



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **FEEDING THE WORLD: STRENGTHENING CANADA'S CAPACITY TO RESPOND TO GLOBAL FOOD INSECURITY**

**Report of the Standing Committee on Agriculture and  
Agri-Food**

**Kody Blois, Chair**

**APRIL 2023  
44th PARLIAMENT, 1st SESSION**

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**Kody Blois  
Chair**

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### **Reports from committees presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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# **THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD**

has the honour to present its

## **EIGHTH REPORT**

Pursuant to its mandate under Standing Order 108(2), the committee has studied global food insecurity and has agreed to report the following:





# TABLE OF CONTENTS

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SUMMARY.....	1
LIST OF RECOMMENDATIONS .....	3
FEEDING THE WORLD: STRENGTHENING CANADA'S CAPACITY TO RESPOND TO GLOBAL FOOD INSECURITY.....	11
Introduction.....	11
Russia's Illegal Invasion of Ukraine.....	11
Labour.....	13
Primary Production.....	13
Food and Beverage Processing .....	14
A Long-Term Labour Strategy for the Canadian Agriculture and Agri-Food Sector .....	15
Canada's Regulatory Approval Process .....	15
Financial Stability.....	17
Cost Increases .....	17
Farm Debt and Rising Interest Rates.....	18
Restoring Canadian Access to the United States' <i>Perishable Agricultural         Commodities Act</i> .....	19
Environmental Sustainability .....	20
Payments for Ecosystem Services.....	21
Fertilizer.....	22
Fertilizer Supply and Production.....	22
Fertilizer Use.....	24
Local Food Infrastructure.....	25
Increasing Domestic Processing.....	26
Protecting Farmland .....	28
Food Loss and Waste .....	28

Greenhouse Sector .....	29
Innovation .....	29
Importance of Innovation .....	29
Automation .....	30
Federal Investments in Innovation .....	31
Infrastructure.....	32
Rail Transportation .....	32
Port Infrastructure.....	33
National Supply Chain Task Force .....	34
Trade .....	35
Rules-Based Trade System .....	35
Limiting Non-Tariff Barriers .....	36
International Assistance .....	37
Humanitarian Aid.....	38
Strengthening Capacity .....	39
Conclusion .....	40
APPENDIX A LETTER TO THE MINISTER OF AGRICULTURE AND AGRI-FOOD .....	43
APPENDIX B LIST OF WITNESSES .....	53
APPENDIX C LIST OF BRIEFS.....	57
REQUEST FOR GOVERNMENT RESPONSE .....	59

## SUMMARY

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In 2022, the United Nations Food and Agriculture Organization (FAO) warned that the international community is “moving backwards” in its efforts of ending world hunger and malnutrition. This situation is further clouded by Russia’s illegal invasion of Ukraine, which is a major supplier of grain to developing countries and is now struggling to export its agricultural products.

From 6 June to 20 June 2022, the Committee held three meetings aimed at understanding as quickly as possible what immediate measures Canada could implement to support the Ukrainian agriculture sector and strengthen global food security. The Committee’s recommendations were compiled in a letter to the Minister of Agriculture and Agri-Food which is attached to this report.

This report reiterates the need to support Ukraine, such as by monitoring supply chains to detect grain stolen from Ukrainian farmers in Russian-occupied territories. It focuses on the evidence heard between 28 September and 16 November 2022, which was aimed at identifying ways to unlock Canada’s potential to meet global food demand. The report identifies barriers that compromise Canada’s ability to further meet global demand.

The witnesses discussed the need to address the labour shortage particularly affecting the agriculture and food processing sector, as this is one of the biggest impediments to growth in the sector. They also stressed the importance of streamlining regulations, supporting innovation, and establishing or strengthening mechanisms to ensure the financial stability of farm businesses. Witnesses also highlighted the importance of Canadian farmers having the tools necessary to navigate climate change challenges and to continue the progress they have made in increasing their production while keeping greenhouse gas emissions associated with their operations low.

The report identifies the factors that compromise food supply chain fluidity. In order to get agricultural commodities to export markets, the Government of Canada should pay close attention to improving rail and port infrastructure and should make protecting international market access and rules-based trade a priority. It also stresses the importance of developing resilient local food infrastructure by strengthening local food systems and building regional processing capacity to ensure Canada’s food security.

Finally, in addition to making its products available in markets, Canada must contribute to international assistance for countries facing food crises as part of its foreign policy.

Witnesses emphasized the importance of direct humanitarian assistance as the last defence for dealing with food crises, but stressed the importance of not neglecting capacity building in vulnerable countries to help make them more resilient to future crises.

# LIST OF RECOMMENDATIONS

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*As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.*

## **Recommendation 1**

**The Committee recommends that the Government of Canada work with its NATO allies to support Ukraine in achieving the following objectives:**

- **Reviewing the security of Ukrainian supply chains at all points to reduce the risk of early sabotage and theft;**
- **Assisting with the deactivation and safe disposal of land mines on Ukrainian soil; and**
- **Monitoring and tracking shipments of grain stolen from Ukrainian farmers and applying targeted sanctions against those responsible for the theft. .... 12**

## **Recommendation 2**

**The Committee recommends that the Government of Canada make concrete changes to its temporary foreign worker programs to decrease wait times and paperwork by:**

- **Streamlining the Labour Market Impact Assessment process so that workers on farms, in processing plants, and throughout the agricultural production chain can arrive in Canada in a timelier fashion, notably through the introduction of a Trusted Employer Model; and**
- **Ensuring that temporary foreign workers employed in agriculture and food manufacturing cannot be recruited by businesses in other sectors once they arrive in Canada..... 14**

**Recommendation 3**

The Committee recommends that the Government of Canada work with the provinces and territories—in partnership with stakeholders from agriculture, industry, and labour—to expedite the completion of its National Agricultural Labour Strategy while acknowledging existing federal-provincial labour agreements. .... 15

**Recommendation 4**

The Committee recommends that the Government of Canada expedite the publication of its clarified guidelines for the regulation of products of plant breeding innovation, while considering the concerns of the organic sector. .... 17

**Recommendation 5**

The Committee recommends that the Government of Canada review the legislation and regulations on norms of reciprocity to ensure that foreign products have the same quality and safety levels as local products. .... 17

**Recommendation 6**

Keeping in mind that global food security in the long run rests on the shoulders of the next generations of farmers, the Committee recommends that the Government of Canada, while respecting provincial competences:

- Explore ways to address the mental health of workers in the agricultural and agri-food sector, notably by adjusting the mandate of Farm Credit Canada to require it to fund mental health support and prevention programs on an ongoing basis, and that it re-examine the recommendations made in the Standing Committee on Agriculture and Agri-Food’s 16<sup>th</sup> report of the 42<sup>nd</sup> Parliament entitled “Mental Health: A Priority for Our Farmers;” and
- Clarify the application of the *Income Tax Act*’s provisions regarding the intergenerational transfer of farms..... 19

**Recommendation 7**

The Committee recommends that the Government of Canada implement a statutory deemed trust or a protection program for fruit and vegetable growers in the event of a buyer’s bankruptcy to ensure that these producers have access to the U.S. *Perishable Agricultural Commodities Act (PACA)*. ..... 20

**Recommendation 8**

The Committee recommends that the Government of Canada accelerate the completion of a Canada-wide inventory of grasslands and wetlands. .... 21

**Recommendation 9**

The Committee recommends that the Government of Canada:

- Review its tariff policy on fertilizer imports from Russia in light of the evolving situation in Ukraine and in the context of food security and look at ways to return the funds collected back to farmers under the *Most-Favoured-Nation Tariff Withdrawal Order (2022-1)*; and
- Explore ways to stimulate Canada’s production of fertilizer to reduce its dependence on foreign suppliers. .... 23

**Recommendation 10**

The Committee recommends that the Government of Canada:

- Recognize that Canadian agricultural producers are leading the world in the efficient use of fertilizers and that it not proceed with any mandatory fertilizer emissions reduction policy that would jeopardize farmers’ yields, but instead encourage them to implement best nutrient management practices such as the 4R Program; and
- Examine opportunities to fund research and development and further innovation in the use of fertilizer in agriculture. .... 25

**Recommendation 11**

The Committee recommends that the Government of Canada increase its support to local and regional food system sustainability such as by encouraging:

- The development of small-scale community-based food systems;
- The building of local processing capacity, including regional slaughter capacity; and
- The development and expansion of initiatives aiming to strengthen food security such as the Local Food Infrastructure Fund..... 27

**Recommendation 12**

The Committee recommends that the Government of Canada take the following actions in response to the issues facing meat processors:

- Remove interprovincial trade barriers through the harmonization of provincial standards, in cooperation with provincial and territorial governments; and
- Work with relevant stakeholders to update as soon as possible Part I.1 of the *Animal Health Regulations* on specified risk material to reflect the decision made in 2021 by the World Organization for Animal Health to change Canada’s bovine spongiform encephalopathy status to “negligible.” ..... 27

**Recommendation 13**

The Committee recommends that the Government of Canada:

- Update and promote its guiding documents to combat the spread of animal illnesses such as the avian flu, African swine fever, foot-and-mouth disease and other infectious diseases; and



- **Ensure that the Canadian Food Inspection Agency and the Canadian Border Service Agency have the necessary resources available to monitor our borders and to be able to respond swiftly to investigate and contain an outbreak once it has been detected..... 27**

**Recommendation 14**

**The Committee recommends that the Government of Canada increase its fight against food waste including by reinstating the Surplus Food Rescue Program in the short-term. .... 29**

**Recommendation 15**

**The Committee recommends that the Government of Canada engage in discussions with the provinces and territories with a view to implementing measures both to encourage short supply chains and value-added products and to promote cooperation between various sectors to dispose of “agricultural waste” in order to reduce food waste. .... 29**

**Recommendation 16**

**The Committee recommends that the Government of Canada recognize that climate change is a major risk factor for food insecurity and that Canada must do more not only to reduce its own emissions but also to help other countries do so in a sustainable way by sharing next-generation technologies..... 31**

**Recommendation 17**

**The Committee recommends that the Government of Canada develop climate change adaptation programs for producers and processors by promoting research in the following areas:**

- **Genetic engineering, where research must be done in a transparent and serious manner, taking into account the precautionary principle, in order to ensure the safety of Canadian and Quebec products;**
- **Agricultural machinery, where innovations would increase productivity in the sector and alleviate the chronic labour shortage;**

- Information technology, taking into account Internet and cellular access in rural areas and innovative agricultural practices; and
- Low- and renewable-energy-based farming. .... 31

**Recommendation 18**

The Committee recommends that the Government of Canada, in cooperation with the provinces and territories:

- Implement the immediate response actions and long-term strategic actions contained in the Final Report of the National Supply Chain Task Force;
- Reduce bottlenecks and other obstacles to the flow of food commodities to limit their impacts on perishable food, acknowledging that vast amounts of money have already been invested through the National Trade Corridors Fund;
- Encourage investments in the rail system to promote the movement of goods at a lower cost and, more significantly, with a smaller carbon footprint; and
- Coordinate joint action between the Department of Agriculture and Agri-Food and the Department of Transport to ensure the availability of containers for inputs and exports and that it apply relevant competition legislation in this area. .... 35

**Recommendation 19**

The Committee recommends that the Government of Canada:

- More effectively enforce provisions in existing free trade agreements, such as the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* and the *Canada-United States-Mexico Agreement*, to improve Canadian producers’ access to foreign markets and reduce non-tariff trade barriers to Canadian agricultural products; and

- Pursue policies that promote Canadian agricultural and agri-food exports internationally, notably by encouraging the reciprocity of norms. .... 37

**Recommendation 20**

The Committee recommends that the Government of Canada increase its contribution to global food assistance for countries which are facing a food crisis, particularly those reliant on imports from Ukraine or Russia. .... 38

**Recommendation 21**

The Committee recommends that the Government of Canada protect the supply management system and consider ways its international development programming can promote the exchange of lessons learned in the areas of production and price stability with farmers in developing countries. .... 40

**Recommendation 22**

The Committee recommends that the Government of Canada work with international partners and target its international assistance marked for food security to climate-resilient and science-based agricultural development, including agroecological designs, techniques, and principles. .... 40





# FEEDING THE WORLD: STRENGTHENING CANADA'S CAPACITY TO RESPOND TO GLOBAL FOOD INSECURITY

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## INTRODUCTION

In its [2022 report](#) on world food security, the United Nations Food and Agriculture Organization (FAO) warns that the international community is “moving backwards” in its efforts to achieve the [Sustainable Development Goal](#) of ending world hunger and malnutrition by 2030. While the number of people affected by hunger remained below 650 million between 2015 and 2019, it has increased by nearly 150 million over the course of the COVID-19 pandemic. The [World Food Programme](#) estimates that the number of people experiencing acute food insecurity, the most severe level of hunger, has further increased following the war in Ukraine.

