ANNUAL REPORT 2015

Canadian Horticultural Council

Canadian Horticultural Council | Conseil canadien de l'horticulture

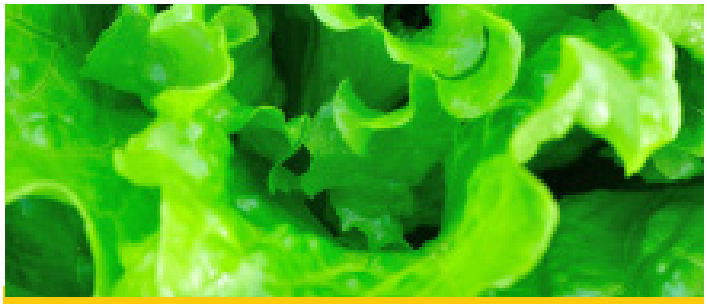
The voice of Canadian horticulture

Number of fruit farms in Canada:

12,697

Total annual employees working in greenhouse vegetable production in Canada:

10,761



Annual fresh vegetable exports:

$1,327,606,000

Harvest area of potatoes in Canada (acres):

343,446

Number of Canadian horticultural farms:

> 27,500

Annual total direct farm cash receipts from Canadian farms:

> $5 billion

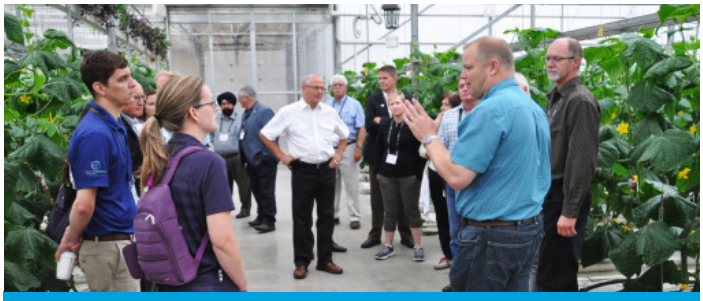
Learn more at hortcouncil.ca

Winter 2015
CHC elects new Board of Directors, re-elects Keith Kuhl as President and passes 17 resolutions.

Winter 2015
CHC moves into new office and achieves debt-free status.

bees matter

Spring 2015
CHC joins industry partners in Bees Matter and Buzzing Gardens campaign to talk about pollinator health.



Summer 2015
CHC hosts Summer Tour in Niagara Region, bringing together members and industry partners.

Autumn 2015
CHC lobbies three main political parties ahead of 2015 election. NDP and Liberals support PACA.

Winter 2016
CHC meets with Immigration Minister McCallum and Agriculture PS Poissant to discuss labour issues.

CHC in 2015 - 2016

We certainly appreciated all the hard work that CHC did on behalf of our industry and the support from all of the other growing areas. It made a huge difference for our growers this past season. Many growers that lost a lot of their production in 2014 were able to control this pest in 2015 leading to much better quality and return on their crop. BC Blueberry growers are extremely thankful for the hard work and support of CHC and everyone that was involved in this push for the BC Blueberry industry.

We got the Emergency registration for two applications. The government was very receptive to moving the start and end dates for the Emergency registration and we were able to cover the majority of our season.

Jason Smith
Chair, BC Blueberry Council
February 5, 2016

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Report of the President

To the Members of the Canadian Horticultural Council

The change in government last fall provided hope that we would be able to make changes and create new opportunities. It has taken time for the Liberal government to get themselves organized; my guess it that they were not expecting to win with the strong majority that they received.

As in the past, the CHC will continue to lobby on issues of priority to our members. On some issues where our policy aligns with the Canadian Produce Marketing Association (CPMA) we work together to speak with one voice. This has certainly been the case when lobbying for a commitment from government which would provide priority for produce sellers in the case of bankruptcy or insolvency (PACA-like trust). On this issue we have worked closely with both CPMA and the DRC. Both of these organizations engage lobbying firms. This has been beneficial for CHC.

Lobbying is the major mandate of CHC. Staff such as André Bourbonnière and David Jones give us the ability to provide the background on the issues, which is the crucial first step in lobbying. Where we fall short is the ability to open the doors to government. This is an area where it is virtually impossible to hire staff. Most organizations engage with firms who specialize in identifying the people best suited to assist with the issue and then work to get meetings setup. CHC has members who are requesting that we look to find ways to allow us to engage a lobbying firm. I agree that this would add strength to our organization. However, this will come at an additional cost. The Board of Directors has reviewed the requests and submitted a motion for discussion the Annual General Meeting.

The business of farming is changing rapidly. In 1999 - eighteen years ago - the CHC initiated discussions on development and implementation of a National On-farm Food Safety Program for all fruit and vegetables producers. Over the past years the discussion has evolved from core food safety, to traceability, biosecurity to where we are in 2016 – indications of the need to incorporate a sustainability into the program. Most recently the discussion has shifted yet again to indicate that the priority is Public Trust-Social Licence. According to some, it would seem that the general public is losing confidence and trust in the food supply.

It is easy to gain exposure and attention when you are looking to publish information from a negative perspective. However, it is much more difficult to get

positive stories out. People seem to fear what they do not know; people tend to go to sources such as news and internet to try to gain knowledge to offset their fears. What many fail to understand is that much of the information on the internet reflects biased opinions and the media will always try to make the issue as controversial as possible.

It has now been 70 years since World War II ended. This is the last war between what are now seen as the leading countries in the world. The war resulted in many people starving due to lack of food. North American farms provided huge food aid assistance to England and other areas, sadly much of this ended up at the bottom of the Atlantic Ocean along with the ships at a huge cost in human lives.

WWII provided incentive for agriculture to improve yields. This is the case both in field production and in raising of livestock. New and more efficient methods were found to allow the public to be assured that they would not suffer the hardships and hunger experienced during WWII. Livestock production changed to allow chickens to be raised in cages which facilitated efficient use of feed and improved labor efficiency, similarly hog production changed to larger barns with farrowing crates, this decreased the piglet mortality rate in that the boars no longer had access to the piglets, there was also a significant saving in feed and labor costs. Beef production changed to feedlot style. Again, significant reductions in feed waste and large savings on labour.

WWII had also encouraged the scientific community to increase their knowledge and contribution to the war efforts. Following the war, the need to create new methods of mass destruction changed to the need to improve the ability to sustain life. Science was directed to work on new genetics, finding the soil balance which would maximize yields. Companies who during the war had been working on chemical warfare now found themselves needing to direct their scientists to research in totally different areas including agriculture. The research has resulted in ongoing increase in yields and labour efficiencies.

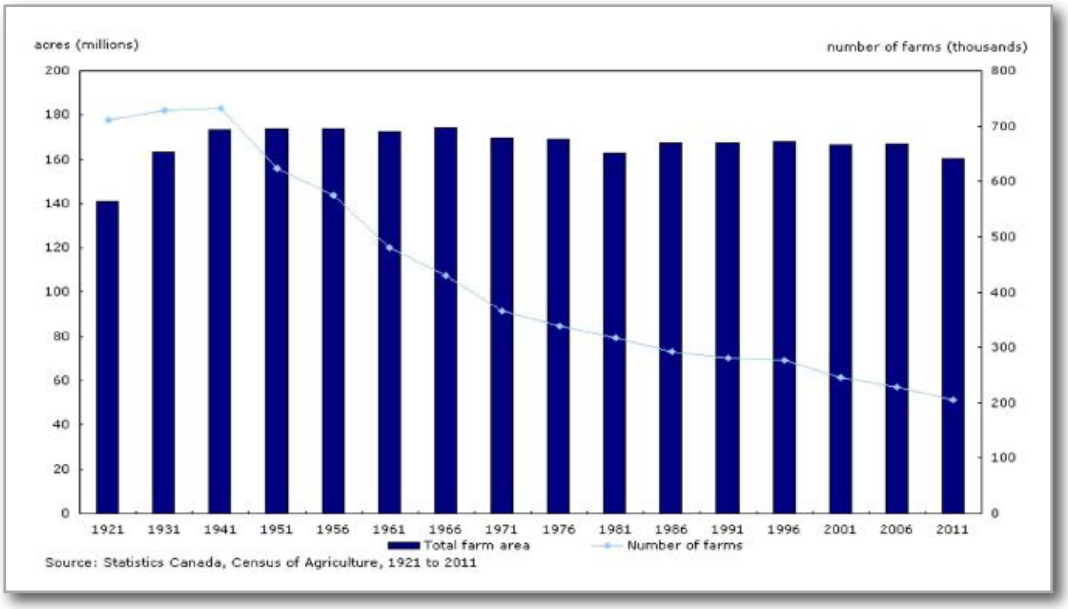
Many factories, which during the war were producing armaments, planes, tanks, guns, ships etc., needed to retool and find new uses for the facilities. The result was significant and ongoing advances in equipment; agriculture benefited from the change with new and always more modern farm equipment. The result was an increase in efficiency both in terms of increased production and decreased labor costs.

In the 1950's, and possibly earlier for some, farms started to transition from farming as a way of life to farming as a business. Farms were generally small, farm families were often large and the families provided a significant portion of the labor. As farms adopted a business model they automatically started to grow. Medical advances such as birth control resulted in family planning and reduced family size. This resulted in more farms hiring additional labor. Changes in technology and agronomy encouraged farms to have more professionals engaged either by hiring crop consulting firms or for larger farms hiring their own expertise.

From my observation, farms where the parents decided not to expand saw the children leave the farm to find employment; they saw how hard the parents needed to work in order to sustain the "family farm" and wanted no part of this lifestyle. These farms provided opportunity for the more aggressive business orientated producers. Farms moved to produce more complex crops which in many cases required huge capital investments and again increased the demand for both skilled and "low skilled" workers.

Looking at the value chain, mostly farmers have not kept up with the other sectors of the chain. The mergers and acquisitions both on the supply end and consumer/buyer end resulted in an ongoing reduction in companies who supply the farms or purchase the products produced.

The number of acres farmed over since 1941 has shown a slight decrease; the most significant contribution to this is urbanization. The number of farmers has decreased from over 650,000 to about 200,000. Society is concerned about the



Gross farm receipts	Number of farms 2011	Number of farms 2006	Percent change 2006 - 2011
< 10,000	43,954	45,749	-4.08%
10,000 - 24,999	32,853	36,971	-12.53%
25,000 - 49,999	25,764	30,227	-17.32%
50,000 - 99,999	25,455	31,119	-22.25%
100,000 - 249,999	31,670	40,382	-27.51%
250,000 - 499,999	22,455	25,108	-11.81%
500,000 - 999,999	13,977	12,499	10.57%
1,000,000,-,1,999,999	6,304	4,614	26.81%
> 2,000,000	3,298	2,704	18.01%
Total	205,730	229,373	-11.49%

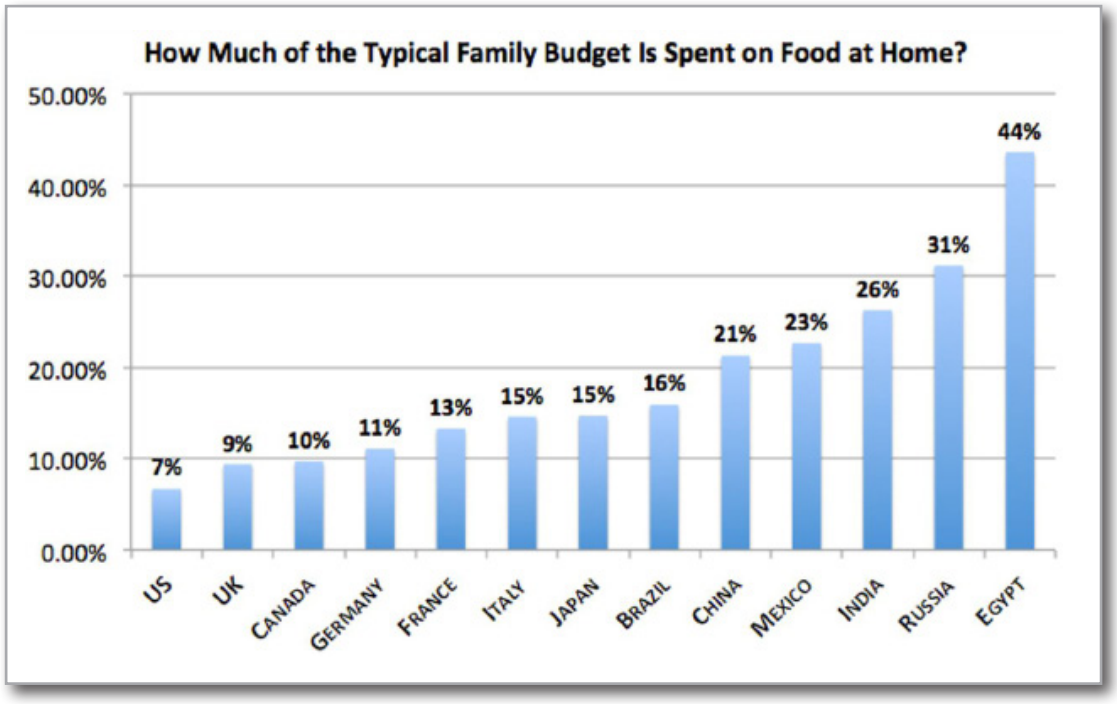
Source: Statistics Canada Census of Agriculture

size of farms, often referring to factory farms, but of course society also wants to shop at large box stores and maintain low prices.

This is information you already know. We have done a great job at increasing our production and we have done an even better job at keeping food prices low.

