



## CANADIAN FOOD INDUSTRY COLLABORATIVE ALLIANCE

### DEVELOPING A CANADIAN FOOD INDUSTRY CODE OF PRACTICE

#### SUMMARY

Inspired by the Federal-Provincial-Territorial (FPT) Agriculture Ministers' request for industry collaboration and leadership, this Proposal sets out a transparent, consultative, and collaborative process for food industry leaders to develop a Canadian Food Industry Code of Practice.

A strong food system is essential to Canadians. Our food system is the foundation of Canada's food sovereignty. It supports Canada's national, provincial, territorial, and regional economies and its international trade goals. It contributes to local production and food security, and it employs more workers than any other industry in the country.

To ensure a robust food system, many stakeholders across the supply chain support the need for a code of practice for Canada. To reflect the unique and distinct nature of our food system as compared to that of other countries, we believe that any Code of Practice must be developed in Canada for Canada.

The Proposal included herein does not prescribe the contents of a Code of Practice. Instead, it describes the framework for a collaborative and inclusive process through which industry stakeholders will design a Code of Practice and Oversight Framework that meets the unique needs of Canada's food system.

As other proposals have highlighted, we believe the purpose of a Canadian Food Industry Code of Practice is to promote and support good faith dealings and responsible commercial conduct along the food supply chain by:

- Ensuring transparency and contractual certainty in all commercial transactions.
- Ensuring best practice reciprocity throughout the supply chain.
- Promoting fair and ethical dealings in contract negotiations, particularly where there is a significant disparity in negotiating power between the parties.
- Ensuring equitable distribution of food supply.
- Providing supports for small and mid-sized parties to commercial transactions.
- Providing an effective, fair, and applicable dispute resolution process.

To achieve these goals, the proposal recommends that industry work together to design, lead and participate in a consultative process to develop the Code of Practice and to design an Oversight Framework to support adherence to its provisions.

A consultative approach will help ensure stakeholders have a forum to express their views and to build support through the development process. In working together, stakeholders will identify, explore, and resolve issues jointly – ensuring a better end-product and helping to build understanding, collaboration, and compromise along the way.

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May 14, 2021

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### INTRODUCTION

In November 2020, Federal-Provincial-Territorial (FPT) Agriculture Ministers announced the creation of an FPT Working Group to identify potential measures to safeguard balance in the food system's commercial relationships, while also ensuring Canadians' continued access to a safe, reliable food supply at affordable prices.

The Ministers encouraged a collaborative approach to examining these measures and called on industry to actively contribute to this process.

Inspired by the FPT Ministers' request for industry collaboration and leadership, this Proposal sets out a transparent, consultative and collaborative process for food industry leaders to develop a Canadian Food Industry Code of Practice.

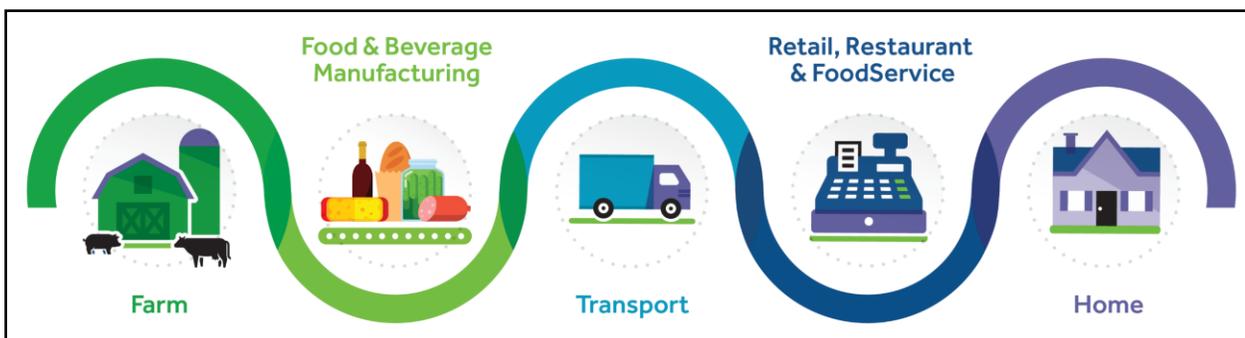
Those who support this initiative believe Canada's food industry will be made stronger if stakeholders work together to resolve tensions and disputes along the supply chain. We also believe this approach will help strengthen Canada's food system and enhance its ability to contribute to food sovereignty, food security, and economic growth – key objectives under Canada's Food Policy.

