

Right Honourable Justin Trudeau
Prime Minister of Canada
House of Commons
Ottawa, ON K1A 0A6

July 22, 2021

Dear Prime Minister Trudeau,

On behalf of members of the Canadian agri-food sector, we are writing to express our support for the establishment of a limited statutory deemed trust to provide a critical financial protection mechanism for fresh produce sellers in Canada in the case of an insolvent or bankrupt buyer. **A willingness to address this problem and to implement a financial protection mechanism in Canada was clearly reflected in commitments made by the Liberal Party during the 2015 federal election.**

As you are well aware, growing, harvesting, packing and marketing fruits and vegetables comes with many risks. The impacts of a changing climate are increasingly threatening food production, both domestically and around the world, with potential negative consequences for Canada's food security. At the same time, overhead and capital costs continue to rise, while returns are delayed until payment is collected down the supply chain – usually long after the perishable product has been purchased and consumed.

Unfortunately, the COVID-19 pandemic has only amplified these issues, forcing the fresh produce supply chain into an even more vulnerable position. Repeated cycles of lockdowns and mandated business closures have caused major negative impacts in the hard-hit hospitality and foodservice sectors. In fact, Restaurants Canada has reported that more than 10,000 restaurants across the country have permanently closed their doors since the beginning of the pandemic, and it is likely that more businesses will be driven into bankruptcy over the next two years, particularly as the government's financial support programs come to an end in the coming months. This disruption will have detrimental impacts along the entire fruit and vegetable supply chain.

To make matters worse, the lack of a financial protection mechanism for fresh produce sellers in Canada means that Canadian sellers remain unable to utilize the preferential treatment they previously enjoyed under the United States *Perishable Agricultural Commodities Act (PACA)*. Instead, Canadians selling fresh produce to our biggest trading partner must pay double the bond on the shipment to access the PACA dispute resolution mechanism – a cost that is simply untenable for many Canadian businesses.

Farmers, other produce sellers, and their families need protection from the anticipated domestic economic pressures resulting from the pandemic. We are urging the Government of Canada **to implement a limited statutory deemed trust, similar to the one under the U.S. PACA. This will protect produce sellers and growers during buyer bankruptcies in Canada. Having a financial protection tool in place in Canada would also allow the United States Department of Agriculture to restore preferential access for Canadian produce sellers to the U.S. dispute resolution mechanism for fresh fruit and vegetables and thereby remove the need to post costly double bonds to initiate a complaint.**

Your government has identified ensuring Canada's food security as a key priority, particularly as the COVID-19 pandemic has heightened Canadians' awareness about the importance of strong and sustainable food system. We emphasize that the implementation of a financial protection mechanism for fresh produce sellers is not strictly an issue for rural or traditional farming communities. Businesses selling fresh produce also operate in urban and suburban communities, and all communities that rely on fresh produce are left vulnerable to food insecurity if produce sellers cannot remain financially viable.

Finally, we must note that creating a limited statutory deemed trust would not impose any additional cost to government, but would help to ensure that fresh produce sellers can continue to support local economies across the country and to provide Canadians with our safe, nutritious fruit and vegetable products.

Sincerely,



Conseil
canadien de
l'horticulture



CANADIAN PRODUCE
MARKETING ASSOCIATION
ASSOCIATION CANADIENNE DE LA
DISTRIBUTION DE FRUITS ET LÉGUMES



Food Processors of Canada



ASSOCIATION QUÉBÉCOISE
DE LA DISTRIBUTION
DE FRUITS ET LÉGUMES
QUÉBEC PRODUCE MARKETING ASSOCIATION



BC Blueberries
Nature's Candy



BC
GREENHOUSE
GROWERS'
ASSOCIATION



BCPMA
BRITISH COLUMBIA PRODUCE
MARKETING ASSOCIATION



LES PRODUCTEURS DE
POMMES DU QUÉBEC



Cc:

Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance

Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food

Honourable François-Philippe Champagne, Minister of Innovation, Science, and Industry

Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade

Honourable Maryam Monsef, Minister for Women and Gender Equality and Rural Economic Development

Honourable Erin O'Toole, Leader of the Official Opposition

Jagmeet Singh, Leader of the New Democratic Party

Yves-François Blanchet, Leader of the Bloc Québécois

Annamie Paul, Leader of the Green Party

