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## Marketplace Monitoring

Better enforcement of rules that permit only safe and effective products on the market is a priority for the fertilizer and supplements industry. There is a need to level the playing field and ensure that only regulated products end up on retailer shelves.



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The solution lies in better marketplace monitoring through an industry-run program to ensure and demonstrate quality manufacturing. This will allow the Canadian Food Inspection Agency (CFIA) to focus on enforcing the existing rules, says a report prepared by Issues & Insights for the Canadian Fertilizer Products Forum. According to the report, companies that invest substantial resources to meet the safety, efficacy, and labeling expectations of regulators and customers face unfair competition from non-compliant products.

Fertilizer companies report recurring and sizeable problems with illegal products, particularly in the lawn and garden market. This is a potentially dangerous situation for consumers and the environment as well as creating an uneven playing field for companies that invest in meeting regulatory standards.

CFIA has highlighted the importance of enforcement in its strategic plan and a new education program for its inspectors. While these actions will help, industry would like to see CFIA focus on unregistered product and out of compliance labels, the report says. The report also points out that many retailers may be unaware that some of the products they handle do not conform to the rules. Recommendations include communication directly with retailers and to make them aware of the regulations and advise them to avoid putting unregistered products on their shelves. A list of registered products on the CFIA



website would provide a good resource for retailers. Cooperation on this issue between industry and CFIA is in its infancy and more work will be required in the future.

The key enforcement issues from industry's perspective include unregistered and improperly labeled and illegally repackaged products. Offenders include major retailers and home supply stores that carry unapproved fertilizers and supplements in an attempt to market unique products. Many of these retailers likely do not know these products are illegal.

A marketplace monitoring program would show the industry's commitment to quality and create value for businesses and customers. A formal, industry-recognized system for marketplace monitoring has been under development by the Canadian Fertilizer Products Forum, in collaboration with CFIA from 2007 to 2008. The Forum gathered ideas from existing programs operated by industry and government, and opened discussion with fertilizer and supplement companies to explore options. Poor performance of existing programs and increasing cost for CFIA monitoring is driving both industry and regulatory officials to look at other options.

The Canadian Seed Institute sets and maintains quality standards and employs certified inspectors to verify the compliance of seed companies to its standards. The seed industry moved to this format more than a decade ago to

avoid increased costs from CFIA and to meet higher standards from importing countries.

Another option is the Composting Quality Alliance system, which is providing standards in the compost sector and seeking official recognition by CFIA. It was set up to ensure products meet CFIA's requirements for safety and efficacy and to promote and protect the reputation of the industry for marketing purposes. It costs companies about \$700 to \$1,000 a year to belong to the program and they get to use its Composting Quality Alliance logo as a customer guarantee. This logo provides value to both businesses and customers.

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Industry could also consider an adaptation of the Canadian Fertilizer Quality Assurance Program for bulk fertilizers. While the current Canadian Fertilizer Quality Assurance Program (CFQAP) is not achieving its goals in terms of cost-effectiveness, compliance or sampling accuracy, CFIA's regulators are willing to consider an alternative program that has general industry

consensus and demonstrates industry diligence in blending practices. A recent Ipsos Reid study commissioned by the Canadian Fertilizer Products Forum found Canadian farmers are generally satisfied with bulk-blended fertilizer quality. Nevertheless, industry needs to demonstrate how their existing internal quality control measures meet regulatory standards.

Also worth consideration is the Ammonia Standards Program of the Fertilizer Safety & Security Council. It sets best practices for safe and secure handling of anhydrous ammonia from manufacturing to end use. All ammonia sites will have to enroll in this comprehensive self-regulatory program by the end of 2010. The program is an approach to risk management and is a concrete way to demonstrate that the industry is taking every reasonable step to safeguard its employees, customers and communities, the report says.

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Another option is an industry-driven accreditation system which would focus on companies supplying fertilizers. It would be audited by a third-party accreditor. This accreditor would set standards for the quality system that comply with CFIA rules and requirements.

With this option, the accreditor would not require an extensive bureaucracy, the report says. It would remain small and low cost by focusing on setting standards, sharing information, and overall administration. Independent auditors would do the actual legwork involved in inspecting facilities, checking documentation and ensuring standards are met. These auditors would have to be approved and certified by the accreditor.

Once they are prepared to have an audit performed, the companies would contact the accreditor and be given a list of auditors available in their geographic area of the country. It would be up to the member to initiate contact with an auditor and set up a date for the audit to enter the process. Audits would then occur bi-annually once the company is certified. Failure to take corrective action would cost the company its certification.

To police itself, the accreditor would initiate random audits to ensure the auditors are indeed doing their jobs and to make sure members maintain their quality system. The accreditor would also direct additional audits of companies which have a history of non-compliance.

CFIA has found that some segments of the industry have exceeded its compliance rates while in other segments the industry is lagging these established targets. CFIA is working to improve the national consistency of enforcement. It is





considering an enforcement matrix indicating the gravity of various possible infractions. Putting in place a system of Administrative Monetary Penalties, a system of fines for violators, is already underway but will take some time to complete. Once implemented, this will put more teeth into the enforcement powers of inspectors.

As with Canadian manufactured products, there are also non-compliant imported products being sold in Canada. Some manufactures of these products are not aware of the Canada regulatory requirements, as they differ substantially from many U.S. state requirements. In other cases, the manufacturer is simply taking advantage of the present market opportunity and the limited capabilities of the CFIA inspectors to undertake enforcement activities.

Regardless of the type of marketplace monitoring system used, it will have to report on regulatory compliance to CFIA and maintain good quality assurance standards so compliance rates can be improved. A new quality marketing program will level the playing field for industry, increase value to customers and the environment as well as fulfill CFIA's high standards concerning safety and efficacy.

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