



FARM TO PLATE

Produce and Politics

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#Farmtoplate

CPMA
CANADIAN PRODUCE
MARKETING ASSOCIATION

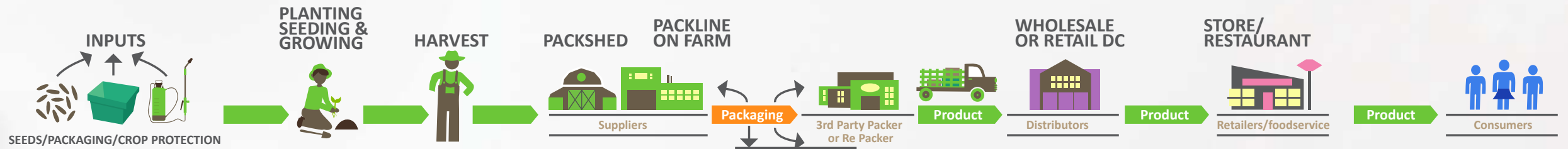


FARM TO PLATE 2021

From the farm gate to the dinner plate, the fruit and vegetable supply chain is a major contributor to Canada's GDP and job creation from coast to coast to coast. As we mark the UN International Year of Fruits and Vegetables in 2021, we are proud to provide Canadians and families around the world with safe, nutritious food products that offer tremendous health benefits.

The COVID-19 global pandemic has brought unprecedented challenges to Canadian businesses and supply chains, and the fresh produce industry has been no exception. To bolster Canada's economic recovery, strengthen food security across the country, and make it easier to fill Half Your Plate with fruits and vegetables, it is imperative that the federal government provides the necessary supports to ensure a sustainable fresh fruit and vegetable industry.

The graphic below illustrates the Canadian fresh fruit and vegetable supply chain. Our organizations are pleased to share some of our priorities for government action to position each link in the fresh produce supply chain to succeed now and in a post-pandemic world.



Labour	✓	✓	✓	✓	✓	✓	✓	✓
Sustainability	✓	✓	✓	✓	✓	✓	✓	✓
Trade & Market Access	✓	✓	✓	✓	✓	✓	✓	✓
Innovation & Infrastructure		✓	✓	✓	✓	✓		✓
COVID-19 Recovery Support	✓	✓	✓	✓		✓		✓
Agriculture & Agri-Food Data Strategy	✓	✓			✓	✓		✓
Regulatory Burden & Ensuring Meaningful Consultation	✓	✓	✓		✓	✓		✓
Business Risk Management		✓	✓					
Financial Protection for Produce Sellers				✓	Impact felt		✓	Impact incurred
Crop Protection	✓	✓						



BACKGROUND – WHY IT MATTERS

- Crop protection tools, such as pesticides, biopesticides and beneficial organisms, are essential to the fresh produce industry to ensure not only crop health, but also the safety of Canadians and Canada's overall food security. These tools are used to control diseases, insect pests, weeds, and invasive species that affect the quality and availability of Canadian-grown fruits and vegetables.
- The Pest Management Regulatory Agency (PMRA) is responsible for regulation, registration and re-evaluation of all active ingredients in crop protection products. Products are thoroughly evaluated in pre- and post-market assessments for environmental and human health safety.
- The fruit and vegetable industry supports a modernized approach to the regulatory work of the PMRA. The PMRA must have up-to-date data to support continued science-based regulatory decisions.
- The Pest Management Centre (PMC) under Agriculture and Agri-Food Canada (AAFC) has successfully demonstrated its ability to work with fruit and vegetable growers on challenging pest management issues.
- The PMC's grower-supported Minor Use Program has helped register over 2,300 new applications of crop protection products since 2003. The Pesticide Risk Reduction program has been another core activity of PMC, with the important mandate of developing innovative alternative management solutions for agricultural pests.
- As crop protection products and uses are cancelled in PMRA re-evaluation assessments, the PMC can play a critical role in finding suitable pest management alternatives to support the competitiveness of Canadian growers. However, the PMC has not seen a budgetary increase in more than a decade.
- Over 340 PMRA re-evaluations and special reviews are either underway or will commence in the next five years. Without the necessary resources to conduct thorough scientific reviews and to make science- and data-based conclusions, decisions can be made that will be detrimental to growers and the Canadian economy.

