

ANNUAL REPORT

2001

Report of the President



To Members of the
Canadian Horticultural Council:

It is hard to believe that one year has passed since we met in Fredericton, New Brunswick. I have felt honoured to have served you as President this past year, and have found this past year to be a great learning and growing experience, personally. It has also been exhausting at times, as many issues have cropped up over the past twelve months, presenting national and international challenges. The trade challenges to hothouse tomatoes and new USDA phytosanitary certification proposals continue to threaten our competitiveness. The bumpy and frustrating playing field in crop protection has led to a major focus for change initiated by the CHC this past year. The drought this past season that affected much of the country's horticultural crops is an example of the severe weather changes our producers are encountering through climate change. With the terrible events of September 11, 2001, there is a major focus by consumers on food safety and security. Building trust in the crops we produce continues to be a major priority for the CHC. These are some of the issues that have taken much of our energies this past year as we strive to improve horticulture for our members. It is with some regret and some relief as well that I pass on the presidency to our capable, newly elected president, Ken Forth.

This is the third year that the Canadian Horticultural Council has had our own dedicated staff, with Anne Fowlie, Executive Vice-President and Shirley Archambault, Policy Affairs Coordinator. Heather Gale joined the team over a year ago to assist as Communications and Commodity Affairs Coordinator, and has grown quickly into the position. These core people have and continue to do an excellent job liaising, advocating and communicating on our behalf as our representatives in Ottawa when we cannot be there.

We appreciate the relationship we have with the Canadian Produce Marketing Association, with whom we share our office and four other hard-working staff, Candace Enman, Lyse McClelland, Stéphane Landreville and Marie Bourdeau. I have enjoyed working with CPMA chair Gordon Love and the Executive look forward to the coming year with new CPMA chair, Christian Bourbonnière. Our former Executive-Vice President, Danny Dempster, and all the CPMA staff help to make for a good working environment where we are in close contact on many issues of mutual concern.

At the last Annual General Meeting, your Executive was given direction to work towards a finding a new home for the CHC, as the current building was limited in space and increasing in cost. After much discussion and a fund-raising drive across the country and a thorough examination of all the options, the Executive has made an agreement to purchase property and to construct a new building in partnership with the CPMA on a one-third ownership and operations basis for the CHC. The rent for our current facility was expected to nearly double when the lease expires at the end of October 2002. I believe this to be a positive move for

the CHC as the new building will meet our needs for a larger space, with the ability to build equity in the process, while limiting our housing costs over the long term.

Phyosanitary issues will continue to raise their head in the future as other trade barriers disappear. Working together with the CFIA, AAFC and DFAIT, the CHC and producers were able to resolve the problems with Hold and Test, which caused serious trade disruptions two years ago. The CHC continues to closely monitor this area. Those producers involved in the Plum Pox Virus and Potato Wart Fungus problems will receive some compensation for their losses; however, it will take years to recover from the devastating impact of these situations. The CHC continues to work with the CFIA and others to work for a much-needed strong and timely compensation program in the area of plant health, which our competitors already have in place. Horticulture must have better protection in the face of growing threats in the area of phytosanitary challenges to trade.

The CHC has focused much effort on the Crop Protection file this past year as we recognized that our industry is falling behind competitively in leaps and bounds. Our government must assist us to access the newest and best tools if we are truly able to take hold of the future and position ourselves as number one in the market. This fall we undertook a number of initiatives starting with the publication of a Fact Sheet on Crop Protection for all producers. On November 26, 2002 at a press conference at the Parliament Buildings, we released a larger briefing book, "*Crop Protection – A Better Future For Canada*" which was sent to federal MPs, ministers, and provincial agriculture ministers and premiers. The Prime Minister of Canada also received a copy. There was an excellent initial response to the book. Our CHC staff has all worked well above the call of duty on this file, in order to move the issue closer to a satisfactory level of success. Currently we are working with Health Canada, the Pest Management Regulatory Agency and Agriculture and Agri-Food Canada to act on the positive solutions presented in this briefing book. With over two hundred Minor Crops grown in Canada, the issue of crop protection is extremely important to farmers' ability to diversify crops. We must have a level playing field and the tools needed to put Canadian products in #1 position in the world.

