the Manual of Procedures including the materials on the CFIA website. Where necessary enhancements be made to the presentation and layout of information to support clarity.
- c) The current systems within the Canadian Food Inspection Agency should be examined to ensure the most effective flow of information from individuals negotiating technical market access requirements to regional export specialists who ultimately communicate to local CFIA personnel at the plant level.
- d) Where there is confusion or disagreement between the CFIA export certifier and industry personnel around the technical requirements for export (not food safety requirements), a resource within CFIA would be identified to provide clarification.

17) Implement Electronic Export Certification

The Canadian Food Inspection Agency under then President Ron Doering established electronic certification as part of the 1998-1999 business plan. Visits at that time were made to New Zealand and Australia to review the functioning of their systems. Both these countries currently utilize electronic export certification but Canada has yet to implement such a system. A recent survey of Canadian beef exporters indicates that an E-certification capability was regarded as "Highly Important". E-certification may reduce the risk of forged export certificates resulting in market access disruptions. Accuracy and efficiency of export documentation related tasks can also be enhanced for both government and industry personnel. It is therefore recommended that a timeline for completion of E-certification initiatives and in particular the industry to government module be established and communicated to industry and government consultative groups. Any additional required resources to complete the project within reasonable timelines should be identified and secured.

18) Enhance Communication of Statistical Reporting relating to Agricultural Exports

Countries such as Australia, New Zealand have achieved the ability to report on export volumes within weeks following the period of interest. Canada has a much longer reporting lag (upto six months or more) and the information is not always reliable. Information on export volumes is noted by Government of Canada stakeholders as being important for the development of market access agreements as well as by industry for business planning purposes. A recent survey of Canadian beef exporters representing more than 95% of exports indicating that Canada's capabilities in this area were rated as "fair" to "poor". It is therefore recommended that the actions below be undertaken.

- a) A working group be established which includes Canadian agricultural exporters, Statistics Canada, Canada Customs and Border Services, and Canadian Food Inspection Agency personnel be established to address issues impacting accuracy of export statistics. The working group would also review methods and accuracy of information submitted by industry and reporting conventions utilized by CFIA and Statistics Canada.
- b) Consider the incremental resources required to meet performance standards to be established collaboratively by industry and government for statistical reporting. The resources and timelines required to enhance the current system vs. those that would be required to obtain reporting from electronically certified exports should be assessed.

The Domestic Regulatory System and Agricultural Market Access

19) Develop a Collaborative Approach between Industry and Government to Promote Canada's Food Safety and Animal/Plant Health Systems

Representatives of the Australian industry note the importance of a joint industry and government effort to communicate Food Safety and Animal Health Systems to achieve market access and export objectives. The actions below are recommended.

a) The ability of the Canadian Food Inspection Agency to “promote” Canada’s food safety and animal/plant health systems during market access negotiations and related initiatives should be clarified. While the rationale for removing regulatory functions from AAFC and creating a dedicated Agency is compelling, the specialized understanding that comes from being actively involved in enforcement activities must still be accessible. Alternate approaches to deliver this information must be identified if there are valid reasons to conclude that there is a potential conflict between the role of a science based regulator who is officially “neutral” and the need to actively promote Canada’s systems, This may involve relocating specific functions and technical specialists to AAFC where this work could potentially be accommodated.

b) Government representatives such as veterinary counselors should participate where possible in symposiums organized by industry in foreign markets. Further, for incoming inspection missions it is vital that Government representatives more actively support industry representatives when *general* questions on Canada’s food safety and animal health systems are brought forward. This recommendation stems from specific and repeated industry feedback on these issues.

20) Ensure Systems to Measure Performance on Key Aspects of Canada's Food Safety and Animal/Plant Health Systems are Developed.

Demonstrating the effectiveness of systems to protect animal/plant health, animal welfare and food safety is a key prerequisite to market access for agricultural products. Canada must have appropriate “performance measures” for existing systems to objectively and transparently demonstrate their effectiveness. Current reporting on performance measures should be made accessible to government personnel working in market access negotiations using modern database technology. To facilitate data collection and timely analysis every consideration must be given to means to harmonize data from information systems located in different regions. Performance measures should recognize the need to appropriately describe any deviation and document corrective actions recognizing that issues invariably occur from time to time. The development of performance measures should also explicitly consider information related to international standards established by bodies such as the OIE, Codex and IPPC along with any reporting requirements.

