

Report from the
GREENHOUSE COMMITTEE
To the 89th Annual General Meeting of the
CANADIAN HORTICULTURAL COUNCIL
Westin Ottawa Hotel, Ottawa, Ontario
March 11, 2011

**To the President and Members of the
Canadian Horticultural Council**

This past year the Greenhouse Committee has been busy, working together nationally under the CHC umbrella to ensure the collective success and sustainability of the Canadian greenhouse production sector. We have had one face to face meeting in British Columbia in May as well as conference calls since CHC's last AGM.

Season Overview

Three significant events affected greenhouse vegetable markets in 2010.

First, Florida's field crops freeze out in January created tomato and bell pepper shortages across North America that persisted until May. During the January to May period when Florida growers were replanting and raising crops to maturity, prices fluctuated but on average tomatoes and peppers earned 20% more than the previous year. After the Sunshine State's production returned to capacity, North American prices declined sharply for about one month then gradually stabilized as supply and demand re-balanced and the Florida field harvest season ended.

Second, the Canadian International Trade Tribunal's May to November investigation of Dutch pepper dumping into Canada brought punitive antidumping duties which slowed low priced European bell pepper imports.

Third, prolonged excessive heat during the summer in Central Canada reduced greenhouse production levels there. These supply-reducing events pressured tomato and pepper prices upward and mitigated the affect of another year's four percent increase in the value of the Canadian loonie compared to the US greenback. Under longer term supply and demand forces the continuing inflation of the Canadian dollar (up 22% since the beginning of 2009), now at par with the US dollar, will likely stiffen competition for Canadian greenhouse produce from other areas in the year to come. By comparison, the Mexican peso's 2009 to 2010 inflation vis-à-vis the US dollar was only 11%.

During the year cucumber prices, largely unaffected by the three events previously noted declined by 10%.

Our profit margins are closely tied to energy costs; 2009 and 2010 experienced relative stability. Globalization is also a very major issue. In previous years we have battled for price with products imported from countries such as Mexico with lower production costs. The issue foremost in our minds for the upcoming year, is the ongoing misrepresentation of product as Greenhouse grown. Many other growing areas use the term loosely but command a premium for their product by calling it Greenhouse grown. Canadian Greenhouse product continues to be known for quality, especially with the implementation of food safety programs, including CHC's CanadaGAP, and the use of

biological pest controls. During this year's AGM we plan to approve a definition of a Greenhouse and growing standards to clearly differentiate Greenhouse grown from all other growing methods. The overall growing area in Ontario has increased approximately 2% over 2010, mainly in peppers and tomatoes while in BC there has only been a slight increase in growing area.

In March 2010 the greenhouse bell pepper producers launched a trade complaint against greenhouse bell peppers originating in or exported from the Netherlands. In June the Canadian Border Services Agency determined the subject goods had been dumped and not by an insignificant margin and that the volume of goods was not negligible. In July the Canadian International Trade Tribunal determined that field bell peppers were not like goods in relation to the subject greenhouse bell peppers. In September the anti-dumping hearings were held and in October the findings were released. The CBSA found that dumping had occurred at an estimated weighted average margin of 193% when expressed as a percentage of the export price. The CITT found that although dumping had occurred the dumping has not caused injury but is threatening to cause injury to the domestic industry; consequently an anti-dumping duty was imposed for a 5 year period.

Phytosanitary Issues

The CFIA initiated a comprehensive Pest Risk Assessment some time ago to evaluate overall pest risk to greenhouses. With the two major pest issues we experienced in 2010, it was apparent that there should be an increased sense of urgency with this assessment. The CFIA's response to pests and possible introductions is based on the Pest Risk Assessment so it is essential that the assessment be relevant and current. A National Technical Working Group was established with members from the CFIA, AAFC, the non-edible and edible greenhouse producers, and related industries. The non-edible and edible sectors of greenhouse producers are co-chairing this working group. The CFIA has been surveying greenhouses to find what is out there as we cannot regulate those pests we already have. During 2011 they will be surveying for Chilli Thrips, *Macrolophus* species and Leaf miner species. After the survey is completed the information will be used to develop a broad national strategy for greenhouse pest management.

Research

The Greenhouse Committee, through the chair, participated in the CHC Science Advisory Committee. Our proposed project entitled *Carbon Dioxide Enrichment in Greenhouse Crop Production using Scrubbed Flu Gas from Biomass Combustion* was not accepted as a science cluster project. We were also turned down on a Developing Innovative Agri-Products Initiative (DIAP) application for research around 12 month supply. The lack of access to federal research dollars is becoming a concern. We are a large sector in horticulture and we are dependent on adequate research and innovation to maintain our edge on quality and efficiency to remain competitive. We are hopeful that the next round of Growing Forward does allow for better opportunities for the greenhouse sector to attract federal and provincial support.

The Year Ahead

Throughout this year we worked to establish our national priorities and will direct our energies in the coming year to: (not in rank order)

- Horticulture Value Chain Roundtable issues such as a national financial protection program and labour
- Business risk management programs
- A national definition of a greenhouse
- Alternate energy such as co-generation and anaerobic digestion
- Product labelling – clear country of origin labelling on all fruit and product labelled as greenhouse grown that may not be
- Market information
- Research funding

- Continue to support the CFIA in developing a national strategy for greenhouse pest management

In closing, I would like to thank all the members of the Greenhouse Committee and their staff for their participation and commitment to the advancement of the industry. I would also like to express my appreciation, on behalf of the Greenhouse Committee to the dedicated team at CHC for their help in defending the interests of the greenhouse sector.

Respectfully submitted,

Linda Delli Santi
Chair, Greenhouse Committee
March 11, 2011