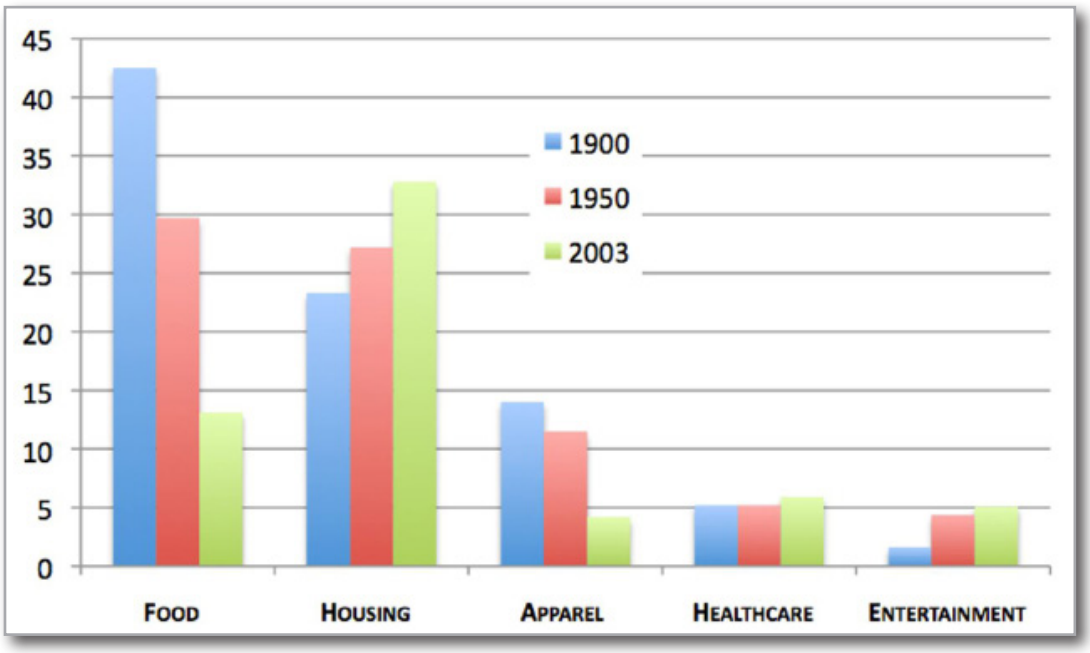
Since WWII we have seen an ongoing exodus from the farm; globally our civilization has become urban based. Since WWII, hunger has never again been an issue in fact the selection in retail outlets continues to increase. We have become a global society wanting to have exotic fruits and vegetables available to us daily. For most of us crops such as asparagus were only available for a short period of time when it was fresh from the garden. Today, we can purchase products such as this daily, many times flown in fresh from around the world.

Society has also become more educated and through the education has determined that they again want to have a relationship with the people who produce the food they consume. Media has all too often portrayed agriculture from a negative perspective. Media talks about the loss of the family farms. Most farms continue to be family farms but have needed to adapt to the ever changing world.



Although the chart above and the one on the next page are US-based charts, our countries are comparable in most cases. The chart above measures percentage of disposable income or budget spent on food at home, this does not include restaurant expenditures.

The chart below (again US-based) demonstrates the decrease in total food cost; this chart includes dollars spent in restaurants. In 1950 people spent 30% of their budget on food, today; the amount has decreased to about 12%.



Finally – where am I going?
As a society, we have learned to never be satisfied - we always want more. Agriculture has focused on providing what we thought society wanted: cheap and nutritious food. But society continues to change: they still want the cheap food, they are more focused on nutrition but they are now also wanting to re-establish the relationship that their parents and grandparents had with the farm.

We will need to continue to find ways to provide for society, these are our customers. It is important that they have access to information on where their food comes from. If we do not tell our story, others will tell it for us. Many of those who will tell the story for us will do so with good intentions but may speak with a lack of knowledge; the result is their own bias will determine the story.

The Canadian Agri-Food Policy Institute (CAPI) held a forum on Public Trust/Social License. An output of the forum is a publication "Achieving What's Possible for Canada's Agri-Food Sector." I agree with much of what is included in the report, I agree with the direction, I agree that we need to be transparent and that consumers have the right to know how the food they eat is produced. Where I run into difficulty is who is developing the policy and what impact will this policy have on farmers? When I look into CAPI as an organization I note that there is very limited pure agriculture involvement. The core membership consists of three provincial departments of Agriculture and Farm Credit Canada. Do not misread, the message is important, we want government involvement but governments need to first establish their own Public Trust/Social Licence. We need to tell our story rather than have others tell it for us.

Report of the Executive Vice-President

To the President and Members of the Canadian Horticultural Council

In 2015 as we settled into new office facilities key organizational statements were affirmed:

Vision	an innovative and sustainable Canadian Horticulture Industry
Mission	to be the Voice of Canadian Horticulture
Mandate	to build national consensus on issues relevant to members in order to influence policies and programs for a sustainable horticultural sector
Value	membership in the CHC provides a seat at the table where the industry's future is being decided

With these in mind and serving as a compass, we set about the tasks at hand and managed new tasks as presented. Our efforts and activities focused on:

- farm labour
- election preparedness and outreach
- science cluster management
- outreach
- crop and plant protection
- risk management
- commodity coordination
- networking

The recent federal election and outreach to members was a call to action taken up by many and an opportunity to profile a number of our issues. We achieved a measure of success on one issue in particular, financial payment protection for produce sellers, when two of the federal parties endorsed the need for a resolution during the election campaign.

Consultation fatigue continues, with as many as 20 consultations from various departments ongoing simultaneously. While the pressure has come primarily from the CFIA food safety modernization initiative and Safe Food for Canadians Act, it has abruptly shifted to crop protection due to a plethora of proposed re-evaluation decisions generated by the PMRA. These will have a very grave impact on horticulture. Immediate attention and action are required by staff, members of the Crop Protection Advisory Committee and beyond. The cumulative impact from the potential new simultaneous loss of older chemistries is overwhelming.

The need to be heard has never been more important in order to ensure that our concerns and needs are represented though the process and, more importantly, in the outcomes. In 2016 we work with CFIA to increase attention to plant health and trade and commerce. These areas are key to the horticulture sector's ability to thrive and grow and enhanced attention to these areas cannot be not optional and must not be ignored.

As always, there is much to do and many competing priorities. Careful consideration and allocation of resources is key in maintaining a targeted focus. Efforts have been directed toward advocacy and

lobbying and strengthening linkages with a wide range of stakeholders and partners. This is particularly important given the number of newly elected Members of Parliament and incoming staff.

Since the 2011 announcement of the Regulatory Cooperation Council (RCC) we have worked diligently with members and a broad range of industry stakeholders and government officials. A stated objective in the initial work plan was to "develop comparable approaches to financial risk mitigation tools to protect Canadian and U.S. fruit and vegetable suppliers from buyers that default on their payment obligations". This has not been an easy task. A positive outcome, through a single licensing regime, is expected to be included in the Safe Food for Canadians Act and its regulations. We value and appreciate this move as it is a component of the overall solution to financial payment protection for produce sellers.

While many activities are predictable from one year to another, the ability to address emerging issues, or the unpredictable, is critical. We are always prepared to respond to matters as they arise, such as proposed product re-evaluation decisions and merging trade and plant health issues.

As we look further ahead into the remainder of 2016, and beyond, labour and crop protection-related matters are expected to be front and centre with attention to social license and sustainability increasing. We expect the tabling of the final version of the Safe Food for Canadians Act regulations and we certainly look forward to a long-awaited positive resolution to the financial payment protection for produce sellers issue.

As we continue to move forward, elements of corporate rebranding will continue to change the outward look and feel of the Canadian Horticultural Council's image. In addition, there will be a reset of our communications strategies.

The efforts and commitment from the members of the Board of Directors, those who lead and participate in our committees and various working groups are appreciated and ensure the successes that we achieve. We would not be in a position to accomplish what we do without their contributions and those of the membership as a whole. Of course our valued allied stakeholders, partners and government officials are integral as well.

An organization relies on its staff complement to support and underpin its activities, advance the mandate and deliver on member needs. We are fortunate to have a solid team of professionals in place in the national office. To each: André Bourbonnière, Amy Argentino, David Jones, Patti Proulx, Trevor Eggleton, Diane Davidson, Donna Boileau and Linda Vinokuroff - I offer a sincere Thank You for your commitment and dedication to your work and to the members.

With your support and collaboration we will continue collective efforts to ensure an innovative and sustainable Canadian horticulture industry.

Respectfully submitted,

ANNE FOWLIE
EXECUTIVE VICE PRESIDENT
CANADIAN HORTICULTURAL COUNCIL
March 9, 2016

Advocacy Initiatives

Central to CHC's mandate is our ability to influence policy within the federal government which affects Canada's horticultural sector. Such actions happen in multiple ways and through numerous channels, including via communications by members and staff to government officials and Parliamentarians, and member outreach to MPs and their staff.

Over the course of the past year, in addition to advancing key issues, the CHC has been working to profile the size and significance of the horticultural sector and document its contributions to the Canadian economy while expanding opportunities for and removing challenges to our sector. Throughout the Annual Report is information on actions taken on specific issues or commodities.

2015 Election

Polls were very close in the lead up to the 2015 Federal Election. Because of this CHC and our partners worked to engage the three main political parties in our outreach efforts. Based on need and opportunity to make an impact, CHC and our partner the Canadian Produce Marketing Association (CPMA) chose to focus election advocacy efforts on payment protection for produce sellers and a national fruit and vegetable nutrition policy.

We took an inside/outside approach where we met with and lobbied key government figures while encouraging our members to engage in a letter writing campaign. The campaign focused on the CHC website where materials and templates were available to support members in writing letters to their MPs and local newspapers as well as meeting with MPs and attending all candidate debates.

Meanwhile, CHC staff met with members of the three main political parties to convey the importance of these issues to our sector and highlight how key electoral battlegrounds such as BC's Lower Mainland, Ontario's Niagara Region and the area of Québec between Montreal and Québec City are also main horticultural production areas. Furthermore, letters were sent to candidates in these key ridings providing them key messages on payment protection prior to their regional all candidate meetings.

In advance of the election, CHC and CPMA held a joint election webinar to inform members of election issues relative to horticulture and to encourage participants to take action. We also worked with media from across the country to get the issue of payment protection for produce sellers in local, national and industry news outlets, such as The Hill Times, The Vancouver Sun, The Abbotsford News, CBC Radio Okanagan and Windsor, The Valley Harvester, The Produce News and The Packer.

CHC was pleased to see the Canadian Chamber of Commerce adopt a resolution at their 2015 AGM in support of financial payment protection for produce sellers and to recommend "that the federal government create and implement a limited statutory deemed trust in the first legislative session after the 2015 election that provides financial

protection for produce sellers in Canada in the event of bankruptcies".

CHC also applauded the Liberals and NDP for making announcements in support of payment protection for produce sellers. CHC sent questionnaires to each of the three main parties about their position on key subjects including payment protection, labour, plant health and research and innovation. The Liberal Party and NDP responded. All of this information is available on the CHC website (www.hortcouncil.ca).

Moving forward CHC will continue to work with the Liberal Government and opposition parties to ensure that commitments made on payment protection will be lived up to and other key issues will be advanced. Although we decided to pass on our annual Fall Harvest Event on the Hill in 2015 due to the election, we will be continuing with this tradition on November 21 – 23, 2016 as a joint activity with the CPMA. Plan to join us so your voice can be heard on issues that affect you.

2016 will see renewed advocacy activities as MPs and standing committees get back to business.

Plant Breeders' Rights

On February 27, 2015, Bill C-18, which included Canadian Plant Breeders' Rights conforming to UPOV 91 received royal assent. The Canadian Horticultural Council and the Canadian Potato Council (CPC) participated in lobbying efforts as part of Partners in Innovation, a group of leading Canadian farmer and agricultural organizations which joined forces to support Canadian government legislation intended to improve Plant Breeders' Rights (PBR) in Canada.

As part of direct lobbying efforts, CHC and CPC, as part of the Partners in Innovation coalition, gave multiple presentations to various House and Senate Standing Committees. CHC and CPC also hold seats on the newly formed Minister's Plant Breeders' Rights Advisory Committee (potato and tree fruit).

Bill C-18 will extend the duration of intellectual property protection from 18 to 20 years on all produce except trees, tree fruit, vines or any other category specified in the regulations, which receive an extension of 25 years. There are also opportunities for extension to be granted to other crops for 25 years, which some, such as the Canadian Potato Council are exploring.

Labour

The Canadian Horticultural Council and its members recognize the value to the Canadian economy of the horticultural sector's continuing contribution to growth and employment. The Canadian government also recognizes this and further recognizes the chronic shortages of seasonal labour for primary agriculture, particularly in horticulture, where labour has always been the highest ranking input contributing to production and prosperity.

The sector continues to face intense scrutiny with respect to its involvement in, and use of foreign worker programs. If fact, many beyond those who actually employ the workers, or depend on the output of the farms who employ the workers, continue to maintain that the need is not actual.

While the CHC fully endorses the "Canada First" concept for labour, seasonal or not, reality has demonstrated that horticulture must access resources from foreign jurisdictions to ensure a sufficient and consistent supply of labour to meet its planting, growing and harvesting needs.

The Agricultural Stream of the Temporary Foreign Worker Program (TFWP) has allowed exemptions for agriculture from its broader industry guidelines that make the program less expensive for farmers to participate. The Seasonal Agricultural Worker Program (SAWP) stream of the TFWP is given respect by government largely due to its history of nearly 50 years of administration and the participation of all parties in the annual review process to update the program and ensure ongoing compliance.

The reason these program streams work well is because of the industry-government relationships that have been developed and the business-like approach taken by industry in addressing the issues. It is imperative to continue to be diligent in dealing honestly with government officials and, in so doing, continue to have credibility with all levels of government. The relationships that have and will develop are critical to success.

When the TFWP has not worked well in recent years, it was mainly for one of two reasons: the federal government implemented changes without consultation with industry, or when consultations were conducted the input we provided was ignored in the implementation or that The other being that federal policies did not fit with provincial policies and problems and delays occurred as a result.

In February 2016 the federal government announced intent for yet another review of foreign worker programs. While this is concerning, and a somewhat complex undertaking due to multi-jurisdictional (i.e.: department) roles and responsibilities, there is a need, and an opportunity to take advantage of the review to reach out and advocate to inform and ensure clear understanding of the facts.

