

Elimination of Border Re-Inspections & Associated Fees on Canadian Meat Exports into USA

“Food produced under the regulatory systems in both countries (Canada & USA) is some of the safest in the world and it should usually not be necessary to apply additional inspection or testing requirements simply because it is crossing the Canada – USA border.”¹

Issue

Border inspections of Canadian and US meat are simply re-inspections of CFIA and USDA inspected meats. On July 6, 2009 FSIS formally acknowledged that Canada’s system of meat testing is equivalent to USDA standards. However every shipment of Canadian meat into USA is subject to mandatory re-inspection at the border, with re-inspection fees applicable. This border re-inspection process places the Canadian meat industry at an economic disadvantage to that of the USA, and is one of many examples where the failure to resolve bilateral regulatory and border issues are undermining Canada’s competitiveness.

Background

In a report released in September 2014, The Canadian Meat Council (CMC) advises that Canada’s meat industry employs 65,000 and ranks number one in our food industry, with total revenues of \$24.1 billion annually. On average Canadian processors export 563,000 tonnes of meat (28,150 truckloads) annually into the USA, with each truck subject to border re-inspection, despite a national sampling plan administered by the US Food Safety & Inspection Service (FSIS). Annual meat imports from the USA average 356,000 tonnes (17,800 truckloads).

Based on the recognition of the equivalency of the inspection systems and the Canada-US Free Trade Agreement, Canada adopted a frequency of import inspection at the level of one in ten. Current USDA border re-inspection of all US meat imports are redundant, delay shipments, introduce product and marketing risks, translating into additional costs to Canadian meat processors.

These US border re-inspections are conducted by 10 privately owned Inspection Centres which charge re-inspection fees without USDA oversight. These fees cost our meat processing industry upwards of \$3.6 million annually². Furthermore, US border re-inspection requirements significantly increase shipping and handling costs to Canadian meat processors (*i.e. added driver, fuel and vehicle depreciation costs*), and increase market risk when the cold-chain delivery system is disrupted at these US Inspection Centres.

According to CMC, many “Inspection Houses” are older non-refrigerated facilities and lack the food safety standards (*i.e. HACCP*) and warehousing programs consistent with standards applied at the CFIA and USDA facilities from which the meat was originally inspected and shipped. Furthermore re-inspections at these Inspection Houses disrupt the cold-chain delivery process and “could result in temperature shifts of 10 degrees or more ... and a supplier could lose 3 – 10 days of a typical 30 day shelf life fresh meats that get delayed can be refused by the customer.”

According to the Canadian Meat Council, “every driver loses 2 - 4 hours of driving time when reporting to the Inspection Centres”. Once a driver hits 11 – 12 hours behind the wheel, transportation regulations mandate a 10 hour rest time. According to the CMC, at \$100 per hour, resulting driver downtime is a significant cost to our meat industry.

US Border Inspection Process: All trucks crossing the US border containing meat from Canadian processors are first screened by US Border Officials, after which they must report to one of only 10 US Inspection Centres located on the international border. All trucks are opened at the Inspection Centres and their import documents are verified with

¹ “American Meat Institute (AMI) and the Canadian Meat Council (CMC).” Canada’s Economic Action Plan <http://actionplan.gc.ca/en/page/rcc-ccr/american-meat-institute-ami-and-canadian-meat> Retrieved 3 February 2015.

² Ibid.

the USDA. Approximately 10% of all trucks are physically re-inspected before they can proceed to a federally inspected US packing plant for further processing.

Canadian Border Inspection: All trucks crossing the Canadian border containing US meats are first screened by Canadian Border Officials, at which time the driver is informed if his truckload is one of the 10% randomly selected for further inspection. If a re-inspection is required, it is not done at the border, but rather at one of the 125 CFIA Registered Establishments. This re-inspection process ensures tighter quality control and improved food safety to the consumer, with reduced shipping costs to the supplier. There are no border re-inspection fees applicable to the US meat processor on imports into Canada. Rather CFIA inspection costs are absorbed by the Canadian processor.

History

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. Prime Minister Harper and President Obama collectively announced support for the 29 point Joint Action Plan *“Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness.”* Its mandate is to *“enhance security and accelerate the legitimate flow of people, goods and services across our international border”*³ As an exporting nation, Canadian businesses are dependent on smooth, fast, and free trade. The RCC is an essential program for identifying impediments to trade across numerous sectors. Canadian businesses are sure to see tremendous benefit when RCC recommendations are implemented.

As part of the *“Beyond the Border Action Plan”*, the USDA’s Food Safety and Inspection Service (FSIS) and the Canadian Food Inspection Agency (CFIA) committed to implement a pilot project to introduce and evaluate an outcomes-based process for the purpose of eliminating unnecessary and duplicated requirements on cross-border meat shipments. The 12 month pilot project was to conclude in September 2013 following which it would be evaluated. However, it was halted by the USDA shortly after its launch influenced by US lobbyists who cited concerns about food safety in the face of the XL Foods massive meat recall.

In August 2014 the *Canada – United States Regulatory Cooperation Council (RCC)* released its *Joint Forward Plan* which *“focuses on eliminating unnecessary costs and duplication, removing red tape, reducing delays in bringing products to market and providing more predictability for integrated supply chains – all without compromising the health and safety of Canadians and Americans”*.⁴

Recommendations

That the federal government:

1. Support the efforts of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on meat and other trade between Canada and the United States of America.
2. Ensure that all re-inspections of Canadian meats exported to the United States of America only be conducted at United States Department of Agriculture sanctioned processing facilities.
3. Eliminate current border re-inspection fees on Canadian meats exported into the United States of America.

³ Ibid.

⁴ “Canada-United States Regulatory Cooperation Council Joint Forward Plan August 2014.” Canada’s Economic Action Plan. <http://actionplan.gc.ca/en/page/rcc-ccr/canada-united-states-regulatory-cooperation-1> Retrieved on 3 February 2015.