As a major food exporter, Canada has a role to play in addressing global food insecurity. From this perspective, the House of Commons Standing Committee on Agriculture and Agri-Food (the Committee), decided on 30 May 2022 to undertake a study on Canada’s “ability to address global food insecurity as well as the short-term and long-term options to enhance resiliency and reduce dependency towards critical foreign inputs,” particularly in the context of Russia’s illegal invasion of Ukraine. The Committee was looking for solutions to unlock Canada’s potential to respond to the global demand for food based on testimony from agriculture sector representatives, experts, public officials, and representatives from international organizations. In total, the Committee held 10 meetings on this topic, heard 52 witnesses, and received seven briefs between 6 June and 16 November 2022.

## Russia’s Illegal Invasion of Ukraine

The three meetings held by the Committee from 6 June to 20 June 2022 were focused on understanding how the war would affect food security in Ukraine and the rest of the world in the short term, with a view to understanding as quickly as possible what immediate measures Canada could implement to support the Ukrainian agriculture sector and strengthen global food security. Mykola Solskyi, Ukrainian Minister of Agrarian Policy and Food; members of the Ukrainian Parliament, the Verkhovna Rada; and representatives of Ukrainian civil society appeared before the Committee during these meetings.



Following these meetings, the Committee wrote an [open letter](#) to the Canadian Minister of Agriculture and Agri-Food and other federal ministers to make specific recommendations addressing the direct consequences of the war in Ukraine. Recommendations included making diplomatic efforts to unblock Ukrainian ports, sending additional grain storage options from Canada to Ukraine, and providing increased Canadian military support to help Ukraine win the conflict as soon as possible to re-establish Ukraine's ability to supply global markets. A copy of this letter is attached as an appendix to this report. The Committee thanks the Minister for her response to the Committee regarding the recommendations in the letter.

However, the Committee would like to reiterate that many of the issues outlined in this letter persist. The demining of Ukraine's agricultural land and infrastructure could take years. Although Ukraine and Russia have reached an agreement regarding the shipment of Ukrainian grain through Black Sea ports, this agreement remains fragile, as evidenced by Russia's decision to suspend its application between October 29 and November 2, 2022.<sup>1</sup> Similarly, Russia continues to export grain from areas of Ukraine occupied by its armed forces.<sup>2</sup>

### **Recommendation 1**

**The Committee recommends that the Government of Canada work with its NATO allies to support Ukraine in achieving the following objectives:**

- **Reviewing the security of Ukrainian supply chains at all points to reduce the risk of early sabotage and theft;**
- **Assisting with the deactivation and safe disposal of land mines on Ukrainian soil; and**
- **Monitoring and tracking shipments of grain stolen from Ukrainian farmers and applying targeted sanctions against those responsible for the theft.**

The remainder of this report focuses on how Canada could increase its food production capacity to meet the growing global demand. The Committee would like to reiterate its strong support for Ukraine in this crisis and promote strong Canadian leadership to help

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1 Reuters, [Putin: We could quit grain deal again, but would not block grain for Turkey](#), 2 November 2022.

2 Jared Malsin et al., ["Ships Linked to Russia's Biggest Grain Exporter Moved Stolen Ukrainian Cargo,"](#) *The Wall Street Journal*, 1 December 2022.

Ukraine stand up to the Russian aggression and rebuild its agriculture and agri-food sector so that it can fulfill its key role in maintaining global food security.

## LABOUR

Witnesses told the Committee that sectors throughout Canada's agricultural supply chain, including the primary production, processing, and transport sectors, are experiencing considerable labour shortages. Witnesses explained that, in many cases, difficulties recruiting and retaining workers prevent farms and firms in the supply chain from increasing their production and fulfilling their full potential.

### Primary Production

According to Statistics Canada, the average job vacancy rate in the crop production sector in 2021 was 8.8%, compared to 4.6% for all sectors.<sup>3</sup> Primary agricultural producers rely heavily on the federal Temporary Foreign Worker (TFW) Program to address labour shortages in their sector. Statistics Canada also reports that, in 2021, Canadian farmers hired 61,735 temporary foreign workers, or approximately one-quarter of all agricultural workers, an increase of 11.9% from the year before.<sup>4</sup>

To participate in the TFW Program, employers must obtain a [Labour Market Impact Assessment](#) from Employment and Social Development Canada through Service Canada. This process must be completed for each individual worker. Several witnesses explained that participation in the TFW Program imposes a substantial administrative burden on employers, particularly small producers, who devote considerable time to collecting information and completing the required paperwork.<sup>5</sup> [Charles Stevens](#), Chair of the Board of the Ontario Fruit and Vegetable Growers' Association, also noted that the program's administrators have increased the number of participant audits in recent years, placing additional time requirements on farmers. Witnesses called for the federal government to simplify and streamline application requirements to reduce the program's administrative burden on employers.<sup>6</sup>

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3 Statistics Canada, [Agriculture and agri-food labour statistics](#), *The Daily*, 13 June 2022.

4 Ibid.

5 Standing Committee on Agriculture and Agri-Food [AGRI], *Evidence*, [Ron Lemaire](#) (President, Canadian Produce Marketing Association[CPMA]) and [David Tougas](#) (Coordinator, Business Economics, Union des producteurs agricoles [UPA]).

6 AGRI, *Evidence*, [Ron Lemaire](#) (CPMA), [David Tougas](#) (UPA), and [Kathleen Sullivan](#) (Chief Executive Officer, Food and Beverage Canada).



## Recommendation 2

The Committee recommends that the Government of Canada make concrete changes to its temporary foreign worker programs to decrease wait times and paperwork by:

- Streamlining the Labour Market Impact Assessment process so that workers on farms, in processing plants, and throughout the agricultural production chain can arrive in Canada in a timelier fashion, notably through the introduction of a Trusted Employer Model; and
- Ensuring that temporary foreign workers employed in agriculture and food manufacturing cannot be recruited by businesses in other sectors once they arrive in Canada.

## Food and Beverage Processing

[Kathleen Sullivan](#), Chief Executive Officer of Food and Beverage Canada, called labour shortages the “most serious issue” facing Canadian food and beverage manufacturers, noting that the sector faces an overall job vacancy rate of 20%. [Ron Lemaire](#), President of the Canadian Produce Marketing Association, similarly explained that the biggest labour challenge in the fresh fruit and vegetable sector was not on farms, but in the warehouses and packing facilities that help to bring its products to market.

According to Statistics Canada, the food and beverage manufacturing sector sought to partially address this labour shortage by hiring 30,695 temporary foreign workers, roughly one-tenth of its workforce, in 2021.<sup>7</sup> In April 2022, the federal government identified food manufacturing as a sector with demonstrated labour shortages and increased the cap on low-wage TFWs eligible to work at a specific work location from 20% to 30%.<sup>8</sup>

[Kathleen Sullivan](#) explained that her sector was primarily looking to foreign workers, including TFWs and new Canadians, to address short-term vacancies. While she welcomed the federal government’s recent changes to the TFW process, as well as its recent [announcement](#) on its increases to Canada’s immigration targets, she noted that immigration alone would not solve the processing sector’s long-term worker shortages as current immigration streams do not always correspond to its labour needs. [She](#) also

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7 Statistics Canada, *Temporary foreign workers in the agriculture and agri-food sectors, by industry*.

8 Employment and Social Development Canada, [Government of Canada announces Workforce Solutions Road Map—further changes to the Temporary Foreign Worker Program to address labour shortages across Canada](#), News release, 4 April 2022.



highlighted that the sector faces a “massive skills gap” requiring it to train and attract more workers in the skilled trades.

## **A Long-Term Labour Strategy for the Canadian Agriculture and Agri-Food Sector**

[Evan Fraser](#) explained that addressing the agricultural labour shortage requires rethinking the way agricultural students are trained and how the sector is depicted to young people considering their career options:

[I]f we want to produce the food, we have to train the right people, and this requires us to address the labour shortage. This means we have to train people, encourage young people to come into agriculture[...]. Agriculture is part of the innovation economy, and we need investment in our curriculum of skills that we train people with. If Canada wants to expand our exports in the long term, we need a technologically savvy workforce who are ready to drive innovation.

Several witnesses testifying before the Committee explained that they are participating in an initiative—jointly led by the Canadian Agricultural Human Resource Council, the Canadian Federation of Agriculture, and Food and Beverage Canada—to develop a sectoral labour strategy for the agriculture and food processing industries.<sup>9</sup> This strategy aims to develop long-term plans to address job vacancies and develop required skills among workers. Witnesses who are participating as stakeholders in the drafting of this strategy encouraged the federal government to support its development and help implement its recommendations.

### **Recommendation 3**

**The Committee recommends that the Government of Canada work with the provinces and territories—in partnership with stakeholders from agriculture, industry, and labour—to expedite the completion of its National Agricultural Labour Strategy while acknowledging existing federal-provincial labour agreements.**

## **CANADA'S REGULATORY APPROVAL PROCESS**

Witnesses emphasized that Canada's regulatory system, with its reputation for reliability and high food safety standards, has been an important part of Canadian agriculture's

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9 AGRI, *Evidence*, [Scott Ross](#) (Executive Director, Canadian Federation of Agriculture[CFA]), [Ryder Lee](#) (Canadian Cattle Association), and [Kathleen Sullivan](#) (Food and Beverage Canada).



success in international markets.<sup>10</sup> Some witnesses expressed concern, however, with the slow pace and complexity of Canada's regulatory approval process for innovative agricultural and food products, particularly compared to its international counterparts.

Several witnesses described Canada's regulatory approval process as overly complex with often unpredictable lags in the consideration process. They called for reforms to make the regulatory process more predictable and responsive to producers and firms seeking to implement innovative methods or technologies.<sup>11</sup> Several witnesses called for the Government of Canada to examine its regulatory approval process to ensure its harmonization with other countries so that Canadian agriculture is not at a competitive disadvantage.<sup>12</sup>

[Steve Webb](#), Chief Executive Officer of the Global Institute for Food Security, noted, for example, that while Health Canada had approved gene-edited plant products under the *Novel Food Regulations* in May 2022, the sector was still waiting for approval from the Canadian Food Inspection Agency to use this technology. He estimated that Canada was a decade behind the United States (U.S.) in implementing this innovative food production method.

