

Canadian Produce Marketing Association and Canadian Horticultural Council Applaud NDP Commitment to Payment Protection for Produce Sellers

July 24, 2015 - The Canadian Produce Marketing Association (CPMA) and the Canadian Horticultural Council (CHC) applaud the commitment made Wednesday by NDP Leader Thomas Mulcair to introduce payment protection for produce farmers and sellers similar to the trust protection offered by the Perishable Agricultural Commodities Act (PACA) in the United States.

“The produce industry is grateful for the NDP’s leadership to resolve this long-standing issue and trade irritant,” said CPMA President Ron Lemaire. “This commitment demonstrates they understand the risks that fresh fruit and vegetable sellers face and the importance of ensuring strong, equitable financial protection tools.”

The lack of payment protection in Canada is the number one issue for fresh fruit and vegetable growers and sellers across Canada for the upcoming Federal Election. The industry has long advocated for a PACA-like trust in Canada. The highly perishable nature of fresh produce makes the industry uniquely vulnerable during bankruptcies, risking financial ruin for those affected. The situation became more urgent when the U.S. revoked Canada’s preferential access to PACA protections on October 1, 2014, making exporting a much riskier enterprise for Canadian companies, who currently send 40% of all produce grown in Canada to the U.S.

Produce sellers in the U.S. have PACA, which ensures that growers and sellers are paid should a buyer go bankrupt or simply refuse to pay for the product they receive. The U.S. revoked Canada’s special access due to its lack of similar trust protection and the lack of progress in fulfilling the Regulatory Cooperation Council (RCC) commitment to establishing a comparable approach in Canada.

Since October 1st, Canadian companies trying to recover unpaid bills have had to post a bond of double the value of their claim to use PACA. Many cannot afford this and simply have to walk away from what they are owed, a decision several have already had to make even through winter with few Canadian shipments. As summer passes, the industry expects to see a much larger impact.

With this announcement, the NDP have shown they recognize the importance of fruit and vegetable producers to providing fresh, healthy food to Canadians. An NDP government would introduce a payment protection program for produce growers like PACA that will allow sellers to maintain an ownership trust until payment has been received. It will also negotiate with the U.S. to restore Canada’s privileged access to PACA protections. Produce sellers would have the protection they need, without any cost to government. Further details on the plan can be found here:
<http://www.hortcouncil.ca/uploads/file/English/Advocacy/NDPPACA.pdf>

CPMA and CHC are very pleased to see the NDP moving the issue forward in the lead up to the coming election. We welcome other parties to show their support of Canada’s produce industry by making this issue a priority in their platforms. A limited statutory deemed trust is a no-cost solution and the most effective means to resolve the issue. Other options would result in high cost to both sellers and government, while still providing ineffective protection. The industry looks forward to hearing more from other parties on this critical issue to support those who bring fresh fruits and vegetables to our tables every day.

“Canada’s produce industry has had to deal with a lack of a deemed trust in Canada for far too long,” says CHC Executive Vice-President Anne Fowlie. “We applaud the NDP for being the first party to commit to financial protection for produce growers and sellers.”

The Canadian Horticultural Council (CHC), a voluntary, not-for-profit association, represents producers across Canada primarily involved in the production and packing of over 120 fruit and vegetable crops. Members include provincial and national horticultural commodity organizations as well as allied and service organizations, provincial governments and individual producers. The CHC’s mission is ensure a more innovative, profitable and sustainable horticultural industry for future generations.

The Canadian Produce Marketing Association (CPMA) represents Canadian and international members who are responsible for 90% of the fresh fruit and vegetable sales in Canada. Our diverse membership is made up of every segment of the produce industry supply chain. From grower-shippers, to packers, distributors and foodservice operators, to local retailers, CPMA members bring fresh fruit and vegetables from the farm gate to the dinner plate for Canadian families, right across the country.

- 30 -

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