

# BC Fruit Growers' Association

Presentation to  
Hon. Don McCrae  
Minister of Agriculture



Joe Sardinha, President  
Fred Steele, Vice President

March 30, 2011

## **Introduction**

The BCFGGA welcomes the opportunity to meet with you to discuss the tree fruit industry strategy and the current crisis in the apple sector.

At this initial meeting, we will outline some of the strategic actions taken by the tree fruit industry and organizations within the industry. It is our hope that today's discussion will confirm the Terms of Reference of the Tree Fruit Industry Working Group (Appendix 1) established by the previous Ministry of Agriculture to assist the tree fruit industry to grow and prosper. We will also review an action plan (Appendix 2) and progress made on the Minister's Tree Fruit Industry Working Group.

The BCFGGA represents 758 tree fruit growers. Our mission is:

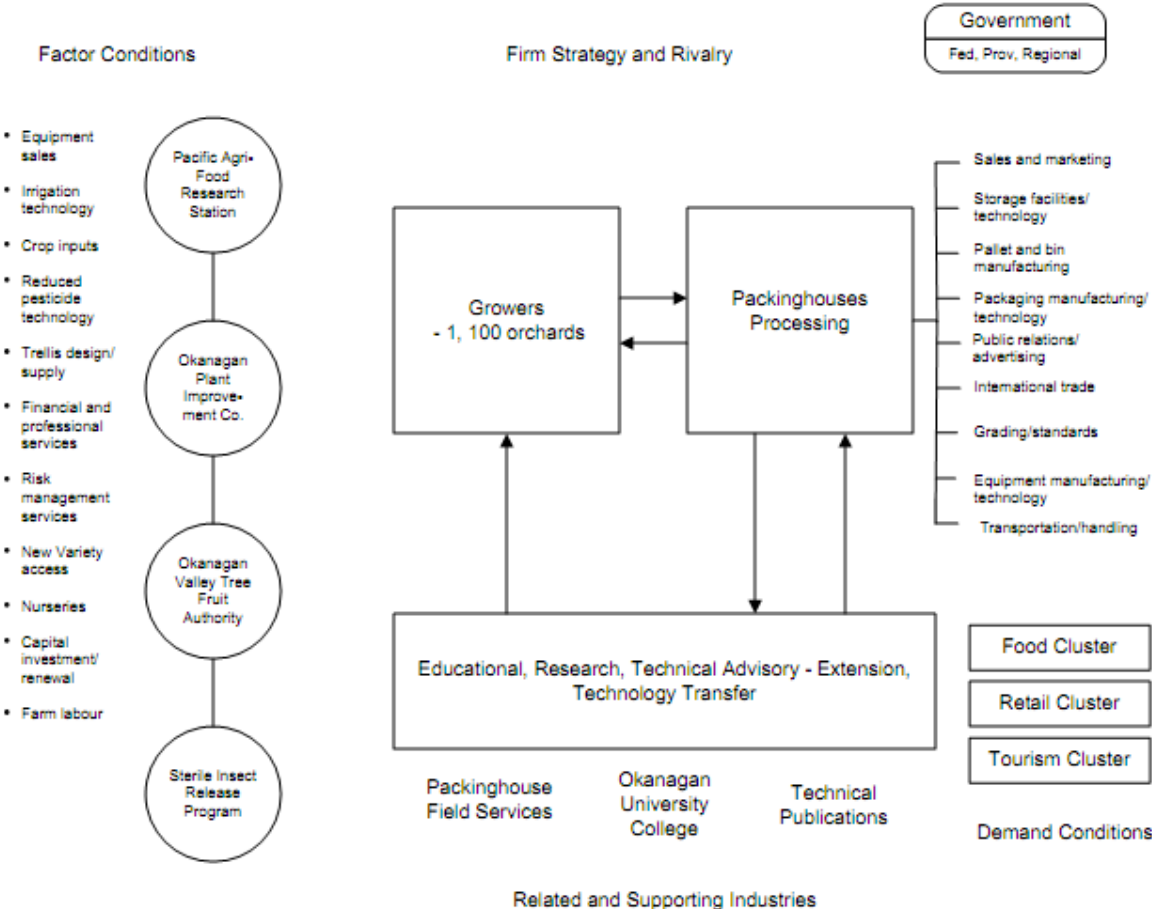
*Helping to create a healthy food system  
for the long-term prosperity of the tree fruit industry*