The CHC recently developed a consensus briefing document on the Temporary Foreign Worker Program (Ag Stream). Consensus and moving forward on the issues based on collaboration and in the development of policy is also key to success.

Crop, Plant Protection and the Environment

Charles Stevens has completed his third year as Chair of the Crop, Plant Protection and the Environment Committee. Its working group, the Crop Protection Advisory Committee (CPAC), also chaired by Charles Stevens and with Tracy Shinners-Carnelley as Vice-Chair, participated in numerous industry/stakeholder meetings on behalf of the CHC and also oversaw six CPAC conference calls and a two-day CPAC face-to-face meeting in November 2015. Committee members are to be commended for their dedication and persistent hard work on behalf of CHC members across Canada. While it is not possible to list each and every activity or subject matter the group has addressed over the past year within this report, a short list of the priority issues, in no particular order, follows.

Regional Perspectives

The CPAC met in November 2015 and this provided an excellent opportunity to gauge the Canadian crop protection environment over the last year. The issue of pollinator health continues to be top of mind for all regions throughout Canada and particularly Ontario considering the provincial government's actions on this issue. Spotted Wing Drosophila (SWD) and the need for new products for treatment was a common concern across all regions of the country.

Crop Protection Consultations

A number of issues surrounding pesticides in general were attended to by CPAC over the course of the year and a few formal consultations were also addressed and submissions prepared. For example, during our last teleconference in February 2016 the CPAC reviewed no less than 21 publications from the PMRA in addition to publications from the AAFC-Market Access Secretariat, the CFIA and the Government of Ontario. Arising from this review the CPAC identified consultations that required further attention on behalf of industry.

Late in 2015 the Report of the Commissioner of the Environment and Sustainable Development of Canada was issued concerning the PMRA. Added to this was the reality that the 2015 federal election period allowed the PMRA to accomplish much work during which interaction with industry was not permitted. The result of these two realities is that beginning early in 2016 a series of consultations has already begun and a number of others are expected in the spring and afterwards.

In addition to these formal consultations and in anticipation of a pending reevaluation, CPAC has developed a pre-consultation survey format and a consultation response process for producers. It will be critical that CHC members ensure that growers participate in these consultation processes so that a strong voice on behalf of horticulture can be offered.

Grower Registered Own Use (GROU) Program
Registrant support of this program remains a constant constraint to its enhanced use by producers. This issue was addressed in detail during a joint GROU nomination committee and PMRA meeting and some movement on their part to implement measures to enhance registrant participation is expected. Efforts to maintain adequate pricing comparisons between Canada and the United States, particularly in adjoining province-state situations, continue to be a challenge. The current low Canadian dollar obviously reduces the dependence on GROU nominated products but this does not mean that this process should be left unattended as time has shown that the dollar eventually rises and the need for the GROU will be important.

CODEX Nominations
International harmonization of MRLs is becoming ever more important as international trade expands. Each year representatives of Health Canada's PMRA attend to the submission of CODEX nominations on behalf of Canadian industry. CPAC has participated in the process in order to ensure horticulture submissions figure within the nominations. There is general belief within horticulture and other sectors that the CODEX nomination and review process needs to accelerate. Little has been done to demonstrate this in the past. CPAC continues its work to ensure that enhanced education of the process and an improved outreach plan to solicit nominations is accomplished. In order to continue support in this direction of behalf of CHC and its membership, CPAC members have been actively involved during the annual Industry-Government Meeting on Pesticide Maximum Residue Limits (MRLs).

Harmonization
The annual Minor Use Priority Workshop (March 2015) was once again a success for growers. Additionally, CPAC members attended the Global Minor Use meeting held in September 2015 in Chicago. The 2017 meeting is already being planned and may be hosted by Canada.

The Crop Protection Advisory Committee (CPAC)
With so much activity within one committee it is natural that the work plan and responsibilities of the various committee members are regularly reviewed and adapted to meet the challenges and issues. In order to assist and ensure constant guidance for the committee, the CPAC members nominated and approved Tracey Shinners-Carnelley as Vice-Chair following the 2015 AGM.

Considering the breath and volume of work required of committee members it has also been recommended that for the future an effort be made to expand membership to the committee in order that the workload may be more evenly distributed amongst those involved.

Through the CHC, and guided by the advice of CPAC members, collaborative approaches and productive relationships have been developed throughout industry and government to ensure that growers are able to maintain the maximum amount of tools in the IPM toolbox. This remains a top priority for CHC.

Food Safety and Traceability

Consultations
In 2015, the CHC commented on several CFIA consultations, including a CFIA Discussion Paper and Questionnaire on the Options for Reducing Burden for Micro and Small Businesses. Responses to specific questions included:

- that all businesses along the food supply chain that are involved in interprovincial food trade, in importing food and in exporting food should come under the Safe Food for Canadians Act and regulations regardless of size and no exemptions for record keeping should apply.
- the CHC supports a staged transition period for micro and small businesses, and supports a three-year transition period for micro and small businesses; however, we recommend starting the implementation transition periods with the coming into force of the regulations. This would mean that all regulated parties would have implemented their preventive control plans by 2020; three (3) years after the regulations come into force and eight (8) years after the passage of the SFCA legislation.
- recommends that CFIA release the second version of its draft interpretive guidance and the initial version of draft operational guidance documents, either in full or in part, as soon as possible. This will both assist Canadian food businesses and the businesses and organizations that will be working with them to initiate implementation in advance of the formal publication of the regulations. These documents would also inform comments on the current proposed draft of the regulations and on subsequent drafts as they appear in the Canada Gazette, Parts I and II.

The CHC maintains that harmonizing the food safety regulatory requirements across jurisdictions in Canada and establishing comparable requirements with foreign trading partners will reduce the costs as food businesses move from serving intra-provincial to interprovincial to import/export markets. Harmonizing regulatory requirements with industry best practices and commonly encountered customer requirements, for example, the expectation for certification to a Global Food Safety Initiative benchmarked scheme will also reduce the costs of preventive control plan design, implementation, documentation and assessment.

Traceability is a key component of the CFIA's Safe Food for Canadian Act and an aspect we continue to monitor very closely. Throughout the remainder of the CFIA consultations on the Safe Food for Canadians Act (SFCA) and the Canada Gazette process the realities of the fresh produce industry, including the unique and inherent qualities of fresh fruit and vegetables, must be well represented and articulated and understood by regulatory and government officials.

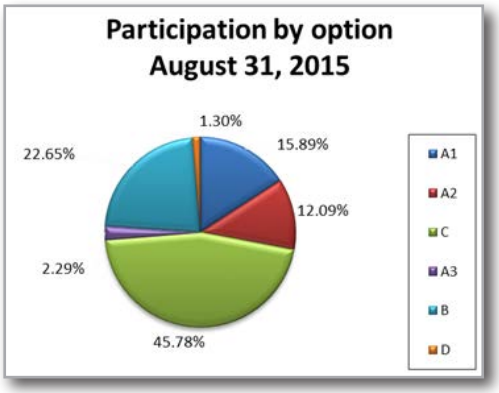
United States Food Safety Modernization Act (FSMA)
On September 29, 2015 the US Food & Drug Administration's (FDA) Final Rules (equivalent to publication in the Canada Gazette Part II) under Food Safety Modernization Act for human food and for animal food were published in the US Federal Register. The coming into force will be over a period of time. Various aspects and associated implications are being assessed though a number of means, including the Canadian Food Safety Coalition of which CHC is a member.

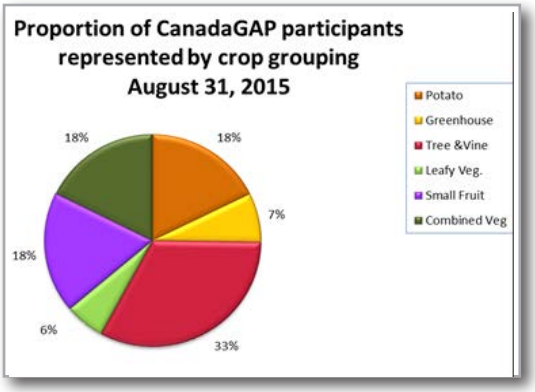
CanadaGAP®
Since the CanadaGAP® Program became an independent program administered by CanAgPlus, the Canadian Horticultural Council's role in food safety is now to monitor and comment on related government consultation documents which have the potential to impact how we address and mange food safety in our businesses and engage in advocacy activities. The role of the CHC's former Food Safety Committee has evolved into a lobbying and advocacy function within the CHC's overall activities.

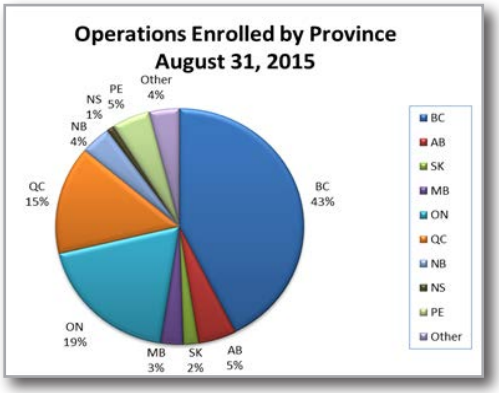
The success realized by CanadaGAP® since 2008 continues to stand as an impressive achievement led by the CHC. The program continues to grow under the administrative guidance of the CHC and CPMA representatives serving on the CanAgPlus Board of Directors.

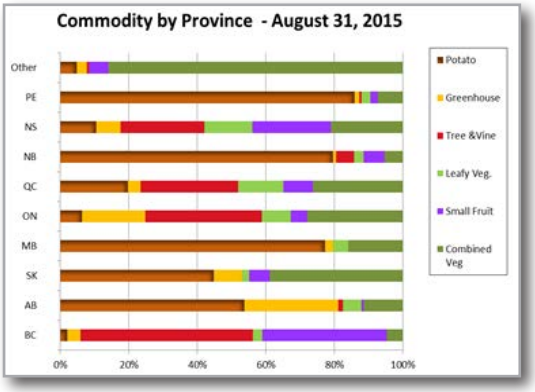
2015 marked the seventh complete season of CanadaGAP® operations and the program saw strong growth, as represented by a 14% increase in enrolments. The fastest-growing area of participation continues to be at the farm level, as certified packinghouses request food safety compliance from growers. Close to 3,000 producers are now participating in the program.

In early 2015 CanadaGAP® began publishing a list on the CanadaGAP® website of companies who are certified, or whose certificates have been suspended or withdrawn. This list draws on information provided to CanadaGAP by the certification bodies. The certification bodies remain the definitive source to confirm a company's current certification status.









Source: CanadaGAP Annual Report 2015 – Program Uptake Statistics

Pursuit of full Government Recognition continues and in 2015, CanadaGAP successfully completed technical review of the management system, the phase known as Technical Review Part 2. The final step in the process is the Implementation Assessment, which involves a third party assessment of the administrative effectiveness of program delivery.

CanadaGAP® completed a third party audit of its national office in August 2015, and is currently underway with third party assessment of the delivery of on-site audits. It is anticipated that the process will be complete in 2016. The outcome of these efforts would be the achievement of Full Government Recognition of the CanadaGAP Program.

The CanadaGAP website offers detailed analysis and information on commodity and provincial statistics and those with an interest in the program and food safety should visit the site (http://www.canadagap.ca).

Linda Delli Santi, Executive Director, BC Greenhouse Growers Association
October 22, 2015

Reusable Plastic Containers (RPCs)

The CHC has continued to coordinate the RPC TWG whose goal is to examine food safety and sanitary-phytosanitary (SPS) matters related to RPCs. The group was tasked to develop a measurement process for RPC's as it relates to the cleanliness of RPC's being provided by third parties.

The CHC RPC Technical Working Group met in Atlanta (October 2015) in conjunction with PMA Fresh Summit. Discussions focused on proposed options and approaches to field sampling protocols to be conducted in 2016, as well as the need for increased outreach and education. This includes the use of appropriate labels on RPCs, as well as flagging instances where grower/shippers receive RPCs deemed to be unclean upon visual inspection.

IFCO has made available an RPC Quality/Claim Form document for use in tracking details in support of a claim. Loblaw has prepared and made available information pertaining to labels. Those using RPCs are encouraged to review and use the documents. The assistance of both IFCO and Loblaw in this regard is acknowledged and appreciated.

The CHC will moving forward with a funding proposal for a sampling project during the 2016 production season. Industry partner funding commitments have been received from Peak of the Market and Ontario Greenhouse Vegetable Growers and BC Greenhouse Growers' Association. The CHC will continue to solicit financial commitments from other members with an interest in RPCs.

The project complements the work undertaken by various working groups in the development of the various biosecurity standards.

A number of other initiatives are underway, including a Retail and Grower Best Practices Guidance document developed by the US-based Reusable Packaging Association. CHC and CPMA have contributed to the discussions and crafting of draft documents. A revised document is expected to be released in mid-2016 and an overview of the content is outlined below.

Grower section will address	Retail section will address
Transportation Receiving Storage Returning Usage	Receiving Warehouse Retail Back Room Returning Usage

RPA
REUSABLE PACKAGING ASSOCIATION

Trade and Marketing

It appears that the Canadian Food Inspection Agency (CFIA) consultations as a component of their overall modernization initiative under the Safe Food for Canadians Act are indeed moving toward a unified licensing regime and with the Dispute Resolution Corporation as the service provider. We fully support this direction as it is aligned with our long term vision for the sector when the DRC was established.

The disagreement over the United States Country of Origin Labelling regulations has now been resolved and with the proposed repeal of these regulations the impending imposition of retaliatory tariffs by Canada and Mexico has been avoided.

Trans Pacific Partnership Agreement
In the past year the Trans Pacific Partnership (TPP) Agreement was concluded. This will no doubt bring some opportunities for us, but as always the devil is in the details and until such time as the details are finalized, achieving results on the full trade potential remain on the horizon. We recognize that this will not happen overnight. There are opportunities for those members with an interest in international trade and specific new markets to engage more closely with the Market Access Secretariat and utilize the processes and resources for the identification of market opportunities and obstacles which may be preventing commerce from taking place.

