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RESPONSE OF THE FEDERAL
GOVERNMENT TO THE
RECOMMENDATIONS OF THE
CONSULTATIVE TASK FORCE ON
**THE CANADIAN FERTILIZER
INDUSTRY**



Gouvernement
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Government
of Canada



[Canada]

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May 1979

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INTRODUCTION

In February 1978, Canada's First Ministers initiated a process of private sector consultations on measures to improve the performance of, and the outlook for, the manufacturing, construction and tourism sectors in the Canadian economy. Twenty-three industry task forces composed of representatives of management, labour and the academic community were formed. Provincial and territorial government representatives also participated. By August 1978, each task force had completed a series of meetings and submitted a report reflecting conditions in their industry to the Federal and Provincial Ministers of Industry and to the public. These reports covered a broad range of themes and the recommendations contained in them are viewed by the federal government as important elements in the development of future industrial policies.

Following the work of the industry sector task forces, an Overview Committee was established consisting of five representatives from the Canadian Labour Congress, five from the business community, one from the academic community and a chairman from the private sector. This group worked from the task force reports, identified common viewpoints, and presented policy recommendations applicable both to the economy generally and to specific industries. The Overview Committee presented its report to Governments in October 1978.

In reviewing the prospects for industrial growth over the next number of years, the reports prepared by the industry task forces and the Overview Committee addressed two objectives in particular. The first, was to improve the competitiveness and productivity of Canadian industry. The second was to create long-term employment.

In assessing these reports, and the Government's responses, a number of themes emerge which are of particular importance and which might be viewed as providing a framework for the recommendations of business and labour as well as the responses of the federal government. These themes focus on measures to increase industrial competitiveness, especially by building on comparative advantage, the support of regional economic development goals and the enhancement of Government, business and labour cooperation.

While the substance of what has emerged from the task force and Overview Committee reports is of utmost importance, the Government believes that the emerging process of Government/private sector consultation is of equal value. In this regard, the federal government views the results of these consultations as a significant framework for evaluating existing policies and programs and for designing new ones.

As part of its commitment to the consultative process, the Government has undertaken to respond to the recommendations of each of the 23 task forces and to those of the Overview Committee. An initial Government response was released in November 1978 entitled "Action for Industrial Growth - A First Response". A specific response to the task force recommendations with respect to taxation measures was included in the Budget Papers of November 16, 1978. On February 21, 1979, the Government released its response to the forty-six recommendations made by the Overview Committee. The Government agreed with and outlined measures in relation to the overwhelming majority of these recommendations. This document, Response of the Federal Government to the Recommendations of the Consultative Task Force on the Canadian Fertilizer Industry, constitutes one of the twenty-three detailed federal government responses paralleling the task force reports and should be viewed as part of the ongoing consultative process.

It is recognized that the implementation of policy initiatives indicated in these responses will, in many cases, take some time and that a few other policy issues have yet to be fully addressed. The Government will, therefore, be continuing to respond to the industry task force reports. The Government also believes that continuing consultations between business, labour and Government on specific industry sector problems are a vital part of this further work. Finally, the Government recognized that in responding to the recommendations, not all participants of each task force will be satisfied. In a number of instances, dissenting reports were submitted along with or after completion of the task force report. The Government is committed to addressing all recommendations contained in these reports.

PART I

GOVERNMENT RESPONSE TO TASK FORCE RECOMMENDATIONS - AN OVERVIEW

The recommendations of the Consultative Task Force on the Canadian Fertilizer Industry had the objective of enabling the fertilizer industry to operate in Canada on a profitable and internationally competitive basis. Included were measures designed to: create a stable, economic climate favourable to investment and growth through appropriate tax and manpower policies; ensure adequate feedstock supplies at competitive prices; improve efficiencies which would help reduce the cost of transportation; reduce the burden of Government involvement and to encourage greater co-ordination of policy formation amongst federal departments and between the federal and provincial governments; strengthen the agricultural industry in order to foster demand for fertilizers; and to ensure stable access to markets.

The federal government agrees that a strong and viable fertilizer industry is important for the achievement of Canada's social and economic development goals and, in particular, for its important contribution to this country's agricultural and related food industries. The industry enables a substantial upgrading of Canadian natural resources not only to finished fertilizers but also to food products and is a major contributor to this country's balance of payments through the direct export of fertilizers and indirectly through their contribution to the export of agricultural products.