BC apple production is about 0.135% of world apple production. BC produces 23.6% of Canadian apples. Our principal market is Canada and Canadian apple production accounts for 50% of domestic consumption with the rest made up of imports. Competitive advantages of the industry are intensive farm management practices and the dry, northern climate. The focus is on varieties in which BC can produce the best quality in the world, including Gala, Ambrosia and Spartan.

BC cherry production has increased over the past 10 years as a result of the advantages of late season production. The focus is premium cherry export cherry markets, serviced by air cargo.

The tree fruit sector and directly employs 1,500 person years at the growers, packer and processor level. The BC tree fruit industry is known worldwide for its innovation, investment in renewal, and advanced horticultural practices. The industry is more than the farm families that grow fruit – suppliers, research, and services to the industry are important to the local economy.

**The BC Tree Fruit Cluster, c. 2007**



As an association, we work hard to foster a healthy food system for the long-term prosperity of the tree fruit industry.

One of the industry’s main challenges is the low price of apples grown in Washington State (Appendix 3). There are no import restrictions on fresh tree fruit imports to Canada (except bulk imports) and Canadian buyers deal directly with Washington State suppliers. Pricing is impacted by the 20% decline in the value of the American dollar, the currency in which apple prices are established.

## Cost and Prices, all apple varieties, Okanagan Tree Fruit Cooperative Price Pool

		<b>Per pound</b>
<b>Average Cost of Production, apples</b>	<b>Direct cost</b>	\$0.222
	<b>Total cost</b>	\$0.330
<b>Average return to growers, apples</b>	<b>2006-2007</b>	\$0.219
<b>Average return to growers</b>	<b>2008</b>	\$0.159
	<b>2009</b>	\$0.131
	<b>2010 (proj.)</b>	\$0.170

The reduction in industry income from the 2006-2007 base is \$14.4 million per year for the past 3 years, and this reduction approximates the cash loss to the industry each year. At a individual level, the average loss on direct cash expenses is \$19,000 per year.

The magnitude of losses and the length of economic downturn has undermined the strategic gains of growers and the industry overall. Despite the tough financial times, the BC industry has taken on several strategic initiatives over the past 5 years (Appendices 4, 5, and 6).

### Some Immediate Actions for Consideration

1. The Recaptured Input Tax Credit (RITC) issue for our recently amalgamated co-operative. While our association supports the introduction of the HST, the co-operative restructuring – part of the industry strategy supported by government – has resulted in attracting RITC, which increases the HST by about \$ 700,000 over the next eight years (see attached information). We need your strong support to correct this unfair provision for the co-operative.
2. The School Fruit and Vegetable Snack Program which provides nutritional and healthy food in a learning environment. The program teaches children about locally grown produce, in the classroom. This program will cut health care costs by improving childrens' nutritional choices, now and in the future. It is a wise investment in children and families. Yet the funding was cut in half last year. We need to discuss how to restore *and* increase the funding to this program.

3. Columbia River Treaty consultation – BCFGGA is forming an alliance with other fruit and vegetable organizations that have been impacted by the massive increase in irrigated acreage made possible by the Columbia River Treaty. A recent Province of BC report stated “The treaty has no specified termination date however, either Canada or the United States can terminate the Treaty any time on or after September 16, 2024, with a minimum 10 years written notice. Because either country may give notice to terminate the Treaty, government agencies in Canada and the United States are beginning the process to evaluate future options regarding the Treaty.” Our fruit and vegetable sector has been severely impacted by the Columbia River Treaty and needs to have input into the current evaluation of future options. We ask for your leadership by ensuring that the BCFGGA and our partner vegetable associations are consulted and have input into the Columbia River Treaty.