Food Safety has been one of our leading issues for the past four years. Two years ago, we developed and published the *On-Farm Food Safety Guidelines for Fresh Fruit and Vegetables in Canada*, and since then have held Train the Trainer sessions across Canada to prepare producer groups for the implementation of this HACCP-like program. This past year, staff attended a number of meetings with many different groups who are struggling with the food safety issue.

Food Safety seems both a simple issue and one of the most complex. As a Canadian, I am confident that we have a secure and safe food supply thanks to conscientious farmers and to the vigilance of officials at the CFIA and the PMRA. On the other hand there is a growing need to account for the food safety efforts to meet the demands of the marketplace. Our competitors in Europe and other areas are providing our buyers with more documentation. At the same time, science has developed to permit us to find sources of food illness and contamination. What can the CHC do for us? The CHC can lead the establishment of a national system of implementing a nationally certified on farm food safety program for horticulture in Canada. We do not want to establish inter-provincial barriers. We need a reputable HACCP-like program that is cost-efficient for producers to implement and use to access all markets.

In June 2002, the federal-provincial leaders of agriculture met to work out a policy framework for the next five years since the current Safety Nets Agreement expires in March 2003. This "Whitehorse Agreement" is dedicated to achieving long term success of agriculture through a new five-point plan that includes: renewal, the environment, on-farm food safety, science and research, and safety nets. This is the basis for the Prime Minister's Caucus Task Force on Future Opportunities in Farming and the House of Commons Standing Committee on Agriculture's meetings across Canada. The CHC has made representations at both committees on behalf of its members. There have been a number of problems with the disaster program, NISA and crop insurance. The federal government is considering a major change to a one-size-fits-all program, which would incorporate crop insurance, Net Income Stabilization Account and the Canadian Farm Income Program. This new long-term federal-provincial program would be closely linked to food safety and environmental programs, research and renewal or transition. It is proposed that there will be a focus on providing assistance for the adoption of national food safety and environmental stewardship.

However, the budget projections for the next few years suggest that the commitment to strong sustainable agriculture is limited. In a recent publication of *Canadian Farm Manager*, Patrick Beauchamp is quoted as saying: "Canadians rank farmers quite highly when it comes to trust-worthiness. It's also clear that Canadians see food as an emotional issue and indeed as a strategic resource. --- One, farmers are nice guys and two, we should be self-sufficient in food and we can't rely too much on multinationals and other countries." While the public may be concerned about money spent on farmers, they must be willing to invest adequate resources in agriculture if the future of Canadian farming is to be sustained. The CHC will play an important role in the development of any new programs as our producers need a strong and effective safety net to enable them to make sound business decisions for their farms.

Our staff has taken on additional work that governments download more and more on farm organizations. Provinces as well as the federal government need to make a stronger commitment to national horticulture, which exceeds the revenues of grains and oilseeds in seven out of ten provinces. Farm organizations will have to take a serious look at cost-recovery for services provided to non-members. If all receive a benefit, all should participate in the cost.

Our alliances with other farm organizations are essential for the CHC to further its lobbying activities and work to solve problems together. We have begun a new lobby strategy this year with our press conference last November, because the urgency of our situation demands a more aggressive course of action.

This past year we launched the CHC website, initiating a new era in communications and promotion for our organization. More and more producers are finding this an effective way to keep informed on the latest horticultural news and to access information links.

The marketplace is changing radically as we see more integration and mergers occurring weekly in all sectors. The farm community traditionally has been price-takers, but needs to move beyond this position, to more of a partnership with the retail sector. By providing service, and quality of supply, the farm community has an opportunity to reposition itself so that suppliers and retailers will work with them in a more balanced partnership. This will only happen if both partners are willing to move their ground somewhat! It may not occur

immediately, but I believe it must happen if sustainable agriculture will ever be a reality in Canada.