[Russel Hurst](#), Executive Director of the Ontario Agri-Business Association, noted the importance of predictable regulatory consideration timelines to allow firms to better develop long-term investment plans. [Dr. Steve Webb](#) called for Canadian regulatory bodies to adopt a more interactive and collaborative approach to product approvals, including having better communications with stakeholders throughout the process and providing firms with clearer timelines for the different steps involved in the process to improve predictability.

Witnesses also stressed that regulatory approval bodies should base their decisions on scientific evidence.<sup>13</sup> [Chris Davison](#), Vice-President of Stakeholder and Industry Relations at the Canola Council of Canada, explained that science-based and evidence-based

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10 AGRI, *Evidence*, [Steve Webb](#) (Chief Executive Officer, Global Institute for Food Security [GIFS]) and [William Greuel](#) (Chief Executive Officer, Protein Industries Canada [PIC]).

11 AGRI, *Evidence*, [Steve Webb](#) (GIFS), [Chris Davison](#) (Vice-President, Stakeholder and Industry Relations, Canola Council of Canada), [Scott Ross](#) (CFA).

12 AGRI, *Evidence*, [Chris Davison](#) (Canola Council of Canada), [William Greuel](#) (PIC), [Claire Citeau](#) (Executive Director, Canadian Agri-Food Trade Alliance), and [Tyler McCann](#) (Managing Director, Canadian Agri-Food Policy Institute).

13 AGRI, *Evidence*, [Jean-Marc Ruest](#) (Senior Vice-President, Corporate Affairs and General Counsel Richardson International Limited), [Mark Walker](#) (Vice-President, Markets and Trade, Cereals Canada), [Steve Webb](#) (GIFS), [Chris Davison](#) (Canola Council of Canada), and [Dennis Prouse](#) (Vice-President, Government Affairs, CropLife Canada).

regulations are essential to ensure that Canadian farmers have access to the tools necessary to increase their long-term output as they navigate what he called an “increasingly challenging production landscape.”

[Ian Affleck](#), Vice-President of Biotechnology at CropLife Canada, noted that the Government of Canada had recently paused its review of proposed increases to pesticide maximum residue limits<sup>14</sup> in the face of what he called “public questions and considerations” over pesticides. While he acknowledged that the public had questions about such decisions, he also stated his view that pausing an internationally aligned, science-based review was not an appropriate response. He encouraged the federal government to increase its public engagement on innovative agricultural methods such as pesticide levels, genetically modified organisms (GMOs), and gene editing to help regulators complete science-based reviews in a timely manner.

#### **Recommendation 4**

**The Committee recommends that the Government of Canada expedite the publication of its clarified guidelines for the regulation of products of plant breeding innovation, while considering the concerns of the organic sector.**

#### **Recommendation 5**

**The Committee recommends that the Government of Canada review the legislation and regulations on norms of reciprocity to ensure that foreign products have the same quality and safety levels as local products.**

## **FINANCIAL STABILITY**

### **Cost Increases**

[Martin Caron](#), General President of the Union des Producteurs Agricoles, noted that farmers had seen “soaring production costs” and that price increases for essential inputs such as feed, fertilizer, and fuel have considerably outpaced the average rate of inflation in the Canadian economy, as measured by the Consumer Price Index. [Kathleen Sullivan](#) similarly reported that the costs of inputs and labour in the food and beverage manufacturing sector, which is primarily composed of small- and medium-sized firms,

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14 Health Canada, [Government of Canada pauses decision on Glyphosate as it strengthens the capacity and transparency of review process for pesticides](#), 4 August 2021.



have also increased, and noted that firms in this sector are often unable to pass on the full extent of these recent cost increases to their customers.

## Farm Debt and Rising Interest Rates

Several witnesses expressed concern over what they saw as the precarious financial state of a growing number of Canadian farmers, given the sector's relatively high overall levels of farm debt.<sup>15</sup> According to Statistics Canada, Canadian farmers had \$129 billion in outstanding farm debt in 2021, an increase of more than \$30 billion over the past five years.<sup>16</sup> Witnesses cautioned that these high debt loads, combined with recent interest rate hikes, could place Canadian farmers in a difficult financial position in the near future and limit their ability to produce more or become more innovative. [Martin Caron](#) expressed particular concern for next generation and start-up firms in the agricultural sector, many of whom are dependent on debt-driven financing to survive in their early years.

[Tyler McCann](#), Managing Director of the Canadian Agri-Food Policy Institute, explained, however, that farm debt is not inherently bad if farmers are using it to invest in tools and other assets that make them more productive. He noted that while overall farm debt levels have increased, so have farm asset levels. In this view, if farmers continue to be profitable while servicing their debt, it could allow them to implement new technologies on-farm and increase their productivity and future resilience.

[Martin Caron](#) called for the federal government to examine its suite of business risk management programs given these recent changes, and specifically asked it to consider adopting measures, modelled on the pandemic-era [Canada Emergency Business Account](#), to provide liquidity to farmers who find themselves in distress because of unforeseen economic conditions.

As the Committee noted in its 2019 report on the mental health of Canadian farmers, financial difficulties, including high debt levels and economic uncertainty, can be significant sources of stress for agricultural producers.<sup>17</sup> In November 2021, the federal, provincial, and territorial ministers of agriculture issued a [joint statement](#) during their conference in Guelph that identifies “supporting and empowering producers and agri-food workers to take care of their mental health” as a priority for Canadian agricultural

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15 AGRI, *Evidence*, [Raymond Orb](#) (Saskatchewan Association of Rural Municipalities [SARM]) and [Martin Caron](#) (UPA).

16 Statistics Canada, [Farm Debt Outstanding Classified by Lender](#).

17 AGRI, [Mental Health: A Priority for Our Farmers](#), p. 14.

policy. In addition to business risk management programs, the federal government, in cooperation with its provincial and territorial counterparts, should consider the ability of farmers to access mental health resources during this challenging time for the agricultural sector.

### **Recommendation 6**

**Keeping in mind that global food security in the long run rests on the shoulders of the next generations of farmers, the Committee recommends that the Government of Canada, while respecting provincial competences:**

- **Explore ways to address the mental health of workers in the agricultural and agri-food sector, notably by adjusting the mandate of Farm Credit Canada to require it to fund mental health support and prevention programs on an ongoing basis, and that it re-examine the recommendations made in the Standing Committee on Agriculture and Agri-Food's 16<sup>th</sup> report of the 42<sup>nd</sup> Parliament entitled "Mental Health: A Priority for Our Farmers;" and**
- **Clarify the application of the *Income Tax Act's* provisions regarding the intergenerational transfer of farms.**

### ***Restoring Canadian Access to the United States' Perishable Agricultural Commodities Act***

In 2014, the U.S. Government announced that it had revoked Canada's special status under the dispute resolution mechanisms of the U.S. *Perishable Agricultural Commodities Act* (PACA), citing the lack of a comparably protective system for U.S. produce farmers doing business in Canada.<sup>18</sup> Prior to this announcement, Canadian produce exporters had been able to resolve disputes with U.S. customers, including payment issues, through the PACA dispute resolution system on the same terms as their American counterparts. Since October 2014, however, Canadian farmers have the same status as any other non-U.S. farmer under PACA and must post a surety bond worth twice the damages they are seeking to obtain a formal complaint hearing.<sup>19</sup> Some

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18 The Produce News, [USDA revokes preferred PACA treatment for Canadian shippers](#).

19 United States Department of Agriculture, [Can a Foreign Producer or Seller of Fresh Fruits and Vegetables File a PACA Reparation Complaint Against a U.S. PACA Licensee?](#).



Canadian produce sellers operating in the U.S. have explained that these fees often prevent them from pursuing claims for non-payment or other disputes.<sup>20</sup>

As several witnesses appearing during this study explained, Canadian fresh fruit and vegetable farmers have long sought similar protection to their U.S. counterparts under Canadian bankruptcy law.<sup>21</sup> Produce sellers, they argue, are particularly vulnerable to buyer bankruptcy as they deal in highly perishable commodities and typically cannot collect unpaid-for product for resale before it spoils. The creation of a deemed trust<sup>22</sup> for their products under Canadian law would not only, in their view, restore their rights in an important international market, but also better protect the sector against the risk of client non-payment and bankruptcy in Canada.

### Recommendation 7

**The Committee recommends that the Government of Canada implement a statutory deemed trust or a protection program for fruit and vegetable growers in the event of a buyer's bankruptcy to ensure that these producers have access to the U.S. *Perishable Agricultural Commodities Act (PACA)*.**

## ENVIRONMENTAL SUSTAINABILITY

Witnesses noted that Canadian farmers have become some of the world's most sustainable food producers, and have done so while increasing production through the adoption of innovative methods and technologies such as reduced tillage and continuous cropping.<sup>23</sup> In addition to the environmental benefits of this approach, witnesses noted that the sustainable production of Canadian agricultural products

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20 AGRI, *Evidence*, [Ron Lemaire](#) (President, CPMA).

21 AGRI, *Evidence*, [Peggy Brekveld](#) (OFA) and [Charles Stevens](#) (Chair of the Board, Ontario Fruit and Vegetable Growers' Association).

22 As [Fred Gorrell](#), an official from the Department of Agriculture and Agri-Food, explained during the Committee's 2016 study of PACA, a deemed trust requires buyers' property to be held in trust to secure payment of any amount owed to a seller ahead of all other creditors.

23 AGRI, *Evidence*, [Steve Webb](#) (Chief Executive Officer, GIFS), [Dennis Prouse](#) (Vice-President, Government Affairs, CropLife Canada), [Ryder Lee](#) (Canadian Cattle Association), [Brett Halstead](#) (Board Chair, Saskatchewan Wheat Development Commission), [Tyler McCann](#) (Managing Director, Canadian Agri-Food Policy Institute).

makes them more attractive to consumers as more people, at home and abroad, take a greater interest in how their food is produced.<sup>24</sup>

## Payments for Ecosystem Services

Several witnesses encouraged the federal government to recognize farmers who have adopted environmentally friendly practices, such as carbon sequestration, through payments or other financial incentives.<sup>25</sup> As [Evan Fraser](#) noted, while farmers can play many important roles in delivering ecosystem services, there is often no direct economic benefit for them to participate in these practices:

There's a wide range of technological and management practices a farmer can use in order for a farm to become a sink for greenhouse gases rather than a source of emissions; however, at the moment farmers are not incentivized to do that.

[Scott Ross](#), Executive Director of the Canadian Federation of Agriculture, noted the important role that producers can play in restoring and conserving wetlands on their farms. During the Committee's recent study on the environment, [Paul Thoroughgood](#), National Manager of Agriculture and Stability at Ducks Unlimited Canada, explained that wetlands on farms have traditionally been seen as an economic liability for farmers, leading many of them to be drained and converted into farmland. He noted, however, that their preservation can have important ecological benefits for farmers and surrounding communities, including increasing rates of carbon sequestration, enhancing biodiversity, helping to improve water quality, and allowing communities to better adapt to climate change through improved flood management. Mr. Thoroughgood encouraged the federal government to accelerate its completion of a Canada-wide inventory of grasslands and wetlands to help support sustainable agriculture.

### Recommendation 8

**The Committee recommends that the Government of Canada accelerate the completion of a Canada-wide inventory of grasslands and wetlands.**

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24 AGRI, *Evidence*, [Evan Fraser](#) (Director, Arrell Food Institute, University of Guelph, As an Individual) and [William Greuel](#) (PIC).