Whether it is the TPP or trade with any country, the disparity in the access to crop protection tools and Maximum Residue Levels (MTLs) among countries has serious impacts on trade and must we watched closely.

The new government is committed to expanding trade and for the first time, mandate letters have been made public. The letters to the Ministers of Agriculture and Trade include clear direction as it concerns trade.

National Promotion and Research Agencies
Interest in the establishment of National Promotion and Research Agencies as a means to organize and contribute towards promotion and research continues, with the Canadian Potato Council being to most organized and advanced in discussions.

There have been no decisions announced as it concerns the 2014 public hearings for raspberries and strawberries and subsequent recommendations from the hearing panels to the Farm Products Council, which in turn submits recommendations to the Minister of Agriculture and Agri-Food.

Biosecurity
The Canadian Horticultural Council has continued to partner with the CFIA in the development of biosecurity standards. The Greenhouse, Nursery and Floriculture Biosecurity Advisory Committee (GNFBAC) has been active and the development of a voluntary National Farm-Level Biosecurity Standard and specific Producer Guides for each of the Greenhouse, Nursery and Floriculture sectors has been completed. The documents are expected to be released in the very near future. The process and status are the same for the Fruit and Tree Nut Biosecurity Standard.

Financial Payment Protection for Produce Sellers
The Canada-US Regulatory Cooperation Council (RCC) provided an opportunity to advance a number of issues between governments of both Canada and the United States. For horticulture, the long standing need to establish a PACA-like mechanism in Canada, including a means to deliver a deemed trust tool, to address financial risk mitigation for the sale of fresh fruit and vegetables remains the number one issue (i.e.: financial payment protection for produce sellers). While this is no longer included in the RCC work plan, our work continues and the Canada-US Consultative Committee on Agriculture has been tasked with monitoring progress. As it stands, the issue if for Canada to resolve as no action is required by the United Sates.

The CHC and its members did achieve a measure of success in raising the profile of financial payment protection for produce sellers during the election campaign. The result was a solid commitment from two parties to work toward a resolution which is long overdue and needed by this sector.

Risk Management

The policy position of the Canadian Horticultural Council over the years as it concerns business risk management has been consistent. We favour an environment whereby producers are positioned to extract a reasonable return from the marketplace. When the marketplace does not ensure the health and sustainability of producers and farm operations or if producers encounter events that are beyond their control, they turn to risk management programs to provide for a softening of the immediate consequences of catastrophic events or for the levelling off of medium or longer term circumstances that might otherwise, if left unattended, lead to their individual demise.

We have now had two years (2013 and 2014) to assess the true impact of the cuts to the program. The federal government over achieved the expected savings by reducing AgriStability coverage. Historically, horticulture producers have tended to experience marginal declines more frequently in the Tier 2 range and as such have been more affected with the elimination of Tier 2 coverage than those in other sectors of agriculture.

Nationally, we continue to see a decline in enrollment which puts the status of the program in doubt. We need a reversal of these cuts for the benefit of our industry.

After a second full year of the AgriInvest program matched funding being cut by 33%, we have a program that is now less effective in allowing producers to set money aside to deal with smaller margin declines. Once again, this is a program that is simple and low cost to administer, bankable and has high uptake by producers, but is now not as helpful. We need these cuts reversed.

Where there are programs that work well, participation by producers is high and when needed the programs work. However, where programs are not well designed or are restrictive, uptake is lower and the programs are less effective when needed, and AgriInsurance is such an example.

There is a long established process to improve and evolve programs in each province, and provincial organizations need to use this to meet their producer's needs. There is a continued effort within GF 2 to promise improvements to AgriInsurance and this must be accomplished. With it becoming more and more difficult to define a "normal growing season", the need for well-designed and well-funded crop insurance programs for all crops will be important in the future.

The GF 2 Review and GF 3 Design consultations will occur at almost the same time and we will find ourselves in "hopefully meaningful" consultations around both. CHC staff meet regularly with CFA counterparts to discuss this file to ensure policy alignment and inclusiveness.

Currently, many horticultural producers rely on programs such as CanadaGAP for food safety and traceability to limit the risks of contamination of their crops and limit the extent of potential recalls when these occur. These programs, which are preventative in nature, do not offer a complete protection against the risks of product recalls. Within this context, the CHC recently received approval from AAFC to proceed with a project titled “Research and Development Project to Establish a Risk Management Program for Fresh Produce Recalls” that seeks to ensure that fruit and vegetable producers are protected in such circumstances. The project will develop a better understanding of the risk management tools that would be best suited to limit the incidence and financial impact on the horticulture sector following a recall of fresh produce.

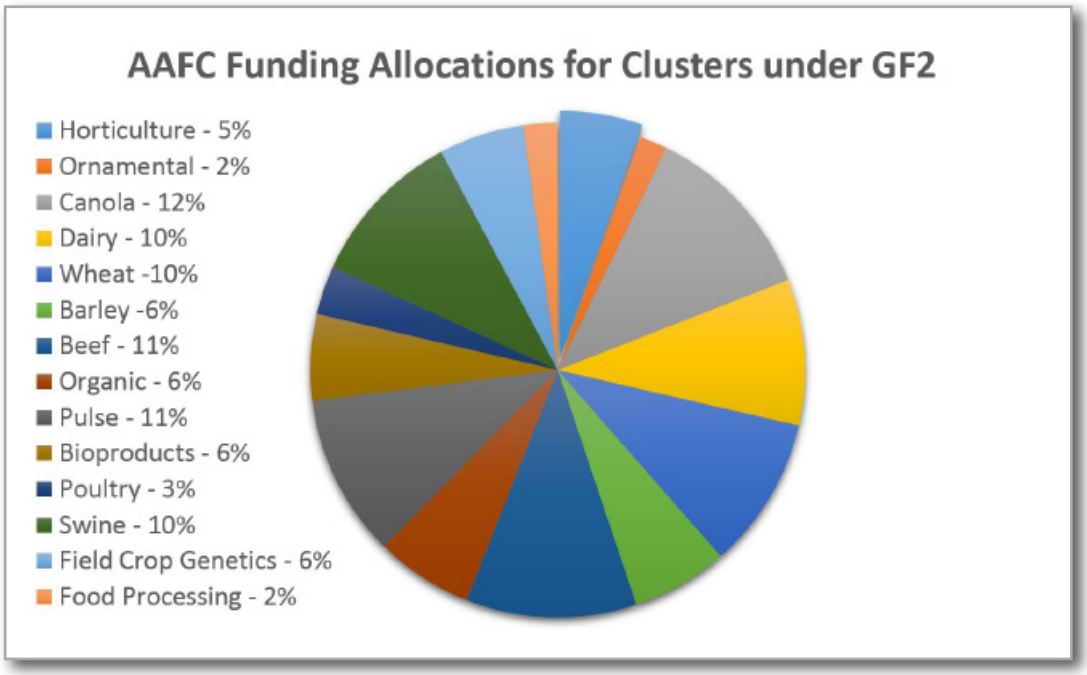
This research phase of this initiative is intended to describe the current regulatory framework in Canada, the United States, and elsewhere, that guides government agencies to initiate recalls within the value chain and evaluate the level of imputable responsibilities within the value chain in order to understand the liabilities associated with recalls according to source and type of contamination. The project will also evaluate the pertinence and performance of currently existing public risk management programs (AgriStability, AgriInvest, AgriRecovery, provincial stability programs, etc.) and document the private risk management programs and tools (Canada, United States, Europe, etc.) that may serve to fill the gaps of current programs in Canada.

Research and Innovation

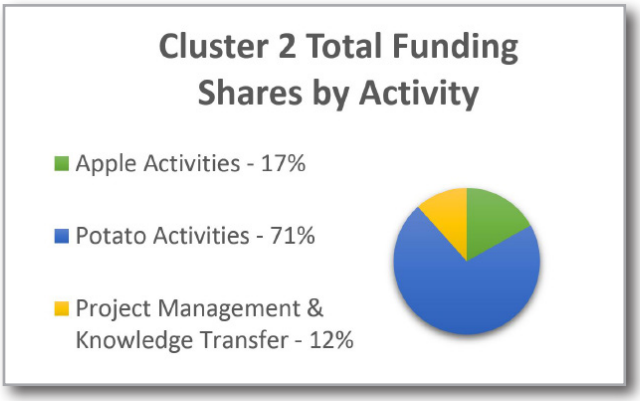
Innovating for a strong future
The Canadian Agri-Science Cluster for Horticulture 2 is an investment of $9.6 million bringing together expertise from academia, industry and government to address key challenges in the apple and potato industries. Cluster 2, led by the Canadian Horticultural Council, encompasses ten research projects to be undertaken in the period April 2013 through March 2018.

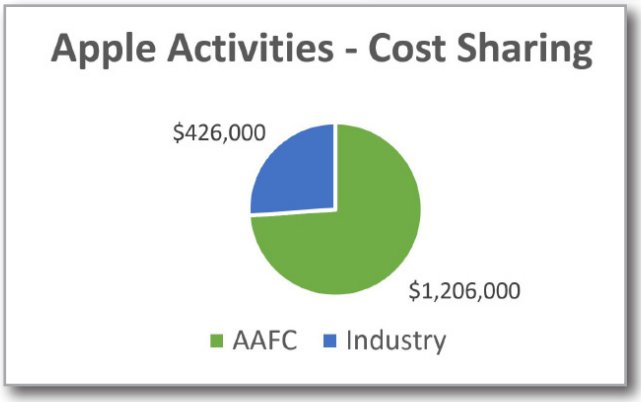
The $6.8 million federal government investment, made under Agriculture and Agri-Food Canada's AgriInnovation Program, supports scientists, industry experts and academics in conducting research focused on reducing crop input costs while improving marketable yield and margins for apple and potato growers. In addition to the funding from AgriInnovation Program, CHC's industry partners are contributing matching funds of $2.8 million to the Cluster 2 program.

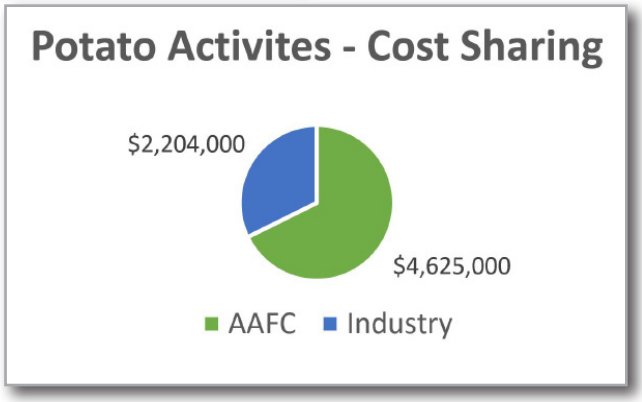
The Agri-Science Cluster for Horticulture 2 is one of 14 clusters under AAFC's AgriInnovation Program, with horticulture accessing 5% of the funding.



Cluster 2 funds were awarded to 4 apple and 6 potato activities, and two CHC-led activities (Project Management and Knowledge Transfer).







We are seeing progress

Cluster 2 is nearing the end of its third year. Work is progressing quite well and a number of activities are seeing good results. For additional Cluster 2 information and semi-annual reports to industry, please visit the CHC website for detailed updates. *www.hortcouncil.ca/projects-and-programs/agri-science-cluster2.aspx*

Variety trial open house 2015 in PEI (photos: Mary Kay Sonier)

External CO2 injury in Empire apple (photo: J. DeEll)

Cluster 2's Project Management and Knowledge Transfer Activities
The PM and KT activities, both driven by CHC, have been active over the past year.

Under Project Management, a number of refinements were made to the financial reporting and claims process. In spring 2015, CHC worked closely with AAFC to revise the claims forms package documentation, which resulted in a more efficient claims review process, both by CHC and AAFC. The claims review processing and payments have been on schedule and very few issues have been identified. CHC recognizes the challenges of this program and continues to appreciate the cooperation of all participating institutions, researchers and industry contributors.

CHC Cluster 2 Team

Amy Argentino, Manager, Projects and Programs
Patti Proulx, Financial Controller
Donna Boileau, Project Accountant
Frances Rodenburg, Project Officer, Communications

Knowledge Transfer also saw an increase in activity. CHC has been collecting semi-annual reports to industry from Cluster 2 researchers and posting the reports to the CHC website. A number of extension activities have been undertaken by researchers, including field days, grower meetings, and submissions of poster presentations. One such poster on Cluster 2 potato research was presented at the Potato Association of America's Potato Research Poster Session at Potato Expo 2016 in Las Vegas in January.

CHC continues to explore ways to communicate research progress and results through the Knowledge Transfer activity. Plans for 2016 include the following:

- Success Stories brochure, including all Cluster 2 activities
- Survey of Cluster 2 participants (researchers, administrators, and industry) to assess program satisfaction and performance
- Semi-annual reports to industry, articles in CHC's Fresh Thinking magazine and CHC's HortShorts newsletter

Preparing for an Agri-Science Cluster for Horticulture 3 Project

CHC has initiated the early planning for Cluster 3, anticipated to be part of Agriculture and Agri-Food Canada's next suite of programs, to begin in April 2018. Over the next year, CHC will be working with commodity groups to update research strategy documents and review national research priorities. Further consultations with CHC members will follow as well.

