FARM TO PLATE Produce and Politics

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May 10, 2022

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Prioritizing Access to Food



BACKGROUND – WHY IT MATTERS

- The COVID-19 global pandemic has created unprecedented public health, economic, and logistical challenges for communities and supply chains around the world. The Canadian fresh fruit and vegetable industry has been no exception.
- Our sector is a major contributor to Canada's GDP, and to job creation from coast to coast to coast. Creating the conditions for the fresh fruit and vegetable supply chain to innovate and operate competitively in our global marketplace is critical to securing our place as a key driver in Canada's economic recovery.
- 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.
- The COVID-19 pandemic, as well as recent events such as the devastating floods in British Columbia and disruptions at ports of entry have shone a light on the serious potential impacts of such events on food availability in Canada. They have also demonstrated that effective solutions can be achieved when government departments, international partners and other stakeholders work together with urgency and dedicated focus.

ACTION REQUIRED

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.
- 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.
- Support measures promoting the *Canada Food Guide* recommendation to fill *Half Your Plate* with fruits and vegetables.

Supply Chain Resiliency and Promoting Competitiveness



BACKGROUND – WHY IT MATTERS

- Substantial and compounding increases in costs and delays along the supply chain threaten Canada's domestic food security and the long-term economic viability of the North American fresh produce sector.
- The high perishability of fresh fruits and vegetables further complicates supply chain challenges for our sector and will impact the price of fresh produce. These costs cannot be fully borne by the industry and have already begun to be passed to consumers often most affecting those who can least afford it.
- Last fall, 21 organizations from across the North American produce industry released a joint statement detailing ongoing supply chain disruptions facing the sector, including: crippling port congestion, delays and exploding costs in container shipping, cascading effects of inconsistent product delivery, continuing labour shortages from farm to retail, growing input shortages and stockpiling of consumer products. This statement was followed in January by a Supply Chain Solutions proposal, outlining several potential areas of government action.
- In the United States, the Biden Administration has been actively engaged in efforts to address supply chain challenges. As a smaller market reliant upon trade, Canada must demonstrate similar leadership to ensure our needs and interests are represented and that there is not an economic incentive for companies to redirect their business elsewhere.
- Recognizing that these issues do not fall within the mandate of any individual Minister or department, a whole-of-government approach is critical to be able to recognize, understand and address the multi-faceted challenges at hand. An independent Supply Chain Commissioner would play a crucial role in bringing the necessary stakeholders to the table and providing transparency and accountability for finding solutions.
- The work of the announced Supply Chain Task Force should provide the starting place for longer-term, ongoing collaboration between government departments and stakeholders to identify, assess and respond to supply chain issues in the future.

ACTION REQUIRED

- Ensure sufficient resources to support the work of a Supply Chain Commissioner leading the Supply Chain Task Force in bringing departments and stakeholders together to effectively address supply chain disruptions in the short-term and to work to advance supply chain resiliency and competitiveness in the long-term.
- Support 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.
- Enhance government oversight of Canada's ports and leverage all available tools under the *Competition Act* and *Canada Transportation Act* to ensure shipping lines and the broader transportation system are performing at a level that supports supply chain resiliency.
- Provide sufficient, predictable funding for capital investment to enable infrastructure improvements, including at Canadian ports, and allocate dedicated funding to projects supporting agri-food supply chains, including the enhancement of cold chain infrastructure.
- Support work across departments to expand Trusted Trader programs to further streamline the movement of essential and perishable products across the Canadian border.

Financial Protection



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 recent, real world example reinforces the need for a financial protection mechanism for fresh produce sellers.

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.
- Unfortunately, the impacts of the COVID-19 pandemic, ongoing supply chain disruptions and substantial increases in costs further threaten our food security and the long-term economic viability of the North American fresh produce sector.
- 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

- Take immediate steps to establish a limited statutory deemed trust that protects produce growers and sellers during bankruptcy in Canada, including by supporting any Private Member's legislation tabled in the House of Commons to establish such a mechanism.
- Upon introduction of the legislation, request the reinstatement of Canadian preferential access to PACA by the U.S. Department of Agriculture.

Sustainability



BACKGROUND – WHY IT MATTERS

- The fresh fruit and vegetable sector supports the Food Policy for Canada's commitment to the promotion of long-term social, cultural, environmental and economic sustainability.
- A sustainable environment is essential to the future viability and growth of our industry and Canada as a whole, and the agricultural sector is a key partner in tackling climate change.
- Across the agri-food sector ambitious targets are being set, and metrics and benchmarks increasingly deployed, to reduce the environmental footprint of producing and supplying food. Multiple private and public partners in Canada are involved in an effort to create a National Index on Agri-food Performance with a strong link to work occurring around the globe.
- The Canadian fresh fruit and vegetable sector has taken the lead in promoting environmental sustainability by adopting environmentally sustainable practices, working to reduce and mitigate the use of unnecessary and problematic plastics, and taking action to reduce food waste and other efficiency challenges, including through CPMA's Waste Efficiency Tool.
- Moving forward, the federal government should continue to work with industry stakeholders to develop science-based and workable solutions on plastics, carbon offsets, food loss and waste, and water management, while encouraging adoption of sustainable practices.
- The development of harmonized, efficient and cost-effective recycling collection within communities across Canada is of utmost importance in supporting a circular economy. Without this critical infrastructure in place, industry transitions to recyclable or compostable ag-plastics and fruit and vegetable packaging materials will be rendered futile.