In conclusion, I would like to thank the members who initially nominated me, and the CHC Board of Directors for the confidence they placed in me to give me this exceptional opportunity to lead such a fine organization as the Canadian Horticultural Council. Though there have been many challenges this past year, I have felt that I am serving the farm community which I love, and have enjoyed every minute of it. It has been a great honour to serve as your President for 2001-2002.

I wish to extend my best wishes to my successor, Ken Forth, and believe that he will continue the Council's tradition of clear and forthright leadership for the common good of Canadian horticulture.

Respectfully submitted,

A handwritten signature in cursive script that reads "Penny Gambell".

Penny Gambell
2001-2002 President
Canadian Horticultural Council
March 7, 2002

Report of the Executive Vice-President



Annual Report to Members

This past year has been a very active one for the Canadian Horticultural Council. The issues confronting our industry seem to be rapidly increasing both in number and in complexity and in these challenging times it is more important than ever before to have a strong and active organization and national presence. The CHC's office continues to serve a key role in coordinating national activities for Canada's horticultural industry. Its mission, to advance the growth and economic viability of horticulture, is achieved by encouraging understanding and cooperation across the country so as to build consensus on key issues. Taking a national approach to the challenges is critical, since the context in which we do business is increasingly a global one. All regions need to participate actively not only to represent their interests but also to contribute to the "bigger picture".

In reviewing this report it is important to keep in mind the Council's mandate, which includes:

- Promoting safety nets programs that represent the needs of horticulture and ensuring equity
- Ensuring availability of effective crop protection tools and technologies
- Monitoring and commenting on human resource issues and regulations
- Participating in decisions relating to foreign trade agreements
- Working with regional commodity organizations to identify and support specific needs
- Assisting industry in adapting to a rapidly changing regulatory environment
- Providing input to government and private enterprise on research priorities
- Building partnerships with allied industry, non-governmental organizations and other stakeholders
- Coordinating crisis management activities at a national level
- Communicating with members on a broad range of issues

This year, the CHC has worked on a broad range of issues on your behalf. A great deal of success has been achieved with very limited resources. The national office employs only three full-time staff devoted to handling an array of demanding files. Some of the most active files have involved:

- safety nets
- crop protection
- on-farm food safety
- plant health
- commodity coordination, including a national IFP initiative for apples
- consultation on trade agreements

In all areas, fresh emphasis has been placed on intensifying lobby efforts and pursuing media relations to raise the profile on challenges facing horticultural producers. A number of

new communication tools have been developed over the past year to assist in getting the word out, to better serve members and to ensure decision-makers are aware of our concerns. Of note are:

- the launching of the CHC web site (www.hortcouncil.ca)
- the public release of our comprehensive briefing book on crop protection issues
- the publication of a Membership Directory; and
- the development of a series of brochures describing the Top Issues for the CHC (Crop Protection, Farm Labour, Food Safety, Research, Safety Nets, and Trade). These are intended to support lobby efforts by members seeking change through their respective MPs. Every Member of Parliament in Canada has received this package and we will continue with periodic blitzes so as to maintain the profile of the CHC as well as horticulture's needs and challenges.

1. Safety Nets

As a member of the National Safety Nets Advisory Committee (NSNAC), the CHC continues to be active in seeking refinements to government safety nets programs. The CHC participated in many meetings of the National Safety Nets Advisory Committee in 2001. Ken Forth is the CHC representative on the National Safety Nets Advisory Committee and John Jaques serves as the Alternate. Hector Delanghe, a former CHC President, serves on the NISA Advisory Committee. These two committees participated in the first-ever joint meeting in June 2001.

There is no question that this is a very difficult file, particularly since provincial ministers of agriculture have made it clear that they support moving away from increased funding for the safety nets envelope. The announcement made last June after the meeting of federal-provincial-territorial agriculture ministers, generally referred to at the Whitehorse Communique, reflects this direction. Meanwhile, producers continue to face serious challenges. "Transition strategies" seem aimed primarily at encouraging farmers to transition *out* of agricultural production. The CHC will continue to be a vocal participant at NSNAC meetings and focus on safety nets as a key component of our ongoing lobbying efforts.