CHC Cluster 3 Consultations and Planning		
Activity		**Timeline**
Commodity group strategy document development and updates: ongoing discussions		2015/2016
Action Plan notification to CHC Members & Researchers		March 2016 AGM
Commodity Group Priority Setting	Tree Fruit	Spring - Summer 2016
	Small Fruit	
	Greenhouse	
	Potato	
	Vegetable	
Finalize Priority Lists		Fall 2016
Call for Proposals		December 2016
Deadline for Proposals back to CHC		March 31, 2017
Commodity Group review of proposals	Tree Fruit	Spring - Summer 2016
	Small Fruit	
	Greenhouse	
	Potato	
	Vegetable	
Final decision on projects in Cluster 3 application	May 2017	
Project leads finalize details	Summer 2017	
Finalize all details on projects in Cluster 3 application	September 2017	
Cluster 3 application completed	October 1, 2017	

The Agri-Science Cluster for Horticulture 2 is generously funded by nearly 50 industry partners and Agriculture and Agri-Food Canada's AgriInnovation Program, a Growing Forward 2 initiative.

Agriculture and Agri-Food Canada Agriculture et Agroalimentaire Canada
Growing Forward 2

Commodity Coordination

Apple

The CHC addresses areas of interest or concern on a cross-commodity basis through its Permanent Standing Committees that are convened once a year at the annual general meeting and through the various sub-committees, advisory committees and working groups that meet in person or by teleconference over the course of the year. The CHC also has Permanent Commodity Standing Committees that meet annually at the CHC annual general meeting and their respective sub-committees and working groups that meet regularly during the year. Through this multi-dimensional approach we are able to meet the needs of members and member's growers on the many issues facing industry in a comprehensive and cohesive manner, speaking with one strong voice.

Commodity Working Groups are very active in the CHC process, many of the day to day issues and initiatives accomplished by the CHC take root there. Current working groups are in place for Greenhouse, Potatoes, Blueberry, Apples and Vegetables. What follows is a short description of each of these commodity working groups activities over the course of 2015 and their place within the Canadian horticultural landscape.

Apples
The Apple Working Group (AWG) is tasked with addressing and moving issues forward in the interval between annual general meetings. The group is comprised of member representatives from each of the major growing regions of Canada as well as the Executive Directors of their respective provincial grower organizations. The group is also accompanied by an AAFC sector specialist who contributes significantly to assist members in their endeavors.

The Apple Working Group (AWG) met formally twice in 2015: at the CHC AGM in March and the Mid-Summer meeting in August. A number of conference calls have also taken place as well. Some of the important issues that were discussed and actions accomplished follows.

Advocacy
The AWG was active in the Canadian Retaliatory Tariffs Arising from US Country of Origin Labelling (COOL) issue and advised the federal government that, while not unanimous for all members, the position of the group was no opposition to the application of tariffs. Advocacy was also accomplished via US Apple to indicate our support to them for the repeal of COOL legislation at the US Senate. Ultimately, COOL legislation was repealed thus avoiding potential tariffs to be applied against specified US products being imported into Canada, of which apples would have been subject to a 100% tariff.

The AWG was very active in developing opposition to an application submitted to the International Federation for Produce Standards (IFPS) for the creation of two separate PLU codes for Honeycrisp apples, one for small and one for large Honeycrisp. The AWG was concerned that the creation of two PLU codes would erode the premium quality and pricing for Honeycrisp that currently exists for Canadian producers

Since 2014 several members of the AWG have been contributing to the production of a national voluntary biosecurity standard development as members of the Fruit and Tree Nut Biosecurity Advisory Committee (FTNBAC). The FTNBAC met several times by teleconference and also in person. While work will continue on the Producer Manual that will eventually accompany the Standard, the CFIA will be publishing the completed Standard in March 2016.

Mid-Summer Apple Meeting

The CHC Mid-Summer Apple Meeting was hosted by the Nova Scotia Fruit Growers' Association and held on August 4 & 5, 2015 in Nova Scotia. The industry meeting and orchard tour were well attended by apple growers and industry representatives from across Canada.

The mid-summer meeting business included discussions on market conditions (including crop estimates) and trends, Cluster 2 research grants as well as industry strategy for research, marketing and issue management. The agenda also included presentations from Summerland Varieties Corporation on their activities and from Perennia regarding Nova Scotia's 2014 Fire Blight Epidemic.

The 2016 mid-summer meetings will be hosted by New Brunswick at roughly the same time period as last year; the final dates will be determined at this year's annual general meeting.

Royal Agricultural Winter Fair – Apple Competition

The annual apple competition at the Royal Agricultural Winter Fair selects Canada's best apples in a variety of categories, including New Varieties, Heritage Varieties (those no longer commonly grown), and Commercial Varieties (apples grown widely in Canada's apple-producing regions). Entries are also accepted in three additional categories: heaviest apple, most unusually shaped apple, and best collection of any five different varieties.

The competition is now attracting close to 200 entries from four of Canada's five major apple-growing regions: British Columbia, Ontario, Quebec and Nova Scotia. The competition is open to growers from anywhere in Canada, and in addition to ribbons, cash prizes are awarded to the top four finishers in each category.

The Canadian Horticultural Council trophy, awarded to the winner of the new varieties section, was once again awarded in 2015 to Verger François et Luc Turcotte of Ste-Famille, QC.

Canadian Agri-Science Cluster for Horticulture 2 – Apple Activities
The following industry-driven issues, which were common throughout the collaborating provinces, are being worked on with funding from the Canadian Agri-Science Cluster for Horticulture 2 (within the Growing Forward 2 program) with total funding of $1.5 million over 5 years (2013 to 2018). Provincial partners on the Cluster 2 projects are BC Fruit Growers' Association, Quebec Federation of Apple Producers and Ontario Apple Growers.

- Optimizing Storage Technologies to Improve Efficiency, Reduce Energy Consumption, and Extend the Availability of Canadian Apples – Dr. Jennifer DeEll, OMAFRA
- Improving tree fruit storage management using weather based predictions of fruit quality at harvest – Dr. Gaetan Bourgeois, AAFC
- Performance of Honeycrisp on New Size-Controlling Rootstocks – Dr. John Cline, University of Guelph
- New biological control agents for postharvest diseases of pome fruit – Dr. Louise Nelson, University of BC

The CHC implemented a communications plan and is posting Cluster 2 reports to the CHC website on a semi-annual basis (November and May). A success stories booklet and a series of surveys for Cluster 2 participants, including researchers, administrators and industry contributors are additional materials available.

The CHC has begun the planning for Cluster 3, which is anticipated to be part of Agriculture and Agri-Food Canada's next suite of programs and will begin in April 2018. Over the next year, CHC will be working with commodity groups to update research strategy documents and review national research priorities.

Canadian Apple Statistics, Situation, Challenges and Opportunities

Farm Cash Receipts
Total Canadian annual Farm Cash Receipts (FCR) edged lower in 2014 over 2013 by approximately 5%. While Ontario experienced a good level of increase in 2014, all other regions experienced a decline.

Apples - Farm cash receipts, annual (dollars x 1,000)						
	2010	2011	2012	2013	2014	2014 CDN Distribution
Canada	162,072	155,180	165,913	201,390	191,493	
Newfoundland and Labrador	5	x	x	x	x	
Prince Edward Island	328	346	522	x	445	0.2%
Nova Scotia	13,107	13,053	17,949	17,793	15,888	8.3%
New Brunswick	1,729	2,062	2,534	x	2,181	1.1%
Quebec	41,080	40,570	56,650	66,001	53,522	27.9%
Ontario	71,301	65,059	43,969	64,143	73,201	38.2%
Manitoba	10	x	x	30	15	
Saskatchewan	17	26	x	x	x	
Alberta	14	14	17	x	x	
British Columbia	34,481	34,034	44,230	50,430	46,193	24.1%
Source: Statistics Canada. Table 002-0001 - Farm cash receipts, annual (dollars), CANSIM (database). (accessed: March 3, 2016)						

Cultivated Area

There was very little change in the total Canadian cultivated area for apples during the 2015 season; in fact this has been generally the case over the last five reported periods.

Apples - Cultivated Area (Acres)	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	43,898	42,388	42,710	43,642	43,221	
Prince Edward Island	115	122	110	x	x	
Nova Scotia	4,841	4,899	4,630	4,528	4,540	10.5%
New Brunswick	530	521	527	515	450	1.0%
Quebec	13,589	12,203	12,900	13,269	13,100	30.3%
Ontario	15,827	15,650	15,605	15,939	15,800	36.6%
British Columbia	8,844	8,844	8,805	9,139	9,100	21.1%

Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)

Marketed Production

For the 2015 year of reporting total Canadian Marketed Production incurred a reduction of 16% with Ontario registering the largest reduction of 34%. The only producing province experiencing growth in marketed production was New Brunswick at 10% over the 2014 period albeit this growth was based on a significantly smaller historical reference base.

Apples - Marketed production (tons)	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	435,147	301,944	426,257	443,527	372,761	
Prince Edward Island	455	619	x	x	x	
Nova Scotia	40,169	41,340	41,175	37,270	37,851	10.2%
New Brunswick	4,355	4,652	x	3,572	4,019	1.1%
Quebec	122,661	111,066	124,252	127,870	115,409	31.0%
Ontario	160,969	36,502	166,686	164,102	108,254	29.0%
British Columbia	106,499	107,731	89,232	110,257	106,948	28.7%

Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)

Blueberry

The Blueberry Working Group (CHC-BWG)
Jack Bates (British Columbia) has served as Chair for the Blueberry Working Group (BWG) for the last three years. The BWG met once by teleconference following the 2015 CHC AGM. The development of a National Blueberry Research and Innovation Strategy as well as crop protection issues (Spotted Wing Drosophila (SWD) in particular) remained the dominant topics of discussion over the course of this last year, as was the case for the year prior. The BWG will also meet once again during the upcoming 2016 AGM.

Advocacy
The BWG demonstrated the importance of industry working together through CHC early after the 2015 AGM and were able to assist in ensuring the emergency registration of Bifenthrin (Capture) so that it may be used for the 2015 harvest season by growers in British Columbia. CHC staff was present at meetings with the Pest Management Regulatory Authority shortly after the AGM and were also able to coordinate national blueberry industry support for this initiative through the Blueberry Working Group.

Research and Innovation
It is generally accepted within the industry that while most all provincial blueberry associations had guiding strategic documents, no over-arching blueberry research and innovation strategy on a National scale exists. The National Blueberry Research and Innovation Strategy seeks to articulate stakeholder priorities for research and innovation in the Canadian industry over the next five (5) to ten (10) years and provide guidance on addressing these priorities through new and existing collaborations. The intended work to develop the strategy will be conducted through a comprehensive consultation process. It is anticipated that this process will produce a workable action plan that can be used to secure additional funding that will benefit the industry.

Despite a few important setbacks during the process, CHC staff persisted and was able to develop an opening for funding of this project through the current CHC Agri-Science Cluster initiatives. In fact, as a result of these efforts, this opening has been created for all commodities within CHC's mandate. If successful, this approach will also be an excellent way of producing the strategy and priorities needed as we approach submissions for the renewed science cluster projects under the eventual Growing Forward framework to begin in 2018.

The Canadian Blueberry Sector (Highbush and Lowbush Combined)
The Canadian blueberry industry is clearly composed of two sub-sectors; highbush and lowbush, with the former being principally located in British Columbia and the latter in Eastern Canada. The combined farm gate values for the whole sector amounted to just under $262 million dollars in 2015, representing a combined decline of 1% over 2014. In 2015 the highbush sub-sector continued impressive increases in farm gate value while the lowbush sub-sector incurred a 20% decline, principally in Québec.

Marketed production generally followed this same trend although farm gate

value has appeared to diminish overall more rapidly than marketed production indicating downward pressure on pricing during 2015.

British Columbia once again increased their cultivated area by roughly 15% with a related increase of bearing area by the same percentage. Characterized by the highbush sub-sector British Columbia benefits from over 95% of their cultivated area bearing fruit contrary to the lowbush sector which generally shows that roughly half of cultivated area becomes bearing each year.

Blueberries (Combined Highbush and Lowbush) - Farm Gate Value (dollars x 1,000)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	203,449	242,616	187,146	265,383	262,159	
Prince Edward Island	8,780	7,177	x	12,212	8,932	3.4%
Nova Scotia	22,154	28,381	30,497	38,625	37,262	14.2%
New Brunswick	20,925	x	28,473	33,208	38,270	14.6%
Quebec	41,278	43,234	22,177	63,198	32,811	12.5%
Ontario	4,396	x	4,560	5,598	4,322	1.6%
British Columbia	105,757	125,748	91,735	112,210	140,290	53.5%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Blueberries (Combined Highbush and Lowbush) - Marketed Production (tons)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	115,897	134,240	120,160	182,275	182,965	
Prince Edward Island	6,669	5,685	x	11,045	8,772	4.8%
Nova Scotia	14,712	20,002	20,700	31,737	33,405	18.3%
New Brunswick	13,791	x	21,305	29,445	36,810	20.1%
Quebec	31,029	27,807	14,761	36,609	26,127	14.3%
Ontario	957	x	975	1,100	944	0.5%
British Columbia	48,634	57,979	55,421	72,168	76,734	41.9%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Blueberries (Combined Highbush and Lowbush) - Cultivated Area (Acres)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	174,977	179,539	181,487	182,127	184,980	
Prince Edward Island	12,304	12,225	x	x	12,462	6.7%
Nova Scotia	43,396	41,881	42,226	44,000	43,810	23.7%
New Brunswick	27,925	31,925	33,026	33,023	33,759	18.3%
Quebec	68,969	69,950	70,450	70,183	69,275	37.4%
Ontario	684	x	761	608	567	0.3%
British Columbia	20,637	21,632	21,494	20,886	24,000	13.0%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Blueberries (Combined Highbush and Lowbush) - Bearing Area (Acres)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	95,119	91,254	92,836	96,577	97,472	
Prince Edward Island	6,124	5,394	x	x	5,564	x
Nova Scotia	18,959	19,133	18,927	20,494	19,883	-3.0%
New Brunswick	14,021	13,243	12,042	14,502	13,571	-6.4%
Quebec	37,426	34,119	35,168	35,333	34,534	-2.3%
Ontario	558	x	616	500	478	-4.4%
British Columbia	17,625	18,500	19,964	19,919	23,098	16.0%
processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

High Bush Blueberry - 2015

The Canadian highbush sub-sector registered an increase of just under 20% in farm gate value in 2015 over 2014 driven exclusively by an increase of 25% in British Columbia who represent over 90% of the total highbush industry in Canada. There remains small but steady highbush production in Eastern Canada however over the last year their farm gate values, except for Nova Scotia, have diminished. Cultivated and bearing areas have followed these same generally trends. Marketed production however has increase by 6.3% in British Columbia in 2015 indicating, when compared to farm gate values, that pricing improved over 2014.

