Fresh Produce Alliance
Alliance pour les fruits et les légumes frais

Building 75, 930 Carling Ave., Ottawa, Ontario, Canada K1A 0C6

Federal Government Must Act to Protect the Produce Industry:

Canadian produce prices may rise and jobs may be lost if Canada fails to implement a reciprocal payment program with the U.S.

Ottawa - September 23, 2014

Until now, Canadian companies exporting into the United States have had the same rights as American suppliers to recover payments easily and quickly if a buyer refuses to pay or declares bankruptcy with unpaid bills to produce suppliers. This month, the U.S. is warning that Canada's special status may soon be revoked if the Canadian government does not implement a reciprocal payment protection program in Canada. This will have important consequences for Canadian industry and Canadian consumers of fresh fruit and vegetables.

"Withdrawal of reciprocity will mean that Canadian consumers of fresh produce will be paying more for lesser quality products while having a limited range of produce varieties available," said Mike Reed, President of BC Hot House, “this is a real threat since global demand for fresh fruit and vegetables is on the rise, with more than half of Canada's fresh fruit and vegetable imports coming from the United States, some $3.5 billion a year.”

Removal of benefits could be announced any day, putting Canada's $1.6 billion in produce exports to the U.S. at higher risk of payment default. "Canadian exporters will be hit extremely hard because they will have to meet costly bonding requirements to achieve the same level of protection they have enjoyed in the past," added Jim Di Menna of Red Sun Farms, “Canadian industry can ill afford to take on added costs, given that three quarters of Canada’s 10,000 fruit and vegetable producers are small businesses with average sales of less than $85,000 per year.” If movement towards this limited statutory deemed trust is not soon demonstrated, the consequences may prove disastrous for Canadian produce exporters and the communities where they operate.

U.S. shippers already add a 5 to 15 percent price premium to fresh fruit and vegetable bound for Canada in order to compensate for the riskier environment. And, Canadian producers routinely bypass the Canadian domestic market in order to take advantage of the superior protections offered in the United States. Removal of reciprocity will affect import and export volume and prices, and could result in Canadian job losses. Though the biggest loser will likely be Canadian consumers, who will face increased prices, decreased quality, and reduced selection and variety in the produce aisle.

Canadian industry and our U.S. partners are asking only that Canadian government keep the commitment it made under the Canada-U.S. Regulatory Cooperation Council. In 2011, the government committed to establish a comparable Canadian approach to protecting produce suppliers from buyers that default on their payment obligations but little progress has been made and U.S. patience is quickly running out.

The Canadian fresh fruit and vegetable sector and its supply chain supported 147,900 jobs and created $11.4 billion in real GDP in 2013. Over 85% of the value of Canada's vegetables and fruit are grown in Quebec, Ontario, and B.C. Rural communities in these provinces are at greatest risk from produce buyer insolvency.

For more information contact:

Vanessa Sherry, Communications Manager, 613-226-4187 ext. 225, cell: 613-878-3312, email: vsherry@cpma.ca.

Link to the Fresh Produce Alliance submission to Industry Canada

Backgrounder: Payment Protection for Canada's Fresh Fruit and Vegetable Industry (Link to document