In the coming months we will actively seek member input as we develop and execute a strategy to profile the needs of Canadian horticulture. This is especially important as Agriculture and Agri-Food Canada moves forward with a new agricultural policy framework.

2. Crop Protection

2.1 Press Conference

Last November the CHC held a successful press conference in the Centre Block of parliament to launch publicly its document, "***Crop Protection – A Better Future for Canada***". This document provides a comprehensive overview of the challenges related to accessibility of crop protection tools for minor crops and effective solutions to the problems. The press conference generated media coverage of the issue and resulted in a meeting with Health Minister Allan Rock, which we had not been able to achieve for the previous two years. Minister Rock agreed to meet with Agriculture Minister Lyle Vanclief and stakeholders to discuss the need for changes to the minor use system. The ever-widening gap in competitiveness as a result of lack of access to products must stop very soon. Although we

feel encouraged by the progress made to date we must see tangible results in the very near future.

2.2 Meetings

Leading up to the public release of the crop protection document, the groundwork was laid by CHC directors and staff at several high level meetings with officials at Agriculture and Agri-Food Canada and Health Canada.

An important message from the CHC to AAFC has been the critical need for the department to establish and increase its role as an advocate for industry in ensuring that the registration system does not continue to hinder a producer's ability to produce crops safely.

A productive meeting with the Prime Minister's Caucus Task Force on Future Opportunities in Farming coincided with the release of the CHC's crop protection briefing book. Several examples of the problems that exist were documented, and CHC's list of potential solutions was highlighted. Task Force members agreed that there is indeed a problem and that they had heard this message many times before. It was apparent that our efforts to date had not been in vain.

Subsequent to the initial events surrounding the press conference, the CHC has made presentations to the House of Commons Standing Committee on Agriculture as well as to the Deputy Minister of Health. We will continue to press for the critically needed changes we are recommending.

2.3 US IR-4/Canada Joint Projects

The CHC's relationship with the US IR-4 continues to grow and result in benefits for Canadian producers. A total of 68 trials were approved last year for seven IR-4/Canada joint projects:

| Fungicides | Herbicides |
|-----------------------------------|--------------------------------|
| Quinoxifen on Melon | Dimethenamid-P on Green Onions |
| BAS 516 on Celery | Dimethenamid-P on Rutabaga |
| Fenhexamid on post-harvest apples | Pyridate EC on Cabbage |
| | Pyridate EC on Broccoli |

Agriculture and Agri-Food Canada provided partial funding to conduct these Canadian trials through the three-year program announced by Minister Vanclief at the 2000 CHC AGM in Québec City. In the absence of an office of minor use vehicle in Canada the CHC has coordinated many of the minor use activities including assuming the role and responsibilities of field trial coordinator. This involvement has benefited horticulture and indeed all of agriculture as we work toward the registration of new reduced-risk pesticides and label expansions for minor uses. Unfortunately this is the last year of the funding commitment program and at this point we have no assurance of additional funding.

2.4 Prioritizing Minor Use Needs

The CHC, in collaboration with provincial Minor Use Coordinators, has developed a "Grower Needs Priority List". This list was established using the crop grouping concept, and for each crop within the crop group specific pests and alternative pest management solutions are

prioritized. A prioritization template was designed and with input from provincial Minor Use coordinators. This list was used for the IR-4 Food Use Workshop last September and will continue to be a key element in our consultations and discussions with chemical companies, the PMRA and AAFC.

2.5 Meetings with Chemical Manufacturers

The CHC has been working hard to develop professional working relationships with chemical manufacturers in Canada and the United States. The objective is to encourage them to consider Canada's minor use product needs when establishing their research and development plans and priorities. We have created opportunities to discuss their respective strategies on minor crops so as to enhance the North American approach, to encourage joint reviews and to discuss good and bad experiences with the regulatory system. Craig Hunter, CHC's Technical Advisor, as part of the IR-4 head office delegation, met with the following US companies: FMC Corporation, Valent Ag. Chemicals, BASF Corporation, Aventis Crop Protection, Syngenta and Bayer.

