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FOOD SAFETY REGULATIONS:

A LEVEL PLAYING FIELD WITH COMPETITORS?

Draft Discussion Document

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PART I

INTRODUCTION

Farm incomes can be affected by restricted access of Canadian exports into foreign markets due to the application of standards and/or protocols that are in place for food safety in those markets. If these barriers are science-based and applied equitably to the foreign domestic producer, then the playing field is level. If, however, these regulatory provisions are actually disguised barriers to trade then the competitiveness of Canadian producers can be seriously undermined. At the same time, if Canadian regulations are unnecessarily high relative to other countries or more vigorously enforced on domestic producers than on imported product, then Canadian producers again are put at a competitive disadvantage. It has been said, then, that Canadian producers are thereby hit by the "double whammy", that they "get it both coming and going" and that the non-level playing field has had a significantly negative impact on farm incomes.

The purpose of this paper is to analyze both aspects of this issue. The analysis will be structured around three basic questions: Do other countries use their food safety standards or other methods to create unfair barriers to Canadian export products? Does Canada have domestic regulatory standards that inappropriately undermine the ability of Canadian producers to compete with trading partners who may not have such standards or standards that are rigorously enforced? Do Canadian food regulators enforce Canadian regulations more vigorously on domestic producers than they do on imported products? Finally, in light of the above analysis, the paper will review whether food safety regulations and their enforcement undermine Canadian competitiveness and what impact, if any, this has on farm income.

In addition to a review of the relevant food law, a number of comprehensive interviews were carried out in order to understand actual practice on the ground and to assess the scope of the problem from the perspective of both the industry and government regulators. Twenty six people were interviewed, including public servants, representatives of several trade associations covering a variety of commodity groups, and a number of individual producers and food processors.

PART II

DO OTHER COUNTRIES USE THEIR FOOD SAFETY STANDARDS OR OTHER METHODS TO CREATE UNFAIR BARRIERS TO CANADIAN EXPORT PRODUCTS?

If other countries use health and safety standards as disguised barriers to trade, then Canadian food producers and processors are unfairly disadvantaged by a playing field tilted against them. This section describes the international trade regulatory regime to demonstrate the protections that exist to discourage countries from using health and safety standards as disguised barriers to trade and a number of cases are reviewed to illustrate how the system's dispute resolution mechanisms work. Finally, this section analyzes the adequacy of this regime for protecting Canadian exporters from foreign protectionism, reducing their opportunity to break into foreign markets.

The World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures

The World Trade Organization (WTO) recognizes the sovereign right of countries to afford appropriate levels of health and safety protection for their people, animals, and plants through a subsidiary agreement called the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). While enshrining the right of protection, the agreement sets up a regime to prevent these measures from being protectionist, that is, to prevent countries from using domestic standards as disguised barriers to trade. The SPS Agreement places a number of restrictions on how these measures are developed and enforced, particularly requiring that the standards be science-based. Countries that adopt certain international standards are deemed to be trade compliant without the need to establish any other scientific basis. The Agreement specifically references three existing international standard-setting bodies: The Codex Alimentarius (CODEX) for food safety standards, the Office International des Epizooties (OIE) for animal health, and the International Plant Protection Convention (IPPC) for plant health. Commonly known as the Three Sisters, these organizations have been fundamentally transformed by the WTO reference. While established to allow consensus, the Three Sisters are now at the heart of the protection-protectionism debate.

The WTO's SPS Agreement dictates the basic rules under which governments can apply measures relative to food safety and animal and plant health. The system provides a framework that facilitates transparency in a country's application of measures for sanitary and phytosanitary protection and also provides a procedure for resolving disputes where another country feels that such measures are "protectionist".

As a country introduces new measures related to sanitary and phytosanitary protection, its government is required to notify other countries of any new or amended requirements that affect trade. Governments must be open to scrutiny on how they apply their food safety and animal and plant health regulations. Such transparency

protects the interests of consumers, as well as of trading partners, from hidden protectionism, through the application of unnecessary technical requirements. The SPS Committee meets three (3) times a year in Geneva and have had over 200 issues raised before it in its ten year history.

