



FALL HARVEST

Produce and Politics

November 15-16, 2022

#FallHarvest

CPMA
CANADIAN PRODUCE
MARKETING ASSOCIATION


FRUIT & VEGETABLE
GROWERS
OF CANADA | PRODUCTEURS
DE FRUITS ET LÉGUMES
DU CANADA



BACKGROUND – WHY IT MATTERS

- Our sector is a major contributor to Canada’s GDP, and to job creation in rural and urban communities from coast to coast to coast. In addition to our sector’s economic contributions, we also provide Canadian families with safe and nutritious food that is crucial to supporting their health and well-being.
- Supply chain disruptions, labour shortages and massive cost increases in everything from crop inputs and equipment to packaging to shipping, threaten Canada’s domestic food security and the long-term economic viability of the fresh produce sector. These costs cannot be fully borne by the industry and have already begun to be passed to consumers –most affecting those who can least afford it.
- Even prior to these recent challenges, close to 80% of Canadians were not eating enough fruits and vegetables, resulting in increased health care costs – an economic burden calculated in the billions of dollars annually. Rising food insecurity in Canadian households will only make this problem worse.
- Over the past few years, the pandemic, devastating weather events, and disruptions at ports of entry have all shone a light on the serious potential impacts of such events on food availability in Canada. Fortunately, these challenges have also demonstrated that effective solutions can be achieved when government departments, international partners, industry and other stakeholders, work together with urgency and dedicated focus.
- Efforts in the U.S. related to ocean shipping reform, the USDA’s Food System Transformation Framework, as well as the National Strategy on Hunger, Nutrition and Health offer examples of cross-department action to support the food system. The federal government should show similar leadership to ensure uninterrupted access to food and essential good for all Canadians.

ACTION REQUIRED

- Support a strengthened Canadian food system and food security for all Canadians by making food production and access to food and essential goods a whole-of-government priority in legislation, policy, and crisis management. This includes adopting a systemic regulatory approach which carefully considers impacts or unintended impediments to the food supply chain in new and existing regulations and policy.
- Implement programs and policies that address the significant issues impacting the ability to produce fresh fruits and vegetables, such as the availability and costs of labour, inputs for production and transportation.
- Advance measures promoting the Canada Food Guide recommendation to fill Half Your Plate with fruits and vegetables, including through funding the development of a National School Food Policy and a national school nutritious meal program.
- Establish a Supply Chain Office to unify federal government activities, as recommended in the final report of the National Supply Chain Task Force.
- Work proactively across government departments, and with port authorities and other stakeholders, to put in place a formalized process to allow for the unimpeded movement of food as an essential good in the event of future emergency events or disruptions.



In October 2021, a New Brunswick-based produce retailer **declared bankruptcy with more than \$3 million left owing to creditors, including farms and produce wholesalers.** This example reinforces the need for a **financial protection mechanism** for fresh produce sellers. Learn more about why we need Bill C-280 at protectproducesales.ca

BACKGROUND – WHY IT MATTERS

- Growing, harvesting, packing, and marketing fruits and vegetables comes with a number of risks and additional costs that are unique to the production of perishable goods. Returns on these investments are delayed until the product is sold and payment is collected down the supply chain – usually long after the farmer or other seller has passed on their product. This leaves them in a highly vulnerable position.
- The *Bankruptcy and Insolvency Act* (BIA) does not provide a workable mechanism for cases in which buyers of fresh produce become insolvent. While the Act allows suppliers to recover their product following a bankruptcy, it provides no rights when the product has been resold or is no longer identifiable or in the same state. Given how quickly produce spoils, it would be very rare that fresh fruits and vegetables would be available for repossession.
- The “super priority” provision for farmers in the Act also fails to address the needs of fruits and vegetable suppliers, who regularly receive payment 30 days (or more) after product is delivered. The requirement that product must have been delivered within 15 days of the bankruptcy to be covered under the super priority means most fresh produce is unprotected.
- In addition to a lack of domestic protection mechanisms, Canadian produce sellers are now at even more risk when selling to our major trading partner, the United States. At one time, our Canadian grower/shippers would have had preferential treatment in the U.S. under the *Perishable Agricultural Commodities Act (PACA)*, which would have provided much needed access to prompt payment tools in the case of a buyer bankruptcy. Canadian sellers are now required to post a bond worth double the value of the shipment just to initiate a formal claim through *PACA*. Given the high volume of produce sold to U.S. buyers, this situation puts many Canadian businesses at a distinct disadvantage.
- A Canadian limited statutory deemed trust, which would operate similar to the U.S. *PACA* and protect produce sellers during bankruptcy in Canada, would reduce potential costs imposed on Canadian consumers, remove complications in cross-border trade with the United States, and eliminate an unnecessary risk for Canadian fruit and vegetable sellers.