2.6 Minor Use Pesticide Workshop

A two-day workshop on Minor Pesticide Use was held in Ottawa in early December 2001. The CHC participated as a member of the Workshop Steering Committee. The workshop provided valuable opportunities to discuss solutions and put forward recommendations for better access to new technologies. The discussions and recommendations echoed very closely the recommendations contained in the Executive Summary of the CHC's crop protection document.

3. On-Farm Food Safety Program for Fresh Fruit and Vegetables

Whether we like it or not, consumers and governments are putting increased emphasis on food safety and the traceability of products from field to fork. The CHC has been a leader among farm groups in being proactive and attempting to minimize the negative consequences of government policy and consumer demands on producers of horticultural products in Canada.

The requirement for vigilance by all participants in the food supply chain has been stepped up as a result of the events of September 11th, with food security and the safety of the food supply receiving more and more attention by the public, media and decision-makers. The potential for trade barriers based on food safety issues, a concern even before the terrorist attacks in the United States, has now taken on increased significance. The CHC's early leadership in the area of on-farm food safety has positioned the organization to expertly navigate the rough waters ahead.

3.1 Program Delivery, Audit and Certification

After an extended period of requesting CFIA involvement in the recognition of national on-farm food safety programs such as the one developed by the CHC, a breakthrough was finally achieved in June 2001 when Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency identified their respective roles vis-à-vis recognition and technical review of national, on-farm food safety programs in Canada. As a result, the Canadian Horticultural Council undertook to move to Phase 3 of the Canadian On Farm Food Safety Program: Delivery of an On-Farm Food Safety Program. Phases 1 and 2, which included development of the CHC's national on-farm food safety program for fresh fruit and

vegetables in Canada (**OFFSP**), including the development of guidelines and associated training components, have been completed. In order to protect the investment of the Canadian Horticultural Council and its members, all materials developed to date are being registered and copyright protected.

Once the government position was established, the CHC began to develop Phase 3 while considering the following objectives:

- a delivery and certification framework for the CHC's On-Farm Food Safety Guidelines for Fresh Fruit and Vegetables in Canada
- a recognition/certification framework for the OFFSP
- a program review and update protocol for the OFFSP

In late February, a discussion document outlining a proposed OFFSP delivery and certification framework for horticulture was distributed to all members for consideration and discussion prior to the AGM. At present, the CHC is reviewing the OFFSP guidelines and will be preparing a generic record keeping section, which will serve as an appendix. We hope to be in a position to apply to the CFIA for technical review of the program in the spring. All buyers, including fresh and value added sectors, are examining this issue very carefully and looking to industry and industry associations, particularly the CHC, for leadership in this area.

The CHC is a member of the Canadian On-Farm Food Safety Working Group (COFFSWG) and as such has met on several occasions with the CFIA to work through options on the CFIA recognition of on-farm food safety programs. The COFFSWG is made up of industry associations such as the Canadian Horticultural Council, Chicken Farmers of Canada and the Canadian Pork Council. The CFIA has developed a "7-Step" approach to certification which outlines the requirements and process for organizations wishing to proceed with technical review and recognition of programs.

The COFFSWG continues to work toward the development of additional tools related to on-farm food safety, including:

1. *Validator Training Project*
Objective: develop a national module (HACCP and Audit Principles)
2. *Liability and Risk Management Project*
Objective: review of risks, risk avoidance strategies and potential financial management vehicles to mitigate risks faced. The review has been primarily prompted by, and focused on, food safety issues but is not limited in scope to a crisis related to product contamination.
3. *Management Manual Project*
Objective: development of a common template to meet the CFIA's recognition requirements
4. *Common Information Technology (IT) Platform for Audit*
Objective: establish the viability of using a common IT platform to facilitate multi-commodity audits and reduce costs.

