



Canadian
Horticultural
Council

Conseil
canadien de
l'horticulture

The voice of **Canadian horticulture**

Payment Protection for Produce Sellers



Developing payment protection tools to ensure farmers are paid

Growing, harvesting, packing and marketing fruits and vegetables, or perishable products, is risky; costs are high, capital is tied up in farm land, buildings and machinery and returns are delayed until the product is marketed. The produce seller that cannot realize a reasonable or full return on sales will not survive financially.

Opportunity

Lack of instruments to mitigate financial risk in Canada's fruit and vegetable industry has a direct negative impact on the financial viability of growers and others in the value chain, on the availability and cost of food to the consumer, and on Canada's food security.

Our primary agricultural competitor and trading partner, the United States, enjoys the provisions of the Perishable Agricultural Commodities Act (PACA), which allow those who market fruits and vegetables priority standing and recourse in the case of slow and/or no pay, and bankruptcy. Canada has no such provision. That is, US sellers have no recourse on sales in Canada, nor do Canadians. However, through the PACA, US and Canadian sellers in the US marketplace have recourse through the rules and regulations established within the Act. This is inequitable and is an impending trade issue; our US colleagues are ready to take action. We must ensure that a shipper in Toronto has available to him the same recourse for sales in Canada that he does for transactions in the United

States. As a matter of equity and to respect reciprocity, the US shipper must have access to the same recourse in Canada as is available in the United States.

If not resolved, this will continue to have a significant impact on Canadian growers and shippers. This may impact the public good as availability of product may become restricted or significantly more expensive in order to compensate for the higher cost of doing business in Canada due to market losses. Furthermore, the Canadian marketplace will continue to see its reputation as a desirable place to do business diminish.

Action

That government work with industry to develop and implement a "Made in Canada" solution to reduce the instances and impact of slow payment and non-payment to sellers of fresh produce, to improve their ability to receive payment when buyers become insolvent or bankrupt and facilitate the necessary federal, provincial, territorial collaboration to ensure successful implementation of a solution.