25 AGRI, *Evidence*, [Evan Fraser](#) (Arrell Food Institute, University of Guelph, As an Individual), [Mark Thompson](#) (Executive Vice-President, Chief Strategy and Sustainability Officer, Nutrien, Ltd.), [Peggy Brekveld](#) (OFA), and [Brett Halstead](#) (Board Chair, Saskatchewan Wheat Development Commission).



## Fertilizer

### Fertilizer Supply and Production

Witnesses generally underscored the importance of fertilizer in increasing Canadian crop production. They also cautioned that recent price volatility in world fertilizer markets, combined with the federal government's decision to impose a 35% tariff on Russian fertilizer, could make it difficult for Canadian farmers, particularly those in Ontario, Québec, and Atlantic Canada, to increase their yields.<sup>26</sup>

As [Casper Kaastra](#), Chief Executive Officer of the Sollio Cooperative Group explained, while Western Canada is a significant world producer of fertilizer, farmers in provinces east of Manitoba have usually found it more cost-effective and logistically easier to import their fertilizer supplies by ship from countries in North Africa and Europe including—at least until March 2022—the Russian Federation.

International fertilizer prices began to increase in 2021 due to several factors, including decreased production capacity during the COVID-19 pandemic and Chinese trade restrictions on fertilizer exports.<sup>27</sup> As an example, the Food and Agriculture Organization of the United Nations (FAO) reports that the spot price for Black Sea Urea, an international benchmark for nitrogen fertilizer prices, increased from US\$245/tonne in November 2020 to US\$901/tonne in November 2021.<sup>28</sup> According to a Statistics Canada estimate, Canadian farmers spent \$7.5 billion on fertilizers and lime in 2021, compared to \$6.1 billion in 2019.<sup>29</sup>

While fertilizer prices have declined from their peaks in early 2022, ongoing supply issues have caused them to remain at historically high levels. According to the World Bank, the international benchmark price for urea fertilizer in December 2022 was US\$519.38/tonne, more than double the price compared to three years earlier.<sup>30</sup>

Russia's invasion of Ukraine in February 2022 and the federal government's subsequent decision to implement a 35% tariff on Russian fertilizer imports further strained

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26 AGRI, *Evidence*, [Ghislain Gervais](#) (President, Sollio Cooperative Group).

27 AGRI, *Evidence*, Casper Kaastra (Chief Executive Officer, Sollio Cooperative Group).

28 Food and Agriculture Organization of the United Nations, [The global fertilizer market: Taking stock of a tightening market situation](#), 2022.

29 Statistics Canada, [Farm operating revenues and expenses, annual](#).

30 John Bafes and Wee Chian Koh, "[Fertilizer prices ease but affordability and availability issues linger](#)", *World Bank Blogs*, 5 January 2023.



Canadian farmers' access to fertilizer. [Peggy Brekveld](#), President of the Ontario Federation of Agriculture, encouraged the federal government to examine opportunities to reinvest the proceeds from the fertilizer tariff back into agriculture, either through investments in innovative technologies that reduce on-farm emissions or through the development of fertilizer production facilities in Central and Eastern Canada. Other witnesses also called for some form of tariff relief for farmers.<sup>31</sup>

On 23 January 2023, the Minister of Finance tabled a written response to an Order Paper question in the House of Commons reporting that, between March and May 2022, the Government of Canada collected a total of \$33.5 million in customs duties on \$95.8 million worth of fertilizer imported from Russia. The response further explains that there have been no commercial shipments of Russian fertilizer into Canada since May 2022.<sup>32</sup> In December 2022, the federal government [announced](#) that it would transfer the \$115 million it had collected on custom duties on Russian and Belarussian imports since March 2022 to the Government of Ukraine to help it rebuild Kyiv's electricity grid. According to a December 2022 media report, the federal government is considering ways to re-invest the amount collected in fertilizer tariffs back into Canadian agriculture.<sup>33</sup>

## Recommendation 9

The Committee recommends that the Government of Canada:

- **Review its tariff policy on fertilizer imports from Russia in light of the evolving situation in Ukraine and in the context of food security and look at ways to return the funds collected back to farmers under the *Most-Favoured-Nation Tariff Withdrawal Order (2022-1)*; and**
- **Explore ways to stimulate Canada's production of fertilizer to reduce its dependence on foreign suppliers.**

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31 AGRI, *Evidence*, [Scott Ross](#) (CFA), [David Tougas](#) (UPA), [Ghislain Gervais](#) (President, Sollio Cooperative Group), [Raymond Orb](#) (SARM), [Russel Hurst](#) (Executive Director, Ontario Agri-Business Association), and [Charles Stevens](#) (Chair of the Board, Ontario Fruit and Vegetable Growers' Association).

32 House of Commons, *Debates*, 30 January 2023.

33 Real Agriculture, [Feds looking for ways to spend \\$34.1 million to offset impact of fertilizer tariff](#), 20 December 2022.



## Fertilizer Use

In December 2020, the Government of Canada published [\*A Healthy Environment and a Health Economy\*](#), a document that outlined the federal government’s approach to reducing Canadian greenhouse gas emissions while maintaining economic growth. One target in this document is to reduce national greenhouse gas emissions associated with fertilizer use by 30% from 2020 levels by 2030. The document explains that the federal government will work with fertilizer manufacturers, farmers, and provincial and territorial governments to develop an approach to achieve this goal.

While acknowledging that the target is a non-binding, voluntary goal that does not mandate a decrease in fertilizer use, and agreeing on the importance of decreasing greenhouse gas emissions across economic sectors, some witnesses nonetheless questioned whether it was prudent to ask agricultural producers to implement such a change at a time of considerable uncertainty for their sector.<sup>34</sup> [Tyler McCann](#) expressed the view that governments are making too many competing demands on food systems:

[W]e need to...have a more explicit conversation about the trade-offs and unintended consequences of trying to use the food system to meet several objectives, including food security and environmental and economic goals. We are not heading in the right direction to be able to do it all, and we need a more fulsome dialogue on what that means.

[Steve Webb](#) asked the Committee to consider the “unintended consequences” of the national emission reduction target, explaining that it may not accurately portray to consumers in Canadian and international markets the progress Canadian agriculture has already made on sustainability. [Dr. Sylvain Charlebois](#), Professor and Director at Dalhousie University’s Agri-Food Analytics Lab, appearing as an individual, similarly expressed concern over the tone of the conversation surrounding fertilizer. While acknowledging the importance of addressing climate change and meeting targets to reduce greenhouse gas emissions, Dr. Charlebois also noted that it was important to recognize that “some of the decisions we’re making may compromise our ability to grow food.”

According to a Fertilizer Canada analysis of data from the FAO, Canadian farmers have improved the efficiency of their nitrogen fertilizer use over the past decade, allowing them to use less nitrogen per acre of cropland than their counterparts in other large

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34 AGRI, *Evidence*, [Ron Lemaire](#) (CPMA), [Peggy Brekveld](#) (OFA), [Raymond Orb](#) (SARM), [Mark Thompson](#) (Nutrien), [Dr. Sylvain Charlebois](#) (Professor and Director, Agri-Food Analytics Lab, Dalhousie University, As an Individual), [Brett Halstead](#) (Saskatchewan Wheat Development Corporation).

crop producing countries.<sup>35</sup> [Ron Lemaire](#), noting that most farmers have already decreased their nitrogen fertilizer use, called for support for farmers to adopt best practices in nutrient management at scale, including conservation tillage, annual soil testing for nitrogen, and rotating nitrogen-fixing crops. As [Catherine King](#), Vice-President of Communications and Stakeholder Relations at Fertilizer Canada, explained, one important tool for farmers is the so-called “4R” nutrient stewardship program, which seeks to optimize nutrient uptake by crops while reducing fertilizer’s negative environmental effects:

The concept is simple: Apply the right source of nutrient, at the right time and in the right place, and you will get the best results. Fertilizer management practices need to balance economic, social and environmental dimensions of sustainability. Doing this requires a fair and predictable regulatory environment that supports programs like 4R and continued innovation in the sector.

## Recommendation 10

The Committee recommends that the Government of Canada:

- **Recognize that Canadian agricultural producers are leading the world in the efficient use of fertilizers and that it not proceed with any mandatory fertilizer emissions reduction policy that would jeopardize farmers’ yields, but instead encourage them to implement best nutrient management practices such as the 4R Program; and**
- **Examine opportunities to fund research and development and further innovation in the use of fertilizer in agriculture.**

## LOCAL FOOD INFRASTRUCTURE

Statistics Canada estimates that in 2019, nearly one in ten Canadians lived in a household that was severely or moderately food insecure.<sup>36</sup> In this context, ending global hunger also means addressing food insecurity in Canada and developing local food infrastructure. The witnesses highlighted the importance of community-based initiatives in that respect. [Ron Lemaire](#) provided an illustration of the role of government and local charities in addressing food insecurity in Canada:

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35 Fertilizer Canada, [Fertilizer Canada Consultation Response: Reducing emissions arising from the application of fertilizer in Canada’s agriculture sector](#), 7 September 2022.

36 Statistics Canada, [Canadian Income Survey: Food insecurity and unmet health care needs, 2018 and 2019](#).



How do we enable social programs that enable Canadians to buy the food they need and enable programs that support agri-food production and innovation? Examples like the surplus food rescue program and the local food infrastructure fund had an impact, but the withdrawal of funds from these sources left many NGOs without the ability to be sustainable within a perishable food system. As a recipient of surplus food rescue program funds, I saw first-hand the invisible food network, which is 61,000 charities and non-profits that support our efforts to address food security. All rely on a complex system of donations, logistics and funding. Second Harvest has reported that with \$25 million in funding last year, they had requests for over \$84 million for food that they were trying to support, which shows a dramatic need in the communities across the country.

## Increasing Domestic Processing

Echoing many of the recommendations the Committee made in its [2021 report](#) on Canada's processing capacity, several witnesses encouraged Canada's agri-food sector to address international food security, not only through increases in bulk commodity production, but also through the development of its value-added processed food sector.<sup>37</sup>

Witnesses explained that increasing the amount of domestic value-added food processing could have important economic and food security benefits for Canada. [William Greuel](#), Chief Executive Officer of Protein Industries Canada, cited estimates that processing more crops domestically could increase Canada's gross domestic product by \$25 billion per year and add 17,000 jobs by 2035, while also strengthening domestic and global food security. He also noted that value-added foods and ingredients were less likely than bulk commodities to be the subject of trade disputes, notably those related to non-tariff trade barriers.

[Ryder Lee](#), General Manager of the Canadian Cattle Association, explained that the primary obstacle to building more Canadian processing capacity in the beef sector is its specified risk material regulations. These regulations, implemented in the wake of the 2003 Bovine Spongiform Encephalopathy (BSE or "Mad Cow Disease") crisis, limit the value that processors can extract from beef carcasses. Mr. Lee noted that the World Organization for Animal Health changed Canada's BSE status to "negligible" in 2021, but that Canada had not yet updated its regulations to reflect this change. A revision of these rules would, in his view, allow the Canadian beef industry to process more of its

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37 AGRI, *Evidence*, [Martin Caron](#) (UPA), [William Greuel](#) (Protein Industries Canada), and [Russel Hurst](#) (Executive Director, Ontario Agri Business Association).

beef domestically, retain more economic value from its beef commodities, and become more competitive with the U.S. beef industry.

