

2021 Election Platform Development Brief

Introduction

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.

As Canada's political parties prepare for the next federal election campaign, there can be no doubt that recovery from the pandemic will be front and centre in the minds of Canadians when they go to ballot box. It is therefore imperative that all parties articulate their plan for how they will help Canadians and Canadian businesses not only survive but be positioned to thrive.

Food is at the heart of our homes, our communities and our economy. The fresh fruit and vegetable industry is a major contributor to Canada's GDP and to job creation from coast to coast to coast, and we will continue in this role as we move forward. Economic recovery will be achieved by recognizing the economic potential of the agricultural sector and enabling and empowering our industry to succeed, now and in a post-pandemic world.

As we mark the UN International Year of Fruits and Vegetables in 2021, there is no better time for our federal leaders to devote attention to ensuring the fresh produce sector can continue to provide our safe, nutritious products for Canadian tables. The Canadian Produce Marketing Association is therefore pleased to offer our recommendations for consideration in the development of federal party platforms.

About CPMA

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 today proud to represent domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.



List of Recommendations for Federal Party Platforms

To help position the Canadian fresh produce industry to succeed now, and in a post-pandemic world, CPMA recommends that all federal party platforms should include a commitment to:

1. Create a limited statutory deemed trust, similar to the U.S. *Perishable Agricultural Commodities Act*, to support needed liquidity and provide financial protection to produce sellers.
2. Provide reasonable and fair recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices, including in the development of any carbon offset credit system.
3. Continue to provide federal support for the National Index on Agri-food Performance and this critical engagement with stakeholders to achieve our common sustainability goals and secure Canada's position as a global leader in agri-food sustainability.
4. Take a holistic view of how supporting a sustainable agri-food industry complements environmental targets.
5. Develop a long-term strategy for sustainable water management for agriculture.
6. Work closely with industry to take a systems approach to find solutions to reduce plastic waste that are evidence-based, and include a combination of education, innovation, and effective recycling collection within communities across Canada.
7. Provide federal leadership and funding to the development of harmonized, efficient and cost-effective recycling collection within communities across Canada.
8. Recognize the ongoing nature of increased costs growers are assuming due to the pandemic by committing to measures to help growers manage costs associated with housing reforms and health and safety requirements.
9. Maintain access to the Canada Emergency Wage Subsidy until the Public Health Agency of Canada has declared that the COVID-19 pandemic has ended.
10. Improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program, including by working with source countries and implementing measures to further streamline the collection of biometrics as well as the visa and work permit application processes.
11. Provide ongoing financial support to achieve the targets of the Food Policy for Canada and to support the work of the Food Policy Advisory Council.
12. Support measures promoting the *Canada Food Guide* recommendation to fill Half Your Plate with fruits and vegetables.
13. Provide federal funding and resources to support the reduction of food loss and waste across the supply chain.

14. Support an industry-led, collaborative and inclusive process through which industry stakeholders can design a Food Industry Code of Practice that meets the unique needs of Canada's food system.
15. Provide innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster the industry and foster our ongoing competitiveness.
16. Support small- and medium-sized businesses making the shift to digital and ensure sufficient, dedicated funding to support the rapid expansion of high-speed internet infrastructure and cell phone service coverage so that all Canadians and Canadian businesses have access to the digital infrastructure they need.
17. Deliver sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, and service infrastructure, such as waste management.
18. Dedicate federal government resources to advance Canada's free and fair trade agenda and enable further expansion of mutual recognition efforts with other key trading countries.
19. Support measures to enhance government oversight of Canada's ports and to help businesses more seamlessly access international markets through our commercial border.
20. Undertake a comprehensive review of the regulatory modernization process to 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.

Background on the Issues

Providing Financial Protection for Produce Sellers

The Canadian produce industry has been requesting the implementation of a financial protection tool for produce sellers for many years. Growing, harvesting, packing, and marketing fruits and vegetables comes with many risks. Overhead and capital costs continue to rise, while returns are delayed until the product is sold and payment is collected down the supply chain – often long after the product has been purchased and consumed. Unfortunately, the COVID-19 pandemic has posed significant operational challenges across the fresh produce supply chain and has put growers in an even more vulnerable position.

