

December 8, 2015

The Honourable Lawrence MacAulay
Minister of Agriculture and Agri-Food
1341 Baseline Road
Ottawa, Ontario K1A 0C5
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The Honourable Chrystia Freeland
Minister of International Trade
125 Sussex Drive
Ottawa, Ontario K1A 0G2
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Re: Canadian Horticultural Council Comments - WTO ruling on U.S. Country of Origin Labelling (COOL)

Dear Ministers,

The Canadian Horticultural Council (CHC) represents farmers from across Canada involved in the growing and packing of over 100 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 represents members on key issues such as crop protection, access to a consistent supply of farm labour, food safety and traceability, fair access to markets, research and innovation and government programs to ensure a more innovative, profitable and sustainable horticultural industry for future generations.

The CHC and its members are committed to ensuring that strong Canadian farms will continue to be able to provide safe, secure and healthy food for families in Canada, and around the world. As an integral part of CHC's operations, the Apple Working Group brings together representatives from all Canadian producing regions. The role of the Apple Working Group is to develop and advance policies and programs that promote the economic viability and competitiveness of the Canadian Apple Industry within a sustainable framework.

On December 7, 2015 the World Trade Organization (WTO) arbitrator ruled that Canada can impose retaliatory surtaxes on \$1.054 billion of U.S. exports to Canada as a result of the economic harm caused by the U.S. COOL policy, once final WTO authorization is obtained. As you are aware, the United States has exhausted its judicial processes at the WTO with regards to COOL and they cannot appeal this ruling. We understand that if the U.S. Senate does not take immediate action to repeal COOL for beef and pork, Canada intends to quickly take steps to retaliate. We also understand that your work continues with our partners in the United States,



Canadian
Horticultural
Council

Conseil
canadien de
l'horticulture

and in the U.S. Senate, to urge the full repeal of the discriminatory COOL policy for beef and pork. While this full repeal is the preferred outcome for most all involved, this eventuality is not currently known and preparations for the possibility of the application of tariffs are underway.

The Canadian Horticultural Council (CHC) supports Canada's position and the most recent ruling of the WTO. It is our firm conviction that Canada must establish recognized freedom of action in imposing countervailing tariffs and trading conditions in cases where other countries restrict entry of our commodities through non-tariff barriers or who subsidize exports to Canada at values below their domestic prices.

Canadian Apple farmers have deliberated the possible eventuality of tariffs on fresh apples from the United States and, while this position is not unanimous across all growing regions, there is majority support for the inclusion of apples on the list of products subject to retaliatory tariffs. There remains however some important concern from industry on the possible effects these tariffs, if applied to fresh apples, might have on the apple processing sector. Canadian apple processors do significant purchasing of U.S. fresh apples which are processed and then the finished product is sold back to the U.S. At times this sector is also dependent on US imports if domestic supplies are not available.

We ask that you consider this position from Canadian Apple Growers as you determine the commodities to which tariffs will be applied should the United States Senate not repeal COOL legislation. Please do not hesitate to contact us if you have any questions or require further comments on this submission.

Yours truly,

Anne Fowlie
Executive Vice-President

Brian Gilroy
Chair – CHC Apple Working Group

cc: CHC Board of Directors
CHC Apple Working Group

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