

**MEDIA RELEASE**

**Canada loses preferred access to the United States Perishable Agricultural Commodities Act**

**October 3, 2014 (Ottawa, ON)**

On October 1<sup>st</sup>, 2014 Canada lost preferred access to the United States Perishable Agricultural Commodities Act (PACA). At this point in time the Canadian government will need to implement a system demonstrating comparable outcomes in order to regain status. This will have significant consequences for the fresh fruit and vegetable industry in Canada, putting jobs, Canadian farms and other parts of the produce supply chain at risk, and ultimately leading to higher produce prices for Canadian consumers.

“Without PACA access, Canadian companies trying to recover unpaid bills will have to post double the value of what they are trying to recover as bond to make a claim,” stated Ron Lemaire, President, Canadian Produce Marketing Association. “For example, a small producer owed \$50,000 would have to post \$100,000 cash to make a claim, effectively removing \$150,000 from their cash flow/operating line for up to one year. Many cannot afford this will simply have to walk away, losing what is rightfully owed to them.” Situations like this can devastate not only the producer, but all the businesses connected to them and hits rural communities particularly hard.

“The Fresh Produce Alliance (FPA) has repeatedly briefed and met with various Ministers and MPs to raise the importance of the issue,” added Anne Fowlie, Executive Vice-President, Canadian Horticultural Council, “yet the government has not taken necessary mitigating action, despite warnings that the removal of PACA access was imminent without confirmation of a Canadian solution.”

The opposition parties are taking notice. The NDP raised the issue in Parliament earlier this week, but received a response dismissive of the problem. In a meeting with CPMA on September 30<sup>th</sup>, Liberal Leader Justin Trudeau committed to fixing this issue should he take power after the next election and on October 2<sup>nd</sup>, the party raised the issue again in Parliament. The government now needs to step up and recognize that there could be consequences, both for industry and for their government in the next election, if they do not take steps to find a solution.

Exporting to the US has now become much riskier. Without access to PACA, going after unpaid bills will be much harder for Canadian companies. Less scrupulous US buyers, knowing that Canadian companies are now at a disadvantage, will attempt to benefit, leading to higher rates of outstanding bills. Situations like this can devastate not only the producer, but all the businesses connected to them and the communities where they operate particularly hard.

In addition to providing a diverse supply of healthy food for Canadian consumers, Canada's fresh fruit and vegetable sector makes an important contribution to national economic output and employment. In 2013, the fresh fruit and vegetable sector supported 147,900 jobs and creates \$11.4 billion in real GDP. The Canadian government has put this at risk. It must urgently pass implement a Canadian payment protection system that demonstrates comparable outcomes to the US system in order to encourage the US government to reinstate Canadian access.

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[Link](#) to the Fresh Produce Alliance submission to Industry Canada

[Backgrounder](#): Payment Protection for Canada's Fresh Fruit and Vegetable Industry

**About the Fresh Produce Alliance:**

Fresh Produce Alliance (FPA) is a joint initiative of the Canadian Produce Marketing Association (CPMA), the Canadian Horticultural Council (CHC) and the Fruit and Vegetable Dispute Resolution Corporation (DRC). The intent of FPA is to build an improved business climate for the fresh produce industry. FPA was established to identify and consolidate multi-stakeholder issues that are cross-sectoral in nature, to validate potential solutions, and to facilitate the necessary actions to generate change.