In response to this and other task forces' recommendations, the Government has reaffirmed its belief that the principal actors in the Canadian economy must be the individual firm and its labour force and that the route to economic prosperity is via the market system. It has also endorsed the principle that the stimulation of economic growth and job creation are among Canada's first priorities, and to achieve these it is important to foster an environment of understanding in which more effective consultation can take place among labour, business and Government.

On the issue of cost competitiveness and taxation, the Government has responded by agreeing to maintain advantageous tax measures that, in total, help offset some of the cost differentials which Canadian industry experiences and accepts the principle that stable tax policies that permit a reasonable return on investment are desirable. In order to help reduce the cost of labour in plant construction, the Government is developing a means of giving greater emphasis to industrial training and of increasing the flexibility of the Canada Manpower Mobility Program. The Government has also agreed to exercise restraint in public service compensation levels and hiring in order to avoid leading the private sector and to reduce the impact of Government on the economy.

The co-ordination and duplication of programs are of great concern to the federal and provincial governments. In November, the First Ministers made a reduction in the duplication of services a priority measure. Currently, the federal and provincial governments are identifying areas where duplication could be eliminated. The federal government is prepared to work closely with the provinces to ensure proper co-ordination of effort and to reduce the cost burden that Government imposes on industry. Specific action is already underway in the field of environmental protection and where agreement can be reached, the responsibility for the enforcement of environmental regulations will be transferred to the provincial governments. At the federal level, the Board of Economic Development Ministers has been created to co-ordinate the activities of the various federal departments.

The Government has taken steps to assist the industry in its efforts to negotiate transportation rates and is prepared to consider the temporary use of grain cars during peak fertilizer shipping periods. The Government endorses steps to strengthen Canada's agricultural industry and, through the GATT negotiations, is committed to fostering improved trading conditions for our exports and to prevent discriminatory actions against Canadian industry.

While the Government was able to agree with some recommendations related to taxation, the recommendations which would require changes in the tax treatment of dividends and would eliminate capital gains were not acted upon. These would involve significant changes to the tax system and in view of the substantial revisions to the system that have been made in recent years, additional major changes are being resisted at this time in order to provide a degree of stability.

One important recommendation for which a response is pending is the question of prices of natural gas as a fertilizer raw material. A study of the implication of energy pricing on industrial competitiveness has been initiated by the Departments of Industry, Trade and Commerce and Energy, Mines and Resources.

In the overall consultative process, labour has made representations which relate to certain issues covered in the report of the task force. These views have been taken into account in formulating a Government response.

The individual recommendations of the task force and the Government's response to them is provided on the following pages.

PART II

DETAILED RESPONSE TO TASK FORCE RECOMMENDATIONS

CAPITAL COSTS, TAXATION AND MANPOWER

1. Recommendation

Government should ensure that higher costs which cannot be overcome by industry, such as those due to climate, will continue to be offset by tax arrangements now in existence, e.g. accelerated depreciation, investment tax credits and lower corporate tax rates than now exist in the U.S.

Government Response (Agree in part)

The Budget Papers released November 16, 1978 indicate that the federal government recognizes the important contribution the corporate tax structure makes to the relative competitiveness of industry in Canada and the United States. In these papers, it is estimated that as a percentage of corporate pre-tax profits, the effective tax rates for manufacturing in Canada are generally lower than those in the United States.

In continuing these corporate tax advantages, the Government recognizes their important contribution to offsetting cost differentials between the two countries. However, the Budget Papers suggest that if residual cost differentials still exist, a good argument can be made to attack these higher costs directly. The Government is, as a general proposition, also of the view that tax policy should be set so as to enhance Canada's natural advantages rather than attempting to reverse or offset market forces resulting from fundamental comparative advantages and disadvantages that Canada has.

In the overall consultative process, various labour representations expressed the view that increased tax advantages provided to companies should be tied to equity participation in those companies. However, mandatory equity participation by Government can be a deterrent to private investment. Recent tax advantages accorded industry are directed to the encouragement of additional investment which should result in greater productivity and ultimate benefits from increased jobs. The Government sees in this greater investment more advantages for the economy than would be obtained by exchanging tax advantages for an equity position for Government.

2. Recommendation

Money for expansion should be made available by not taxing corporate profits until they are passed on to shareholders.

Government Response (Disagree)

The federal government cannot agree with this recommendation.

