

BY E-MAIL

May 25, 2018

**BCVMC NOTICE**  
**Amending Order 47**  
Schedule II – REGULATED CROPS  
Expansion of Greenhouse Lettuce Category

Effective Date: [March 1, 2018](#)

To All Agencies, Greenhouse Producers & Wholesalers,

**INTRODUCTION**

1. In early 2017 the Commission received a request from a producer to expand the Greenhouse Butter lettuce category to include other types of lettuce.
2. The Commission completed the consultation process with stakeholders in December 2017 with the decision to expand the category to include other types of lettuce varieties.
3. The Greenhouse ‘Butter Lettuce’ category was re-defined and is to be re-named ‘Lettuce’. The list of regulated lettuce cultivars is to include all *Iceberg (Crisphead)*, *Summer Crisp (Batavian)*, *Romaine (Cos Lettuce)*, *Butterhead (Butter Lettuce)*, and *Loose-Leaf* that are grown in BC in an enclosed structure.

**CONSULTATION PROCESS**

4. In compliance with Part XIII Procedures for the Regulation of Produce, the Commission is required to verify if there are any producers in the province that are currently producing lettuce varieties, other than Butter Lettuce, in a controlled environment.
5. In May 2017 a feedback and information gathering process was initiated. All licensed producers, agencies, wholesalers and industry stakeholders were informed by newsletter of the request to expand the regulated greenhouse lettuce category. Greenhouse agency managers were also notified directly in addition to the newsletter. All Producers currently

producing lettuce varieties in a greenhouse were asked to contact the Commission General Manager for further information and to register as a producer.

6. The Commission received feedback from one additional producer and greenhouse agencies (BCHH, GGFI, VIFP) aware of production, and that had an interest in marketing the lettuce products. A discussion paper was also prepared by the Commission General Manager.
7. At the September 2017 Commission meeting the feedback, discussion paper, and history on the regulated Butter Lettuce category were reviewed by the Commission in deciding on the course of action to be taken. It was agreed that interested parties should be allowed another opportunity to present their concerns and provide further information that would be of assistance for the Commission to make a decision.
8. It was determined that the next step in the review process was to invite each agency to attend an in-camera session with the Commission to re-affirm their position and engage in further discussion of the following:
  - Current and projected market conditions
  - Agency business plans and proof of sales
  - The question of regulation and the concerns around it
  - Clarification on the scope of the definition on the Lettuce Category
9. In-camera sessions were held with the Commission in October 2017.

## *ANALYSIS*

10. The market for BC grown greenhouse Butter Lettuce has matured over the past decade on relatively stable pricing. Growth in production has been stagnant on stable sales.
11. However, in recent years the development of new technologies and growing methods applied to a greenhouse environment has made it economically viable to expand the varieties of lettuce that can compete in the market place. This is evident with the recent introduction of a new large scale lettuce producer entering the market and servicing western Canada out of Alberta.
12. There was some discussion on the type of lettuce production included as greenhouse production. The General Order defines a greenhouse as “an enclosed structure where regulated product is grown”. It was resolved that both Hydroponic and Aeroponic growing

systems, combined with modern greenhouse technology, is referred to as "controlled environment agriculture." Each growing method represents a different cultivation system in greenhouse beds. Regardless of the cultivation system being applied, the greenhouse definition still applies. A producer is required to be licensed to grow the regulated vegetable crop in an enclosed structure.

13. As stated in Part XIII Par. 9 of the General Order, *The Commission's final decision on whether or not to regulate a commodity will be directed by the statutory mandate to promote, control and regulate the production, transportation, packing, storage and Marketing of the Regulated Product in a manner which encourages the production and orderly Marketing of high quality product.*
14. In analyzing the option to expand regulation beyond butter lettuce and include other types of lettuce produced in a greenhouse, the following analytical questions are considered:
  - i) Can this option provide the tools necessary to enhance the competitiveness of the BC lettuce producers?
  - ii) Can this option ensure that regulation remains beneficial?
  - iii) Is industry in support of the option?