Blueberries (Highbush) - Farm Gate Value (dollars x 1,000)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	141,372	107,547	129,341	154,387	
Nova Scotia	..	1,261	x	3,768	4,026	2.6%
Quebec	..	9,507	5,871	7,294	5,193	3.4%
Ontario	..	4,550	4,502	5,499	4,300	2.8%
British Columbia	..	125,748	91,735	112,210	140,290	90.9%

Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)

Blueberries (Highbush) - Marketed Production (tons)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	61,439	59,028	75,872	79,834	
Nova Scotia	..	322	x	809	836	1.0%
Quebec	..	2,117	1,366	1,721	1,223	1.5%
Ontario	..	977	961	1,076	940	1.2%
British Columbia	..	57,979	55,421	72,168	76,734	96.1%

Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)

Blueberries (Highbush) - Cultivated Area (Acres)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	24,290	24,166	23,450	26,474	
Nova Scotia	..	554	x	500	510	1.9%
New Brunswick	..	25	x	23	x	x
Quebec	..	1,450	1,450	1,433	1,375	5.2%
Ontario	..	620	540	588	549	2.1%
British Columbia	..	21,632	21,494	20,886	24,000	90.7%

Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)

Blueberries (Highbush) - Bearing Area (Acres)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	20,384	21,969	21,946	25,025	
Nova Scotia	..	441	x	465	478	1.9%
New Brunswick	..	23	x	22	x	x
Quebec	..	922	933	1,040	950	3.8%
Ontario	..	493	504	480	460	1.8%
British Columbia	..	18,500	19,964	19,919	23,098	92.3%

Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)

Low Bush Blueberry - 2015

In 2015 lowbush marketed production decreased by just over 3% while total farm gate values decreased by almost 21% indicating important downward pressure on pricing. After a phenomenal year in Quebec during the 2014 period, marketed production and farm gate values appear to be returning to more normal trends although certainly improving the general averages over a 5 year period. There have been only small changes in cultivated and bearing acres for the lowbush sub-sector during the 2015 period.

Blueberries (Lowbush) - Farm Gate Value (dollars x 1,000)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	101,244	79,599	136,042	107,772	
Prince Edward Island	..	7,170	9,103	12,212	8,932	8.3%
Nova Scotia	..	27,120	25,566	34,857	33,236	30.8%
New Brunswick	..	32,731	28,002	32,663	37,716	35.0%
Quebec	..	33,727	16,306	55,904	27,618	25.6%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Blueberries (Lowbush) - Marketed Production (tons)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	72,801	61,132	106,403	103,131	
Prince Edward Island	..	5,684	6,649	11,045	8,772	8.5%
Nova Scotia	..	19,681	19,534	30,928	32,569	31.6%
New Brunswick	..	21,530	21,204	29,354	36,716	35.6%
Quebec	..	25,690	13,395	34,888	24,904	24.1%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Blueberries (Lowbush) - Cultivated Area (Acres)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	155,249	157,321	158,677	158,506	
Prince Edward Island	..	12,218	12,400	x	12,462	7.9%
Nova Scotia	..	41,327	41,600	43,500	43,300	27.3%
New Brunswick	..	31,900	33,000	33,000	33,736	21.3%
Quebec	..	68,500	69,000	68,750	67,900	42.8%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Blueberries (Lowbush) - Bearing Area (Acres)						
	2011	2012	2013	2014	2015	2015 CDN Distribution
Canada	..	70,870	70,867	74,631	72,447	
Prince Edward Island	..	5,390	5,746	x	5,564	7.7%
Nova Scotia	..	18,692	18,410	20,029	19,405	26.8%
New Brunswick	..	13,220	12,018	14,480	13,549	18.7%
Quebec	..	33,197	34,235	34,293	33,584	46.4%
Source: Statistics Canada. Table 001-0009 - Area, production and farm gate value of fresh and processed fruits, by province, annual, CANSIM (database). (accessed: March 3, 2016)						

Greenhouse

Linda Delli Santi (British Columbia) continued to serve as Chair of the Greenhouse Committee in 2015. While few committee meetings were held during the year, regular exchanges took place amongst the group on issues of concern. Participation is largely reflective of the general distribution of greenhouse farm receipts across Canada, although participation from Quebec was affected by local issues there. The greenhouse sector continues its initiative to establish an enhanced working group structure within the CHC and to establish priorities and a strong national presence similar to other commodity committees that have been developed over a longer period of time.

The development of a national strategy to support greenhouse sector specific strategic initiatives is likely to see increased attention as time moves forward; initial discussions including all regions of the country and in view of obtaining financial support for this initiative have been productive and a sign that this is a vital component to ensuring a sustainable continuation of the sectors growth and success.

Greenhouse Statistical Information and Reports
Through the Agriculture and Agri-food Canada's Market Analysis and Information Section weekly greenhouse reports continue to be distributed to the group for tomatoes, peppers and cucumbers detailing commodity imports by Province (Value and Volume) as well as imports by country of origin (Value and Volume).

Development of a National Farm-Level Biosecurity Standard for Greenhouse
Following the sector readiness report and initial environmental scan of stakeholder participation this initiative was formally launched at the end of spring 2014. Since then the group, which includes several CHC member representatives as well as CHC staff, has held numerous conference calls and met face to face. The CFIA led development of the Greenhouse, Nursery and Floriculture Biosecurity Standard as well as a supporting Producer Manuals are now bearing fruit and the public release of the Standard is anticipated during this year's AGM. Work has already begun on the associated Greenhouse Vegetable Producer Manual that will accompany the Standard.

Greenhouse Vegetable Market Overview
Canada's greenhouse vegetable industry is composed of tomatoes, peppers, cucumbers and lettuce. Of these commodities, tomatoes are the primary greenhouse vegetable in Canada. In 2014, the total greenhouse vegetable farm gate value was close to $1.3 billion dollars representing roughly a 2% increase over 2013, and overall the single largest fruit and vegetable horticultural commodity sector in Canada.

Approximately 40% of greenhouse vegetable farm gate value arises from tomato production while peppers and cucumbers are 32% and 25.5% respectively. Lettuce represents only a small portion of total farm gate value at 2%.

Ontario represents 65% of total Canadian farm gate values while British Columbia follows at roughly 23%. Ontario's farm gate values are generally evenly split between tomatoes, peppers and cucumbers and they do not produce lettuce. British Columbia produces equal amounts of tomatoes and peppers and follows this with some production of cucumbers. Quebec, the third largest greenhouse vegetable producing region in Canada produces tomatoes and is also the largest region for greenhouse lettuce production.

Greenhouse vegetables - Farm Gate Value Annual (dollars x 1,000)						
	Commodity	2010	2011	2012	2013	2014
Canada	Greenhouse tomatoes	476,765,120	484,933,952	437,649,175	526,701,356	519,960,298
	Greenhouse cucumbers	264,584,355	284,521,840	281,791,069	308,170,075	325,905,079
	Greenhouse lettuce	23,265,220	26,555,268	23,183,570	28,994,171	31,740,781
	Greenhouse peppers	278,123,295	299,612,440	313,357,260	399,329,022	408,485,715
Newfoundland and Labrador	Greenhouse tomatoes	24,000	9,815	22,140	26,717	44,754
	Greenhouse cucumbers	2,385	4,525	x	19,919	26,034
	Greenhouse lettuce	x	x	x	35,931	x
	Greenhouse peppers	7,475	4,720	x	x	12,570
Prince Edward Island	Greenhouse lettuce	x	4,200	x	14,525	x
Nova Scotia	Greenhouse tomatoes	3,747,145	x	3,568,420	4,695,795	4,719,997
	Greenhouse cucumbers	1,140,540	1,039,050	1,130,340	2,400,334	2,826,804
	Greenhouse lettuce	x	x	x	24,519	25,722
	Greenhouse peppers	x	x	x	181,480	200,697
New Brunswick	Greenhouse tomatoes	x	x	x	110,957	69,576
	Greenhouse cucumbers	x	x	x	x	20,160
Quebec	Greenhouse tomatoes	69,355,835	68,697,620	61,682,730	56,725,727	53,694,814
	Greenhouse cucumbers	3,535,015	3,283,520	3,322,700	3,895,729	4,516,052
	Greenhouse lettuce	x	x	15,302,675	22,225,385	24,958,367
	Greenhouse peppers	x	x	605,230	3,164,050	3,509,028
Ontario	Greenhouse tomatoes	275,859,120	281,397,825	262,554,240	330,672,843	328,358,348
	Greenhouse cucumbers	198,863,070	216,783,980	206,683,805	224,969,989	241,104,983
	Greenhouse peppers	176,483,165	189,114,155	209,145,250	252,903,302	270,267,629
Manitoba	Greenhouse tomatoes	547,690	723,652	650,835	703,203	x
	Greenhouse cucumbers	x	x	x	x	87,370
Saskatchewan	Greenhouse tomatoes	467,960	398,330	x	645,942	453,540
	Greenhouse cucumbers	325,345	280,860	398,095	397,488	368,834
	Greenhouse lettuce	x	32,180	x	69,572	51,000
	Greenhouse peppers	x	135,290	x	80,502	x
Alberta	Greenhouse tomatoes	12,500,420	12,927,120	13,400,110	15,205,195	14,553,950
	Greenhouse cucumbers	22,496,400	22,486,280	30,692,200	30,657,559	31,747,314
	Greenhouse lettuce	x	x	475,065	435,382	594,630
	Greenhouse peppers	5,735,900	6,965,115	5,977,750	5,976,437	5,218,277
British Columbia	Greenhouse tomatoes	113,811,015	115,711,830	94,141,000	117,068,000	116,400,984
	Greenhouse cucumbers	38,139,220	40,533,810	39,447,665	45,728,771	45,207,528
	Greenhouse peppers	95,426,900	102,993,140	97,460,000	136,995,000	129,134,934
Source: Statistics Canada. Table 001-0006 - Production and value of greenhouse vegetables, annual, CANSIM						

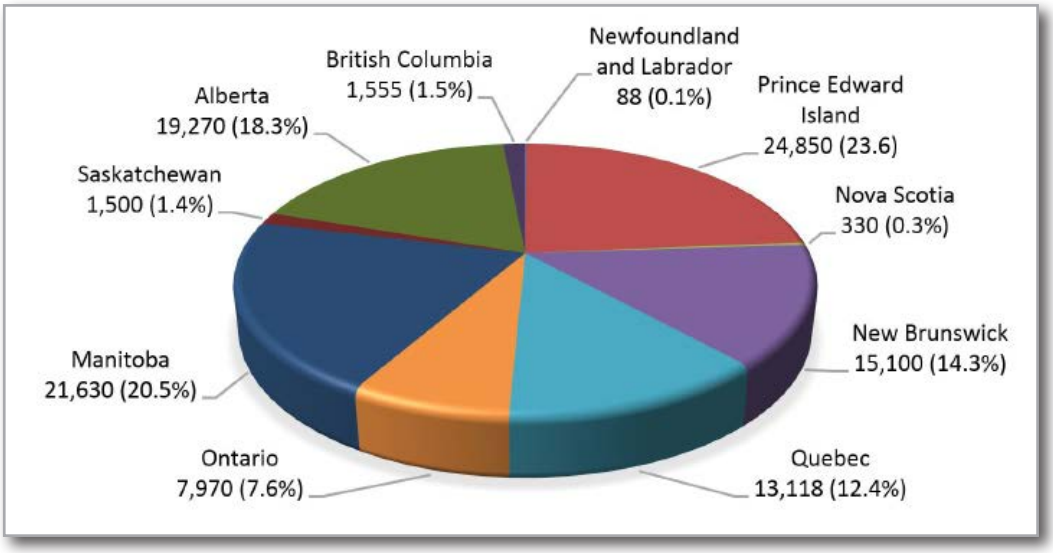
Potatoes

Canadian growers harvested 343,446 acres (138,991 ha) of potatoes in 2015 which was marginally greater than in the previous year (+1,020 acres, +0.3%). Only Manitoba and Quebec harvested more acres of potatoes in 2015 compared to the previous year, with a 7.3% and 12.4% increase, respectively. Alberta reported the largest year-over-year decline in acreage at 3.1%.

A total of 105.4 million hundredweight (Cwt) or 4.78 million mt of potatoes were grown in Canada in 2015, a 4.7% increase in production compared to 2014 despite relatively stable acreage. The increased production resulted from a record national average yield of 306.8 Cwt/acre (34.39 mt/ha). This yield was 4.4% greater than the previous record set in 2014. Four provinces produced crops with record yields in 2015 (New Brunswick. Quebec, Manitoba and Alberta). Given the record provincial yields and increased acreage in 2015, Quebec potato production increased by 15.6% and Manitoba production increased by 12.4% compared to 2014. Prince Edward Island, Ontario and British Columbia produced fewer potatoes than the previous year, declining 1.3%, 3.4% and 0.5%, respectively.

The increase in acreage in Manitoba and record yields this province and Alberta contributed to the Western provinces producing 41.7% of the total Canadian crop, with Atlantic Canada and Central Canada producing 38.3% and 20.0%, respectively in 2015.