A summary of the rights and obligations under the SPS is set out in the following table:

Principal rights and obligations of National Governments under the Sanitary and Phytosanitary Agreement of the World Trade Organization

Rights	Obligations
➢ **…to adopt and enforce SPS measures for the purpose of protecting human, animal and plant health**	➢ **…to base PSP measures on scientific evidence and principles**
➢ **…to establish an appropriate level of protection (ALOP)**	➢ **…to apply sanitary and phytosanitary measures only to the extent necessary to protect human, animal and plant health**
➢ **…to take provisional sanitary and phytosanitary measures when scientific evidence is lacking**	➢ **…to recognize "equivalency" in achieving ALOP**
➢ **…to be more restrictive than international standards (based on scientific evidence)**	➢ **…to set ALOP in a consistent fashion**
➢ **…to establish regional disease and pest-free areas**	➢ **…to use a standardized Risk Assessment when determining sanitary and phytosanitary measures**
➢ **…to use the WTO dispute-settling mechanism**	➢ **…to be transparent in the application of sanitary and phytosanitary measures and in the notification of regulatory amendments**
	➢ **…to apply sanitary and phytosanitary measures in a non-discriminating way to domestic product and to imported product**

The Dispute Settlement Understanding (DSU), the main WTO agreement on settling disputes, was one of several outcomes of the Uruguay Round negotiations. This

system is vital to enforcing the rules that countries have agreed to abide to as members of the WTO.

While the jurisprudence is only just developing, Canada was directly involved in the first two cases that led to formal adjudication. It is useful to review these, and other recent cases, to get a sense of how the system works in practice.

Australia: Measures Affecting the Importation of Salmon

For more than 25 years, Australia has prohibited imports of fresh and frozen salmon from Canada.
On the basis of alleged domestic fish health concerns, Australia chose not to adopt the existing international standard. The Aquatic Animal Health Code of the OIE dictates that trade in eviscerated fish does not pose a threat to fish health and that this measure provides a very high level of safety against the transmission of disease. Although a country has the right – based on its self-declared "appropriate level of protection" – to adopt the measures which result in a higher level of protection than that which would be achieved by the international standard or guideline, these measures must be applied consistently in different situations. Canada challenged Australia, citing the failure to comply with the OIE standard and arguing that Australia had no scientific basis on which to assert that Canadian exports posed any threat to the domestic salmon industry. The WTO found that Australia acted inconsistently with the SPS Agreement by adopting arbitrary or unjustifiable levels of distinction in the levels of sanitary protection it considers appropriate in different situations. In other words, Australia had applied a very strict level of sanitary protection for salmon products and a lesser level of protection for other products such as herring or ornamental finfish.

The WTO Panel also found that Australia's measures were not based on a risk assessment and that the import measures were more trade-restrictive than required to achieve an appropriate level of protection.

In October 1998, the WTO Appellate body upheld the Panel's findings, and Australia was given until July 6, 1999 to implement the WTO ruling.

The dispute did not end there. In July 1999, Australia announced new import policies that allow the importation, subject to some restrictions, of uncooked salmon. The Australian Quarantine and Inspection Service (AQIS) were of the view that these measures brought Australia into compliance with the WTO rulings. Canada concluded that Australia's new import policies continued to be trade-restrictive and not in compliance with the WTO rulings.

Canada's main contentions were with the size and form restrictions that Australia had placed on imported salmon. It was required that product be in a consumer-ready form, which meant, among other things, that fish products with skin attached must individually

weigh less than 450 grams. No sound scientific rationale could be provided for the 450-g limit. In addition, the Government of Tasmania imposed a ban on all import of salmonids into Tasmania, in response to these new AQIS policies.

As a result, Canada requested that the WTO make a determination on whether Australia's measures were WTO-consistent. The panel process took place at Geneva in early December 1999. On January 31, 2000, the WTO issued a report, ruling that Australia's new fish import policies did not comply with its WTO obligations. The Panel concluded that Australia failed to bring its measures into compliance with the SPS Agreement and was maintaining sanitary measures that were not based on a risk assessment or science. Australia was also accountable for the ban imposed by the Government of Tasmania, and Tasmania's measures were not based on a risk assessment or science. Finally, contrary to Article 5.6 of the SPS Agreement, in imposing consumer-ready requirements, Australia was maintaining measures that were more trade-restrictive than required to achieve Australia's appropriate level of protection.

In its report, the WTO Panel indicated a desire that the parties resume their efforts to quickly reach a mutually acceptable solution. Finally, on May 16, 2000, Canada and Australia concluded an agreement that resolved Canada's complaint. The terms provided meaningful access for Canadian salmon exporters, including the removal of size restrictions on individual fish. Australia would also take necessary measures to ensure Tasmania's full compliance with all WTO rulings, however, the Tasmanian ban is not expected to have a significant impact on Canadian salmon exports.

