

Horticulture

The horticultural sector makes up only a relatively small part of total Canadian agriculture — 8 percent of total farm cash receipts — but features important trade flows in both directions between Canada and the United States. On balance, Canada is a net importer in each of the categories of fruits, vegetables, and floriculture and nursery items, and U.S. prices dominate most of these markets. Despite Canadian tariff protection, forty percent of U.S. agricultural exports to Canada are of horticultural products. As a result, an FTA with the United States is of particular significance to this sector.

The principal policy instrument used to protect this industry in Canada is the tariff, especially seasonal tariffs that are imposed during the Canadian harvest season and that are usually in excess of 15 percent. There are also significant nontariff measures, including requirements that imports of products grown in Canada be sold on a firm-price basis, that bulk imports be prohibited when domestic supplies are available, and that a fast-track surtax be imposed when increased U.S. produce volumes are sold at depressed prices, particularly at the end of the harvesting season. In addition, there are several federal government assistance programs, such as Advance Payments for crops, stabilization support under the Agricultural Stabilization Act (deficiency payments), the Agricultural Products Board (government purchases), and subsidies for storage construction projects. Provincial government stabilization, capital grant, and loan programs provide additional subsidy support.

One element of U.S. policy support is a system of marketing orders that attempts to improve markets and permit more orderly marketing by imposing a variety of "quality" restrictions. On the input side, in addition to