#### **Recommendation 11**

**The Committee recommends that the Government of Canada increase its support to local and regional food system sustainability such as by encouraging:**

- **The development of small-scale community-based food systems;**
- **The building of local processing capacity, including regional slaughter capacity; and**
- **The development and expansion of initiatives aiming to strengthen food security such as the Local Food Infrastructure Fund.**

#### **Recommendation 12**

**The Committee recommends that the Government of Canada take the following actions in response to the issues facing meat processors:**

- **Remove interprovincial trade barriers through the harmonization of provincial standards, in cooperation with provincial and territorial governments; and**
- **Work with relevant stakeholders to update as soon as possible Part I.1 of the *Animal Health Regulations* on specified risk material to reflect the decision made in 2021 by the World Organization for Animal Health to change Canada's bovine spongiform encephalopathy status to "negligible."**

#### **Recommendation 13**

**The Committee recommends that the Government of Canada:**

- **Update and promote its guiding documents to combat the spread of animal illnesses such as the avian flu, African swine fever, foot-and-mouth disease and other infectious diseases; and**
- **Ensure that the Canadian Food Inspection Agency and the Canadian Border Service Agency have the necessary resources available to**



**monitor our borders and to be able to respond swiftly to investigate and contain an outbreak once it has been detected.**

## Protecting Farmland

Witnesses noted the importance of protecting arable farmland and preventing urban development from encroaching on this important and finite resource. [Scott Ross](#) noted that farmland in the Surrey, British Columbia, region had recently been converted into housing, a move that, in his opinion, jeopardized regional food security. He acknowledged that land zoning and urban planning are not federal competencies, but nonetheless felt that the federal government should take note of this issue. [Peggy Brekveld](#) called for the federal government to consider the protection of farmland when planning infrastructure projects and encouraged it to consider more intensive urban development rather than supporting projects that may encroach into arable land.

## Food Loss and Waste

[Dr. Sylvain Charlebois](#) called food waste Canada’s “Achilles’ heel,” citing international indicators that show it performing poorly in food loss and waste prevention throughout the supply chain. [Lori Nikkel](#), the Chief Executive Officer of Second Harvest, an organization that purchases food that would have otherwise been wasted and distributes it to charitable and community organizations, explained that preventing food waste has economic, social, and environmental benefits:

Addressing food waste is a critical part of the issue of food insecurity. Taking action to support food waste reduction and diversion initiatives can reduce supply issues, mitigate transportation challenges, reduce CO2 emissions, lessen our reliance on imports and redistribute millions of tonnes of edible food to families and communities in need.

[Ron Lemaire](#) and [Lori Nikkel](#) encouraged the federal government to consider restarting the Surplus Food Rescue Program, an emergency program created during the COVID-19 pandemic. [Ms. Nikkel](#) explained that the reinstatement of this program could help a network of 61,000 organizations, such as senior centres and schools, to better address food insecurity in their communities.

[She](#) also encouraged efforts to incentivize firms to measure their waste. [Scott Ross](#) similarly called for increased data gathering and communication among food supply chain participants to help prevent food waste and loss.

#### **Recommendation 14**

**The Committee recommends that the Government of Canada increase its fight against food waste including by reinstating the Surplus Food Rescue Program in the short-term.**

#### **Recommendation 15**

**The Committee recommends that the Government of Canada engage in discussions with the provinces and territories with a view to implementing measures both to encourage short supply chains and value-added products and to promote cooperation between various sectors to dispose of “agricultural waste” in order to reduce food waste.**

### **Greenhouse Sector**

Agriculture and Agri-Food Canada notes that the greenhouse agricultural sector contributed \$1.8 billion in farmgate sales to the Canadian economy in 2020, and \$1.4 billion in export sales, mostly to the U.S.<sup>38</sup> This sector allows Canada to grow fresh fruits and vegetables out of season, increasing the country’s food security by reducing its reliance on imports of healthy foods.

[Evan Fraser](#) cited greenhouses and vertical farms as two “cutting-edge” technologies that Canada could take a world leadership role in promoting. He called for the federal government to adopt “agricultural innovation zones” to help unlock the potential of these novel technologies. [Ron Lemaire](#) noted that the greenhouse sector has tremendous potential to expand Canadian exports of fresh fruits and vegetables and called for the federal government to consider how the sector fits into its carbon policy. He also noted that workforce availability would play an important role in further developing the sector.

## **INNOVATION**

### **Importance of Innovation**

Witnesses generally agreed that greater innovation, including the implementation of new technologies and methods that increase production, would allow Canada’s agriculture supply chain to better meet the expected level of growth in demand for food. They also stressed that innovation would help make the sector more resilient against the

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38 Agriculture and Agri-Food Canada, [Statistical Overview of the Canadian Greenhouse Vegetable Industry, 2020](#).



array of challenges it is expected to and—in some cases—has already begun to face. Notable among these challenges are climate-change-related disruptions to primary production and the food supply chain, and growing input costs.

[Mark Walker](#), Vice-President of Markets and Trade at Cereals Canada, highlighted the role that innovation has played in increasing productivity and efficiency in his sector, explaining that a combination of improved seed varieties and new technologies have allowed Canadian wheat farmers to increase yields, while using less land.

[Dennis Prouse](#), Vice-President of Government Affairs at CropLife Canada, citing data from Agriculture and Agri-Food Canada,<sup>39</sup> explained that the average Canadian farm today can produce twice as much output as 50 years ago with the same amount of total input and that this increase in efficiency had been achieved while decreasing the sector's greenhouse gas emission intensity by 50% between 1997 and 2017. Mr. Prouse also explained that advances in pesticides and plant breeding innovations have helped to produce more affordable food, citing an estimate that Canadian families save an average of \$4,500 a year thanks to such innovations.

## Automation

Witnesses noted that they were eager to adopt automation, where possible, to help address labour shortages. In addition, [Evan Fraser](#) explained that innovations like robotic harvesters and milkers would allow farmers to increase their production while reducing inputs. [Kathleen Sullivan](#) explained that the food and beverage processing sector was also examining opportunities to introduce automation, digitization, and robotics, wherever possible, to increase its productivity, but cautioned that many tasks would continue to require manual labour:

This is an industry, though, where we're not going to see the equivalent of the self-driving car. There are segments in our industry that are very hands-on. Often we're looking at small improvements in how you might apply a technology to a piece of your production line, for example, or a transition from one production line to another. Incremental technology is probably more where you're going to see changes.

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39 AGRI, [Overview of the Canadian Agriculture and Agri-Food Sector](#), Brief submitted by Agriculture and Agri-Food Canada, 27 February 2020.



## Federal Investments in Innovation

Several witnesses encouraged the federal government to invest to help their sectors become more productive and implement innovative technologies.<sup>40</sup> [William Greuel](#) described Canadian private sector investment in research and development as “severely lacking” and noted that government investments in initiatives, such as the protein industries cluster, can help incentivize private sector investment in research and development. He explained that the federal government’s initial investment of \$173 million in this initiative had helped to leverage half a billion dollars of private investment in research and development into plant proteins.

[Steve Webb](#) explained, however, that Canadian investments in innovation do not always produce the expected returns, citing a report from the Conference Board of Canada concluding that while Canada ranked high internationally in terms of innovation investment, it ranked quite low in terms of innovative outcomes. He recommended that Canada adopt a “coherent, integrated, national innovation strategy” to help raise innovation and productivity throughout the Canadian economy.

[Peggy Brekveld](#) underscored the importance of public financing of agricultural research and knowledge transfer initiatives, noting that publicly funded agricultural research benefits all of society and tends to be more trusted.

### Recommendation 16

**The Committee recommends that the Government of Canada recognize that climate change is a major risk factor for food insecurity and that Canada must do more not only to reduce its own emissions but also to help other countries do so in a sustainable way by sharing next-generation technologies.**

### Recommendation 17

**The Committee recommends that the Government of Canada develop climate change adaptation programs for producers and processors by promoting research in the following areas:**

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40 AGRI, *Evidence*, [Evan Fraser](#) (Arrell Food Institute, University of Guelph, As an Individual), [Ghislain Gervais](#) (President, Sollio Cooperative Group), [Peggy Brekveld](#) (OFA), and [William Greuel](#) (Chief Executive Officer, PIC).



- **Genetic engineering, where research must be done in a transparent and serious manner, taking into account the precautionary principle, in order to ensure the safety of Canadian and Quebec products;**
- **Agricultural machinery, where innovations would increase productivity in the sector and alleviate the chronic labour shortage;**
- **Information technology, taking into account Internet and cellular access in rural areas and innovative agricultural practices; and**
- **Low- and renewable-energy-based farming.**

## INFRASTRUCTURE

Growth in Canada’s agricultural production must be accompanied by improvements to Canada’s ability to transport these products to their destination. Witnesses reported that Canada was falling behind in a number of areas, which compromises its ability to fulfill its role.

Canada is able to export a large percentage of its production thanks to its vast agriculture resources; however, its geography and climate make transporting its goods to international markets a major challenge. Canada’s export capacity for agriculture products is dependent on the reliability of transportation infrastructure. In a [brief](#) submitted to the Committee, the Saskatchewan Wheat Development Commission indicated that Saskatchewan wheat “has one of the longest distances among its major competitors to port position from its production area.” [Evan Fraser](#) gave this description of the systemic issues in the Prairies:

Alberta, Saskatchewan and Manitoba and how all of the food production in this enormous area the size of Europe is going through essentially a small number of rail lines and through a couple of passes. It’s just the inherent fragility of the system that we’ve inherited and that we’ve allowed to continue. There has to be a way of reducing the bottlenecks that emerge in that system, because, as we just heard, the system buckles. Every couple of years it buckles.

## Rail Transportation

Witnesses expressed concern over the lack of rail transport resilience in Western Canada. For instance, the 2021 flooding in British Columbia temporarily interrupted rail traffic at essential transport links, causing delays. These extreme weather events—which many witnesses think would become more frequent due to climate change—

together with a planned increase in production, make it imperative to modernize transport infrastructure.<sup>41</sup>

Similarly, grain shipments can be disrupted when railroad workers are on strike. [Gunter Jochum](#), President, Western Canadian Wheat Growers Association, believes that in 2021, the combination of natural disasters and labor disputes did not cause excessive delays due to the low harvest that year, but he warned the Committee of the risks that similar disruptions could pose this year, as the harvest is larger. He urged the government to “work with railways to ensure that there's no work stoppage and that goods flow as smoothly as possible.” [Elizabeth Hucker](#), Assistant Vice-President of Sales and Marketing for Canadian Grain at Canadian Pacific Railway (CP) have also expressed concern about the “unintended consequences” of possible legislative changes that would prevent the railways from using replacement workers in the event of a strike.

Some steps are already being taken to improve the rail network’s resiliency. [Elizabeth Hucker](#) explained that CP had done work to raise the track in Manitoba and Ontario to ensure that service is not interrupted in the event of seasonal flooding. [Doug MacDonald](#), Chief Marketing Officer of the Canadian National Railway Company, mentioned that Canadian National planned to add smaller regional terminals to cut down on trucking, and recommended fully funding the [National Trade Corridors Fund](#) to increase Canada’s rail capacity and the capacity of intermodal terminals.

## Port Infrastructure

Port infrastructure needs to be updated. The Port of Vancouver was identified several times as an example of key infrastructure that needs significant investment to address the anticipated increase of agricultural products shipped through that terminal. According to [Raymond Orb](#), the Port of Vancouver’s facilities must be adapted to ensure that they can load grain onto ships in the rain. [Jean-Marc Ruest](#), Senior Vice-President of Corporate Affairs and General Counsel at Richardson International Limited, added that the Port of Vancouver infrastructure was insufficient. In his opinion, the grain elevator at Richardson International Limited’s port terminal facilities “could accommodate twice as much grain coming in by rail,” but is limited by the number of tracks. Infrastructure capacity would also have to be increased for the bridges and tunnels leading to the port.