From growers, to packers, shippers, processors, wholesalers and retailers, the fresh fruit and vegetable industry has incurred unprecedented costs to develop COVID-related business plans and new procedures to address the spread of COVID-19, and to mitigate the impact of the pandemic on their business and community. As the first, second and now third waves of the pandemic have rolled across the country, rotating lockdowns and business closures have dramatically impacted produce buyers in the restaurant and hospitality sector in Canada. In fact, more than 10,000 restaurants across the country have permanently closed their doors since the start of the pandemic¹. We know that many more businesses are currently being held afloat by government support programs. With those programs set to wind down over the coming months, we can anticipate that many businesses will be driven into bankruptcy, with impacts along the supply chain and, ultimately, to fruit and vegetable growers who supply these businesses.

The *Bankruptcy and Insolvency Act* was framed to provide farmers/produce sellers with “super priority” status; however, the existing provision under the *Act* does not provide a workable mechanism for when 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 existing “super priority” provision for farmers also requires that product must have been delivered within 15 days of the bankruptcy, failing to address the needs of fruits and vegetable suppliers, who regularly receive payment 30 days (or more) after product is delivered.

In addition to a lack of domestic protection, Canadian produce sellers are now at even more risk when selling to our major trading partner, the United States. At one time, our Canadian growers and shippers had preferential treatment in the U.S. under the *Perishable Agricultural Commodities Act (PACA)*, which provided much needed access to prompt payment tools in the case of disputes. The lack of comparable insolvency protection in Canada led to the loss of our preferential treatment for disputes, but the commitment exists from the U.S. to reinstate this treatment when Canada has similar insolvency protection in place. In the interim, Canadian sellers are now required to post a bond worth double the value of the shipment just to initiate a formal dispute claim through *PACA* making this cost prohibitive and forcing Canadian exporters to walk away from these lost sales.

The implementation of a Canadian limited statutory deemed trust, operating similarly to the U.S. *PACA*, would effectively protect produce sellers during bankruptcy in Canada, bring our sector in line with the

¹ Source: Restaurants Canada, 2021.

intent of the super priority for farmers under the current *Bankruptcy and Insolvency Act*, and open the door to the reinstatement of preferential treatment under *PACA* when selling product to the U.S. In short, the implementation of a deemed trust mechanism for produce sellers provides an opportunity to address gaps in market stability, financial protection, trade and food security, with no cost to the government.

Particularly as we focus on Canada's economic recovery from the COVID-19 pandemic, it is crucial that we work to provide all possible safeguards for the food supply chain and protect one of our most essential sectors. **CPMA therefore recommends that all federal party platforms include a commitment to create a limited statutory deemed trust, similar to the U.S. *Perishable Agricultural Commodities Act*, to support needed liquidity and provide financial protection to produce sellers.**

Supporting a Sustainable Produce Sector

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 will be a key partner in tackling climate change and moving to a low-carbon economy.

Growers and others along the produce supply chain have led the way in adopting environmentally sustainable practices for many years, with benefits to carbon sequestration in Canada. **CPMA recommends that all federal party platforms include measures to provide reasonable and fair recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices, including in the development of any carbon offset credit system.**

Across the agri-food sector, ambitious targets are being set to reduce the environmental footprint of producing and supplying food. Proof of sustainability is increasingly required to compete at home and abroad in an industry that is expected to show progress toward environmental and other societal outcomes. Metrics and benchmarks are being increasingly deployed to operate, compete, and contribute to economic viability in this rapidly changing agri-food world.