Potato Production by Province, 2015 (Cwt x 1000)



Canadian Potato Harvested Area, Average Yield and Production, By Province (2014 and 2015)

		2014	2015	Change	% Change
Canada	Harvested area (acres)	342,426	343,446	1,020	0.3
Canada	Average Yield (hundredweight/acre)	293.9	306.8	12.9	4.4
Canada	Production (hundredweight x 1,000)	100,654	105,382	4,728	4.7
Prince Edward Island	Harvested area (acres)	90,200	89,000	-1,200	-1.3
Prince Edward Island	Average Yield (hundredweight/acre)	279.8	279.2	-0.6	-0.2
Prince Edward Island	Production (hundredweight x 1,000)	25,240	24,850	-390	-1.5
New Brunswick	Harvested area (acres)	48,050	47,900	-150	-0.3
New Brunswick	Average Yield (hundredweight/acre)	297.8	315.2	17.4	5.8
New Brunswick	Production (hundredweight x 1,000)	14,307	15,100	793	5.5
Quebec	Harvested area (acres)	41,019	41,514	495	1.2
Quebec	Average Yield (hundredweight/acre)	276.7	316.0	39.3	14.2
Quebec	Production (hundredweight x 1,000)	11,349	13,118	1,769	15.6
Ontario	Harvested area (acres)	35,000	34,650	-350	-1.0
Ontario	Average Yield (hundredweight/acre)	235.0	230.0	-5.0	-2.1
Ontario	Production (hundredweight x 1,000)	8,225	7,970	-255	-3.1
Manitoba	Harvested area (acres)	62,450	67,000	4,550	7.3
Manitoba	Average Yield (hundredweight/acre)	308.1	322.8	14.7	4.8
Manitoba	Production (hundredweight x 1,000)	19,240	21,630	2,390	12.4
Saskatchewan	Harvested area (acres)	6,069	6,000	-69	-1.1
Saskatchewan	Average Yield (hundredweight/acre)	245.0	250.0	5.0	2.0
Saskatchewan	Production (hundredweight x 1,000)	1,487	1,500	13	0.9
Alberta	Harvested area (acres)	51,742	50,142	-1,600	-3.1
Alberta	Average Yield (hundredweight/acre)	361.2	384.3	23.1	6.4
Alberta	Production (hundredweight x 1,000)	18,690	19,270	580	3.1
British Columbia	Harvested area (acres)	5,800	5,670	-130	-2.2
British Columbia	Average Yield (hundredweight/acre)	269.5	274.3	4.8	1.8
British Columbia	Production (hundredweight x 1,000)	1,563	1,555	-8	-0.5

Exports of Canadian Potato Products in 2015

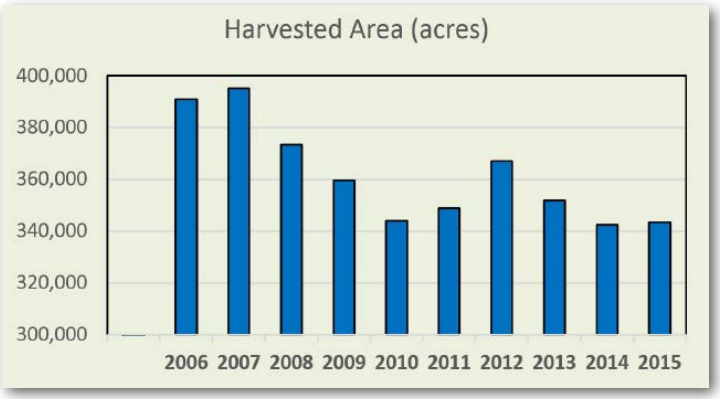
The Canadian export of potatoes and potato products was valued at $1.46 billion in 2015 which was an increase of 12.8% compared to the prior year. The sector with the highest exports was frozen (e.g. French fries) at $1.14 million, an increase of 13.8% compared to 2014. The export of fresh potatoes for table stock or processing use was valued at $191 million, a 6.2% increase over prior year. Prepared/preserved potatoes, but not frozen (e.g. chips) also increased by 27.4% with an export value of $91.03 million. Seed potato exports were down by 7.4% with a value of $36.94 million. The export of potatoes, frozen were also lower in 2015 by 23.3% with a value of $0.61 million.

Canadian Potato Exports ($ Cdn) in 2015

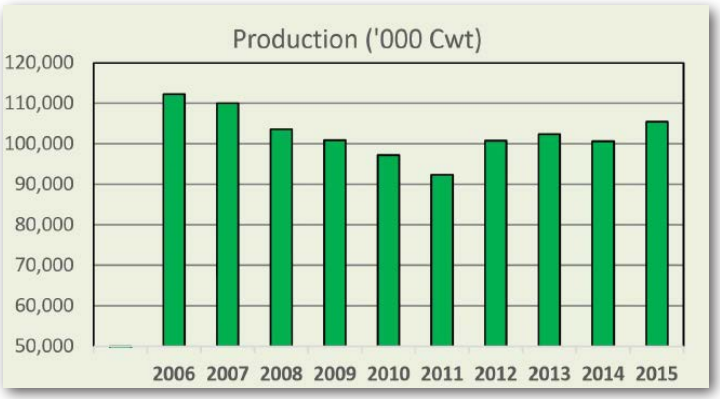
Product	2015 Exports ($ Cdn)	% Change vs 2014
Potatoes, frozen w/o vinegar, acetic acid (HS200410)	$1,139,509,845	13.8%
Potatoes, fresh except seed (HS 070190)	$190,536,285	6.2%
Potatoes, fresh seed (HS 070110)	$36,945,319	-7.4%
Potatoes, prepared/preserved w/o vinegar/acetic acid, not frozen (HS 200520)	$91,029,065	27.4%
Potatoes, frozen (HS 071010)	$613,293	-23.3%
Total	$1,458,633,807	12.8%

Trends in Canadian Potato Production

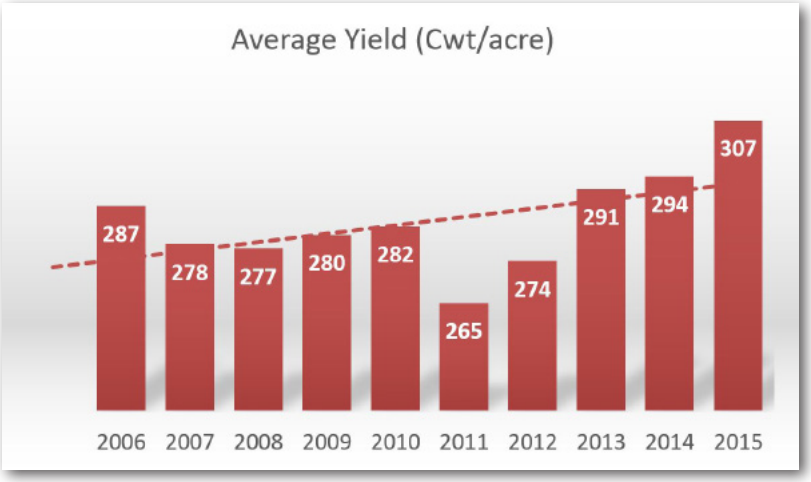
Potato production area in Canada has a trend to declining acres grown over the last ten-year period, with significant decreases since the 2006 and 2007 growing seasons. During this same ten year period, production (quantity) has been far less extreme and has been relatively stable around the 100 million Cwt level despite declining acreage. The trend of increasing annual average yield during the last ten years has compensated to a large degree for the reduction in acreage on total Canadian potato production volume.



Source: Statistics Canada, CANSIM Table 001-0014



Source: Statistics Canada, CANSIM Table 001-0014



Source: Statistics Canada, CANSIM Table 001-0014

2015 Activities
Six potato projects are continuing under the Canadian Agri-Science Cluster for Horticulture 2 including research on PVY, wireworm, zebra chip/potato psyllid monitoring, Verticillium detection, nitrogen management under irrigation and a national potato variety evaluation program. Highlights to date include:

- In a Canada-wide survey, the majority of potato virus Y (PVY) infections are of the strain causing tuber necrosis (PVYNTN; 68%), with fewer of PVYO (21%) and PVYN:O (11%);
- Integrating an entomopathogen with a sex pheromone is efficacious and promising for the control of adult click beetles and new, highly effective chemical controls and attract-and-kill application methods for wireworms in potatoes and rotational crops such as wheat have been identified;
- Potato psyllid was detected in Alberta in2015 but DNA analysis showed that it was negative for the Zebra Chip pathogen;
- Variety evaluation trials have been completed in all regions and at several locations field days were held during the 2015 growing season.

Following the successful completion of a national potato promotion campaign in Chatelaine and Today's Parent magazines and websites in February/March 2015, the Marketing and Promotion Working Group has begun work on a campaign in 2016. Provincial organizations have agreed to jointly fund two potato Chef Michael Smith CPMA Half Your Plate instructional cooking videos. These efforts contribute to a coordinated national initiative to address declining potato consumption in Canada through promotion of the nutritional value and versatility of fresh potatoes as part of a healthy diet for Canadians.

Members of the Canadian potato industry participated in the World Potato Congress held in Beijing Yanqing in July 2015. Developments in potato research and products internationally and in China were presented to delegates. The Congress coincided with the potato being proclaimed as a staple food in China, along with rice, corn and wheat. Prior to the Congress, some attendees joined with representatives of Australia, New Zealand, South Africa and the UK for a 2-day meeting of the International Potato Group to discuss common issues related to potato research and marketing/promotion.

International standard harmonization under the North American Plant Protection Organization (NAPPO) continued with industry participation at the 2015 annual meeting in Mexico and through the continuing participation in the Potato and Oversight Expert Groups.

The Potato Task Force is co-chaired by the Canadian Potato Council and AAFC and has representation of provincial grower organizations, provincial governments and federal government (AAFC, CFIA, Global Affairs Canada). The objective of the PTF is to investigate alternative options to the Seed Potato Tuber Quality Management Program (SPTQMP) for seed potato tuber inspection for exports to the United States. The PTF met in March, July and November 2015 to continue discussions on potential options and to provide input for the PTF Final Report.

Export market development activities continued with support of funding from AAFC under the AgriMarketing2 Program with funding expired March 31, 2015. The activities completed included engagement with international partners including NAPPO, the development of a potato variety breeding strategy and development of a seed potato tuber inspection model. Potatoes Canada activities include maintaining a database of export requirements, attendance at trade

shows and support for incoming missions. An AgriMarketing2 application proposing $369,750 in funding was submitted to AAFC in May 2015 to continue these activities through the remaining three years of Growing Forward2. As of the annual meeting, approval of this funding has not been received 11 months after submission.

Industry efforts continued to maintain the use of phorate for the control of wireworm in potatoes resulted in a PMRA announcement in July 2015 that full registration had been granted to phorate technical and the new end-use product Thimet 20-G. The adoption of new application technology mitigates the risk to birds that was associated with the use of the previous phorate formulation, while continuing the availability of this important tool to manage wireworm in potatoes.

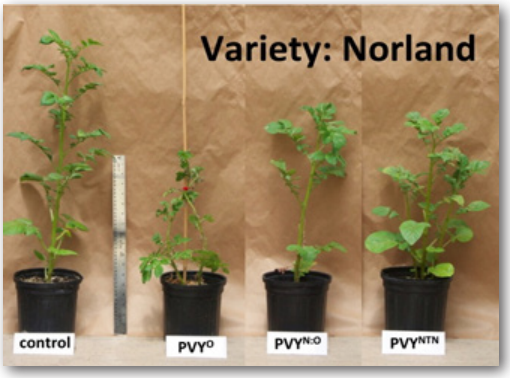
The Canadian industry was pleased that their support for Bill C-18 including amendments to the Plant Breeders' Rights Act, contributed to the Bill receiving Royal Assent on February 27, 2015. Canada's ratification of the international standard of UPOV91 in June 2015 confirmed to the world that Canada supports an agricultural sector that is sustainable and competitive and that investment is welcome domestically and internationally. Such amendments are critical to encourage the introduction of new potato varieties into Canada from both domestic and international breeders.

Interest continues to establish a National Promotion and Research Agency (NPRA) for Potatoes. Wider industry consultation will take place to inform and consult with key stakeholders prior to an application is submitted to the Farm Products Council of Canada.

The CPC received regular updates on the tampering case involving PEI potatoes from the 2014 crop. As well, the CPC held a conference call with AAFC to understand potential insurance products that could help protect growers from severe financial consequences if tampering were to occur in future. The criminal investigation into the tampering case continues, and to date, no incidences have been found in the 2015 crop.

Research Cluster 2 photos:

Potato Psyllid: vector of Zebra Chip disease



Various PVY virus strain effects on Norland variety

Adult Click Beetle

Vegetable

The Vegetable Working Group generally met by conference call after spring planting and fall harvest. The purpose is to exchange information on the status of crop plantings, production and storage, current market challenges and opportunities, and availability and sources of timely and accurate market information. Marketplace trends and interaction with buyers as it concerns food safety and traceability and consumer preferences are also of interest. It is an effective means to maintain communications and interaction within the sector and among CHC members between annual general meetings.

2015 Prices and Yields

British Columbia had a great year with a hot, dry summer resulting in strong crop yields, especially for storage vegetables, which increased in volume. Eastern Canada experienced an extremely difficult, rainy spring, in addition to a very hot and humid summer which resulted in diseased crops, including the most disease that Nova Scotia has seen in 25 years. Quebec enjoyed its strongest season in 10 years in terms of yield, volume and prices. Nevertheless, prices remained stable. It was a good year for exporting our products to the American East Coast, which also served to drive up prices. These factors also led to higher vegetable prices across Canada.

Challenges and Trends

Due to climate change, our industry faces significant challenges. In most areas, environmental regulations are becoming increasingly strict regarding land development and the use of water and pesticides, to name a few. Our industry must constantly adapt to these stricter requirements. Favourable economic times are on the horizon. Analysts are predicting that our dollar will remain at around U.S. $0.70 for at least a year or two. Our weak dollar gives us a competitive edge over our American counterparts and should positively affect exports, in addition to keeping prices at a reasonable level compared to more expensive imported products.