Modernizing port terminal facilities throughout the country and the infrastructure leading to them is another way to strengthen the resiliency of the transport system. The

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41 AGRI, *Evidence*, [Doug MacDonald](#) (Chief Marketing Officer, Canadian National Railway Company) and [Stephen Paul](#) (Vice-President, Supply Chain Logistics, Ray-Mont Logistics).



war in Ukraine having led to an increase in demand from Africa and the Middle East, [Mark Hemmes](#), President of Quorum Corporation, cited the importance of terminals in Thunder Bay and Churchill as these ports are better suited to ship to those locations. [Stephen Paul](#), Vice-President of Supply Chain Logistics at Ray-Mont Logistics, highlighted the need to create redundancies in the transportation system to avoid bottlenecks when the supply chain is disrupted:

In terms of the climate impact on the supply chain, I think the biggest thing we've learned from events of the last couple of years is diversification. When events such as last year's atmospheric river in B.C. happen, how do you then pivot and go to different areas, whether it be, in this case, Prince Rupert, Montreal or Halifax? [...]

Whether it's a result of climate change or whether it's a result of supply chain dynamics that are affecting it, putting elasticity in the supply chain and allowing us to really move to where it's more efficient will increase the efficiencies and the effectiveness of the exports as well as the imports.

## National Supply Chain Task Force

On 31 January 2022, the Minister of Transport launched the [National Supply Chain Task Force](#) to identify ways to strengthen the supply chain. The Task Force issued its [report](#) on 6 October 2022 and outlined actions that could be taken immediately, such as establishing a federal Supply Chain Office "to unify the federal government's responsibility/authority over transportation supply chain management across federal departments." [Dr. Sylvain Charlebois](#) said that such an office should also be given a mandate to coordinate action between the various levels of government. [Kathleen Sullivan](#) expressed her support for the work of the Task Force and encouraged the government to implement the actions identified as soon as possible.

The report echoed some of the recommendations made by witnesses appearing before the Committee, such as changes to the rail interswitching rules<sup>42</sup> and automating the supply chain.<sup>43</sup> Echoing the Task Force report, [Jim Beusekom](#), President of Market Place Commodities Ltd., and [Stephen Paul](#) both recommended that the government take action to address the lack of containers in ports and to limit "blank sailings," where containers return empty to Asian export countries and are unavailable for Canadian food products.

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42 AGRI, *Evidence*, [Dave Carey](#) (Vice-President, Government and Industry Relations, Canadian Canola Growers Association).

43 AGRI, *Evidence*, [Doug MacDonald](#) (Chief Marketing Officer, Canadian National Railway Company).

## Recommendation 18

The Committee recommends that the Government of Canada, in cooperation with the provinces and territories:

- **Implement the immediate response actions and long-term strategic actions contained in the Final Report of the National Supply Chain Task Force;**
- **Reduce bottlenecks and other obstacles to the flow of food commodities to limit their impacts on perishable food, acknowledging that vast amounts of money have already been invested through the National Trade Corridors Fund;**
- **Encourage investments in the rail system to promote the movement of goods at a lower cost and, more significantly, with a smaller carbon footprint; and**
- **Coordinate joint action between the Department of Agriculture and Agri-Food and the Department of Transport to ensure the availability of containers for inputs and exports and that it apply relevant competition legislation in this area.**

## TRADE

According to [Chris Davison](#), since Canada's agriculture economy is heavily export oriented, it must seek to open new markets and demonstrate "leadership in international fora with regard to rules-based trade." [Scott Ross](#) pointed out that, at the 2021 United Nations Food Systems Summit, member nations recognized that the sustainable development goals could not be met unless stable local food systems supported by fair and rules-based trade were put in place.

### Rules-Based Trade System

Witnesses reported that trade cannot increase unless the global trade system is transparent, stable and based on scientific rules and data. [Dennis Prouse](#) recommended that the government:

[S]upport exports by promoting science-based trade rules. We ask the government to better use international mechanisms and institutions to ensure science-based, predictable, more transparent trade rules for agriculture. A well-functioning trade



system allows nations and regions to focus on the crops and products they produce more efficiently, thus helping to address food insecurity.

The World Trade Organization (WTO) is one of the international institutions that contributes to this objective. However, since December 2019, its ability to fulfill its mission has been largely compromised: since then, its appellate body has been unable to hear new appeals due to an impasse over the appointment of members.<sup>44</sup> According to [Claire Citeau](#), Executive Director of the Canadian Agri-Food Trade Alliance, Canada should work to ensure that the dispute-settlement system at the WTO becomes fully operational as soon as possible.

When farmers in other countries receive significant subsidies, it also contributes to trade distortion. [Claire Citeau](#) reported that nearly 40% of the revenue of American producers, and 38% of the revenue of European Union producers, stem from these subsidies. She explained that these subsidies have a disruptive effect on global trade:

The latest OECD [Organisation for Economic Cooperation and Development] report on agriculture policy found that, in most cases, existing domestic support in agri-food distorts trade without providing effective solutions to food security and sustainability. It also suggests that, instead, public spending should be shifted towards investments in food and agriculture innovation and improving food supply chain infrastructure and resilience.

Agriculture and Agri-Food Canada's AgriMarketing program is an example of government support that does not distort global markets. This program seeks to support "industry-led promotional activities that highlight Canadian products and producers and boost Canada's reputation for high quality and safe food."<sup>45</sup> [Mark Walker](#) explained that the AgriMarketing program is a valuable program, as it helped his company diversify its international markets for wheat, barley and oats.

## Limiting Non-Tariff Barriers

According to [Claire Citeau](#), while global trade has liberalized overall in the last 20 years—particularly with the proliferation of free-trade agreements and reduced tariffs—non-tariff trade barriers have gradually emerged as the primary barrier to international trade. These barriers could take the form of regulations, standards, testing and certification, sanitary and phytosanitary measures, quantitative restrictions or price-support measures. According to the [Organisation for Economic Co-operation and Development](#),

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44 World Trade Organization, [DG Azevêdo to launch intensive consultations on resolving Appellate Body impasse](#), 9 December 2019.

45 Government of Canada, [AgriMarketing Program: Step 1. What this program offers](#).

while these non-tariff measures may serve a legitimate purpose, the ways they are imposed may be restrictive, and the cost may be prohibitive to companies interested in export.

As previously mentioned, for [William Greuel](#), developing domestic processing capacity is another way to temper the effects of non-tariff trade barriers. In his opinion, processed products are less likely to have barriers in place than raw products. By increasing domestic processing capacity, Canada would insulate itself from market closures due to sanitary and phytosanitary measures or from technical trade barriers that apply more to raw products, such as meat or unprocessed grains.

### **Recommendation 19**

**The Committee recommends that the Government of Canada:**

- **More effectively enforce provisions in existing free trade agreements, such as the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* and the *Canada-United States-Mexico Agreement*, to improve Canadian producers' access to foreign markets and reduce non-tariff trade barriers to Canadian agricultural products; and**
- **Pursue policies that promote Canadian agricultural and agri-food exports internationally, notably by encouraging the reciprocity of norms.**

## **INTERNATIONAL ASSISTANCE**

In general, global food crises are not caused by global production shortages; rather, they are due to food availability and affordability issues in specific regions facing conflict, climate extremes and economic shocks.<sup>46</sup>

[Lauren Ravon](#), Executive Director of Oxfam Canada, said that “low-income countries in the Sahel and the Horn of Africa, as well as Yemen, Afghanistan and Syria” were examples of regions that are likely to face high levels of food insecurity in the months ahead. She explained that these countries do not have the financial resources to put in place “adequate safety nets to support the most vulnerable.” [Brittany Lambert](#), Women’s Rights Policy and Advocacy Specialist at Oxfam Canada, added that food crises have a disproportionate impact on women, as families may resort to “harmful coping

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46      FAO, [Latest issue: The State of Food Security and Nutrition in the World 2022](#).



mechanisms like pulling daughters out of school or marrying them off early for a dowry to secure income for the family.”

On this topic, [Evan Fraser](#) named the layers of defence that countries experiencing food crises could implement. The first line of defence is the ability of the ecosystem to produce food. On-the-ground development work that seeks to develop tools to address the effects of drought, for example, contributes to this objective. Technology is another line of defence that can increase yield and resiliency in these communities over the longer term. Finally, the ultimate line of defence is emergency assistance programs offered by organizations like the World Food Programme.

## Humanitarian Aid

Canada’s foreign policy includes an international development component that seeks to help countries facing food insecurity, particularly by contributing to the World Food Programme to respond to emergencies. [Peter MacDougall](#), Assistant Deputy Minister of Global Issues and Development at Global Affairs Canada, gave an example of Canadian leadership in this area:

In 2021 Canada’s support for sustainable agriculture and food systems reached its highest level in decades. This increase was driven by large-scale investments in agriculture and food systems through our climate finance program, working with organizations such as the FAO and the International Fund for Agricultural Development.

In 2013, Canada ratified the Food Assistance Convention, pledging a minimum annual commitment of \$250 million in food assistance.<sup>47</sup> [Paul Hagerman](#), Director of Public Policy at the Canadian Foodgrains Bank, said that Canada’s minimum commitment has been flat for nine years, unlike other signatories. Although Canada usually gives higher than its minimum commitment, he recommended that Canada’s minimum commitment be adjusted every year based on the FAO food price index so that Canada’s contribution to addressing food insecurity does not decrease in value over time.

### Recommendation 20

**The Committee recommends that the Government of Canada increase its contribution to global food assistance for countries which are facing a food crisis, particularly those reliant on imports from Ukraine or Russia.**

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47 Government of Canada, [Backgrounder—Canada pledges annual food assistance during Global Food Security Forum](#).



## Strengthening Capacity

Several witnesses stated that, in addition to providing emergency assistance, Canada must also contribute to strengthening the capacity and resiliency of countries at risk of food insecurity. [Peter MacDougall](#) gave examples of Canada's ongoing efforts:

We have provided \$100 million to the African Development Bank, which will support the growth of small and medium-sized agricultural businesses in Africa with a focus on climate-smart agriculture. We also provided another \$25 million to the International Fund for Agricultural Development, which works a lot with smallholder farmers in rural communities and with a real focus there on climate-smart agriculture. That's really the trajectory of a lot of our investments in the future, towards climate-smart agricultural practices.

Furthermore, [Lauren Ravon](#) called on Global Affairs Canada to stop looking at long-term development and humanitarian aid separately. In her view, climate change means that the two approaches need to be merged, including by "focusing on climate-resilient agriculture, women's participation in local markets, small-scale agriculture and investing in local climate adaptations solutions."

According to [Robert Saik](#), Professional Agrologist and Certified Agricultural Consultant, efforts to strengthen capacity should focus on soil testing and genetic engineering to give farmers the means to increase their yields. [Evan Fraser](#) supported his view, adding that technology can increase community resiliency, particularly by using drought-resistant seed and using remote sensing data to detect early signs of drought.

According to [Michael Fakhri](#), Special Rapporteur on the Right to Food at the United Nations, price stability is an important factor in food security, and it is critical to support the development of mechanisms that give vulnerable countries greater food sovereignty. In his view, these mechanisms could take various forms, but the Canadian supply management system is one mechanism that has contributed to stable prices and resiliency in Canada. [David Tougas](#), Coordinator for Business Economics at the Union des producteurs agricoles, explained how supply management contributes to food security:

[S]upply management is entirely consistent with self-sufficiency and food security. That means we really must preserve the system to keep its advantages for productions that benefit from it, such as milk, poultry and eggs. That means excluding this system from the next trade negotiations and preserving it in its entirety, especially in the current environment, which poses risks for food supply chains. It has never been more important to preserve this system.