The Government has put in place, over the recent past, tax measures to support investment and business expansion. These include lower tax rates on manufacturing and processing income, a two-year fast write-off of assets used in manufacturing and processing, and tax credits for investment and research and development. The federal budget of November 16, 1978 added to these incentives by enriching and extending the investment tax credit and the tax credit for R & D.

The proposal to defer the taxation of corporate profits until they are passed on to shareholders would mean that a large portion of current corporate taxes would never be paid. Currently, a significant amount of retained earnings are never distributed. The response to the measure would be to increase the share of earnings retained, thus adding dramatically to the cost of the measure. As a result, this proposal would require at least a 20 per cent increase in federal personal income tax rates if the lost revenue was to be made up from this source. Such a redistribution of taxes from business and capital income to employment income would not be justified.

The tax change recommended by the task force would have the potential for far-reaching effects on capital markets, and the degree of foreign ownership and industrial concentration in Canada. It is far from clear that these effects would be desirable.

3. Recommendation

Governments, after consultation with the business community, should endeavour to adopt inflation accounting for the tax system in order to compensate for the difference between historical and replacement costs.

Government Response (Disagree)

The Government does recognize the distortions that arise from use of historic cost accounting in an inflationary environment. It has come to be generally accepted that inflation not only leads to an overstatement of profit because of first-in first-out inventory and historic cost depreciation accounting, but also to an understatement of profit because accounting conventions overstate the real cost of corporation borrowing during an inflationary period.

When the implications of debt financing are recognized, along with the full implication of accelerated capital cost allowances, the investment tax credit and the three per cent inventory adjustment, the over-all level of Canadian corporation taxation does not differ greatly from what it would be under a comprehensive system of inflation accounting. Again, the need to maintain tax system stability indicates caution in any early movement to a comprehensive system of inflation accounting. There would also be many considerations in such a move related, for example, to the changes in tax burden on particular sectors in both directions that would result, tax complexity, the interaction between the corporate and personal tax, and the harmonization of Canada's tax system with that in other countries.

The Government will, however, continue to support the development of appropriate inflation accounting systems in the private sector because of the importance of accurate information on business operations for the efficient operation of the economy, and the possibility that the existence of such information would allow a fairer distribution of the total corporation tax burden among sectors.

4. Recommendation

Federal and provincial governments should provide stable tax policies and, particularly for the potash industry, should co-ordinate total taxation at a level which will enable the industry to retain sufficient profits to reinvest and expand.

Government Response (Agree in principle)

The Minister of Finance noted in his budget speech of November 16, 1978 that, "a stable tax system is essential for economic growth and development". The Federal-Provincial Resource Taxation Review, which included consideration of potash, also noted the crucial importance of stability and certainty in tax systems as they affect resource development. The analysis in the review showed that the federal income tax rate on mining, which includes potash, is notably lower than that on other industries including manufacturing.

As noted in the Federal-Provincial Resource Taxation Review, private potash producers pay a number of levies to the provincial government in Saskatchewan which the companies claim are excessive. It was indicated in the report that an active review of the level of taxation on the industry has been under way between the producers and the provincial government.

At the November 3, 1978 meeting concluding the federal-provincial review of resource taxation, federal and provincial finance and resource ministers "undertook to examine carefully, prior to finalizing upcoming budgets, whether special economic conditions in the industry and particular aspects of their tax systems justified tax modifications." The federal budget of November 16, 1978 took the lead and proposed a series of measures to stimulate investment in exploration and development, and new mining ventures in Canada. These significantly reduce taxation for the firms engaging in these activities. The budget speech also indicated that it is not the intention of the federal government to introduce tax system changes that would create uncertainty nor would it take action to offset the benefits from tax reductions that provinces may introduce.

5. Recommendation

Personal investment in industry should be encouraged by elimination of the capital gains tax.

Government Response (Disagree)

This taxation of capital gains was raised by the Overview Committee. Business members felt that the tax should be liberalized or eliminated to increase investment incentives and because revenues were small in relation to administrative costs. Labour members felt that the tax should be expanded to tax all, rather than half of gains, on the basic philosophy that all income, however accumulated, should be taxed.

It must be recalled that the introduction of taxation of capital gains in 1972 included only one-half of gains in income for tax purposes and was accompanied by significant reductions in the marginal tax rates on higher incomes and by the elimination of federal estate and gift taxes. Removal or substantial reduction of tax on capital gains would undoubtedly give rise to significant pressure to reverse these other measures and would at least require their re-examination.