Momentum is building to establish Canada's first agri-food sustainability index to demonstrate our country's rightful place as a leader of sustainable, safe and responsibly-produced food. A private-public coalition of over 40 diverse partners, including CPMA, has released the [*Business Case for Establishing the National Index on Agri-Food Performance*](#) to affirm Canada's agri-food leadership in a more demanding food world. The proposed National Index on Agri-Food Performance will provide an essential tool to benchmark Canada's food production against global best practices and environmental, social, and health priorities, and align with global sustainability frameworks. **CPMA recommends that all federal party platforms include a commitment to continue to provide federal government support for the National Index on Agri-food Performance and this critical engagement with stakeholders, to achieve our common sustainability goals and secure Canada's position as a global leader in agri-food sustainability.**

Finally, it is imperative that fresh fruit and vegetable producers have access to, and can utilize, products and processes that ensure the sustainability of the industry and support food security. Without these

tools, there can be unintended negative consequences on Canada's ability to meet our sustainability goals.

For example, it is estimated that 50% more Canadian farmland would be needed to grow what we do today without pesticides and biotech crops – a land area equivalent to the combined area of the provinces of New Brunswick, Nova Scotia and Prince Edward Island². Such increased land use that threatens natural habitats, wildlife and potentially biodiversity is of concern to the global community and could act as a barrier to Canada meeting its own terrestrial conservation targets. **CPMA therefore recommends that all federal party platforms include a commitment to take a holistic view of how supporting a sustainable agri-food industry complements environmental targets.**

Water supply and access are also becoming increasingly pressing issues for growers in other jurisdictions around the world, including prominently in the western United States, where historically low precipitation and high temperatures are threatening access to water for both urban and rural populations. While water supply has not yet become a significant challenge for Canadian agriculture, it is imperative that the Government of Canada proactively works to ensure that water management is integrated into all plans to meet Canada's sustainability targets, including in the sustainable production of food. The new Canada Water Agency can play an important role in this work and in engaging with industry stakeholders to ensure their water needs continue to be met. **CPMA strongly recommends that all party platforms commit to the development of a long-term strategy for sustainable water management for agriculture.**

Reducing Unnecessary and Problematic Plastics

The Canadian produce industry continues to be deeply engaged across all segments of the supply chain to reduce and mitigate the use of plastics. CPMA has deliberately taken a leadership role in this space through the work of our [CPMA Plastic Packaging Working Group](#) and partnership in the [Canada Plastics Pact](#) to assist the produce industry in navigating the highly complex goal of utilizing plastic packaging in the most economically and environmentally responsible means possible while also considering the food safety and food security implications of reducing the use of an essential technology for fresh produce.

Our work supports an environment of innovation and collaboration that the Government can harness and build upon to effectively reduce the use of unnecessary and problematic plastics. **CPMA recommends that all federal party platforms commit to work closely with industry to take a systems approach to find solutions to reduce plastic waste that are evidence-based, and include a combination of education, innovation, and effective recycling collection within communities across Canada.**

Through our work on reducing unnecessary and problematic plastics in the fresh produce sector, it has become clear that Canada also needs to address the challenge of fragmented collection systems across the country that do not effectively collect and recycle the materials currently in circulation that could be kept and utilized in the circular economy. Without this critical infrastructure in place, industry transitions to recyclable or compostable packaging materials will be rendered futile. **CPMA therefore strongly recommends that all federal party platforms include a commitment to provide federal leadership and funding to the development of harmonized, efficient and cost-effective recycling**

² Source: [CropLife Canada](#)

collection within communities across Canada, a commitment of utmost importance in supporting a circular economy.

Bridging the Labour Gap

The fresh fruit and vegetable industry relies upon thousands of workers coming into Canada as part of the Temporary Foreign Worker Program (TFWP) and the Seasonal Agricultural Worker Program (SAWP) in order to plant, cultivate, process, harvest and pack our products. The seasonal and labour-intensive nature of many growing operations means that Canadian horticulture relies more heavily on international workers than do other segments of agricultural production, with 43% of horticultural workers coming from outside Canada, (compared to 17% for the rest of agriculture), and 61% of horticultural farmers hiring foreign workers, (compared to 35% of the rest of agriculture).