Upset by the decision, Australia's salmon industry has called for a review of the AQIS mandate. Canada and Australia maintained good relations throughout this dispute and continue to work together to resolve other outstanding issues.

European Union: Measures Concerning Meat and Meat Products (Hormones)

In late 1996, Canada and the U.S. asked the WTO Dispute Settlement Body (DSB) to establish a panel and report on the legality of the EU ban on the importation of beef from cattle that had been treated with growth hormones. The panel's 1997 final report upheld the Canadian and U.S. arguments that the EU's hormones ban was not based on science and, therefore, contravened the provisions of the WTO Agreement on Sanitary and Phytosanitary Measures.

After the EU appealed the decision, the WTO's Appellate Body released its final ruling in January 1998, confirming that the EU ban was in breach of its WTO obligations because the measures were not based on a risk assessment. An arbitrator gave the EU until May 1999 to implement the panel and Appellate Body reports. The EU did not meet that deadline and indicated that it must conduct its 17 scientific studies before it would be in a position to comply with the WTO ruling. Following unsuccessful attempts

to obtain compensation, Canada has been applying retaliatory duties on EU beef, pork and cucumbers since August 1, 1999.

The six hormones in question had all been approved by Health Canada. For five of these, international standards had been established by Codex Alimentarius. The sixth, melengestrol acetate, is under review by the International Joint Expert Committee on Food Additives (JECFA), which provides advice to Codex. In February 1999, the JECFA decided to re-review the international standards for the three natural hormones (oestradiol, progesterone, testosterone). The JECFA again concluded that from a human health and safety perspective, these hormones are safe.

European Union: Measures Concerning Products of Genetic Engineering

Canada is now involved with the U.S. in a third case seeking adjudication. The continued refusal by the EU to provide for the importation of products containing genetically engineered ingredients has effectively stopped all North American corn and soy exports and many processed foods containing these common ingredients. Canada and the U.S. are seeking a WTO ruling.

The EU has commissioned several of its own studies, all of which demonstrate the safety of products of genetic engineering. They have made some changes to their system but there is still, effectively, a ban of the importation of these products without a science-based risk assessment to justify their action. Because of the various non-science concerns of the EU consumer about genetically modified foods, even if Canada and the U.S. are successful in their application, it is likely that EU would choose to be subjected to trade retaliation measures rather than to change their policies.

BSE in Canada

With the discovery of a cow with BSE in May 2003, Canadian exports of live cattle were effectively banned, as were many cuts of meat. The initial response of the world community was appropriate and consistent with international standards developed under the OIE. Canada, too, had banned imports from countries that had earlier discovered cases of BSE such as the United Kingdom, France and Japan. However, as additional studies demonstrated that the incidence of BSE in Canada was very low, it became clear that the continuation of the ban was more motivated by political protectionist factors and yet for many months there was little that Canada could do to force the border open. While some countries now allow some movement and the United States has taken steps to partially remove the ban for younger animals, a court case brought by American cattlemen has kept the border closed. Protectionist politics have trumped science-based trade protections.

Other Cases

Canadian producers and processors can also be victims of inappropriate enforcement action by foreign countries that can significantly tilt the playing field. Just a few years ago, the U.S. government instituted a policy for testing products going into the United States for pesticide residues. Testing is a perfectly legitimate food safety requirement and had been in place for several years but United States inspectors decided to institute a process of "hold and test". For fresh fruits and vegetables that can spoil quickly, the policy effectively banned trade.

It was necessary to send a senior CFIA official to Washington with a representative of the Canadian Produce Association to explain the unintended consequences of the new hold and test policy. Fortunately, this matter was quickly resolved and a system was put in place at that time that continues to work well but the case demonstrates the vulnerability of the Canadian export industry and the need for a close working relationship with the CFIA and trading partners.

Similarly, in the fall of 2000, the United States closed the border to Canadian exports of potatoes after a very small area of Prince Edward Island was found to be contaminated with potato wart disease and kept the border closed for many months beyond what law and science justified in spite of the highest level of technical and political intervention.

While it is too early to say for certain, the new Bio Safety Protocol (that regulates the export of Living Modified Organisms (LMO) such as seeds that have been genetically engineered) provides many opportunities for importing countries to use the several vague provisions of the Treaty to frustrate Canadian grain exporters. If this happens, however, it must be said that these wounds are self-inflicted, as the many potential dangers of the regime were clearly understood before Canada signed on to the Protocol.