We request your consideration of these short-term, immediate actions in support of the tree fruit sector, which have been proposed to previous Ministers , but remain unaddressed.

#### **In summary**

1. The tree fruit industry has put in place several important strategies in the past 20 years.
2. A current challenge is subsidized US production and the decline in the value of the US dollar, on which apple prices are based.
3. A process is underway to address short-term and long-term industry issues.
4. **The BCFGGA requests your endorsement for the present Tree Fruit Industry Working Group process and the commitment of government to commit to further deliberations and actions to support change in the tree fruit industry, with special regard for apple sector.**
5. Material developed in meetings with previous Ministers of Agriculture is provided in Appendices of further information.
6. Some immediate actions are requested, including:
  - a. Rescind the Recaptured Input Tax Credit (RITC) for our recently amalgamated co-operative.
  - b. Make the School Fruit and Vegetable Snack Program available in all schools.
  - c. Assist the BCFGGA to gain access to the Columbia River Treaty consultation –

The BCFGGA appreciates your efforts to improve BC agriculture and we look forward to working with you in future.

## **Appendix 1: British Columbia Tree Fruit Industry Working Group Terms of Reference**

### **Purpose:**

Tree Fruit Industry Working Group will identify and target the key issues impacting the profitability of the industry in British Columbia, and make recommendations to ensure a strong, vibrant and sustainable industry for this and future generations.

The activities of the Working Group will be comprised of two parts. Part I will include the establishment of BC's baseline costs of growing, packing and selling and benchmark those costs against our global competitors, including but not limited to: Ontario; Washington State; Michigan; Chile; and New Zealand. Quantitative and qualitative facts will also be established on quality parameters, namely, production versus market demand and domestic vs export markets. The Part I Working Group will also review the actions that have been recommended and those that have been implemented to date. Part II will make recommendations of any further actions to be pursued by industry and government to ensure a profitable and sustainable industry.

To meet this outcome Part I activities will include:

- Review the Lusztig Commission of Inquiry and subsequent reports on the tree fruit industry to determine status of recommendations and effectiveness of action taken;
- Review and update the progress made to date on the implementation of the Tree Fruit Industry Development Strategy;
- Identify policies, regulations and legislation that are positively and negatively affecting the competitive position of the industry.

Part II activities will include:

- Identify the most immediate non-regulatory industry priorities;
- Identify actions to be taken by industry and government to ensure a more profitable self-sustaining industry in the long-term.

The Working Group members will not be expected to reach consensus or agreement, nor is the Working Group a decision making body.

### **Operation:**

The Working Group will be co-chaired by the BC Tree Fruit Growers Association and the Ministry of Agriculture.

The Working Group will welcome written presentations, input and ideas from agriculture sector representatives, associations and interested individuals.

### **Secretariat Support:**

The Tree Fruit Sector Specialist of the Ministry of Agriculture will provide secretariat support to the Working Group.

**Principles:**

- The following principles will be followed:
- Existing agreements will be honoured;
- First Nations rights will be respected;
- No direct subsidies will be provided to business; and
- Government's commitment to the climate action plan will be maintained.

**Task Force Membership (Part I):**

BC Tree Fruit Growers Association, Co-Chair  
Ministry of Agriculture, Co-Chair  
Okanagan Tree Fruit Cooperative, Member  
BC Tree Fruit Ltd., Member

Members may be added to the Working Group at the direction of the Minister of Agriculture. The Membership for Part II of the Task Force will be decided upon after completion of the Part I activities.

**Reporting:**

The Working Group Part 1 activities will conclude within 30 working days of their first meeting (April 22). The Working Group Part II will make recommendations to the Minister of Agriculture within 30 working days of their first meeting.