Throughout the COVID-19 pandemic, the logistical challenges of bringing in employees through the TFW program have posed a considerable threat to food production, food security and the integrity of the food supply chain in Canada. Growers have taken decisive action and incurred significant added costs to follow public health protocols and ensure the health and safety of their workers – and these protocols are likely to remain in place for the foreseeable future, with an ongoing impact on domestic production. **CPMA recommends that all federal party platforms recognize the ongoing nature of increased costs growers are assuming due to the pandemic by committing to measures to help growers manage costs associated with housing reforms and health and safety requirements.**

From the farm gate to the dinner plate, businesses across the fresh fruit and vegetable supply chain have developed business plans and new procedures to address the spread of COVID-19. These operational changes are necessary to keep our essential supply chain open while fostering staff morale and keeping absenteeism low, but they have also led to an increase in operating costs that cannot sustainably be absorbed by our sector as public health protocols will remain in place for months to come. The Canada Emergency Wage Subsidy has been a critical support for many in the fresh produce sector in helping to manage these costs. **CPMA recommends that all federal party platforms include a commitment to maintain access to the Canada Emergency Wage Subsidy until the Public Health Agency of Canada has declared that the COVID-19 pandemic has ended.**

It is also important to note that, even prior to the COVID-19 pandemic, the labour gap in horticulture was becoming a crisis, expected to increase to 46,500 jobs by 2025 – the largest labour gap in the agricultural sector. Bridging the labour gap in the Canadian fresh fruit and vegetable industry is critical to ensuring our success in both the short and longer term. **CPMA therefore recommends that all federal party platforms include a commitment to improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program, including by working with source countries and implementing measures to further streamline the collection of biometrics as well as visa and work permit application processes.**

Strengthening Canada's Food System and Fostering Healthy Communities

CPMA supports the targets of the Food Policy for Canada to promote long-term social, environmental and economic sustainability of the Canadian food system and increase Canadians' consumption of safe and nutritious food. The newly-formed Food Policy Advisory Council has an important role to play in bringing stakeholders together from across the food system to ensure that the needs and priorities of all sectors are represented and to find workable solutions in a whole-of-government approach to strengthening Canada's food security. **CPMA recommends that all federal party platforms include a commitment to provide ongoing financial support to achieve the targets of the Food Policy for Canada and to support the work of the Food Policy Advisory Council.**

The COVID-19 pandemic has made healthy living even more important to Canadians. Still, we know that close to 80% of Canadians are not eating enough fruits and vegetables, resulting in an economic burden calculated at almost \$4.4 billion annually³. The health and socio-economic benefits of eating fresh produce are clear. CPMA's [Half Your Plate](#) campaign is working to increase fresh produce consumption in Canada, but more support is needed. **CPMA recommends that all federal party platforms include a commitment to support measures promoting the *Canada Food Guide* recommendation to fill *Half Your Plate* with fruits and vegetables.**

Increasing overall access to a variety of nutritious food for all Canadians, year-round, means supporting the entire agri-food value chain, including support for innovation in areas such as the storage, distribution and transportation sectors, resulting in better nutrient retention, reduction in food waste and lower prices for the consumer.

CPMA has worked with partners to develop an online [Waste Efficiency Tool](#) to address food waste and other efficiency challenges in the produce supply chain. We were also a proud partner in delivering the federal government's Surplus Food Rescue Program (SFRP). Working with Second Harvest, CPMA has purchased over \$10 million worth of surplus food from the produce, fish, seafood, meat and poultry sectors. In all, 1,121 agencies received food from our SFRP contract, with 23% delivered to northern and Indigenous communities, contributing to a 50% reduction in food insecurity in communities compared to projected forecasts.

Moving forward, the Government of Canada should continue to build upon the work of the Surplus Food Rescue Program and the Food Waste Reduction Challenge. **CPMA recommends that all federal party platforms commit to provide federal funding and resources to support the reduction of food loss and waste across the supply chain.**

Finally, a strong Canadian food system supports families, businesses and communities across the country. To support a robust food system, stakeholders across the agriculture sector, including the produce supply chain, are calling for the development of a Canadian Food Industry Code of Practice. Through our work with the [Canadian Food Industry Collaborative Alliance](#), CPMA has been working to advocate for a model that is developed by and for the Canadian agri-food sector. **CPMA recommends that all federal party platforms include a commitment to support an industry-led, collaborative and inclusive process through which industry stakeholders can design a Food Industry Code of Practice that meets the unique needs of Canada's food system.**