One-half of capital gains in income is subject to tax. The federal government has put in place other measures to ensure the burden of taxation from this source is equitable. Taxation of capital gains on family farms, whether incorporated or unincorporated is deferred as long as the farm property remains in the family. Similar treatment applies to gains on shares in a small business corporation. Capital gains are eligible for the \$1,000 investment income deduction. The 1977 budget doubled the amount of capital losses that may be deducted against other income from \$1,000 to \$2,000. Recent measures removed this limit in the case of losses on the sale of shares in a small business corporation. The enhanced dividend tax credit acts to reduce tax on those individuals who hold equity in Canadian corporations.

In relation to labour's point of view the Government of course believes this taxation of capital gains is important. Indeed, there is not a country in the industrialized world that does not either tax capital gains or wealth on an annual basis, or estates and gifts. Many countries include more than one of these levies in their tax structure.

In this regard it should be noted that a relatively large share of capital gains accrues to a small number of upper income taxpayers. Tax equity requires inclusion of capital gains in income subject to tax. The Government is thus not prepared to eliminate the tax on this income source. Substantial reductions in tax on capital gains would add greatly to the complexity of the tax system by reopening a significant gap between the tax treatment of this income source and distributions from corporations in the form of dividends. This would necessitate reintroduction of rules to avoid tax abuse and thus act to negate the 1977 tax changes which simplified the corporate tax structure in the area of surplus stripping and corporate reorganizations.

The federal government has put in place more effective methods to encourage private investment that avoid the serious repercussions of removal of tax on capital gains.

6. Recommendation

Governments should exercise restraint in establishing their wage and salary levels to ensure that they do not lead settlements in the private sector.

Government Response (Agree)

The Government has introduced legislation which would link compensation levels in the public sector with those of the private sector. This legislation is intended to not only ensure equivalence in private and public sector wages, but also to protect public sector wages from lagging behind the private sector in a way which would be disadvantageous to public servants. In defining wage settlements in the public sector, the Government will continue to rely primarily on collective bargaining.

RAW MATERIALS

7. Recommendation

That the federal government, through appropriate international discussions, oppose efforts to establish an international producers' cartel in phosphate rock.

Government Response (Agree)

In international discussions on commodity trade, Canada has traditionally taken the view that, in instances where intergovernmental co-operation is warranted and appropriate to deal with commodity trade problems, such co-operation should be on a producer/consumer basis. In light of this policy Canada will maintain a generally negative attitude toward co-operation limited only to producers.

8. Recommendation

Governments should determine the prevailing price for gas paid by U.S. producers in the Gulf Coast area and ensure that Canadian ammonia producers can purchase natural gas at equivalent prices or less.

Government Response (Under review)

As a result of task force recommendations the Government has undertaken a study of the implications of the relative pricing of oil and gas in Canada and in the U.S. for industrial development in Canada.

9. Recommendation

Supply of gas when used as a raw material (rather than as a fuel) should be assured in all areas of Canada to the same extent that assurances have been given to ammonia producers in Alberta.

10. Recommendation

In recognition of the critical importance of nitrogen in the production of food, Government should assign a high priority to the use of natural gas for the production of fertilizer.

Government Response

Regulations concerning the distribution of natural gas within a province fall under provincial government jurisdiction.

TRANSPORTATION

11. Recommendation

More effective legislative provisions for redress, or appeal by shippers, against unreasonable freight rates.

Government Response (Agree)

An appeal will be investigated by the Canadian Transport Commission if a prima facie case of unreasonable rates is established. The Government is aware that the time taken to establish such a case has at times been lengthy. In recognition of this fact Bill C-20 was introduced (November 1978) requiring the CTC to respond within 90 days from initial presentation of evidence, failing which a prima facie case is deemed to have been established.

12. Recommendation

Consultation between carriers, the industry and the Government to establish a cost-related structure of rate making, which may be employed, along with market considerations, in negotiations between shippers and carriers, or appeals to the Canadian Transport Commission.

Government Response (Agree in principle)

The railways as any other business, are generally unwilling to disclose details of their internal costs to the public; under the Railway Act this information is provided to the CTC in confidence. Direct consultation to establish a cost-related rate structure with the carriers is thus unlikely to yield positive results. Approximating formulae for rate cost estimation are however widely available through traffic experts and consultants and provide a good basis for rate negotiations with the carriers.