This Proposal does not prescribe the contents of a Code of Practice. Instead, it describes the framework for a collaborative and inclusive process through which industry stakeholders will design a Code of Practice and an Oversight Framework that meets the unique needs of Canada's food system.

### CANADA'S FOOD INDUSTRY NEEDS A CODE OF PRACTICE

We believe it is time for a Canadian Food Industry Code of Practice.

Canada's food system is a complex and dynamic collective of producer, processor, distributor, and retail enterprises – groups and individuals that work collectively to ensure Canadians have the food they need. Each sector relies on the strength and sustainability of the others so that Canada achieves its food goals.



A strong food system is essential to Canadians. Our food system is the foundation of Canada's food sovereignty. It supports Canada's national, provincial, territorial, and regional economies and its international trade goals. It contributes to local production and food security, and it employs more workers than any other industry in the country.

While a strong food system is part of our national safety net, given its breadth and complexity, issues inevitably arise.

While a Canadian Food Industry Code of Practice cannot address all issues, it can play an important role in bringing transparency and certainty to commercial relationships and in promoting fair and ethical dealings. This in turn can help reduce tensions and costs along the supply chain and contribute to a more cohesive food system.

## **A MADE IN CANADA SOLUTION**

Many stakeholders across the producer, processor, and retail sectors support the need for a code of practice for Canada's food system. We believe that any Code of Practice must be developed in Canada for Canada.

Canada's food system is unique. In Canada, no supply chain is subject to the same external pressures and uncertainty as is food. Facing consumer demand and changing preference on the one side, and impacted by a myriad of external forces beyond industry's control – weather, transportation issues, trade disruptions, international trade agreements, and political events – on the other; producers, processors, and retailers must manage through these elements while ensuring a stable and affordable food supply.

Equally, Canada's food system is distinct from that of other countries. Canada boasts a large and diverse primary agriculture sector that is reliant on both domestic and export markets and is often characterized by regionalized production. Primary agriculture includes nearly 200,000 predominantly family-run farms operating across all regions of Canada, producing hundreds of different agriculture products and selling to both processors and retailers. Domestic food processing also includes a large number – almost 8,000 – of individual companies, the vast majority of which are small and mid-sized enterprises (SMEs). And the retail sector, while highly concentrated, also includes almost 7,000 independent retailers that play a unique role ensuring local and regional food availability.

Add to all of this Canada's federated system of government, which raises unique challenges in implementing consistent nation-wide policies, programs, and regulatory measures.

Ultimately, the fundamental elements that define Canada – an economy and population thinly spread across a large geographic area and a federated system of government – demand that a Food Industry Code of Practice reflect the Canadian experience.

## **OBJECTIVES OF A CODE OF PRACTICE**

We believe the purpose of a Canadian Food Industry Code of Practice is to promote and support good faith dealings and responsible commercial conduct, and to minimise disputes and disruptions along the food supply chain by:

- Ensuring transparency and contractual certainty in all commercial transactions.
- Ensuring best practice reciprocity throughout the supply chain.
- Promoting fair and ethical dealings in contract negotiations, particularly where there is a significant disparity in negotiating power between the parties.
- Ensuring equitable distribution of food supply.
- Providing supports for small and mid-sized parties to commercial transactions.
- Providing an effective, fair and applicable dispute resolution process.

## KEY ELEMENTS OF THE CODE OF PRACTICE

We believe that a Canadian Food Industry Code of Practice must include certain key elements to achieve its objectives and to garner support from across the food system.

It must promote stability by addressing key issues such as contractual certainty and supply equity while also enhancing and protecting domestic food production and food accessibility, addressing the needs of small and mid-sized firms.

There must be just one Code of Practice throughout the country administered uniformly to ensure consistency. The alternative presents the possibility of different Codes across jurisdictions, which would impose increased costs and complexity throughout the supply chain. The Code of Practice must also include a strong oversight framework that ensures accountability of the participants. The Code of Practice would not be embedded in regulation, thereby providing flexibility for it to evolve, however participation would be mandatory.

Finally, we believe a Code of Practice must be simple to access and must apply to all stakeholders in the food supply chain on a reciprocal basis. It must also be responsive to changing and evolving conditions across the supply chain.

Canadian Food Industry Code of Practice Key Elements	
Simple and practical One system for the entire country Applies to everyone on a reciprocal basis Mandatory and ensures accountability Agile and responsive to changing conditions Minimizes unintended consequences	Addresses: <ul style="list-style-type: none"><li>• unilateral and retroactive actions &amp; fees across the supply chain</li><li>• contractual certainty across the supply chain</li><li>• supply equity</li><li>• local food availability</li><li>• small and mid-sized enterprises</li></ul>

## THE APPROACH

We believe a Canadian Food Industry Code of Practice must be developed by industry for industry and must reflect and respect the unique elements of Canada's food supply chain and federated system of government.