## Appendix 2: Tree Fruit Industry Working Group, Action Plan, March 15, 2011

Action	Target Completion Date	Leader	To engage
1. Validate Cash Flow Problems (compare 2008-2011, if data available)			
a. OTFC account balances, balances at limit.	April 8	GL	OTFC
b. Growers' Supply account balances.	April 8	GL	GS
c. Line of credit balances (BC Chapter, Canadian Bankers Association, FCC).	April 22	GL	BC-CBA/FCC
d. Number of growers not approved for Production Insurance assignment of indemnity.	April 8	GL	PI?
e. AgriStability payment requests, number and volume, also compared to other commodities.	April 8	GL	ARMB
2. Analysis of probability of overpayment, from moving to an Interim AgriStability payment to 75% from 50% of estimated final payment – based on historical data from prior year's interim and final payments	April 8	GL	ARMB
3. Estimate loss of grower revenue due to Thanksgiving Freeze, October 2009	April 8	GL-JC	OTFC
4. AgriStability Interim Payment reminder	March 17	GL	OTFC
5. Develop Short Term cashflow options			
a. AgriStabiity Interim 75% - decision, implementation	April 13	LK-GL	ARMB
b. Advance Payments for Crops: "Severe Economic Hardship"?	April 5	GL	Tom MacDonald, OTFC
6. Right Variety, Right Grade, Right Size			
a. Pool Analysis# growers and volumes in 'grade cell', by variety.	April 8	DW	OTFC
b. Pool regulation alternatives.,	April 15	DW	OTFC
c. OTFC grower contract alternatives.	April 15	DW	OTFC
d. Independent Packinghouse	April 8	JC-GL	CCS, FVP

interviews.			
e. Tree removal – program alternatives.	April 8	JC-GL	
7. Cost of Production			
a. Methodology	April 8	GL	MNP
b. Grower data collection	April 15	GL	MNP
c. Develop model	April 29	GL	MNP
d. Comparison to US and Italy	May 13	JC-GL	MNP

Action	Target Completion Date	Leader	To engage
8. Benchmarking			
a. Initial meeting with Prengruber-O'Rourke / Chelan Cooperative (US), agreement	March 21	GC-JS	P-O'R
b. Initial meeting Ference Weicker (BC), agreement	April 4	GL	FW
c. Interim results	April 21	JC-GL	P-O'R
d. Final report	July 31	JC-GL	P-O'R
9. Columbia River Treaty			
a. Form cross commodity group	April 15	GL	BCFGA-Potato-Veg
b. Intervene/Access review process (2014 deadline) – Ministry of Energy	April 8	WS-LK	ADM-DM energy
10. Strategy			
a. Review Lusztig etc. Compare recommendation to progress	April 21	GL	
b. Update Industry Strategy – schedule sessions	May 13	GL	
11. Provincial Research and Promotion Agency			
a. Create proposal	April 8	GL-JC	
b. Approval of vote procedure	April 13	GL-JC	GT
c. Hold info sessions (web)	April 13	GL	BCFGA
d. Conduct ballot	April 29	JC	BCFGA
12. Phase 1 Report	April 22	All	
a. Interim meeting	April 12	All	Kelowna
b. Final meeting	April 26	All	Victoria

GL – Glen Lucas

JC – Jim Campbell

GT – Grant Thompson

LK – Lindsay Kislock

WS – Wes Shoemaker

### **Appendix 3: US Subsidization of Apple Production**

The US provides direct and indirect subsidies to the tree fruit sector in Washington State:

- Marketing of Special Crops is subsidized, and tree fruit is the largest specialty crop. Most of the funding is used to access foreign markets by buying shelf space.
- Government procurement programs include institutional buying and food stamp programs, which are at a relatively higher level than in Canada, if indeed there are comparable programs in BC and Canada.
- Labour receives both direct subsidies, in the form of housing grants. More significantly, the wage level is kept artificially low through lack of government enforcement of illegal workers, who are paid low wages and as with any black market in goods/services the workers are not subject to labour standards. The US apple industry itself estimates that over 70% of labour is illegal.
- Pest control products are much lower priced and a wider range of new, reduced risk products are available in the US. This is primarily due to Canadian insistence on efficacy and worker safety studies in excess of those completed in the US, and the effect of these regulatory costs in a small domestic market such as Canadian Horticulture.