Programs such as the U.S. Country of Origin Labelling (COOL) Program are justified as food safety measures designed to assist the U.S. consumer when the main motive may actually be protectionism that results in the consumption of local US product at the expense of imported products from Canada. The Canadian food industry will have to continue to monitor issues like this as growing protectionism and security concerns will continue to generate issues at the U.S. – Canada border.

Analysis

As the above review demonstrates, SPS provisions provide a foundation and framework to discourage the use of health and safety regulations as protectionist barriers but the system is far from perfect. There is no doubt that as tariffs go down, SPS measures become the protectionist method of choice. Ironically as globalization and free trade expands, the role of the state actually becomes more important because it is the state

that negotiates the free trade treaties and equivalency agreements and it is the state that monitors, enforces and resolves disputes.

Canada is per capita the world's largest trader. Agricultural exports exceed $26.4 Billion for 2004 and fish and fish product exports exceed $4.4 Billion. We sell food to over 150 countries. We are, therefore, particularly vulnerable to the abuse of SPS provisions and the problems associated with SPS dispute resolution. It is not a coincidence that Canada played a central role in developing the SPS Agreement and continues to play a leading role in Codex, OIE and IPPC. Nevertheless, Canadian producers and processors must recognize that the system is still underdeveloped, slow and susceptible to abuse. The economic benefits of protectionism and the opportunity to hide behind SPS measures will continue to combine to put a trade dependant country like Canada under a constant cloud of vulnerability.

Canada has been one of the world's major beneficiaries of increased international trade in food and the international regulatory system that has encouraged this growth; at the same time, Canada will continue to be one of the most vulnerable to disruptions in trade both when there is a legitimate need for protection and when the fine line is crossed into protectionism.

As much as this may be hard to accept, the situation is not likely to change any time soon. Countries will always be subject to strong protectionist pressures. Canada is not immune to such pressures either. Producers and processors want to limit imports to minimize competition, especially when they believe that they don't have a level playing field when subsidies, taxes, lax regulatory systems, and other factors give foreign exporters a real competitive edge. Citizens will always want to maintain their government's sovereign right to make its own health and safety standards. The economic cost of allowing an animal disease or exotic plant pest to enter a country is so high that citizens expect zero risk; the public health implications of allowing in unsafe food are profound. There will always be strong pressures, then, to use SPS and the Three Sisters to justify limiting imports by resorting to strict quarantine and other border measures that use the domestic regulatory system to keep foreign food, plants and animals out. While the food industry will have to partner closely with government to make the system work as well as it can, (and there are things that can be done as we shall see in Part V), we will have to live with its serious limitations for the foreseeable future.

PART III

DOES CANADA HAVE DOMESTIC REGULATORY STANDARDS THAT INAPPROPRIATELY UNDERMINE THE ABILITY OF CANADIAN PRODUCERS TO COMPETE WITH COUNTRIES THAT MAY NOT HAVE SUCH STANDARDS OR STANDARDS THAT ARE RIGOROUSLY ENFORCED?

While it could be argued that some Canadian food safety standards are higher than in other countries and therefore Canadian producers and processors are put at a competitive disadvantage, in fact, most interviewees saw Canadian food safety standards as a competitive advantage. It is the safety of our food system that allows us to have hundreds of equivalency agreements that allow Canada to export food to over 150 countries. No one, for example, thinks that Canada should lower our food safety standards in order to try to cut costs to permit us to sell into markets that we don't have now.[1]

Interviewees were asked to identify whether there were Canadian regulations that put Canadian exporters at a competitive disadvantage relative to imports into our domestic market and relative to our export position. There are two areas of Canadian regulation that were universally cited as undermining Canadian competitiveness and innovation: pesticides and limitations on diet related health and nutrition claims. Interviews also revealed cases where the absence of a regulatory regime can undermine competitiveness.

Pesticide Regulation

Canadian producers have been arguing for years that they are at a competitive disadvantage because of the way that the Pest Management Regulatory Agency administers pesticide registrations. Excessive delays in the approval process results in a situation in which producers in other countries have access to products unavailable to Canadian farmers. As well, because of the complexity and delays of the Canadian system relative to the small size of the Canadian market, many pesticide manufacturers don't even bother to apply for Canadian registration.

It is particularly galling to Canadian farmers that farmers in other countries can use these products and still ship their produce to Canada because of Canada's .1% default standard for pesticide residue where there is no maximum residue limit (MRL).