Field Vegetable Farm Cash Receipts

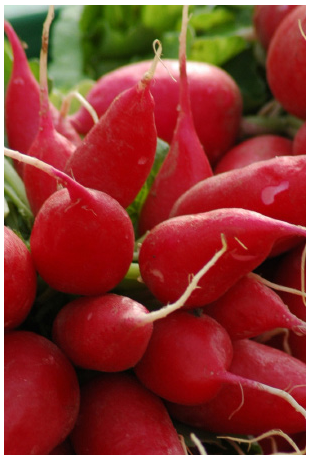
Field Vegetable Farm Cash Receipts (dollars x 1,000)						
	2010	2011	2012	2013	2014	CDN Distribution
Canada	1,030,764	1,063,628	1,134,796	1,240,649	1,279,511	
Newfoundland and Labrador	3,799	3,522	3,766	4,329	3,772	0.3%
Prince Edward Island	10,143	11,166	10,346	11,221	10,692	0.8%
Nova Scotia	17,673	21,911	21,282	27,591	25,689	2.0%
New Brunswick	7,341	7,198	6,734	7,113	6,179	0.5%
Quebec	280,825	277,313	307,220	339,492	354,494	27.7%
Ontario	510,603	530,459	562,878	615,891	618,779	48.4%
Manitoba	31,989	32,787	35,911	34,189	35,369	2.8%
Saskatchewan	1,775	2,349	1,843	2,514	2,581	0.2%
Alberta	20,303	25,635	23,701	33,039	42,078	3.3%
British Columbia	146,311	151,288	161,114	165,271	179,879	14.1%

Source: Statistics Canada. Table 002-0001 - Farm cash receipts, annual (dollars), CANSIM (database). (accessed:)

The latest information available from Statistics Canada demonstrates that total Canadian farm cash receipts for field vegetables came in at $1.28 billion dollars, representing an improvement of 3.1% over 2013, which is slightly better than the national inflation rate.

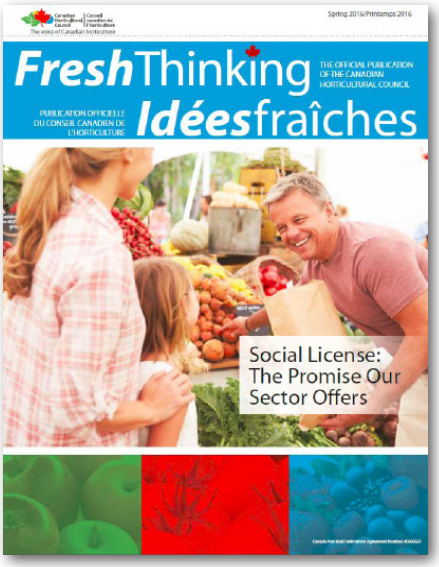
Ontario continues as the leading Canadian field vegetable producing region with close to half of total farm cash receipts of $619 million dollars. Quebec follows with 28% and British Columbia ranks third at 14%. Comparing 2014 to 2013, Ontario showed little change while Quebec increased by 4% and British Columbia by roughly 8.5%.







Outreach and Communciation



CHC has numerous audiences including government representatives and industry partners, but none as important as our members. Our goal is to ensure our membership is aware not only of issues and developments within the Canadian horticultural industry, but also how CHC is working to influence and enact change on behalf of our members.

Our semi-annual Fresh Thinking magazine, monthly newsletter HortShorts, monthly Activity Log as well as Member Notes are all part of making sure our members and partners are informed. In addition to these tools, in 2015 CHC joined Twitter to increase our profile and join in the conversation about fruit and vegetable production in Canada.

The 2015 Board of Directors summer meeting and tour was held in Ontario's beautiful Niagara-on-the-Lake Region on July 9 – 10. Members, industry partners and MP Bev Shipley (Lambton-Kent-Middlesex), the former Chair of the Standing Committee on Agriculture and Agri-Food joined us on the tour. Others partners represented included Syngenta Canada, Bayer Crop Science, John Deere, Farm Credit Canada, CropLife Canada, AAFC and the PMRA.

The first stop was Beverly Greenhouses, a family owned and operated greenhouse cucumber operation in Waterdown, located new Hamilton. Jan and Dale VanderHout manage 20 acres of cucumber production and two acres of propagation where they raise their own transplants. Beverly Greenhouses produces about 12,000,000 cucumbers annually on 20 acres using innovate production methods including Integrated Pest Management and biofuel.

Next the tour visited Forthdale Farms, a 240 acres of broccoli farm, which has been operated by six generations of the Forth family. The farm was an early adopter of the Seasonal Agricultural Worker Program over 45 years ago and now employs 18 workers from Jamaica on a seasonal basis. Today the farm is operated by Ken and his son Kenny.

In the afternoon, the tour visited Vineland Research and Innovation Centre (VRIC) and AAFC's Pest Management Centre's Analytical Chemistry Lab in Vineland Station. PMC's Executive Director, Manjeet Sethi, guided the tour through the laboratory facility. As part of the PMC minor use program, the lab is responsible for analyzing pesticide residues in a variety of crops for projects that have been determined at the Annual Priority Setting Meeting. Following a luncheon hosted by

the Vineland Research and Innovation Centre the group visited field to learn how they are leading innovation with a consumer focus.

The final stop was Tregunno Farms in Niagara-on-the-Lake. Phil Tregunno, together with his wife, Lorna, and their two sons, Jourdan and Ryan and his wife Melissa, operate a 700 acre tender fruit farm along the Niagara River. They focus on new technologies, improved varieties and organics. The operation is continually expanding and adapting new systems to contribute to the value chain.

The tour concluded at Peller Estates Winery where CHC President Keith Kuhl thanked tour hosts and guests for a great and informing day. Special thanks and acknowledgement of the sponsorship from Ontario Fruit and Vegetable Growers' Association and Vineland Research and Innovation Centre.

The 2016 Summer Board of Directors meeting and tour will held in early July in BC's Lower Mainland.

L-R: John Kelly, Keith Kuhl, Bev Shipley, Ken Forth

L-R: Alvin Keenan, Manjit Sethi, Keith Kuhl, Tracy Shinners-Carnelley, Richard Aucoin

CHC in the news

CHC reached out to and engaged our one of greatest assets in the lead up to the 2015 federal election: our members. Pushing the issue of payment protection for produce sellers, CHC capitalized on the expertise and reputation of our members from coast to coast by getting articles in local newspapers as well as interviews on CHC Radio and in industry publications. From Alvin Keenan and Greg Donald in PEI's Journal Pioneer to Murray Driediger, Jack Bates, Linda Delli Santi, Fred Steele, and Andre Solymosi in the Vancouver Sun to Anne Fowlie and Ron Lemaire in The Hill Times, the voice of Canadian horticulture was heard from coast to coast.

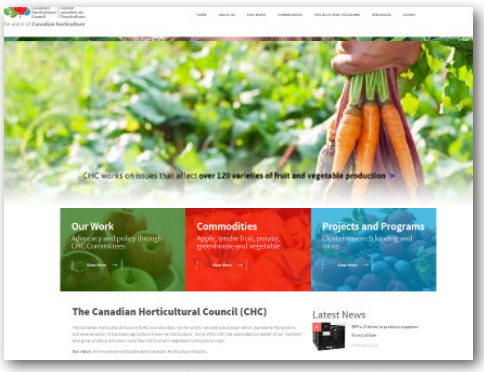
The result was the Liberals and NDP announcing their support for developing a PACA-like trust in Canada and having Canada's preferential access to the US Perishable Agricultural Commodities Act (PACA) treatment restored in the US. Moving forward we look forward to working with the new government on delivering on this promise.

Ryan Tregunno from Tregunno Farms guides members during the CHC Summer Tour

CHC Rebranding

After having moved into a new building, acquired financial stability and hired a full complement of staff, CHC started 2015 ready for something new. It was time for a rebrand. CHC worked with Acart Communications on new brand standards and a new design for a website. The new brand is bright and clean and representative of the boldness and colour of Canadian horticulture. The tagline, "The voice of Canadian horticulture", has been connected to the logo to speak to CHC's mission.

The website will be at the centre of CHC communications, offering easier navigation and more news and information about CHC and the industry. A soft launch will take place at the 2016 AGM to give members the opportunity to comment on the site before it goes live in April 2016.



Here's a glimpse of the new CHC website, ready in April 2016: hortcouncil.ca

Collaboration and Liaison

If there is one word to describe how CHC works, it is collaboration. As an association which represents grower associations from coast to coast, CHC holds a unique place in the Canadian horticultural landscape. Because of this, CHC is often called upon and seek out opportunities to collaborate on issues, projects and joint issues which tell our story and affect horticulture policy. Over the course of 2015, CHC has participated in numerous groups and committees many of which are detailed in the various sections of the annual report. A few cross-cutting collaborations that stand out are:

Grow Canada

CHC is a founding member of the Grow Canada Partnership, an informal coalition of national allied value chain stakeholders that work together to promote and advance innovation in Canada and collaborate on issues of common interest. The partnership vision is to be a world leader in providing new products and new solutions for agricultural, nutritional, health, energy and environmental challenges facing consumers here in Canada and around the world, so that all Canadians will enjoy the economic, environmental and social benefits of the bio-economy. The Annual Grow Canada Conference has become the premier agricultural event in Canada and is attended by a number of the CHC's Crop Protection Advisory Committee and staff.

Bees Matter

Pollinator issues are very much top of mind and in an effort to increase awareness of the effecting circumstances while encouraging Canadians to participate in maintaining and improving the health of pollinators, Bees Matter was created. Bees Matter is a collaboration between agriculture groups such as CHC, the Canola Council of Canada, Grain Growers of Canada and the Canada Federation of Agriculture and industry partners such as CropLife Canada, Bayer CropScience and Syngenta Canada.

The campaign, which was launched in the spring of 2015, has three main components: beesmatter.ca, Buzzing Gardens and the Honey Bee Bill of Rights. Beesmatter.ca is a website that informs Canadians about the issues which affect pollinator health. Buzzing Gardens allows them to take action by ordering seed kits for flowers that attract pollinators. Finally, the Honey Bee Bill of Rights will be launched in 2016 and will be of interest and value to all with an interest in the issue.

Bees Matter member organizations:

The 2015 campaign was very successful receiving media attention from coast to coast. Beesmatter.ca attracted 339,000 visitors and had 517,000 page views, while Buzzing Gardens gave away more than 30,000 seed kits. In terms of media, Buzzing Gardens garnered over 380 media stories across various media channels, generating a total of nearly 19,000,000 impressions.

CHC is proud to a part of the Bees Matter initiative and looks forward to continued involvement as the initiative develops through 2016.

Partners in Innovation

An example of another beneficial coalition brought together to address a common goal is Partners in Innovation. The partners represent a diverse group of farm organizations and value chain groups from across Canada, including representatives of producers of grains, oilseeds, pulse crops, fruits, vegetables, potatoes and ornamental crops; value chain organizations in barley and horticulture; and plant breeders, seed marketers and traders.

Partners in Innovation

The group came together primarily, but not exclusively, to address much needed changes to Plant Breeders' Rights Legislation. Bill C-18, the Canadian Agricultural Growth Act was introduced and given First Reading in the House of Commons December 9, 2013. The Bill contained important amendments to Canada's Plant Breeders' Rights Act to bring it into conformity with to the 1991 convention of the International Union for the Protection of New Plant Varieties (UPOV). The partnership successfully coordinated factual and important information releases, communications to the Minister and MPs and important presentations to House and Senate Standing Committees. In February 2015 Bill C-18 received Royal Assent and the Partners in Innovation coalition played a key role in this.

Bee Health Roundtable

In 2015, CHC participated in the Agriculture and Agri-food Canada's Bee Health Roundtable. The goal of the Bee Health Roundtable (BHRT) is to identify priority issues and foster collaborative and innovative activities that help maintain a healthy honeybee population in Canada and support a competitive Canadian apiculture industry. Through shared information, education and collaboration on strategies, the BHRT works to realize the goal of the Roundtable. This is facilitated by multi-stakeholder representatives from across the apiculture value chain, including beekeepers, professional apiculturists, agricultural producers, seed companies, government regulators, the crop protection industry, and agronomists. Identified activities have been prioritised in accordance with the objectives outlined in the National Bee Health Action Plan. Five

committees/working groups have been established to focus on varroa mite control, pesticide exposure inside and outside of the hive, minor uses, research and communications. Given the importance of pollinator health to the horticultural sector, the CHC has significant interest in contributing to the successful outcomes of the BHRT objectives.

Beyond our borders
The CHC works closely with its US counterpart, United Fresh, where CHC President, Keith Kuhl, is a member of the Grower Shipper Board. The CHC is engaged with a number of United Fresh initiatives and committees.

The CHC is a member of the International Federation for Produce Standards (IFPS), which is composed of a number of national produce associations from around the globe. The long term objective of the federation is to improve the supply chain efficiency of the fresh produce industry through developing, implementing and managing harmonized international standards.

Previously known as The International Federation for Produce Coding (IFPC), this coalition of fruit and vegetable associations from the around the globe that joined together in 2001 as equal partners to pursue the task of introducing a global standard for the use of international Price Look-Up (PLU) numbers.

IFPS as it is known today was incorporated in 2006 under the Companies Act 1985 [in England and Wales], with the registered office in the UK and the Secretariat office in the US. The registered office is managed by our colleagues at The Fresh Produce Consortium, with the Secretariat hosted by the Produce Marketing Association (PMA).

The long term objective of IFPS is to improve the supply chain efficiency of the fresh produce industry through developing, implementing and managing harmonized international standards. This includes:

- in conjunction with stakeholders, improve the supply chain efficiency of the fresh produce industry through developing, implementing and managing harmonized international standards
- to act as a forum for comment and discussion on issues relating to international standards as they affect the produce industry
- to make recommendations and advocate appropriate courses of action in relation to international standards that affect the produce industry
- to develop, implement and manage an international standard for Price Look Up (PLU) numbers

Anne Fowlie represents CHC on the IFPS Board of Directors.

Thank you to our members

Canadian Horticultural Council | Conseil canadien de l'horticulture

The voice of **Canadian horticulture**

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