### **Recommendation 21**

**The Committee recommends that the Government of Canada protect the supply management system and consider ways its international development programming can promote the exchange of lessons learned in the areas of production and price stability with farmers in developing countries.**

The [UN Special Rapporteur on the Right to Food](#) finally explained that domestic and international efforts to increase food security should encourage the transition to agroecology, a practice “committed to mimicking ecological processes. It treats the goals of enhancing biodiversity and enhancing justice as one and the same.” This transition, Dr. Michael Fakhri says, includes securing strong land rights for farmers, genuine agrarian reform and “holding corporations accountable.” The [Food and Agriculture Organization of the United Nations](#) further defines this concept:

Agroecology is an integrated approach that simultaneously applies ecological and social concepts and principles to the design and management of food and agricultural systems. It seeks to optimize the interactions between plants, animals, humans and the environment while taking into consideration the social aspects that need to be addressed for a sustainable and fair food system.

### **Recommendation 22**

**The Committee recommends that the Government of Canada work with international partners and target its international assistance marked for food security to climate-resilient and science-based agricultural development, including agroecological designs, techniques, and principles.**

## **CONCLUSION**

Over the course of the study, the Committee heard from witnesses who emphasized the leading role Canada could play in contributing to global food security.

To do so, they stressed the need for the Government of Canada to address the barriers that prevent the sector from reaching its full potential, including labour, innovation and transportation infrastructure. Canadian farmers and food processors also need to have the tools necessary to navigate climate change challenges and to continue the progress they have made in increasing their production while keeping greenhouse gas emissions associated with their operations low.

Witnesses also emphasized the importance of developing resilient local food infrastructure, strengthening local food systems, and regional processing capacity to

ensure Canada's food security. Similarly, they reiterated the important role that Canada must play in preventing and addressing global food crises as part of its international development and humanitarian assistance policy.



**APPENDIX A**  
**LETTER TO THE MINISTER OF AGRICULTURE**  
**AND AGRI-FOOD**

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**STANDING COMMITTEE ON  
AGRICULTURE AND AGRI-FOOD**



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

**COMITE PERMANENT DE  
L'AGRICULTURE ET DE  
L'AGROALIMENTAIRE**

Ottawa, June 29, 2022

The Honourable Marie-Claude Bibeau, PC, MP

Minister of Agriculture and Agri-Food

Dear Minister Bibeau:

The House of Commons Standing Committee on Agriculture and Agri-Food devoted three meetings from June 6 to 13 studying how Russia's illegal invasion of Ukraine and the ongoing war is impacting global food security. The Committee heard important testimony from 17 witnesses, including parliamentarians such as Yuliya Klymenko, member of the Verkhovna Rada, Ukraine's parliament, and your Ukrainian counterpart minister Mykola Solskyi, along with representatives from the Food and Agriculture Organization of the United Nations (FAO), the European Union (EU), the Canadian Foodgrains Bank and other organizations with a deep knowledge on the subject. Our Committee intends to continue this study and table a comprehensive report to the House of Commons this fall. However, given the urgency and severity of what we are collectively facing, the Committee felt it important to provide a series of suggested policy responses the Government can consider implementing as soon as possible. These recommendations are as follows:

1. Ukraine requires both short-term and longer-term infrastructure, because of the explicit targeting by the Russian Federation. The Government of Canada should begin work with international partners on reconstruction efforts; however, because 22 million tonnes of grain remains blocked, in the short-term, grain storage is essential. Therefore, the Committee recommends that the Government of Canada:
  - Provide temporary grain storage options for Ukraine, such as plastic grain bags directly at the farm level, no later than September 2022, to prevent grain spoilage.
  - Work with Ukraine and international partners to build grain storage facilities in Poland at the border.
  - Offer grain handling equipment (such as grain vacuums) to, in the short term, increase and speed transfer of grain from Ukrainian to EU rail systems.

2. Given the direct targeting of Ukrainian agriculture resources by the Russian Federation, the Committee recommends that the Government of Canada support the continued viability of Ukraine's agriculture sector in the following ways:
  - Work with Ukraine to replace lost agriculture resources such as seeds, machinery, fertilizer, and fuel needed to continue farming operations.
  - Cooperate with Ukraine to help rebuild the National Gene Bank of Plants of Ukraine facility that was destroyed in Kharkiv, by leveraging Agriculture and Agri-Food Canada and private sector resources and expertise.
  - Help ensure access to veterinary and phytosanitary services that enable continued and additional trade access at land borders.
  - Support Ukrainian farmers' exports to Canada by simplifying procedures for the approval of imported Ukrainian food products by the Canadian Food Inspection Agency while preserving food safety.
  - Provide robotic demining equipment and expertise to Ukraine to help clear the approximately 13% of arable lands that contain mines or unexploded shells.
  - Contribute to the financing of smaller farms in Ukraine that are crucial to growing fruits and vegetables and provide the necessary tree saplings as requested by the Ukrainian government.
  - Task Export Development Canada to provide a new type of policy insurance to cover political risks when Canadian businesses export to Ukraine.
  - Support joint Ukraine-Canada projects of food processing in Ukraine and task Export Development Canada and Canadian Commercial Corporation to develop a specialized program of support to Canadian businesses willing to participate in the projects.
3. The war in Ukraine has severe consequences for food insecure and vulnerable countries that are reliant in the World Food Program. The Committee has heard important testimony on the impact of international humanitarian assistance, and the importance of building capacity in developing countries. Therefore, the Committee recommends that the Government of Canada:
  - Increase Canada's international commitment through the Food Assistance Convention.
  - Work with United Nations countries to ensure adequate funding of FAO's Rapid Response Plan and the Global Food Import Financing Facility.
  - Work with international partners such as Oxfam and the World Food Program to ensure vulnerable countries, particularly those reliant on Ukrainian and Russian imports, have access to food.
  - Help build domestic capacity in developing countries by using organizations such as the Canadian Foodgrains Bank to share Canadian expertise, technology and innovation.
4. The Committee recommends that the Government of Canada ensure access to affordable fertilizer to maximize yield potential, while also exploring ways to work



with Canadian fertilizer producers to increase domestic production, including by encouraging and financially supporting the development of potential sources of domestically produced fertilizer to reduce Canada's dependence on external suppliers, particularly Russia.

5. The Committee recommends that the Government of Canada address pinch points in Canada's supply chain, such as port and rail capacity, to ensure Canadian agriculture commodities can reach global markets efficiently and reliably.
6. The Committee recommends that the Government of Canada make every diplomatic effort to unblock Ukrainian ports and ensure that Ukrainian grain can be shipped to importing countries; and that these efforts be undertaken in collaboration with the UN. This collaboration should include looking into creating security convoys with multinational escorts to ensure that commercial ships can export safely.
7. The Committee recognizes that the best way to protect global food security is for Ukraine to win the war. Therefore, the Committee recommends that the Government of Canada continue to evaluate all options in partnership with our allies to provide Ukraine with the necessary weapons, equipment, training, and heavy artillery to repel the illegal Russian invasion, open seaports and mitigate the global food crisis.

Attached you will find a summary of evidence highlighting key witness testimony that provides context to these recommendations. On behalf of the Committee, I have also copied other Ministers of the government whose portfolios have relevance on this important subject. The question of global food security is one of the most important issues facing us collectively in the days ahead.

Yours sincerely,



Kody Blois, MP for Kings–Hants

Chair of the House of Commons Standing Committee on Agriculture and Agri-Food

CC:

- The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance
- The Honourable Dominic LeBlanc, Minister of Intergovernmental Affairs, Infrastructure and Communities
- The Honourable Mélanie Joly, Minister of Foreign Affairs
- The Honourable Harjit S. Sajjan, Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada

- The Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry
- The Honourable Seamus O'Regan Jr., Minister of Labour
- The Honourable Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development
- The Honourable Jonathan Wilkinson, Minister of Natural Resources
- The Honourable Anita Anand, Minister of National Defence
- The Honourable Omar Alghabra, Minister of Transport

## APPENDIX – WHAT THE COMMITTEE HEARD

### UKRAINE: A BREADBASKET OF THE WORLD

On 24 February 2022, Russia began a military invasion of Ukraine, causing major disruptions in a key region of the world in the international grain trade. According to data from the Food and Agriculture Organization of the United Nations (FAO), Ukraine, whose territory is directly affected by the conflict, ranked in 2020 among the top-exporting countries of the main grains traded in the world. It accounted for 43% of the world's total sunflower oil exports in 2020, as well as 22% of millet, 14% of corn, 13% of barley, 9% of wheat and 9% of canola.

Ukraine's grain supply is particularly important for developing countries where it represents a significant share of their supply. In 2019, 66% of Lebanon's total wheat imports, 53% of Tunisia's and 16% of Egypt's came from Ukraine. Many other developing countries, such as Indonesia, Kenya and Somalia, rely on Ukraine for ensuring their food security. As such, the current disruptions to Ukraine's ability to trade with the world present a major threat to world food security.

### THE IMPACT OF THE WAR

Witnesses familiar with the situation told the Committee that Russian military action in Ukraine has drastically reduced the country's ability to produce, harvest, and distribute its agricultural products, notably its grains. This reduction in output has important consequences well beyond Ukraine's borders, as many countries rely on imports of Ukrainian wheat, corn, barley, and sunflower oil to meet their nutritional needs.

At the primary production level, Dr. Maria Bogonos, Head of the Center for Food and Land Use Research at the Kyiv School of Economics, estimated that 20% of the country's arable land is currently under Russian occupation, resulting in a 40% reduction in its sunflower oil exports and a 50% reduction in its wheat exports. Dr. Lesia Zaburanna, a member of the Verkhovna Rada, Ukraine's parliament, explained that Ukrainian farmers face shortages of essential inputs, including fuel and fertilizer, jeopardizing their ability to operate. Several witnesses, including Ms. Yulia Klymenko, also a member of the Verkhovna Rada, and Maud Labat, a Trade Counsellor with the Delegation of the European Union to Canada, testified that Russia has targeted Ukraine's agricultural sector, including its farms, grain silos, research facilities, fuel storage facilities and transport infrastructure, as part of its military campaign. She estimated that 13% of Ukraine's arable farmland has unexploded mines and shells. The Ukrainian Minister of Agrarian Policy and Food, Mykola Solskyi explained to the Committee that Russia has stolen wheat from occupied regions of Ukraine and tried to export it. Witnesses also noted that internal displacement, external migration, and citizens leaving

their normal posts to join the Ukrainian military effort have created labour shortages, further limiting Ukraine's ability to produce food.

Russia has blockaded Ukraine's Black Sea ports, notably the country's largest seaport, the Port of Odessa, preventing grain vessels from reaching international markets. According to officials from Global Affairs Canada, Ukraine exported 95 % of its grain via its Black Sea ports before the invasion. Witnesses testified that alternative transport methods have insufficient capacity and face logistical difficulties in reaching foreign markets. Minister Solskyi, told the Committee that Ukraine's rail network, for example, is not interoperable with that of its European neighbours due to different track gauge standards, requiring Ukrainian rail cars to be loaded into trucks at border crossings. Ms. Klymenko explained that while Ukraine has increased the capacity of road, rail, and ports on the Dnieper River, these transport methods could only move a maximum of 1.5 million tonnes of grain a month. Dr. Bogonos similarly explained that, even if it operates at full capacity, Ukraine's rail network would only be able to transport 10% of Ukraine's previous export volumes.

