

Fact Sheet/ Points to Consider for Submissions to Industry Canada

In 2013, Canada's fresh produce sector directly supported 76,700 jobs and contributed \$4.8 billion in direct GDP.

But the impact on the Canadian economy, especially rural communities is much larger. Once the indirect effects of support services and intermediate inputs are added in, the produce sector indirectly supports 147,900 jobs and creates \$11.4 billion in real GDP.

Every \$1 million increase in produce sector output generates \$2.4 million in real GDP.

Three quarters of Canada's 10,000 producers are small businesses with average sales of less than \$85,000 per year.

Producers operate with low profit margins and many rely on a single buyer to purchase their entire crop.

Fruit and vegetable producers are hit particularly hard when a buyer declares bankruptcy because the perishability of the product means that repossession of shipments is impossible.

A single bankruptcy can devastate not only the producer but also all the businesses connected to that producer. Canada's farming communities face this risk every day.

The Government of Canada must establish a deemed trust mechanism in order to provide transparency and security to the buyers and sellers of fresh produce.

The deemed trust mechanism has a track record of success in the United States and it is the only option that guarantees access to all suppliers, and does not require government funding or administration.

Many of the same lenders who would object to a deemed trust in Canada participate in deemed trust arrangements in the United States without incident.

Canada's produce buyers also benefit from a more secure payments regime. Imports from the United States make up about 70 percent of Canada's produce needs but some U.S. suppliers, concerned about financial risk in Canada, have signaled their intention to reduce or eliminate their shipments to Canada. This creates higher prices, and lower selection and quality for Canadian fruit and vegetable consumers.

We urge the Government of Canada to amend the Bankruptcy and Insolvency Act in order to establish a deemed trust. Secure payments in the fresh produce sector will:

1. Protect rural communities,
2. Support thousands of Canadian businesses of all sizes,
3. Ensure affordable, high-quality produce for Canadian consumers and
4. Prevent disruptions of domestic and cross-border agrifood supply chains.