ACTION REQUIRED

- Support Bill C-280, the Financial Protection for Fresh Fruit and Vegetable Farmers Act, which would establish a limited statutory deemed trust that protects produce growers and sellers during bankruptcy in Canada.
- Upon the passage of this legislation, request the reinstatement of Canadian preferential access to *PACA* by the U.S. Department of Agriculture.

CANADA'S PRODUCE 'TOP 10'

From the farm gate to the dinner plate, the fruit and vegetable supply chain contributes billions of dollars to Canada's GDP and supports thousands of jobs in rural and urban communities from coast to coast. We know that Canadians are concerned with the rising costs of essentials, including fresh produce. Government support is needed to keep produce accessible to Canadians and make it easier to fill *Half Your Plate* with healthy and nutritious fruits and vegetables.

PRIORITIZING ACCESS TO FOOD – In the fresh produce sector, substantial and compounding increases in costs and delays along the supply chain are further complicated by the high perishability of our products. These costs cannot be fully borne by the industry and have already begun to be passed to consumers – most affecting those who can least afford it. To ensure uninterrupted access to food and essential goods for all Canadians, the Government of Canada should make food production and access to food and essential goods a priority in legislation, policy, and crisis management.

FINANCIAL PROTECTION FOR PRODUCE SELLERS – The high perishability of fresh produce and the industry's longer payment terms mean that Canada's *Bankruptcy and Insolvency Act* does not effectively protect fresh produce sellers when buyers go bankrupt. Bill C-280, the *Financial Protection for Fresh Fruit and Vegetable Farmers Act*, would provide a critical support for Canada's fresh fruit and vegetable industry, and would open the door to the reinstatement of preferential treatment under the *Perishable Agricultural Commodities Act* when selling products to the U.S. – all with no cost to the government. We urge all Members of Parliament to vote in favour of Bill C-280.

SUPPLY CHAIN RESILIENCY – The pandemic, devastating weather events, and disruptions at ports of entry have shone a light on the vulnerabilities in our supply chains and their impacts on food availability in Canada. Fortunately, these challenges have also demonstrated that effective solutions can be achieved when government departments and other stakeholders work together with urgency and dedicated focus. Recommendations made in the National Supply Chain Task Force report, including the establishment of a Supply Chain Office to unify federal government efforts, can serve as the starting point for addressing disruptions, fostering resiliency, and helping ensure Canadians can continue to put our essential products on their tables.

SUSTAINABILITY – The fresh produce sector has shown leadership in implementing sustainable practices to address areas such as biodiversity, greenhouse gas emissions and carbon sequestration, food loss and waste, renewable energy, soil health, water conservation, sustainable packaging and more. Collaboration with industry can ensure effective and long-term solutions, including through reasonable and fair recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices, a pragmatic approach to problematic plastics and the necessary harmonized systems to support a circular economy, clear policy and programs to address food loss and food waste, and the development of a long-term sustainable water management strategy.

CROP PROTECTION – It is critical that the government commit to increasing funding of the Pest Management Regulatory Agency (PMRA), so that the Agency may continue its core evaluation activities as well as the collection of pesticide use and water monitoring data. Without the necessary data, PMRA has had to deregister vital crop protection products. At the same time, a funding freeze for at least the past ten years has led to research declining at the Pest Management Centre. This has curtailed the Centre's ability to research alternative crop protection tools, without which Canadian fruit and vegetable growers will be unable to sustainably control insect pests, plant diseases and weeds in their crops.

LABOUR – An effective National Agricultural Labour Strategy will require a total supply chain lens to ensure that all aspects of the agriculture and agri-food sector – from the farm to the dinner plate – are considered and supported. Businesses in the fruit and vegetable sector rely on the Seasonal Agricultural Worker Program and the Temporary Foreign Worker Program to address chronic labour shortages. We are encouraged by the government's commitment to creating a Trusted (Recognized) Employer Model, but we need to ensure employer representatives are included in the design of the program. ESDC and IRCC need not only more resources but a more holistic and cross-department approach to manage the flow of international workers in a timely manner.