We are therefore proposing that industry work together to design, lead, and participate in a consultative process to develop the Code of Practice and to design an Oversight Framework to support adherence to its provisions.

A consultative approach will help ensure stakeholders have a forum to express their views and to build support through the development process. In working together, stakeholders will identify, explore, and resolve issues jointly – ensuring a better end-product and helping to build understanding, collaboration, and compromise along the way. In this regard, the process is as important as the product.

We envision the following key elements of this project:

## 1. Industry Steering Committee

We recommend that a Code of Practice Industry Steering Committee be established; comprised of representatives from across the food supply chain and with participation by and support from FPT Ministers. The Industry Steering Committee will have the mandate to, through a transparent, inclusive, and consultative process:

- Develop the terms of a Code of Practice for Canada’s Food Industry.
- Design the Implementation and Enforcement Framework to support the Code of Practice.
- Ensure broad industry participation in the development process.
- Secure broad industry support for the Code of Practice.

The Industry Steering Committee should include leaders from the producer, processor, and retail sectors, together with representation from the FPT Ministers.

Industry Steering Committee Structure		
Stakeholder Group	Positions	Members
Producers	2	<ul style="list-style-type: none"> <li>• Canadian Federation of Agriculture (CFA)</li> <li>• L’Union des producteurs agricoles (UPA)</li> </ul>
Processors	2	<ul style="list-style-type: none"> <li>• Food and Beverage Canada (FBC-ABC)</li> <li>• Le Conseil de la transformation alimentaire du Québec (CTAQ)</li> </ul>
Retail	3	<ul style="list-style-type: none"> <li>• Retail Council of Canada (RCC)</li> <li>• Canadian Federation of Independent Grocers (CFIG)</li> <li>• Association des détaillants en alimentation du Québec (ADA)</li> </ul>
Produce Supply Chain	1	<ul style="list-style-type: none"> <li>• Canadian Produce Marketing Association (CPMA)</li> </ul>
Government	2	<ul style="list-style-type: none"> <li>• FPT Ministers to appoint 2 Executive Level Representatives</li> </ul>

In undertaking their work, the Industry Steering Committee will be asked to examine codes of practice implemented in other countries and other Canadian sectors (e.g., Canadian Code of Practice for Credit and Debit Card Industry, Fruit and Vegetable Dispute Resolution Corporation, etc.).

Recognizing the work many groups have undertaken to date on this issue, the Industry Steering Committee will also invite all industry stakeholders to share their work and participate in the process so that best practices and learnings to date can be incorporated into discussions.

## 2. Industry Stakeholder Working Group

Development of and support for a Code of Practice will require participation from the many producer groups and industry associations representing Canada’s agri-food sector.

We therefore propose the creation of a broad Industry Stakeholder Working Group to provide input to the development process through working groups, plenary discussions, surveys, and other outreach tools. Appendix A includes a proposed, preliminary list of stakeholders we believe should be part of this process.

## 3. Secretariat

Development of an industry-led Code of Practice will be a complex and sophisticated undertaking requiring day-to-day management. It will also require ongoing support from FPT Ministers.

We proposed that the FPT ministers establish and fund a Code of Practice Secretariat to support the Industry Steering Committee and to manage day-to-day implementation of the process and consultations. This Secretariat could operate from one of the federal or provincial/territorial agriculture ministries or from an arms-length body (e.g., CAPI).

## BUDGET

Industry recognizes the need to establish a budget to support this consultative process. Key budget items could include meeting costs, facilitation services, translation, research, and legal support.

We propose to work with the FPT Working Group to identify potential funding support for this initiative through direct government or program funding. Industry would itself continue to provide extensive in-kind support through its leadership within the Industry Steering Committee and participation through the Industry Stakeholder Working Group.

## PROPOSED TIMELINE

The Industry Steering Committee proposes to update the FPT Ministers regularly on key Milestones. While a detailed timeline will need to be developed, the following framework is proposed. This framework does not preclude the introduction of individual tools as “early wins” or interim measures throughout the development process.

Proposed Milestones*	
July 2021	FPT Ministers Support for Proposed Approach
September 2021	Industry Stakeholder Working Group Formed
December 2021	Key Elements of Code of Practice Presented to FPT Ministers
March 2022	Proposed Text of Code of Practice Completed
July 2022	Draft Enforcement Framework Presented to FPT Ministers
October 2022	Proposed Enforcement Framework Completed
December 2022	Final Code, Enforcement Framework and Implementation Timeline Presented to FPT Ministers

\*Proposed Milestones will be refined by the Industry Steering Committee as required to take into account the dynamic pandemic environment.