To address these unfair competitive practices, the BC tree fruit industry has taken the following strategies:

- higher quality, new varieties
- more intensive production through greater tree densities
- adoption of new varieties
- adoption of advanced management practices, including area wide insect control

These strategies are continued in our recent industry strategy and encouraged by government programs.

## Appendix 4: Background to the Tree Fruit Industry Strategy, 2007

### Industry Strategy

- The competitive advantage of the tree fruit industry is our intensive management and the dry, northern climate. New varieties of apples and cherries, developed at the federal Pacific Agri-Food Research Centre (PARC) in Summerland, are creating local opportunity and gaining widespread acceptance throughout the world. It is estimated that 80 percent of new cherry plantings in the world are of Summerland varieties.
- Environmentally, our industry is advanced - we utilize highly-efficient irrigation systems to conserve and manage water, Integrated Pest Management and other innovations such as area-wide programs for codling moth and starling control (a pest of tree fruit and grapes). The tree fruit industry has been a leading agricultural sector in adopting Environmental Farm Plans.
- Over the past 20 years, the industry has invested \$111 million and the government \$55 million to date in renewal of orchards through the replant program, based on a 67:33 cost share between growers and government. The changeover for the industry could not be made without government assistance, due to the lack of working capital available in the industry.

### Actions to Counteract the Low Market Prices

#### 1. Industry Strategy of 2007

Our present industry strategy came from intense financial pressure on the industry immediately following a crash in the world market for apples in 2004 and 2005. The government denied an industry appeal for direct government assistance. However, the tree fruit industry was assured that development of an industry strategy would lead to government programs in support the industry strategy.

Programs established subsequent to the industry strategy include:

- Provincial replant program (\$3 million, now fully utilized)
- Federal removal (\$5 million, expiring March 31, 2011, utilized by the grape industry as well)
- BC Investment Agriculture's Tree Fruit Innovation Fund (\$1.5 million, expiring March 31, 2012)
- AgriFlex (Federal-Provincial) Tree Fruit Marketing and Infrastructure Innovation Fund (\$5 million, expiring March 31, 2014)

The intent of these programs is to allow the industry to achieve lower costs and improve returns.

## 2. New Variety Introduction

A strategy on the introduction of newly developed apple and cherry varieties was adopted in 2009. Approximately \$2.1 million from the Developing Innovative Agriculture Program (DIAP, federal) has been approved.

A national apple strategy has been developed by the five apple producing provinces. The basis of the strategy is renewal of the orchard industry through a national replant and removal program. The BCFGFA led the development of a national apple industry renewal program proposal, submitted by the Canadian Horticultural Council to the AgriFlex program in March 2010.

## 3. Consumer Marketing Strategy of BC Tree Fruits Ltd (subsidiary of OTFC)

As a result of investigating a new 'eco-based' marketing strategy to take advantage of the unique area-wide Sterile Insect Release Program, a broad marketing strategy has been adopted, beginning in 2009. BCTF has redirected two-thirds of its usual retailer promotion fee (essentially a payment to retailers for shelf space and special price promotions) to a consumer marketing campaign. The campaign is based on segmentation of consumers and targeting of product characteristics to premium market segments. It is hoped that the AgriFlex program will help to lever this new direction to promote directly to the consumer.

