



## Comments re: the Government of Canada's countermeasures action against the United States

Submitted to the Standing Committee on International Trade

July 31, 2018

The Canadian Horticultural Council (CHC) represents fruit and vegetable farmers across Canada, involved in the production of over 120 different types of crops. CHC appreciates the strong approach the Government of Canada has taken to protect our trading rights, and we're supportive of the government's decision not to levy tariffs on imports of U.S. fresh produce. CHC supports a "do no harm" approach, particularly for our highly integrated industry. As with NAFTA, we believe this strategy will lead towards a positive long-term outcome through a modernized trade agreement without seasonality tariffs or duties of any kind. Throughout the NAFTA re-negotiations, CHC has worked hard with our North American produce industry counterparts to speak with one voice with the "do no harm" stance. The produce leaders in the State of Washington have been among our strongest allies on this, and to a great extent, as a result, the dissenting voices who have been pushing for the seasonal import tax are no longer quite as prevalent.

Within that context, the addition of certain produce commodities to the list of countermeasures might alienate those allies and rebuilding that trust would be a very long job. To note, since the tariffs were introduced, CHC has been in contact with our counterparts in the U.S. to maintain an open dialogue and avoid getting caught up in the current retaliatory measures. That being said, should the U.S. hit back with additional tariffs, potentially impacting the produce industry, CHC is compiling a list of commodities for the Government of Canada to consider for future countermeasures.

It is our hope that common sense will prevail and the North American trading environment will stabilize before the economic uncertainty does further damage to businesses on both sides of the border. These horticultural trade stats (using 2016 data) show the integrated market with our North American partners:

- Canada imports **\$4.4 billion** from and exports **\$2.7 billion** to the US;
- Canada imports \$1.7 billion from and exports \$900,000 to Mexico;
- Total agricultural trade among all three NAFTA countries reached approx. **\$82 billion** in 2013, compared with \$16.7 billion the year prior to NAFTA's implementation.

We support the Government of Canada's position to exclude fresh fruits and vegetables from the current proposed tariff list. However, there are a few items on the list that may impact our members, either directly or through a ripple effect.

Concerns with Canada's tariff list:

- **3808.91.10 – Insecticides: in packages of a gross weight not exceeding 1.36 kg each /**  
**3808.92.10 – Fungicides: in packages of a gross weight not exceeding 1.36 kg each /**  
**3808.93.10 – Herbicides, anti-sprouting products and plant-growth regulators: in packages of a gross weight not exceeding 1.36 kg each:** For all three HS codes, most products for agricultural use (~70%) are sold in containers over 1.36kg, and so will not be affected by the tariffs. Large growers will not be affected, but the smallest growers could feel the increase, as the packaging

for these products is often in either 1L or 1gal containers. If they only have a couple acres, then they don't need/can't afford to buy a gallon, which can be quite expensive for some products. Further, for low rate applications, growers buy smaller / individual per use packages.

- CHC believes the Government of Canada did not think commercial agriculture would be impacted by these tariffs. However, in fact, below are a few examples of Commercial Class crop protection products which would impact horticultural crops. These products are applied at very low application rates (e.g. as low as 3.3 g/acre) and are therefore marketed in small containers:

Commodity	Product	Package Quantity	Application Rate
Potatoes	Prism 25 DF (rimsulfuron)	Sold in 480g packages	24 g/acre
Potatoes (and other horticultural crops)	Aim EC (carfentrazone)	sold in 0.5-1,020 Litre packages	14.3 to 46.8 ml/acre
Sweet Corn	Accent 75 DF (nicosulfuron)	Sold in 133-1,336 gram packages	13 g/acre
Sweet Corn	Permit WG (halosulfuron)	Sold in 10-600 gram packages	19-38 g/acre
Cole Crops	Chateaux (flumioxazin)	Sold in 1.13 kg package	84 g/acre
Tomatoes	Pinnacle SG (thifensulfuron-methyl)	Sold in 96 gram package	3.3-4.8 g/acre

- **CHC requests an exemption for Commercial Class crop protection products, which are used for agriculture, so that farmers are not impacted by the tariffs on products used at low application rates.**

Concerns regarding Mexico's tariff list:

- **0808.10.01 – Fresh Apples:** CHC is concerned that due to Mexico's 20% tariff, the U.S. may dump excess apples into the Canadian market. CHC will be monitoring the market price and reaching out to Canadian apple growers as the season continues. We urge government officials to monitor the prices of apples in the Canadian market as well, in case of any ripple effect on Canadian apple growers.
- If any countermeasures result in the U.S. bringing in very large amounts of apples (or other produce) at reduced prices, CHC urges the Government of Canada to respond quickly and impose a tariff on the impacted commodity to protect the Canadian sector.

CHC will continue to watch for potential impacts on our industry due to tariffs and countermeasures and alert Canadian officials of any developments. We remain available to discuss possible scenarios and outcomes with Canadian officials whenever needed.