## APPENDIX A: INDUSTRY STAKEHOLDER WORKING GROUP

\* This list of Industry Stakeholders will be refreshed and revised, as needed, to ensure all key stakeholders are included.

Sector	Organization
Producers	Canadian Federation of Agriculture (CFA) L'Union des producteurs agricoles (UPA) Canadian Horticulture Council (CHC) Canadian Cattlemen's Association (CCA) Canadian Cattle Feeders' Association (CCFA) Canadian Pork Council (CPC) Dairy Farmers of Canada (DFC) Chicken Farmers of Canada (CFC) Canadian Hatching Egg Producers (CHEP) Egg Farmers of Canada Turkey Farmers of Canada Grain Growers of Canada Canadian Canola Growers Association (CCGA) Ontario Greenhouse Vegetable Growers Ontario Fruit and Vegetable Growers APMQ - Association of Quebec Vegetable Producers B C Vegetable Marketing Commission
Processing	Food and Beverage Canada (FBC-ABC) Le Conseil de la transformation alimentaire du Québec (CTAQ) Food, Health and Consumer Products Canada (FHCP) BC Food & Beverage Food and Beverage Alberta Food & Beverage Manitoba Food and Beverage Ontario (FBO) Food & Beverage Atlantic Dairy Processors Association of Canada (DPAC) Canadian Poultry and Egg Processors Association (CPEPC) Canadian Meat Council (CMC) Canadian Aquaculture Industry Alliance (CAIC) Canadian Fisheries Council (CFC) Wine Growers of Canada Canadian Beverage Association (CBA)
Retail	Retail Council of Canada (RCC) Canadian Federation of Independent Grocers (CFIG) Association des détaillants en alimentation du Québec (ADA) Canadian Federation of Independent Business (CFIB) Ontario Convenience Stores Association (OCSA)
Supply Chain	Canadian Produce Marketing Association (CPMA)

## APPENDIX B: CANADIAN FOOD INDUSTRY COLLABORATIVE ALLIANCE

The founding members of the Canadian Food Industry Collaborative Alliance include:



Quebec Food Retailers Association's mission is to ensure the sustainability of independent food retailers and to contribute to the development of the Agri-food industry in Quebec. Since 1955, the association contributes to well-served communities aware of the impact of its consumption choices through the know-how and proximity to their local food retailer.  
[www.adaq.qc.ca](http://www.adaq.qc.ca)



Canadian  
Federation of  
Independent  
Grocers

Fédération  
Canadienne  
des Épiciers  
Indépendants

The Canadian Federation of Independent Grocers (CFIG) is a non-profit trade association founded in 1962, which continues to be a collaborative community, equipping and enabling independent, franchised and specialty grocers for sustainable success. CFIG is the strong and united voice for the independent grocery retailers to Industry and Government across Canada. CFIG also provides programs that support operational excellence while fostering solid relationships among retailers, distributors and suppliers.



CPMA includes over 800 companies including major growers/shippers/packers/marketers, importer/exporters, transporters, brokers, distributor/wholesalers, retailers, fresh cut operators, foodservice distributors/operators and processors that integrate all segments of the fresh produce industry.



CONSEIL DE LA  
TRANSFORMATION  
ALIMENTAIRE  
DU QUÉBEC

The Quebec Food Processing Council (CTAQ) is a consolidation of the strengths of the industry that represents 13 associations and more than 560 member companies. Its mission is to ensure the representation, promotion and defense of the interests of its members with stakeholders and to support them in reaching their full potential to ensure the sustainability of the food industry in Quebec.

Food and  
Beverage  
Canada



Aliments  
et boissons  
Canada

FBC-ABC is the national association representing Canada's food and beverage manufacturers. Across Canada there are almost 8,000 food and beverage manufacturers employing 290,000 Canadians and generating close to \$120 billion in annual revenue. Food and beverage is the second largest manufacturing sector in Canada and the country's largest manufacturing employer.



The retail industry is the largest private sector employer in Canada. Retail Council of Canada (RCC) members account for more than two-thirds of all retail sales in Canada. As *The Voice of Retail™* in Canada since 1963, RCC is proud to represent more than 45,000 online and brick-and-mortar storefronts in general merchandise, pharmacy, grocery, specialty and discount, independent and online merchants from coast to coast.