³ Source: *Krueger Report*, 2016

Fueling our Competitiveness through Innovation and Infrastructure

A strong and growing Canadian produce industry will depend on our ability to leverage innovation. Agriculture, including the fresh produce industry, has the potential to act as the backbone of Canada's economic recovery from the COVID-19 pandemic, but more investment is needed to support our sector's growth. A [2019 RBC report](#) found that Canada's share of global AgTech investment is only 3.4%, falling behind countries such as Brazil and India. **CPMA recommends that all federal party platforms commit to providing innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster the industry and foster our ongoing competitiveness.**

Planning for COVID-19 recovery must also include looking at how the business environment may change permanently. One example is the marked acceleration of trends towards online purchasing, delivery and curbside pick-up. Recent surveys have found that 2.7 million Canadians intend to shop for groceries online post-pandemic⁴ and nearly 50% would be interested in shopping at an online farmers' market⁵. These trends pose great opportunities for fresh produce businesses in communities across Canada that are able to adapt and build their presence online.

The growth of e-commerce and increased government digitization efforts make access to broadband internet and cell phone coverage even more important. As noted by the [Agri-Food Economic Strategy Table](#), the lack of digital infrastructure remains a major roadblock to innovation for many growers and other businesses in the fresh produce industry. **Particularly in light of the significant market shifts resulting from the COVID-19 pandemic, CPMA recommends that all federal party platforms include a commitment to support small- and medium-sized businesses making the shift to digital and to ensure sufficient, dedicated funding to support the rapid expansion of high-speed internet infrastructure and cell phone service coverage so that all Canadians and Canadian businesses have access to the digital infrastructure they need.**

At the same time, it is essential that rural communities across Canada see investments in critical infrastructure to support their economic development now and into the future. **CPMA recommends that all federal party platforms commit to delivering sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, and service infrastructure, such as waste management.**

Promoting Canadian Produce through Global Trade

To ensure the ongoing viability of the food system and support Canada's economic recovery from the COVID-19 pandemic, we need a strong domestic and global strategy. 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.

International standardization between government bodies is critical to the success of Canadian industry, particularly to the fresh produce sector, which is one of the most global supply chains in the world. 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, to remove unnecessary and costly duplication and support the

⁴ Source: Abacus Data, 2021.

⁵ Source: Caddle, 2021.



competitiveness of Canadian products in the international marketplace. **CPMA recommends that all federal party platforms commit to dedicating federal government resources to advance Canada's free and fair trade agenda and enable further expansion of mutual recognition efforts with other key trading countries.**

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. The high volume and perishability of fruits and vegetables means that longer dwell times at ports can not only delay delivery and increase costs for industry, but can also result in lost sales, product spoilage, and ultimately food waste. Therefore, the smooth flow of our essential products through Canada's ports is critical not only to our sector's ongoing competitiveness and economic success, but also to supporting food security in communities across the country. **CPMA recommends that all federal party platforms include a commitment to support measures to enhance government oversight of Canada's ports and to help businesses more seamlessly access international markets through our commercial border.**

Ensuring Meaningful Consultation to Achieve Effective Regulatory Modernization

CPMA supports the Government of Canada's ongoing efforts towards regulatory modernization, which is necessary to maintain and strengthen the fresh produce industry's global competitiveness. Regulatory reform that supports future innovations, while avoiding uniquely Canadian regulatory requirements, would reinforce the ability of the fresh produce industry to meet the challenges of moving to a low carbon economy and contribute to our competitiveness, now and in a post-pandemic world.

A collaborative approach to find workable solutions for industry and government is the backbone to success for regulatory and policy compliance. 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. **CPMA recommends that all federal party platforms commit to undertake a comprehensive review of the regulatory modernization process to 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.**

For more information on the Canadian Produce Marketing Association and our policy priorities, please contact Shannon Sommerauer, Director of Government Relations, at ssommerauer@cpma.ca.