ACTION REQUIRED

- Support initiatives such as the National Index on Agri-food Performance, which provide an opportunity for government engagement with stakeholders to achieve our common sustainability goals and secure Canada's position as a global leader in agri-food sustainability.
- Provide greater and retroactive recognition for the efforts of the agricultural sector to reduce greenhouse gas emissions and implement more environmentally sustainable practices, including in any carbon offset system.
- Support Bill C-234 to ensure all fuels used for primary agricultural activities, including for heating and cooling, are eligible for up-front exemptions under the *Greenhouse Gas Pollution Pricing Act* to maintain food security and the competitiveness of Canadian growers.
- Develop a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for agriculture.
- Work closely with industry to take a systems approach to find solutions to reduce plastic waste that consider the food safety and food security implications of reducing the use of plastics for fresh produce, and include a combination of education, innovation, new legislative tools, and critical infrastructure investments.
- Provide federal leadership and funding to the development of harmonized, efficient and costeffective recycling collection within communities across Canada.
- Commit funds and resources to support the reduction of food loss and food waste in our food system, including and building upon the work of the Surplus Food Rescue Program and the Food Waste Reduction Challenge.

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 hundreds of thousands of jobs from coast to coast to coast. We are proud to provide Canadians and families around the world with safe, nutritious food products that offer tremendous health benefits. Here are some of the ways the federal government can provide support across Canada's fresh produce supply chain and make it easier to fill Half Your Plate with fruits and vegetables.

• **PRIORITIZING ACCESS TO FOOD** – Recent crises such as the COVID-19 pandemic, the B.C. floods and disruptions at ports of entry have shone a light on the serious potential impacts of such events on food availability in Canada, but have also demonstrated that effective solutions can be achieved when government and stakeholders work together with urgency and dedicated focus. 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

Bankruptcy and Insolvency Act fails to protect Canada's fruit and vegetable growers and sellers. They have no true financial protection from losses resulting from insolvent buyers. In short: unlike other sellers, because fresh produce is highly perishable and spoils more quickly than other food commodities, fresh produce sellers cannot recover product from incomplete sales as enabled under the Act. Especially in light of recent and ongoing supply chain disruptions, it is crucial that the government provides all possible safeguards for our essential sector, including a deemed trust mechanism in Canada.

SUPPLY CHAIN RESILIENCY AND PROMOTING

COMPETITIVENESS – Substantial and compounding increases in costs and delays along the supply chain threaten our food security and the long-term economic viability of the North American fresh produce sector. The high perishability of fresh fruits and vegetables further complicates supply chain challenges for our sector and will impact the price of fresh produce. Recognizing that these issues do not fall within the mandate of any individual Minister or department, a whole-ofgovernment approach is critical to be able to recognize, understand and address the multi-faceted challenges at hand and to support supply chain resiliency and competitiveness in the future.

• **SUSTAINABILITY** – The fresh fruit and vegetable sector supports the Food Policy for Canada's commitment to the promotion of longterm social, cultural, environmental and economic sustainability. Partnerships with federal and provincial governments can position the industry for long-term sustainability. Collaboration with industry to ensure effective and long-term solutions is essential in the following areas: carbon offset programs that recognize environmentally sustainable practices, a pragmatic approach to problematic plastics and the necessary harmonized systems to support a circular economy, and clear policy and programs to address both food loss and food waste.

• **CROP PROTECTION** – Crop protection tools are essential to the fresh produce industry. An increase in research on these vital tools is needed to address industry-identified priorities, many of which have resulted from the outcome of re-evaluation decisions by the Pest Management Regulatory Agency (PMRA). Unfortunately, however, research has declined as funding for the Pest Management Centre (PMC) has been frozen for at least the past ten years. With each passing year, this situation has increasingly curtailed the PMC's ability to conduct research in support of its Minor Use Pesticides program. These minor use pesticides are needed by growers across Canada and are essential for their successful production of fruit and vegetable crops and for food security in Canada.

workers in a timely manner.

• LABOUR – For decades, producers have relied on the Seasonal Agricultural Worker Program (SAWP) and the Temporary Foreign Worker Program (TFWP) to address chronic domestic labour shortages, particularly in the labour-intensive horticulture sector. 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



 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. A lack of digital infrastructure and sector-specific innovation funding are major roadblocks for many in the fresh produce industry – particularly as e-commerce continues to rise in the COVID business environment. The government's announced 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 hopeful that the federal government will continue working with the provinces to make further improvements to AgriStability, specifically an increased trigger level and compensation rate. 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, which 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. A comprehensive review of the regulatory modernization process would allow the government to better facilitate thorough stakeholder participation, to better understand the administrative or other costs of proposed changes, and to develop effective regulations that meet the needs of both industry and the Canadian public without stifling economic competitiveness.

DID YOU KNOW?

- Supply chain disruptions and unfavourable growing conditions pushed fresh fruit prices up 8.2% in January 2022 compared with the same month last year. Statistics Canada, 2022.
- The average family of four in Canada can expect to spend \$966 more on food in 2022 than they did in 2021. Dalhousie University, 2022.
- 49% of consumers now consider sustainability when purchasing food and beverage products. *Kerry Research, 2022.*
- 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. 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.*
- 80% of Canadians say supporting fruit and vegetable production is a high priority. *Grassroots Public Affairs Research, 2020.*
- 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 notfor-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 (formerly the Canadian Horticultural Council) 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 Research and Development, at rmckee@fvgc.ca.

www.fvqc.ca







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