TRADE & MARKET ACCESS – Free and fair international trade in fresh produce offers huge economic growth opportunity for Canadian businesses and provides Canadians with access to safe and healthy fresh food options year-round. Increasing market access and sustainability of the Canadian fresh fruit and vegetable industry requires mutual recognition of food safety systems, and international harmonization of crop protection regulation, products, and residues. At the same time, the supply chain linkages of transportation, border access and ports of entry and exit are key to ensuring the smooth flow of our highly perishable and essential goods across our border.

INNOVATION & RESEARCH – A strong and growing Canadian produce industry will depend on our ability to leverage innovation. Companies are investing in automation and new systems, but implementation of these types of innovations requires financial and human resources that the pandemic, supply chain disruptions and the current inflationary environment have made more difficult to find for many. Funding for rural broadband infrastructure must be rapidly deployed across the country, along with dedicated funding for future innovations in the fresh produce supply chain, to bolster the industry and foster our ongoing competitiveness.

BUSINESS RISK MANAGEMENT (BRM) – BRM tools are essential to the viability of Canada’s agriculture sector. We are encouraged by the government’s decision to increase the compensation rate under AgriStability and are hopeful that further improvements can be made to improve accessibility to the program by increasing the trigger level. We know that the government is looking at incorporating environmental plans into BRM programs under the Next Policy Framework. In order to make investments in environmental adaptation and mitigation, producers need the assurance of effective risk management tools. We support investments in environmental adaptation and mitigation, but not at the expense of critical risk management programming.

REGULATORY MODERNIZATION – Regulatory modernization is necessary to maintain and strengthen the fresh produce industry’s global competitiveness. While the government’s move toward increased consultation with industry is welcome, work remains to ensure that these consultations provide benefit to both government and stakeholders. Resources such as Treasury Board’s Competitiveness Assessment Tool should be deployed across the government to allow a better understanding of the administrative or other costs of proposed changes and the development of effective regulations that meet the needs of both industry and the Canadian public.

DID YOU KNOW?

- In 2021, 15.9% of households in the ten provinces experienced some level of food insecurity in the previous 12 months. *PROOF, 2022.*
- Supply chain disruptions and unfavourable growing conditions pushed fresh fruit prices up 9.6% in March 2022 compared with the same month last year. *Statistics Canada, 2022.*
- More than 26% of Canadians have reduced their consumption of fruits and vegetables in the past year due to price increases. *University of Guelph, 2022.*
- The Ontario Farm Input Monitoring Project conducted by University of Guelph’s Ridgetown Campus illustrates the dramatic increases in input costs for crop production from May 2021 to May 2022, with key inputs like diesel and nitrogen fertilizer increasing by 100% or more.
- In an October 2021 member survey, labour shortages were reported by 92% of growers, 75% of wholesalers, and 100% of retailers, with the most significant gap reported in warehouse labour. These shortages were reported in both rural and urban communities. *Canadian Produce Marketing Association, 2021.*
- The farm gate value of fruits and vegetables produced in Canada was \$5.7 billion in 2020. *Statistics Canada, 2021.*
- In 2019, the produce industry supply chain supported 249,000 jobs in the Canadian economy. *RIAS Report, 2019*
- Close to 80% of Canadians are not eating enough fruits and vegetables as recommended by Canada’s Food Guide, resulting in an economic burden calculated at almost \$4.4 billion. *Krueger Report, 2017*

About the
Canadian Produce Marketing Association

Based in Ottawa, the Canadian Produce Marketing Association (CPMA) is a not-for-profit organization representing companies active in the marketing of fresh fruit and vegetables in Canada, from the farm gate to the dinner plate, spanning the entire produce industry. The Association's members include major growers, shippers, packers and marketers; importers and exporters; transportation and logistics firms; brokers, distributors and wholesalers; retailers and foodservice distributors; and fresh cut operators and processors. Founded in 1925, CPMA is proud to represent more than 840 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada. For more information about CPMA's policy priorities, contact Shannon Sommerauer, Director, Government Relations at ssommerauer@cpma.ca or 613-884-3567.

www.cpma.ca

About the
Fruit and Vegetable Growers of Canada

Fruit and Vegetable Growers of Canada is an Ottawa-based voluntary, not-for-profit, national association that represents fruit and vegetable growers across Canada involved in the production of over 120 different types of crops on over 14,237 farms, with farm cash receipts of \$5.7 billion in 2020. Since 1922, FVGC has advocated on important issues that impact Canada's horticultural sector, promoting healthy, safe and sustainable food, and ensuring the continued success and growth of our industry. For more information about FVGC's policy priorities, contact Robyn McKee, Manager, Policy and Government Relations, at rmckee@fvgc.ca.

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