[1] Several interviewees suggested that many provincial environmental regulations and animal welfare laws create an unlevel playing field for Canadian producers, relative to imported food from other countries, but these standards are beyond the scope of this paper.

While there is quite a lot of talk about addressing this issue and moving towards harmonization in the future, there is little doubt that at present the playing field is not level and this must have a significant impact on farm income.

Diet Related Health and Nutrition Claims

Effective January 2003, Canada set out strict limitations on diet related health claims, making all but six illegal. Nutrition claims are strictly prescribed and all others forbidden. Processes to expand the list of allowable claims are very complex and approval times for new ingredients, novel foods and additives are extraordinarily lengthy. All of this results in a situation in which it is difficult to impossible for Canadian processors to bring to market new products that can make additional claims to consumers.

So, for example, it will no longer be possible to produce products that can make low carb claims, even if they are clearly low carb. A new "resistant" corn starch that is high fibre and low carbohydrate will not be produced in Canada because after two years Health Canada has still not approved this as a novel fibre even though this starch is now contained in products exported to Canada. It will take years to get new diet-related health claims approved. Canada's rules on nutrition claims become more outdated every day

The Canadian regulatory system has been described as one of the slowest and most cumbersome in the world. By not being responsive to new science, new food trends and new marketing opportunities, the regulatory system undermines competitiveness, innovation and investment.

The Absence of a Regulatory Regime Can Also Undermine Competitiveness

This study aims to understand how food safety regulations undermine Canadian competitiveness and innovation. While it is well understood that the regulatory system, if respected and responsive, can actually provide a competitive advantage, it is often overlooked that the absence of regulations can also hurt competitiveness. This other side of the coin emerged in several interviews. Canada does not have a comprehensive regulatory system for organic foods, for example, and this results in a good deal of consumer misinformation in the domestic market and may undermine opportunities for export. Both the Canadian wine industry and the Canadian pet food industry argue that their export opportunities are limited by the absence of a comprehensive government certified inspection system. Food traceability initiatives have focussed on the domestic market and rely on market place demands to drive traceability systems; these private systems may be completely inadequate to meet future export demands (viz. EU Traceability requirements) and Canadian producers and processors may not be able to exploit export opportunities because we do not have, or intend to have, traceability requirements set out in regulation.

Analysis

As the foregoing illustrates, there are at least two clear areas of Canadian regulations that put Canadian producers at a competitive disadvantage relative to competing in our domestic market and relative to our export position. Complaints about the administration of PMRA have persisted for over a decade and yet interviewees insist little improvement has been realized. Complaints about the Canadian health and nutrition claim system as undermining competitiveness have also been made for many years. Less well known is the insight that the absence of regulations can also undermine competitiveness and innovation. All of these impediments are within the jurisdiction of the federal government to address. As we shall see in Part V, there are a number of specific steps that can be taken by the federal government to level the playing field.

PART IV

DO CANADIAN FOOD REGULATORS ENFORCE CANADIAN REGULATIONS MORE VIGOROUSLY ON DOMESTIC PRODUCERS THAN THEY DO ON IMPORTED PRODUCTS?

It is important to recognize for the purpose of this Part that the level of inspection on imported products varies according to the commodity. For example, red meat is primarily governed by equivalency agreements and international audits; while fish is inspected regularly at the border by a comprehensive system of random audits. Surprisingly, interviews with several representatives of most commodity groups did not uncover much evidence of the CFIA applying a higher standard of enforcement on domestic producers than on imported products. While one food producer thought that a large retailer might be sourcing from a foreign supplier product that would not meet Canadian food safety standards most interviewees thought this was highly unlikely because the retailer (and its brand name) could not afford to take chances that could result in illness or a recall. One interviewee thought that imported products were subjected to a lower level of inspection, noting that almost every produce-related foodborne illness outbreak in the last 25 years involved imported produce. But that does not necessarily prove a lower level of inspection.

While interviewees were not able to cite many examples of lax inspection of imported products, that does not mean that the level of inspection is adequate. Unfortunately, the author was not able to readily obtain useful data on whether the level of inspection of imported products has gone up or down in recent years. It is also not clear whether the CFIA itself believes that the level of import inspection is adequate for some or all commodities. While the CFIA has received some additional resources, it is not possible to say at this time whether their resources are adequate to ensure a truly level playing field.