13. Recommendation

Revision of regulations to permit Government-owned railway cars to be used by the fertilizer industry during the peak fertilizer demand season as the needs of the grain trade allow.

Government Response (Agree in principle)

A meeting between representatives of the Canadian Fertilizer Institute and Transport Canada was held on December 20, 1978 to discuss this recommendation. Recognizing that the primary purpose of the Government-owned hopper cars was to assist the railways in the movement of grain at statutory rates, it was noted that nothing in the agreement between the Canadian Wheat Board and the railways prohibited the use of these cars for domestic fertilizer movements. However, it appears that serious peaking problems may severely restrict the alternate uses of the cars. Nevertheless, Government officials are prepared to assess with an open mind specific proposals from the fertilizer industry.

14. Recommendation

Provincial governments should adopt consistent and more liberal policies of granting operating authority to interprovincial truckers.

Government Response (Agree in principle)

The federal government has delegated responsibility for the regulation of interprovincial trucking to the provinces under the Motor Vehicle Transportation Act. The federal government is, however, encouraging the adoption of more uniform regulations through the Canadian Conference of Motor Transport Administrators, an association composed of provincial licensing authorities.

GOVERNMENT INVOLVEMENT

15. Recommendation

Federal and provincial governments should develop principles which would guide their activities when competing directly with companies in the private sector of the fertilizer industry, and discuss these with them.

Government Response (Agree in principle)

As indicated by the Minister of Industry, Trade and Commerce in his speech to the Canadian Manufacturers' Association of October 3, the federal government believes the growth and expansion of the Canadian economy should be fuelled by private Canadian funds to the greatest degree possible. However, the federal government considers that there is a continuing rationale for its participation in economic development in circumstances where project size, degree of risk or overriding national interest requires a public presence and continues to believe that it must have freedom to exercise this prerogative.

16. Recommendation

Jurisdictional disputes between the federal and provincial governments should be resolved to avoid burdening the private sector of the fertilizer industry, e.g. environment, transportation and taxation.

17. Recommendation

That the federal government program of providing socio-economic impact studies on changes in safety, health and fairness regulations that have a major impact on the economy be adopted by all levels of Government.

Government Response (16 and 17 Agree in principle)

The federal government is applying a socio-economic impact analysis, which includes cost-benefit analysis, to major new and revised regulations in the health, safety and fairness areas, with results available to any interested persons prior to the implementation of the related regulations. In addition, Industry Ministers agreed to recommend that all governments conduct a review of key regulatory activity, consider the feasibility of undertaking and making publicly available benefit/cost analysis before implementing major new social regulations, and consult collectively to remove overlap in a manner consistent with their respective jurisdictional authority.

In response to the overview committee, the federal government has noted that it is conscious of the difficulties underlying labour's concern regarding the serious limitations in utilizing cost-benefit analysis in determining the adequacy of certain regulations. Significant difficulties do exist in assigning quantitative values that reflect a broad societal consensus. The Government is committed therefore to making such studies publicly available prior to implementing regulatory change that might arise from them. This will give interested parties a chance to publicly question the values so assigned.

The Department of the Environment will examine current relationships with provinces to determine improvements in these arrangements to respond to the concerns of industry regarding overlap, and to move federal government policy towards provincial responsibility for the implementation of federal environmental protection regulations.

The Department of Consumer and Corporate Affairs, and BEDM with appropriate consultation, will set out an interim work program on regulatory review for federal departments. Among other topics, this will assess the applicability of Socio-Economic Impact Analysis (SEIA) to existing regulations, design a framework for internal policy review where SEIA may not be appropriate, and suggest where immediate evaluations of federal regulatory activities should be undertaken.

18. Recommendation

In court cases arising from anti-combines charges, the Government should assume at least the legal and court costs incurred by industry if industry is found not in contravention of the law.

Government Response (Agree in part)

A large number of the provisions of Bill C-13 (for example, those relating to mergers and specialization agreements) come under civil law. In civil matters relating to competition policy or other legislation, the court has the discretion to award costs to defendants found not guilty. The Government is not prepared to extend this to the remaining criminal law provisions as this would give corporations benefits not accorded to individual citizens under the Criminal code.

19. Recommendation

Governments should seek means to consolidate and reduce the number of requests for information now made on industry.