3.2 CHC On-Farm Food Safety Survey

The CHC carried out a survey to gauge the on-farm food safety initiatives underway by members across the country. This inventory will be key to CHC developing a management protocol for the national on-farm food safety program for fruit and vegetables. A national

management protocol, as well as audit guidelines must be in place at the time the CHC applies to the CFIA for technical review and recognition of its guidelines. With a response rate of only 18%, it is difficult to know whether the results of the survey are truly representative of where members are in terms of developing On-Farm Food Safety programs. However, a preliminary analysis of the results shows that:

- 33% have developed organization or commodity-specific programs
- over 50% of organizations have participated in CHC Train the Trainer sessions
- two thirds of members have yet to begin implementing a program on their farms
- 75% of members currently do not feel equipped to respond to a vendor recognition program questionnaire focused solely on food safety
- the vast majority of members believe the CHC has a continuing vital role to play in keeping members informed of developments, including those in other countries, and in coordinating and maintaining a national program.

3.3 “Train the Trainer” Sessions

We are pleased to report that “Train the Trainer” sessions have been completed across Canada. In some instances follow-up sessions have been requested and the CHC national office is presently coordinating delivery of these sessions.

3.4 The Canadian Supply Chain Food Safety Coalition

The Canadian Supply Chain Food Safety Coalition was formed in December 2000 by national organizations representing all segments of the food chain from input suppliers through primary production, processing, manufacturing, transportation, distribution to final marketing at retail or in food service. The goal of the Coalition is to facilitate, through dialogue within the food industry and with all levels of government, the development and implementation of a national coordinated approach to food safety to ensure credibility in the domestic and international marketplaces.

The CHC serves a critical role as a member of the Steering Committee for the Coalition in bringing the producer perspective to the table. It is imperative for us to have a presence on the Committee and the CHC provides that link between primary producers and those further along the supply chain.

3.5 Vendor Recognition Program

The Canadian Council of Grocery Distributors (CCGD) last year began developing a vendor recognition program for the Canadian food industry. This program is being constructed in a series of questionnaires for vendors supplying each department of retail stores: General Vendor Questionnaire, Dairy and Egg Products Vendor Questionnaire, Produce Vendor Questionnaire, Meat and Poultry Vendor Questionnaire and Seafood Vendor Questionnaire. The CHC played a key role in influencing the development of the draft questionnaire for produce as well as the overall content and direction of the Program. The original questionnaire for produce suppliers was extremely long and unnecessarily complex; revisions were as a direct result of CHC intervention on behalf of its members. At present, we are uncertain as to when the CCGD will implement the program. Upon implementation, the questionnaire will be forwarded to all vendors. It is important that all producers assess their on-farm food safety practices as there is no question this may well influence purchasing decisions.

3.6 Agro-terrorism

The CHC is currently preparing a document related to the issue of agro-terrorism. It will highlight the importance of using good agricultural practices, keeping records up-to-date, and other strategies to deal with threats to food security. The guidelines developed for on-farm food safety provide a basis to expand on concerns relating to agro-terrorism.

4. Plant Health

Plant health is definitely an area of increasing concern for our industry. The implications for trade are enormous and considerable time has been devoted to addressing these challenges by CHC staff and directors. It is important to realize that a long-time working relationship exists between the CHC and the federal government in Ottawa. As a result, when input is required from industry on issues relating to plant health and trade, the CHC is often the first organization that government officials approach for comments. As such, when the CHC contacts members for direction on specific trade-related questions, a timely response will directly influence the recommendations that bureaucrats make to government.

4.1 Proposed Rule Requiring Phytosanitary Certificates for all Fruits and Vegetables Imported into the United States

Last August, the United States Animal and Plant Health Inspection Service (APHIS) filed a notice in the Federal Register which proposed to amend their regulations to require that a phytosanitary certificate accompany all fruits and vegetables imported into the United States, with certain exceptions. The proposed rule would affect commercial produce imported into the United States as well as fruits and vegetables brought in by travelers.