This lack of export options has led to excess supplies of grain and placed pressure on Ukraine's ability to store them. Dr. Maximo Torero Cullen, Chief Economist at the FAO cited an estimate that between 20 million and 24 million tonnes of Ukrainian grain are currently in storage. Minister Solskyi explained that export blockades, damage from bombardments to elevators, and Russian seizures of grain silos have decreased Ukraine's grain storage capacity from a pre-war level of 85 million tonnes to a current level of only 60 million tonnes. Minister Solskyi estimated that the country's grain storage capacity may decrease to between 10 million and 15 million tonnes by October and asked for international assistance to build temporary grain storage facilities. Peter MacDougall, the Assistant Deputy Minister for Global Issues and Development at Global Affairs Canada, explained that there is a risk of grain spoilage if sufficient additional storage is not in place by September or October 2022. He also told the Committee that the United Nations was negotiating an agreement between Russia and Ukraine to help restore access to the Black Sea and accelerate the flow of grain exported from Ukraine.

## **CONSEQUENCES TO VULNERABLE COUNTRIES**

Ukraine, sometimes referred to as the "breadbasket of Europe," is an important supplier of wheat to the developing world. Ms. Yulia Klymenko estimated that the country feeds 400 million people worldwide normally, mostly in developing countries. Dr. Bogonos specified that countries such as Bangladesh, Egypt, Libya, and Yemen are highly dependent on shipments of Ukrainian wheat to meet their populations' nutritional needs. Lauren Ravon, Executive Director, Oxfam Canada, expressed concern that these disruptions will exacerbate food shortages, in particular in Kenya, Ethiopia and Somalia, which import 90% of their wheat from Russia and Ukraine and which are simultaneously facing unprecedented drought and ongoing conflicts. Mr. MacDougall told the Committee that shortages of food and fertilizer threaten to place further stress on countries such as Egypt, Ethiopia, Lebanon, Mali, South Sudan, and Yemen that also face significant economic and political challenges.

Dr. Torero Cullen told the Committee that in March 2022, the FAO Food Price Index, a monthly measure of the international prices of a basket of food commodities, reached its highest level since its inception in 1990. He attributed this increase in part to global uncertainty following blockades to Ukrainian ports and Russian export restrictions, while noting that prices were already at all-time highs as a result of strong demand and high input costs because of the COVID-19 recovery. Ms. Labat and Dr. Torero Cullen both explained that while high-income developed countries did not face immediate food security challenges, the situation in Ukraine has exacerbated already high prices for agricultural inputs, such as fertilizer and animal feed. Paul Hagerman, the Director of the Canadian Foodgrains Bank, explained that global food price increases pose important challenges for humanitarian assistance delivery. Mr. Hagerman recommended that Canada increase its humanitarian assistance, noting that its contributions under the Food Assistance Convention have remained unchanged over the past nine years, and consider pegging its food assistance to the FAO's Food Price Index. He also recommended a greater emphasis on agriculture and food security in Canada's international development assistance programming.

## **CANADA'S ABILITY TO RESPOND TO THE GLOBAL DEMAND**

Jean-Marc Ruest, Senior Vice-President for Corporate Affairs and General Counsel at Richardson International, noted that the situation in Ukraine has exacerbated pre-existing tensions in international supply chains and called for long-term efforts, including infrastructure investments and regulatory reform, to ensure Canada had sufficient export capacity, particularly for its grains and oilseeds, to meet global demand. Robert Saik, Professional Agrologist and Certified Agricultural Consultant, called on Canada to increase its output of agricultural products to help better supply international markets.

Catherine King, Vice-President of Communications and Stakeholder Relations at Fertilizer Canada, explained that Canada provides 12% of the world's fertilizer supply and that Canadian potash producers have expanded their production to help alleviate global supply shortages. She recommended further collaboration between the fertilizer industry and government to ensure a predictable regulatory environment that would allow Canada to remain a reliable trading partner. Mr. Saik recommended that Canada leverage its farmers' expertise in nutrient management, soil science and genetic engineering to help farmers in food insecure countries. Ms. King echoed this point, encouraging Canada to disperse its knowledge and best practices for fertilizer use globally to optimize nutrient uptake and crop production.

## **WINNING THE WAR AND REBUILDING UKRAINE'S AGRICULTURAL CAPACITY**

Ukrainian witnesses, including Minister Solskyi and Ms. Klymenko, emphasized their view that the solution to the country's export problems is primarily a military one. They also, however, offered several specific actions that would help restore Ukraine's capacity to grow and export food. In addition to the grain storage facilities mentioned above, Minister Solskyi

noted that many fruit farmers are either unable to plant or have switched to growing grains. He asked Canada to provide fruit tree saplings and share its technical expertise in orchard growing to help support Ukraine's fresh fruit sector, explaining that fruit production would also provide employment to internally displaced Ukrainians. Ms. Klymenko noted that several agricultural research facilities located near ports had undergone significant damage, including a plant breeding research facility in Kharkiv, and asked for Canadian assistance in re-equipping and increasing the number of export phytosanitary and veterinary laboratories in Ukraine.

## APPENDIX B LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<b>As an individual</b> Dr. Mariia Bogonos, Head, Center for Food and Land Use Research of Kyiv School of Economics	2022/06/06	22
<b>Canadian Foodgrains Bank</b> Paul Hagerman, Director of Public Policy	2022/06/06	22
<b>Center for Environmental Initiatives Ecoaction</b> Mykhailo Amosov, Land Use Expert	2022/06/06	22
<b>Delegation of the European Union to Canada</b> Maud Labat, Trade Counsellor, Trade and Economic Section	2022/06/06	22
<b>Food and Agriculture Organization of the United Nations</b> Maximo Torero Cullen, Chief Economist	2022/06/06	22
<b>Parliament of Ukraine (Verkhovna Rada)</b> Yulia Klymenko, Member of Parliament, First Deputy Chairman of the Committee on Transport and Infrastructure	2022/06/06	22
<b>Department of Foreign Affairs, Trade and Development</b> Tara Denham, Director General, Ukraine Strategic Action Team Peter MacDougall, Assistant Deputy Minister, Global Issues and Development	2022/06/09	23
<b>Ministry of Agrarian Policy and Food of Ukraine</b> Mykola Solskyi, Minister	2022/06/09	23

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>As an individual</b> Robert Saik, Professional Agrologist and Certified Agricultural Consultant	2022/06/13	24
<b>Fertilizer Canada</b> Clyde Graham, Executive Vice-President Catherine King, Vice-President, Communications and Stakeholder Relations	2022/06/13	24
<b>Food and Agriculture Organization of the United Nations</b> Pierre Vauthier, Head of Ukraine Office	2022/06/13	24
<b>Oxfam Canada</b> Brittany Lambert, Women’s Rights Policy and Advocacy Specialist Lauren Ravon, Executive Director	2022/06/13	24
<b>Parliament of Ukraine (Verkhovna Rada)</b> Dr. Lesia Ziburanna, Member of Parliament	2022/06/13	24
<b>Richardson International Limited</b> Jean-Marc Ruest, Senior Vice-President, Corporate Affairs and General Counsel	2022/06/13	24
<b>As an individual</b> Evan Fraser, Director, Arrell Food Institute, University of Guelph	2022/09/28	28
<b>Canadian Federation of Agriculture</b> Scott Ross, Executive Director	2022/09/28	28
<b>Canadian Produce Marketing Association</b> Ron Lemaire, President	2022/09/28	28
<b>Canola Council of Canada</b> Chris Davison, Vice-President, Stakeholder and Industry Relations	2022/09/28	28
<b>Cereals Canada</b> Mark Walker, Vice-President, Markets and Trade	2022/09/28	28
<b>Global Institute for Food Security</b> Steve Webb, Chief Executive Officer	2022/09/28	28



<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>CropLife Canada</b> Ian Affleck, Vice-President, Biotechnology Dennis Prouse, Vice-President, Government Affairs	2022/10/05	30
<b>Nutrien Ltd.</b> Mark Thompson, Executive Vice-President, Chief Strategy and Sustainability Officer	2022/10/05	30
<b>Sollio Cooperative Group</b> Ghislain Gervais, President Casper Kaastra, Chief Executive Officer	2022/10/05	30
<b>As an individual</b> Ted Menzies	2022/10/19	32
<b>Canadian National Railway Company</b> Doug MacDonald, Chief Marketing Officer	2022/10/19	32
<b>Ontario Agri Business Association</b> Russel Hurst, Executive Director	2022/10/19	32
<b>Ontario Federation of Agriculture</b> Peggy Brekveld, President	2022/10/19	32
<b>Protein Industries Canada</b> William Greuel, Chief Executive Officer	2022/10/19	32
<b>Union des producteurs agricoles</b> Martin Caron, General President David Tougas, Coordinator, Business Economics	2022/10/19	32
<b>As an individual</b> Dr. Sylvain Charlebois, Professor and Director, Agri-Food Analytics Lab, Dalhousie University	2022/10/26	34
<b>Canadian Agri-Food Trade Alliance</b> Claire Citeau, Executive Director	2022/10/26	34
<b>Canadian Cattle Association</b> Ryder Lee, General Manager Bob Lowe, Past President	2022/10/26	34

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Pacific Railway</b> Elizabeth Hucker, Assistant Vice-President, Sales and Marketing, Canadian Grain	2022/10/26	34
<b>Saskatchewan Wheat Development Commission</b> Brett Halstead, Board Chair	2022/10/26	34
<b>Second Harvest</b> Lori Nikkel, Chief Executive Officer	2022/10/26	34
<b>Canadian Agri-Food Policy Institute</b> Tyler McCann, Managing Director	2022/11/02	35
<b>Food and Beverage Canada</b> Kathleen Sullivan, Chief Executive Officer	2022/11/02	35
<b>Market Place Commodities Ltd</b> Jim Beusekom, President	2022/11/02	35
<b>Ray-Mont Logistics</b> Stephen Paul, Vice-President, Supply Chain Logistics	2022/11/02	35
<b>Saskatchewan Association of Rural Municipalities</b> Raymond Orb, President	2022/11/02	35
<b>Western Canadian Wheat Growers Association</b> Gunter Jochum, President	2022/11/02	35
<b>As an individual</b> Michael Fakhri, Special Rapporteur on the Right to Food, United Nations	2022/11/16	37
<b>Canadian Canola Growers Association</b> Dave Carey, Vice-President, Government and Industry Relations	2022/11/16	37
<b>Ontario Fruit and Vegetable Growers' Association</b> Charles Stevens, Chair of the Board	2022/11/16	37
<b>Quorum Corporation</b> Mark Hemmes, President	2022/11/16	37

## APPENDIX C LIST OF BRIEFS

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The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

**Canadian Agri-Food Trade Alliance**

**CARE Canada**

**Cargill Limited**

**Cereals Canada**

**Cooperation Canada**

**Food and Agriculture Organization of the United Nations**

**Fraser, Evan**

**Plan International Canada Inc.**

**Saskatchewan Wheat Development Commission**

**Save the Children Canada**

**Sollio Cooperative Group**

**UNICEF Canada**

**World Vision Canada**



## REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 22 to 24, 26, 28, 30, 32, 34, 35, 37, 45, 46, 48, 50, 54 and 55](#)) is tabled.

Respectfully submitted,

Kody Blois  
Chair