Government Response (Agree)

The high cost to business of supplying the federal government with information has been recognized. The Government has appointed a Controller within the Department of Industry, Trade and Commerce charged with responsibility for effecting an immediate reduction in this cost, for assisting departments in measuring the paperburden they create, and, for establishing methods for control and reduction.

20. Recommendation

Government should exercise restraint in hiring for the public sector.

Government Response (Agree)

With regard to employment at the federal level, the Estimates tabled in the House of Commons on February 19, 1979 indicate not only that the public service growth rate has been less than the growth rate of the Canadian labour force over the past three years, but also that the size of the public service will actually be reduced in the next fiscal year, for the first time since 1970-71. Authorized public service employment in 1979-80 will actually represent a level reached four years ago.

AGRICULTURAL POLICY

21. Recommendation

Governments should continue to support and develop measures designed to promote farm income stability, higher productivity and growth.

Government Response (Agree)

Agriculture Canada has initiated an Agricultural Development Strategy as an integral part of the government's overall food strategy. The objective of the Agricultural Development Strategy is to promote farm income stability, higher productivity and growth.

With respect to income stability, consultations between provincial and federal governments are underway with a view to amending the Agricultural Stabilization Act.

To promote productivity and growth, a total of \$7.5 million has been made available for the New Technology Transfer Program under which Agriculture Canada and the Department of Regional Economic Expansion will jointly negotiate with each province in funding a variety of projects.

MARKETING

22. Recommendation

Free trade and unrestricted access to world markets should be maintained for all fertilizers.

Government Response (Agree in principle)

Fertilizers currently enjoy duty-free access to most of Canada's major markets. With respect to further trade liberalization, the Government is concentrating its efforts in the multilateral trade negotiations which are expected to conclude by mid-1979. In this regard, the task force recommendation has been brought to the attention of the Canadian Co-ordinator for the Multilateral Trade Negotiations and has been taken into account in the development of Canada's position.

23. Recommendation

CIDA fertilizer aid should remain tied to fertilizers produced in Canada.

Government Response (Agree)

Government policy is that fertilizer purchases financed with Canadian international aid funds are almost always tied to Canadian sources.

The Government is conducting a review of aid strategy for the period 1980-85 which will consider the impact of tying aid and the opportunities for more effective use of tied aid.

24. Recommendation

CIDA should allow use of its funds to finance fertilizer educational programs.

Government Response (Agree)

CIDA funds can now be used for agricultural education. More emphasis will be placed on this aspect in the future.

25. Recommendation

Procedures should be streamlined in order to provide greater protection in the event that "dumped" or subsidized fertilizer imports become a problem.

Government Response (Agree)

The Government is committed to taking expeditious action on injurious imports compatible with our international rights and obligations. Specifically, its efforts in this area include:

- a) improved execution of the significant positive measures already taken by Finance, the Anti-Dumping Tribunal and Revenue Canada in anti-dumping and countervail legislation;
- b) continued development by Finance, Revenue Canada and Industry, Trade and Commerce of more efficient domestic procedures and administration of regulations/legislation dealing with injurious imports, taking into account changes resulting from the MTN.

The submission of specific views or proposals regarding the procedures would be welcome.

RESEARCH AND DEVELOPMENT

26. Recommendation

The encouragement of research and development work by agriculture departments and others on fertilizer use by crops and work on new crop varieties that will be suitable for Canadian conditions.

27. Recommendation

Continued work by agriculture departments to develop means of improving storage and processing of fresh produce in order to replace imports.

Government Response (26. Agree)
(27. Agree in principle)

An important feature of the Government's Agricultural Development Strategy is the need to increase the productive efficiency of Canadian agriculture. One of the means is the stimulation of private initiatives in developing and testing new technologies and products. Under the authority of the General Development Agreements, subsidiary agreements which focus on the development of the agricultural sector have been signed with several provinces. Assistance is being provided to producers and producer groups to establish demonstration projects to investigate the viability of adopting new technological innovations, including optimum practices of fertilizer application.

The Government has advised the task force on the Fruit and Vegetable Industry, that it would welcome an initiative by that industry to determine its research needs and priorities and, when they have been identified, federal departments concerned would be pleased to undertake a dialogue with the industry, provinces and universities to determine how best the needs can be met.

The federal government would welcome the participation of the fertilizer industry in this consultative process where appropriate.

ANNEX I

LIST OF PARTICIPANTS IN
THE FERTILIZER INDUSTRY CONSULTATIVE TASK FORCE

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