



Foreign Agricultural Service

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## Canada

### Trade Policy Monitoring

### Federal Assistance for P.E.I. Potato Producers

## 2001

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**Report Highlights:** Canada has announced up to C\$12.6 million in additional federal funding to assist Prince Edward Island potato producers coping with market losses associated with the outbreak of Potato Wart. Potato industry reaction is that the money is “too little, too late.” Growers are concerned that as long as the U.S. border stays closed to P.E.I. potatoes, the 2001 planting season is uncertain, thereby further threatening the economic viability of many P.E.I. potato farms. Critics say that the C\$12.6 million in federal monies is the only new money offered and that the major portion of what the government touts as a C\$50 million assistance package is offered through existing support programs which farmers cannot access until next fall.

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Includes PSD changes: No  
Includes Trade Matrix: No  
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On March 13, 2001 federal Agriculture Minister, Lyle Vanclief announced up to C\$12.6 million in additional federal funding to assist Prince Edward Island potato producers coping with losses associated with the outbreak of Potato Wart discovered on the Island last October. The subsequent U.S. ban on P.E.I. potatoes resulted in the loss of the major export market. In addition, normal domestic potato movement has been disrupted. The Island economy has also suffered due to its heavy dependence on potatoes. When combined with earlier announced emergency farm income support for Canadian farmers and provincial funding participation, the Minister said total funding available to P.E.I. potato growers could amount to about C\$50 million.

The following is the text of the Minister's press release on P.E.I. potato funding:

OTTAWA, March 13, 2001 – Agriculture and Agri-Food Minister Lyle Vanclief said today the Government of Canada is moving to finalize discussions with Prince Edward Island on assistance measures that, when combined with funding already available and provincial participation, could amount to \$50 million to the province's producers.

The Minister announced up to \$12.6 million in new federal funding to help potato farmers dispose of surplus potatoes that have accumulated in the wake of import restrictions imposed by the United States. He said the hope is that the province will match federal funding, making more than \$25 million available to help producers cover the cost of disposing of potatoes in an environmentally sound manner.

The Minister said it's important that farmers follow the disposal plan established by the province and that a comprehensive, supervised and coordinated approach is taken.

On top of the disposal funding, Mr. Vanclief announced federal funding of up to \$1.5 million to help provide surplus P.E.I. potatoes to food banks across Canada.

Federal and provincial officials will immediately begin negotiations to finalize the assistance available to producers.

"P.E.I. producers are going through a tough time," said Mr. Vanclief. "The Government of Canada recognizes this and is committed to helping them get through it."

In addition to today's announcement, Mr. Vanclief also noted that P.E.I. will receive \$5.4 million in additional federal funding from emergency assistance announced for Canadian farmers earlier this month. Provincial participation brings that assistance to \$9 million for P.E.I., which the province could direct to effected potato producers.

The Minister also noted that producers whose gross margins fall below 70 per cent of their historic average will be compensated through the Canadian Farm Income Program (CFIP). It is estimated the program will pay up to \$19 million to P.E.I. producers, with much of it going to potato producers.

The U.S. closed the border to P.E.I. potatoes Oct. 31, 2000, after the Government of

Canada had put controls in place to limit the spread of potato wart disease from a single field and notified the U.S. of these actions. Since then, the Government of Canada has been making every effort to demonstrate to the U.S. that Canada's control measures are based on sound science, and that an abundance of scientific evidence is available to support elimination of the U.S. restrictions.

End text of press release.

**Comment:**

According to local press coverage immediately following the federal announcement, Ivan Noonan, director of the P.E.I. Potato Marketing Board deemed the federal monies, "too little, too late." Noonan remains concerned that as long as the U.S. border stays closed to P.E.I. potatoes, the 2001 planting season is uncertain, thereby further threatening the economic viability of many P.E.I. potato farms. Noonan said the C\$12.6 million in federal monies is the only new money offered and that the major portion of the C\$50 million package is offered through existing support programs which farmers cannot access until next fall.

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