21) Develop a Research Strategy to Validate and Enhance the Effectiveness of Canada's Food Safety and Animal Health Measures

Meat and Livestock Australia and the Australian Government actively collaborate to conduct research to “validate” and enhance the effectiveness of food safety and animal health measures. In Canada applied research on food safety measures and funds for collaborative work by industry with AAFC researchers have been significantly reduced. There appears to be an increasing emphasis on basic science which may in part be driven by increased involvement of university professors in determining AAFC research priorities. Canada must develop a research strategy to address these issues recognizing that data which objectively demonstrates the effectiveness of existing measures can contribute significantly to avoid new and often costly technical requirements for exports.

22) Ensure Canada has Sufficient Risk Assessment Capabilities which are Effectively Utilized in Support of Market Access Initiatives

The Canadian Food Inspection Agency has in the last several years reestablished an Animal Health Risk Assessment Group and the development of this capacity and those related to plant agriculture must continue. While the traditional orientation of these groups has been to perform risk assessments on imports, the skills required to conduct work in support of market access (exports) are very similar. Communication of this work as a priority must occur from CFIA senior management. Market access activities that would benefit from risk assessment expertise include those outlined below.

- a) Review of risk assessments performed by countries considering or currently importing Canadian agricultural products as well as development of briefing materials to support GoC personnel actively engaged in technical market access negotiations.
- b) Incorporation of risk assessment information into animal/plant health questionnaires which are required to achieve or maintain market access for agricultural products.
- c) Work to objectively compare Canada's food safety and animal health systems to those of other major importing and exporting countries to support market access negotiations. Communication of areas identified as strengths and potential areas for enhancement to maintain Canada's status as a leader in animal/plant health and food safety.
- d) When feasible Canada should consider work with emerging markets on risk assessment methodologies within the OIE environment. This will help support a common approach and understanding which will support Canada's market access objectives and more rapid resolution of technical barriers.

23) Review Opportunities for Canadian Participation in International Sanctioned Bodies which Influence Technical Market Access Requirements

Internationally sanctioned standard setting bodies such as Codex, IPPC, SPS committee of the WTO and the OIE represent an essential forum to establish science based guidelines for technical requirements on SPS issues. While the voluntary nature of the guidelines does present challenges these organization do continue to play a critical role to limit the degree in which technical requirements differ between export markets. New Zealand has noted the significant benefits to their export industry of participation in these activities and Canada should also sustain and potentially increase its participation recognizing past achievements by Canadian representatives. Consideration should also be given to the benefits of broader participation by AAFC and DFAIT in these delegations in addition to the presence maintained by CFIA personnel.

24) Ensure an "Outcome Oriented" Domestic Regulatory System which supports Market Access and Export Objectives

To support the capability of Canada's agricultural exporters to achieve market access and export goals it is essential that the domestic regulatory system consider the requirements of international markets. Therefore the actions below are recommended.

- a) Firmly establish an "outcome based" approach in all regulatory initiatives and ensure that key outcomes are defined using risk assessment approaches. This type of risk assessment information produced by the CFIA Animal Health Risk Assessment Division or Health Canada should be shared with industry at the earliest possible time. This approach will permit the greatest opportunity for industry to suggest means in which a given risk reduction objective can be achieved in a practical and cost effective manner.

24) Ensure an “Outcome Oriented” Domestic Regulatory System which supports Market Access and Export Objectives *continued...*

b) Consult the agricultural industry to determine the impacts of domestic regulations on Canada’s capability to export products in an efficient and cost effective manner. Where it is possible and beneficial to harmonize SPS regulations with those of major markets this should be actively pursued. Where Canada chooses not to harmonize regulatory approaches the potential economic costs and benefits and their impacts on export volumes and values should be carefully considered within industry and government consultative groups.

c) Consider more flexible approaches to achieving plant/animal health and food safety standards. Countries such as New Zealand have achieved the status of a “competent regulator” with a greater capability to adapt approaches when new information comes forward. This may involve a greater emphasis on “enabling” legislation such as New Zealand’s Biosecurity Act. While the current approach in Canada is not without its advantages the emphasis on formalizing standards in regulations significantly reduces the possibility of making regulatory enhancements during the implementation phase even when there is a general consensus that this would be desirable by both government and the industry.

25) Ensure Science Based Standards support Technical Market Access Requirements for Agricultural Commodities Imported into Canada.

It is vitally important to Canada’s exporters that domestic regulations impacting imports of agricultural commodities reflect science based standards. This approach legitimizes Canada’s advocacy efforts which request this treatment from key export markets. The recent history of the beef industry with BSE has been a testament to the importance of this approach. Further, our own ability to safeguard the biosecurity of Canadian agricultural commodities is maintained by ensuring imports are governed by standards which will not compromise the health of Canadian animals and plants.

M. Klassen Nov 02/08