Currently the regulations do not require that phytosanitary certificates accompany produce imported into the United States, except for certain fruits and vegetables grown in designated foreign regions. APHIS proposed this change to help prevent foreign plant pests from being introduced into and disseminated within the United States.

On behalf of members, the CHC voiced immediate and strong opposition to the proposal to CFIA, AAFC Minister Vanclief and International Trade Minister Pierre Pettigrew. Both CHC and CFIA filed objections in writing to APHIS last fall. There is serious concern that this requirement would cause significant disruptions and delays in commercial shipments of produce from Canada, along with the contention that the specific pest risk is not adequately demonstrated to justify the uniform, widespread application of this requirement.

The CHC has urged the Canadian government to negotiate an exemption for Canadian products and develop a strategy and action plan to implement reciprocal action. Negotiations between plant health officials in Canada and the United States are ongoing and we continue to be hopeful such a rule will not be implemented.

4.2 Plum Pox

Last June the federal government announced that it will invest \$39.9 million over the next three years to help the tender fruit and nursery industries respond to the challenges of Plum Pox Virus. The plan has been developed with the Province of Ontario and the industry, with the goals to contain and, if possible, eradicate the disease by sampling, testing and removing trees where necessary; conducting scientific research; training producers; and developing a certification program for replacement trees. The estimated direct cost of

compensating growers for years 2000 to 2003 will be between \$1,767,000 and \$2,775,000. The CFIA will move to eradicate the disease from isolated areas in Ontario and Nova Scotia, contain and remove infected trees in the Niagara Region and continue an aggressive sampling and testing program across Canada. Research will include investigating the susceptibility and possible infection of ornamentals, native and backyard plants to PPV. Attempts to secure additional financial assistance for affected tender fruit growers and commercial nursery operators have so far been unsuccessful.

4.3 Potato Wart

The detection of the Potato Wart fungus in PEI in October 2000 stands as another example of the devastating impact that plant health issues can have on trade. The government has now agreed to a compensation package for affected growers, but has not yet succeeded in negotiating terms to secure long-term access to the United States market. Government estimates that the direct cost of compensating growers for years 2000 to 2003 will be between \$400,000 and \$700,000.

Although assistance is appreciated, it does not begin to truly address the long-term impact of either situation.

4.4 Canadian Plant Protection Advisory Committee

The role of the Canadian Plant Protection Advisory Committee (CPPAC) continues to grow in importance. The CHC has been instrumental in spreading the word about the relevance of this organization, which represents the interests of Canadian growers in the context of discussions with producers in the United States and Mexico under the umbrella of NAPPO, the North American Plant Protection Organization. Phytosanitary issues are fast becoming the primary trade barriers and the battles we have to fight in international fora to secure access for our products and protect against foreign pest risks. The CHC encourages broad-based participation by all commodity sectors in CPPAC activities. Regional Plant Health Committees are currently being established by the CFIA and CPPAC's role as the national, industry plant health body is expected to increase. At its recent Annual Meeting in Winnipeg, CPPAC members set the strategic direction for the organization over the next few years and pursued the development of an emergency eradication insurance program.

5. National IFP Initiative for Apples

The CHC has coordinated, on behalf of the Canadian apple industry and its appointed representatives on the Apple Working Group, a proposal to develop national guidelines for an IFP program for apples, which reflect regional differences and encompass protocols already extant or underway in the five major apple-producing regions of the country. A unique partnership among Agriculture and Agri-Food Canada, the World Wildlife Fund and industry will provide funding for the project. It is anticipated that a pilot program to implement the guidelines will be launched in some regions for the coming crop year. The project consultant and national CHC office will be working closely with the Growing with Care board and those responsible in other regions for IFP and IPM programs currently in place or under development.

The Apple Working Group has also been charged with developing a comprehensive marketing strategy for the industry. It is anticipated that the IFP standards will be incorporated in a broad-based national strategy to improve returns to apple growers in Canada. The Apple Growers of Ontario were a key participant in the development of this

plan and active in the National Apple Working Group. It is indeed disheartening and unacceptable that the province took action to dismantle the organization.

