

price. Witnesses considered that farmers should be able to purchase their farm chemicals wherever they could achieve the greatest saving and one group stated that an open border might put the pressure of competition on Canadian prices and reduce them.

The border was closed in 1977 for a number of reasons:

- Health and safety;
- Security of supply;
- Farmers and equity; and
- Performance warranties.

It is obvious that one of the main objectives of closing the border (increasing basic manufacture of farm chemicals and thus ensuring security of supply) has not been met. In the late 1970s there were three Canadian manufacturers of active ingredients; in the mid 1980s, there is only one. However, the number of formulating plants has increased and many companies have established research farms and are actively carrying out experimental work in Canada.

In terms of securing supply, closing the border may indeed have worked. Canadian farmers have generally been guaranteed a supply of a relatively small number of high cost, major use farm chemicals.

The closed border has not had any significant effect on performance warranties. In 1987 concern for the issue of performance warranties still exists and indeed is growing as evidenced by a pilot project being undertaken by the Crop Protection Institute of Canada and the Province of Manitoba to provide a tribunal to mediate in warranty disputes.

The stated objectives of closing the Canada-U.S. border to the importation by the user of chemicals for personal use, were to benefit the farmer; on the contrary, however, they would appear to have hurt him.

The Committee has given some thought to the issue of importation of farm chemicals. The industry says that jobs will be lost in the Canadian formulating sector but if prices are competitive as the industry claims, opening the border should not disrupt the marketplace in any way. The Committee has no definitive answers to competitive pricing in this country but it does believe that an open Canada-U.S. border could act as a price check as it does in other commodities. While there was broad agreement on the value of an open border, there was a division of opinion on whether the border should only be open to distributors who would meet all the Canadian regulatory standards including labelling and warranties, or whether, as the majority thought, farmers should be able to import for their own use. Opinions also differed over a concern that pesticide companies would require a period of exclusivity to recoup costs of registering a product in Canada. Another concern was that opening the border to individual users would not assist those farmers living some distance from the border.

The Committee fully understands that issues of misuse, health and safety, and environmental protection arise in connection with opening the Canada-U.S. border, even to individual purchasers of farm chemicals registered in Canada. The Committee believes that all Canadian standards set by Health and Welfare Canada, Department of Fisheries and Oceans and Environment Canada must be met under any system that is put into place to reduce costs of agricultural chemicals to farmers.

3.4 The Committee recommends that amendments to the regulations under the *Pest Control Products Act* and other relevant legislation be