



FRUIT & VEGETABLE
GROWERS
OF CANADA

PRODUCTEURS
DE FRUITS ET LÉGUMES
DU CANADA



Celebrating resiliency, growth and opportunity
Célébrer la résilience, la croissance et les opportunités

House of Commons Standing Committee on Agriculture and Agri-Foods

Submitted via Email to Stéphanie De Rome- AGRI@parl.gc.ca

Subject: Follow up on appearance on C-280

Dear Committee:

The Fruit and Vegetable Growers of Canada wishes to thank the committee for the invitation to appear to share our views on the proposed legislation, Bill C-280, *Financial Protection for Produce Sellers*. We appreciate the support we have received on this vital protection for the Canadian produce industry and specifically the support from the committee for Canada's fruit and vegetable growers.

We want to take this opportunity to share some additional information to address comments and questions from the committee.

On the suggestion of a friendly amendment to the definition of suppliers

From 1937 until 2014, Canadians had been accessing PACA's dispute resolution system in the US by only paying a \$100 filing fee. No other country currently enjoys this preferred treatment. When USDA amended PACA in 1984, they agreed to carry over reciprocity to Canadian growers on the basis of Canada's ability to provide three key services to their fresh produce industry:

- 1- government run inspection service (DIS);
- 2- mandated licensing and dispute resolution (DRC); and,
- 3- insolvency protection tools like the PACA deemed trust (no Canadian equivalent). **To restore PACA dispute resolution equivalency to Canadian growers, the protection to suppliers would need to match the US protections, meaning all suppliers along the chain.**

The interconnectedness of the chain that ensures the supply of fresh and frozen fruits and vegetables all the way from farm to table is another reason for the need to protect suppliers at all levels, starting with the growers, but also the wholesalers, distributors, and brokers. Here's why this is important:

- Ensures Market Stability: All suppliers, irrespective of their position in the supply chain, are vital to the functioning and stability of the market. If only growers are protected, other suppliers might face increased financial risks, potentially leading to market instability and disruptions in supply. Conversely, growers sell to the other actors along the supply chain: should any be affected by a bankruptcy, that could in turn jeopardise their ability to pay the growers.
- Contrary to popular belief, growers do not generally sell directly to retail stores, rather they sell more often than not through a series of intermediaries. Limiting the Act to only growers would limit their access to the first level of sale. Allowing all access to all players along the fresh supply chain will protect the cash flow down to producers.
- Promotes Fair Trade Practices: The aim is to promote fair trade practices in the fruit and vegetable industry. Limiting protections to only growers could lead to unfair practices in other links of the supply chain, which goes against the spirit of the legislation.

If these protections were limited to only growers, it could have a domino effect up and down the entire supply chain.

How Many Canadian Farms Export to the US?

In considering the impact on trade with the US, there were questions around how many Canadian farms export produce to the US. While the Canadian government does track overall agricultural export amounts, the type of products exported, and their destinations, they do not break down this information to the level of individual farms. The closest analogue is likely the overall export numbers from Canada to the US. The table included as Annex A shows total production for horticulture in Canada and total exports to the US to provide a percentage of total Canadian production volume exported to the US. As we can see, the impact is significant in 2021 as overall 40% of Canadian produce was exported to the US. Considering Canada's goal of increasing these export numbers overall, Bill C280 supports that Government of Canada goal.

It is essential to underline the pivotal role of Bill C-280, which seeks to establish financial protections for all produce sellers. By ensuring these protections, we foster an environment of fairness and equity in the marketplace, promoting stability within our supply chains and bolstering the resilience of our agricultural sector. Moreover, by safeguarding every link in the supply chain, from growers to distributors, we not only support our domestic industry but also encourage international commerce, enhancing Canada's standing in the global market.

In the absence of this financial risk mitigation tool, Canadian producers see the US market as a safer option for their production than the domestic market because, in the U.S., they have the security of the US insolvency tools. This limits Canadian consumers access to domestic production. Conversely, during the RCC process of 2013, the USDA conducted a survey which revealed that Canadian importers face a 10-15% premium to mitigate the lack of Canadian

insolvency tool as proposed in C-280. Once again impacting Canadian consumers of fresh produce.

If you have any questions, please do not hesitate to contact me.

Warmly,

Regards,

A handwritten signature in blue ink, appearing to read "Rebecca", with a long horizontal flourish extending to the right.

Rebecca Lee
Executive Director

About the Fruit and Vegetable Growers of Canada

The Fruit and Vegetable Growers of Canada (FVGC) represents growers across the country involved in the production of over 120 different types of crops on over 14,237 farms, with a farm gate value of \$5.9 billion in 2021. FVGC is an Ottawa-based voluntary, not-for-profit, national association, and, since 1922, has advocated on important issues that impact Canada's fresh produce sector, promoting healthy, safe, and sustainable food, ensuring the continued success and growth of the industry.

Annex A- Canadian Produce Exported to US (2017-2021) (Metric tons)

Source: https://agriculture.canada.ca/en/sector/horticulture/reports		2017	2018	2019	2020	2021
Field vegetables	Production volume of field vegetables in Canada	2,239,530	2,265,925	2,271,130	2,244,939	2,276,778
	Field vegetable exports to US	587,812	598,177	607,961	556,315	590,647
	Percentage of field vegetables grown in Canada that are exported to the US	26%	26%	27%	25%	26%
Greenhouse vegetables	Production volume of greenhouse vegetables in Canada	636,723	660,259	659,623	687,057	722,890
	Greenhouse vegetable exports to US	338,372	333,565	349,533	382,786	420,059
	Percentage of greenhouse vegetables grown in Canada that are exported to the US	53%	51%	53%	56%	58%
Potatoes	Production volume of potatoes in Canada	4,838,606	4,646,918	4,789,437	4,720,355	5,689,455
	Potato exports to US	1,786,603	1,879,552	1,930,547	2,071,429	2,552,314
	Percentage of potatoes in Canada that are exported to the US	37%	40%	40%	44%	45%
Fruit	Production volume of fruit in Canada	891,522	962,325	945,112	894,586	847,155
	Fruit exports to US	192,355	217,812	209,438	220,027	205,611
	Percentage of field vegetables grown in Canada that are exported to the US	22%	23%	22%	25%	24%
Overall	Production volume of in Canada	8,606,381	8,535,427	8,665,302	8,546,937	9,536,278
	Total exports to US	2,905,142	3,029,106	3,097,479	3,230,557	3,768,631
	Percentage of produce grown in Canada that are exported to the US	34%	35%	36%	38%	40%