## 4. Cooperative Restructuring Strategy

The Okanagan Tree Fruit Cooperative is the result of a merger of 4 cooperative packinghouses in 2008. The integration of financial, human resource, receiving, inventory, grading, inventory and other systems is now mainly complete. A strategy is now being devised, with assistance for possible large, industry-defining infrastructure projects coming from the AgriFlex program. One aspect of the strategy is a proposal to do a competitiveness study (appendix), which is being tendered at present.

At this time, the focus of the above strategies is on the apple sector – some of the strategic direction will benefit pear cherry and other soft fruit production, including table grapes.

## Appendix 5: A Brief Outline of the 5 pillars of our Industry Strategy

The BC Tree Fruit Industry Strategy was adopted in January 2007. An Industry Accord commits tree fruit industry organizations to work together on the five “pillars” in the Industry Strategy:

1. Restructuring the cooperative system
2. Quality
3. Markets
4. Labour
5. New varieties

There is good progress in all of the pillars of the Industry Strategy. For example,

- RESTRUCTURING: Four tree fruit cooperatives were merged into one during the summer of 2008. Since then, work continues, on staff and operations planning, in capitalizing on the opportunities related to the restructuring. The AgriFlex program funding will assist with implementation of new industry infrastructure in packinghouses.
- QUALITY: We’ve seen some improvements at the cooperative level for receiving criteria based on internal quality of apples. A new project on pre-harvest disease identification and control will reduce quality problems of apples in storage.
- MARKETS: A study on consumer reaction to eco-friendly labelling has been made. As a result, the study showed strong support in the development of a complete marketing strategy including a consideration for an eco-friendly label which is part of the current and growing “buy local” movement, people’s desire for quality products, novelty of new varieties, and other product characteristics where the province of BC has or can develop a competitive advantage. We request your support for a “buy BC” program, which needs a minimum of \$2 million per year to operate effectively.
- LABOUR: The BC Investment Agriculture Foundation has funded, through the Agriculture Labour Market Skills Development Initiative, a labour project providing orientation and safety training for cherry harvesters (mainly Quebec college students), and coordinates job postings between placement agencies. A source of on-going funding for this valuable project needs to be identified.

The BCFGAs will continue to work with the BC Agriculture Council's farm labour organization, the Western Agriculture Labour Initiative, to promote the Seasonal Agricultural Worker Program. Producers have communicated that SAWP has placed the industry in a more competitive position, as labour shortages have been resolved for agriculture.

- NEW VARIETIES: A commercialization strategy focusing on new varieties of apples and cherries managed by Okanagan Plant Improvement Corporation (PICO) has been developed, involving a new approach with all industry players having the opportunity to give their input and get involved. A national project, coordinated by PICO, has been forwarded to the Developing Innovation Agri-Products (DIAP) program but has not yet been adjudicated. On June 18, 2009 PICO and PARC were presented an "Excellence in Technology Transfer" recognition award by Agriculture and Agri-Food Canada.



## Appendix 6: Other Strategies in Support of the Industry

The BCFGGA is also pursuing other, more general, strategies to protect and advance the tree fruit industry.

1. A National Plant Health Strategy will provide mitigation and certainty to all horticultural commodities in the event of the introduction of a new, economically significant disease or pest. The BCFGGA is advancing this policy at the Canadian Horticulture Council.

*Welcome to Fruit and Wine Country*

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*Help protect our industry from invasive pests  
by leaving backyard fruit at home*

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Related to plant health is the area-wide control program for Codling Moth, a serious pest of apples and pears. Recently, Leaf Roller was added to the program for control purposes. A strategy related to marketing the benefits of the program resulted in an application, currently being considered by the Canadian Food Inspection Agency, to establish the world's first Area of Low Pest Prevalence (ALPP) for apples. The ALPP designation is a science-based designation intended for use to restrict imports into the production area; however, the BC tree fruit industry intends to use the designation a market promotion tool.