*i) Can this option provide the tools necessary to enhance the competitiveness of the BC greenhouse lettuce industry?*
15. The primary reason for regulation in the industry is that it sustains and enhances competitiveness of the participants involved in producing and marketing vegetables. To achieve this, the regulation must provide for the following:
  - Entrepreneurship and innovation to support both differentiation and cost strategies;
  - Responsiveness and adaptiveness to changing market conditions;
  - Support the pursuit of marketing initiatives;
  - A clear, understandable and predictable investment climate to encourage and sustain the support of the financial markets.
16. Tools used to promote the competitiveness of the BC regulated vegetable sector include:
  - Price coordination - through the assessment of market conditions and the establishment of minimum prices. The application of this authority helps provide income stability by reducing price volatility and price collapse. However, pricing powers do not change the market reality that the industry is a price taker.

- Marketing coordination – through licensing of production, marketing and purchasing of vegetables for sale into to the distribution channels. It provides for defined channels from the farm to the market and mechanisms for maintaining order in managing the supply chain.
- Production coordination – through the compilation of production and market information to assist producers and marketers plan production and marketing programs and be held accountable to industry interests.
- Production program delivery – through monitoring and enforcing food safety practices and product grading standards.
- Expansion coordination – through the application of production allocation ‘quotas’ to ensure that marketers and producers have a sustainable marketing plan for planned production.
- Financial industry support - through the provision of market stability that provides an attractive risk profile to sustain the support of financial investors.

*ii) Can this option ensure that regulation remains beneficial?*

17. When evaluating the option to expand regulation to other varieties of a category group of vegetables, the question to be asked is does regulation remain effective if one variety is regulated and another variety of the same category is not?
18. Overall, it is unmistakable that the lettuce category is set to experience growth and greenhouse supply is no longer constrained to the production of a single lettuce variety (Butter Lettuce). As with greenhouse tomatoes, peppers and cucumbers, different varieties compete within the same category group for market share and shelf space. With the growth in variety choice in lettuce supply, the regulation of a single variety of the category group no longer appears effective at achieving the benefits of orderly marketing and satisfying industry needs.

*iii) Is industry in support of the option?*

19. All stakeholders who participated in the consultation process expressed support for expanding the regulation to include all varieties of lettuce produced in a greenhouse.

## DECISION

20. At the October 16, 2017 meeting Commissioners voted to expand the Greenhouse Butter Lettuce category to include all lettuce varieties subject to approval of a definition.
21. A definition was presented at the December 14, 2017 Commission meeting and on further consultation it was resolved that the Butter Lettuce category be re-defined under the Natural Products Marketing (BC) Act, British Columbia Vegetable Scheme as follows:

*'Any of various Lettuce plants, cultivated in a greenhouse for its edible non-bitter leaves. Included cultivar groups are: Iceberg (Crisphead), Summer Crisp (Batavian), Romaine (Cos Lettuce), Butterhead (Butter Lettuce), Loose-Leaf.'*

A copy of **Amending Order 47** will be posted to the BCVMC website at <http://www.bcveg.com/orders.asp> and can be found at the following drop box link, <https://www.dropbox.com/sh/ho5t3h0wn5ijwf1/AAA6aQPkKOb9yfeOepXDPXmba?dl=0>. If you have any questions about the expanded regulated Lettuce Category, please give me a call.

Under the Natural Products Marketing (BC) Act (NPMA), The BC Farm Industry Review Board (BCFIRB) can hear appeals from anyone who is aggrieved by or dissatisfied with an order, decision or determination of an agricultural commodity board in B.C.

You must file a written notice of appeal with BCFIRB within 30 days notification of the order, decision or determination, or you may lose the right to file your appeal.

For information about the appeal process please refer to their website or contact the BCFIRB office. The information is provided below.

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Yours truly,



Andre Solymosi,  
General Manager