6. Trade

The past year has been particularly difficult and costly in terms of trade action. The United States filed anti-dumping trade action against Canadian greenhouse tomato producers and achieved a measure of success when the preliminary finding found injury and duties were imposed. The Canadian industry has since filed a similar suit against the United States tomato industry. This followed soon after the natural gas crisis, which already had a very serious financial impact of the industry. The CHC was also asked to comment to government of several free trade agreements, including Israel, Costa Rica and the Caribbean (CARICOM). As always, we seek your input for areas of concern and opportunity.

7. Partnerships

The long-standing and integrated relationship between the Canadian Horticultural Council with the Canadian Produce Marketing Association (CPMA) continues to serve our industry and our organization well. The benefits of having the professional staff of both organizations available to work together on issues of joint importance are very positive, and obvious on key issues such as food safety, licensing and arbitration, pesticides and industry efficiencies.

Our partnership with the CPMA keeps us closely linked to developments in distribution related issues such as UPC, PLU, case coding, EDI, RSS and traceability. Both organizations maintain cooperative working relationships with their respective counterparts in other jurisdictions, such as the Produce Marketing Association (PMA) and the United Fresh Fruit and Vegetable Association. In the past year the CHC also developed ties with EUREPGAP. The CHC has continued to work with the Canadian Council of Grocery Distributors (CCGD) to examine where we can work together. Indeed, the CCGD has continued to cooperate with the CHC, the CPMA and the CFIA in an integrated approach to inspection and food safety.

8. Looking to the Future

Like all organizations, the CHC will continue to be strong and vibrant to the extent that its members support its activities through membership contributions and active participation in policy development and implementation. Also like many organizations, the CHC is facing a resource crunch and, for the first time in several years, was forced to increase membership fees. Your support of the CHC is needed now more than ever. We must all make an effort to encourage non-member organizations who benefit from the activities of the CHC to become members and active contributors.

In November 2001 the CHC Executive and Finance Committee participated in a visioning session to focus on strategic planning and priority-setting. A three-year strategic plan is being developed and will be distributed to members in the very near future.

The Executive and Finance Committee has also been busy with plans to build a permanent home in Ottawa for the CHC. The lease agreement for the current facilities expires in October 2002 and the organization was facing very significant increases in both base price and operational costs. A decision to build was reached after a detailed analysis of all possible options. This will be a joint project with the Canadian Produce Marketing

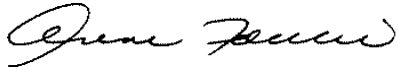
Association and will house the offices of both organizations. An agreement has been reached to proceed on a 1/3 to 2/3 ratio, and will see the CHC as a one third owner of the property. A campaign to secure a one-time contribution from CHC members and supporters has succeeded to date in raising nearly half of the \$250,000 needed for CHC to fully contribute its share to the project and operate mortgage-free. The long-term viability of the national organization for Canadian horticultural producers depends on the ability to achieve a sustainable operating structure. Thanks to all who have contributed. This is a commitment to far more than bricks and mortar; it is a commitment to the future of this organization.

In closing, I want to express thanks and appreciation to you, the members of the Canadian Horticultural Council, and in particular those of you who have worked so closely with the national office on a wide range of issues during the past 12 months, for your input.

To the members of the Executive and Finance Committees and well as the various committee chairs – thank you for your active participation, support and guidance. Of course, special thanks to the team in the national office: Shirley Archambault, Heather Gale, Candace Enman, Lyse McClelland, Stéphane Landreville and Marie Bourdeau.

In 2002 the Council marks 80 years of hard work, commitment and dedication from so many fine people over the years. This is indeed a remarkable milestone, one in which we can take tremendous pride. We look forward to continuing to work together to represent and advance the interests of horticulture in Canada for many years to come.

Respectfully submitted,



Anne Fowlie
Executive Vice President
March 7, 2002