Also related to plant health is the relative isolation of the Okanagan Valley, due to geographic barriers (mountains and climactic zones). The BCFGGA has proposed that the government help industry to protect from the introduction of foreign invasive species by erecting highway signage on the main highways to the Okanagan. The purpose of the signs is twofold: to increase the tourist awareness of the uniqueness of the Okanagan agriculture sector and, secondly, to protect from the accidental introduction of pests from the transport of fruit by travellers.

The signs could be attractive and present a positive image of the industry and the Okanagan, while conveying the need to protect the industry by keeping back-yard apples at home. Since the signage is only needed seasonally (August-November), it would be possible to rotate with other messages promoting the Okanagan region (e.g. avalanche awareness in winter, provincial park campsites in spring and summer).

2. The BCFGA has developed a strategy to take steps towards a National Apple Marketing Agency, which would establish research and promotion levies as well as regulate Canadian production and imports. The first step of the strategy is to achieve a BC Apple Research and Promotion Agency.
3. The BCFGA has identified Columbia Basin Treaty renewal, 2014 as a possible source of compensation for negative economic impact of surplus Washington State apple and cherry production. Currently, there is no compensation to the BC tree fruit industry from the Columbia Basin Trust established by the province, though the tree fruit industry is arguably the most impacted by the storage of irrigation water available to Washington State.

The treaty is up for review in 2014. The US initiated its review by inviting stakeholders to comment and meet with negotiators. The BCFGA requests to be involved in establishing a provincial position on the Columbia River Treaty.

A current proposal in the US is to increase the irrigated acreage in Washington State by 50,000 to 120,000 acres, requiring a US government investment of \$300 million for a new dam. This project is sometimes referred to as the Columbia River Basin completion project.

4. Water is Essential to Agriculture and the Agriculture Land Reserve. Following the BCFGA initiative to promote Agriculture Water Reserves, the current provincial update of the Water Act includes a proposal to allow Agriculture Water Reserves where needed. The BCFGA is presently working with the BC Agriculture Council and the Okanagan Basin Water Board in developing a project to further develop the concept of Agriculture Water Reserves.
5. Promotion of Healthy Living Choices

BCFGA supports the School Fruit and Vegetable Nutrition Program.

This program aims at reducing health care costs. As a matter of fact, an August 2009 report by the McGill World Platform for Health and Economic Convergence, entitled “Building Convergence, Toward an Integrated Health and Agri-Food Strategy for Canada”, notes the importance of improved nutrition to reducing health care costs.<sup>1</sup>

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<sup>1</sup> [www.capi-icpa.ca/pdfs/BuildingConvergence\\_Summary.pdf](http://www.capi-icpa.ca/pdfs/BuildingConvergence_Summary.pdf)

Additionally, the Conference Board of Canada issued its Annual Report Card on Health Care on September 28, 2009. Healthy eating and exercise are key determinants of the performance of the health care system, yet are often overshadowed by a short-term focus on health care treatment and intervention.

In the words of the Canadian Broadcast Corporation, “Most top performing countries achieved better health outcomes by acting on the *determinants of health*, such as environmental stewardship and health promotion”. In the report, BC is identified for its ActNow program:

*BC’s internationally lauded Act Now program, which encourages citizens to exercise more and eat healthier food, is a particularly promising model of intra-government collaboration to develop health policy.<sup>2</sup>*

Thus, the School Fruit and Vegetable Nutrition Program is a key investment for the Ministry of Health. The BCFGA has approached Saskatchewan fruit producers, who could be instrumental in supporting a broadening of the school fruit and vegetable nutrition program from BC to the Trade, Investment, and Labour Mobility Agreement (TILMA) provinces - BC, Alberta and Saskatchewan.

## 6. Regulation and Taxation

The general strategy of the BCFGA is to take a role in promoting fair and reasonable regulation and taxation.

### HST/RITC

The BCFGA supports the Harmonized Sales Tax, as there is a benefit for agriculture production. The Recaptured Input Tax Credit is an issue that has hit the merged cooperative due to a new thresholds on the assets to fully qualify for Input Tax Credits. This active issue is being supported by the BC Ministry of Agriculture.