ACTION REQUIRED

- Grant the PMC a critically needed \$5 million budget increase, with appropriate inflationary increases yearly, to both support new uses of crop protection products and pest management strategies, and address the supporting research backlog caused by the COVID-19 pandemic.
- Increase essential funding for the PMRA and its initiatives, most especially the newly developed Integrated Approach to re-evaluations.
- Provide immediate funding to the PMRA to administer a national water monitoring program for pesticide residues in order to provide critical and robust information for risk assessments and trend analysis. As the Canada Water Agency is developed, Environment and Climate Change Canada must work closely with AAFC and PMRA to meet the long term needs of Canadian growers.

- Take immediate steps to establish a limited statutory deemed trust that protects produce growers and sellers during bankruptcy in Canada.
- Adopt the draft *Fresh Fruit and Vegetable Products Protection Act*, written by Ronald C.C. Cuming, an expert in Canada's bankruptcy laws. The Act would be administered by the Minister of Agriculture and Agri-Food as complementary legislation to the *Bankruptcy and Insolvency Act* (BIA).
- Upon introduction of the legislation, request the reinstatement of Canadian preferential access to PACA by the U.S. Department of Agriculture.



Restaurants Canada has reported that more than **10,000 restaurants** across Canada have permanently **closed their doors** over the past year – and these numbers are expected to climb as government support programs wind down.

BACKGROUND – WHY IT MATTERS

- 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.
- Unfortunately, the COVID business environment has driven businesses into bankruptcy and will continue to do so over the next two years. This will lead to financial impacts along the produce supply chain, and ultimately for fruit and vegetable growers.
- 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. Furthermore, 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.
- 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.



BACKGROUND – WHY IT MATTERS

- The fresh fruit and vegetable industry relies on thousands of workers coming into Canada as part of the Temporary Foreign Worker (TFW) Program and the Seasonal Agricultural Worker Program (SAWP) in order to plant, cultivate, process, harvest and pack our products.
- 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.
- 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 farms hiring foreign workers, (compared to 35% of the rest of agriculture). Our sector is therefore acutely impacted by any changes to the requirements of the TFW Program or additional protocols required in response to COVID-19.
- 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. While the Mandatory Isolation Support Program for Temporary Foreign Workers (MISTFWP) has been extended, the reduction in its value leaves uncertainty about the ongoing impact of these costs on domestic production.
- From the farm gate to the dinner plate, the fresh fruit and vegetable industry has 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 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.

ACTION REQUIRED

- In both the short and longer term, work to improve service standards and processing times for applications under the SAWP and the Agricultural Stream of the TFW Program, including by ensuring that ESDC and IRCC have sufficient resources to efficiently manage the flow of incoming employees for 2021.
- Recognize the ongoing nature of increased costs growers are assuming because of the pandemic, and provide additional funding to compensate for the reduced value of the MISTFWP.
- Expand funding available through the Emergency On-Farm Support Fund to help growers manage costs associated with housing reforms and health and safety requirements.
- Work with source countries to implement measures to streamline the collection of biometrics and improve the visa and work permit application processes.
- Maintain access to the Canada Emergency Wage Subsidy until the Public Health Agency of Canada has declared that the COVID-19 pandemic has ended. The CEWS has been a critical support for many in the fresh produce sector.



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. Partnerships with federal and provincial governments can position the industry for long-term sustainability as we strive to recover from the economic impacts of the COVID-19 pandemic.
- Canada has been fortunate that the worst-case scenarios for our food supply have not been realized during the pandemic, but this renewed focus on our food supply chain is an opportunity to better understand the instrumental role our food system plays in a healthy economy and population.
- 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.
- 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.
- Addressing the challenges of food loss within the supply chain and consumer food waste is essential.
- Packaging plays an important role in protecting the safety and integrity of our food and in reducing food waste by extending the shelf life of many products.
- 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

- Work with provincial partners and industry to evaluate the impact of COVID-19 on the food system and assess how it was managed during the pandemic, to ensure the Canadian food system is stable and working effectively to address future crises.
- 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.
- 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.
- 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.
- Work with our sector to find evidence-based solutions 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, and a cohesive federal-provincial-territorial framework to address systems challenges in collection, recycling and composting programs.
- Commit to putting in place dedicated funding for industry research and innovation to facilitate the transition away from unnecessary and problematic plastics towards more sustainable and environmentally friendly options.
- 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

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 today proud to represent 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
Canadian Horticultural Council

The Canadian Horticultural Council (CHC) 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 \$5.4 billion in 2019. Since 1922, CHC 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 CHC's policy priorities, contact Jordan Boswell, Acting Manager, Policy Research and Development, at jboswell@hortcouncil.ca.

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