However, two interviewees independently cited the situation in which the CFIA was not as rigorous as it should be in inspecting products imported into Canada in relation to products labelled as product of Canada. While strictly speaking this is not a food safety issue, it is a related concern. Interviewees expressed the view that the CFIA has been under strict budget constraints since it was created in April 1997 and therefore the CFIA re-directed its resources to the highest risk commodities and public health issues; competitor complaints like mislabelling on country of origin had a low priority, the CFIA was reluctant to investigate these complaints and domestic producers were inadequately protected.

Perhaps the problem of uneven enforcement is greater than was revealed by the interviews for this study. Most commodities were covered, including meat, fish, horticultural products, grains and oil seeds, processed products and dairy. It has been suggested that Agriculture and Agri-Food Canada should carry out a more comprehensive survey to determine if the problem is more significant than was revealed by the interviews for this study.

PART V

CONCLUSIONS

The above review demonstrates that food safety regulations can lead to an unlevel playing field. Countries can and do use food safety regulations as disguised barriers to trade. The mechanisms to resolve disputes under the WTO are slow and still imperfect in many ways but they do work. We may not sell much beef and GE corn to Europe but retaliatory sanctions have been imposed. Techniques such as "hold and test" can create serious but temporary barriers but these can be resolved if industry works closely with regulators.

Canadian regulations and their administration can work against Canadian interests as the pesticide and health and nutrition claim cases demonstrate. We cannot blame this problem on other countries and with some creativity and political will, these seemingly intractable impediments can be resolved. Producers and processors have to marshal their arguments and not give up until government responds. These cases are not about lowering protection for public health; both involve convincing government that the competitiveness of the food industry requires a responsive regulatory regime that promotes and protects a level playing field for Canadian producers and processors. This analysis demonstrates that food safety regulations can and do create a non level playing field in three distinct ways from time to time and there can be no doubt that this has cost implications all along the food chain, including having a negative effect on farm income. Two of the sources of regulatory disadvantage are home grown and within our power to correct. We can:

- reform PMRA and have a more flexible approach to health and nutrition claims that do not discourage innovation

- we can make sure that adequate resources are provided so that imported products are treated with the same scrutiny as we apply to domestic product

There does not appear a major problem with uneven enforcement. But if the CFIA is going to rigorously monitor imports, it must have the resources commensurate with the task. Demands on the system are growing. Food is coming in from over 100 countries in the world. Much of this food is produced in countries that do not have comprehensive food quality systems. Most importers and retailers have a strong interest in ensuring that the food is safe but there is still an important role for government to provide a strong safety net to private industry systems. Government can:

- ensure that the CFIA has the resources to work carefully with the Canadian Border Services Agency to prevent the introduction of unsafe food or plant and animal diseases

- ensure that the CFIA has resources to go to where food is produced and processed to carry out occasional audits to keep the system honest

Protectionism by other countries is another matter. There will always be food safety issues or animal and plant health outbreaks where countries will legitimately stop Canadian exports and there will always be cases where countries use SPS measures illegitimately as disguised barriers to trade. So long as we remain so trade dependent, we will have to learn to live with the occasional disruption in exports and recognize that some of these may even have serious economic consequences, and sometimes even devastating effects on farm income, as the BSE case demonstrates. While recognizing the need to adapt to this reality, there are still a number of things that can be done to minimize the impact of legitimate foreign protection action and illegitimate protectionism:

- Stay centrally involved with the work of the Three Sisters

- Government and industry must work closely together to develop crisis management strategies in advance to prepare for disruptions

- Governments must provide regulatory agencies such as Health Canada and the CFIA with adequate resources so they can conduct timely risk assessments and keep their science capacity to the highest possible standard, on a par with the best in the world

- Provide adequate resources to allow the CFIA to carry out more international audits of competitor performance and to negotiate enforceable equivalency agreements

- Provide incentives to diversify exports to more countries other than the United States

- Develop comprehensive regionalization policies and practices and negotiate agreements with trading partners so that trade bans do not necessarily extend to the whole country

- Increase Canadian processing capacity so that, for example, if live animal export bans are imposed, we have an increased ability to process animals here and also sell more processed valued added products

To conclude, food safety regulations can result in an unlevel playing field in a variety of ways. While there are some limitations on what Canada can do to address the imbalance in some cases, there are also a number of things that are within our power to do to mitigate the consequences. When the competitiveness of Canadian producers and processors is undermined by the regulatory system, this can have a negative effect on profitability all along the food chain, including farm income. While there is no one magic bullet to solve the problem, there are several measures that can be adopted and

almost all of these require a close working relationship between the industry and its regulators.