### Open Burning Smoke Control Regulation

An Open Burning Smoke Control Regulation is being proposed by the BC Ministry of Environment. The BCFGA supports environmental improvements but government must support these societal objectives by providing funding for woodwaste disposal.

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<sup>2</sup> [www.conferenceboard.ca/HCP/Details/Health.aspx#performer](http://www.conferenceboard.ca/HCP/Details/Health.aspx#performer)

### ALR Commitment

The BCFGAs support the Agriculture Land Reserve on the basis of the original commitment of government to ensure the viability of the land in agriculture production. We have participated in the current ALR review.

### Farm Property Assessment

The BCFGAs have participated in the Farm Property Assessment Classification Review, with government implementation of the proposals incomplete at this time.

### Organic Regulation

The organic growers and consumers need the same protection within the province of BC as is provided by national organic rules. Currently, only products which follow national standards can be sold across international and provincial boundaries – this regulation is federal. However, within the province of BC, the term “Certified Organic” is regulated. This needs to be changed to regulate the term “Organic”. This change will protect consumers from unscrupulous growers who currently use the unregulated term “organic for sales within BC.

## Appendix 7: Trade Rules and Trade Actions

BC apple producers were protected from subsidized imports sold below cost of production for a period of about 15 years, 1988 - 2002. However, the fifteen years of anti-dumping and subsequent experience have proven that the current trade rules do not meet Canadian apple producers' needs for protection from unfair import trade.

1. The cost of a trade action is a minimum of \$200,000 in direct cash outlay every five years, and the process distracts industry attention from other important strategic issues.
2. The outcome of trade rulings are not predictable and, when trade protection is granted, the erosion of the trade protection is subsequent rulings as a matter of course and not responsive to evidence.
3. The trade rulings are not timely – perishable produce requires immediate protection for a short period of time, not delayed protection that can put in place for a lengthy 5 year period.
4. When the ruling is applied to a narrow band of products or varieties, rather than “like goods” that are substitutes, it becomes possible for foreign exporters to work around the trade rules.

## Appendix 8: Competitiveness Study

Task	Objective	Data Source	Data Confidentiality	Effort
1 Yield Analysis	To reconcile yield data so that it is comparable, cursory validation of data through grower and expert interviews.	Review previous grower survey and industry data. Contact several growers. Possible web based survey to validate results.	Low	10
2 Published Returns	To reconcile published returns data to ensure valid comparison.	Collection of public data and methodologies	Low	5
3 Grade comparison	To provide qualitative information on quality of product from different regions.	Retailer interviews	Low	10
4 Compliance costs	To provide estimates of cost (% of total expense) that is related to compliance costs - e.g. costs related to government regulation of business activity such as the BC safety authority, and to gain insight into future expectations of compliance costs.	Packer interviews	Low	5
5 Comparison of grower returns from BC and US cooperative(s)	To reconcile BC and other regions' returns by removing 'optional' costs for services provided in BC that are not provided elsewhere (e.g. field service, research, MCP, etc), and to add to BC any costs incurred elsewhere that are not included in BC packing	Interview to determine differences in what is included in packinghouse charges, prior to net return to grower. Analysis of pool returns. Review packinghouse financial statements to estimate value of the packinghouse charges to adjust in making data comp	On detail reconciliation, high. On final result with list of adjustments (but not the value of those adjustments), low.	20
6 Packing and marketing cost analysis	To compare marketing or sales costs. A description of included costs, as well as any government-funded promotion programs.	Analysis of packinghouse financial statements, with additional data from grade comparison to adjust results for comparability.	High. Only general information to be released publicly.	30
7 Packinghouse consultation / presentation of results to packinghouse management and boards	To gain approval of data for public release and to gain approval of analysis methodology	Meetings with Management/Boards.	High	20
				100