

**GOVERNMENT RESPONSE TO THE EIGHTH REPORT OF THE STANDING COMMITTEE ON
AGRICULTURE AND AGRI-FOOD, ENTITLED: FEEDING THE WORLD: STRENGTHENING
CANADA'S CAPACITY TO RESPOND TO GLOBAL FOOD INSECURITY**

The Government of Canada is pleased to respond to the eighth Report of the Standing Committee on Agriculture and Agri-Food (the Committee) entitled *Feeding the World: Strengthening Canada's Capacity to Respond to Global Food Insecurity* (the Report).

The Government commends the members of the Committee, and the witnesses who appeared before it, for their insight and commitment toward addressing global food insecurity. The Government supports the broad, positive approach, and many of the recommendations put forth by the Committee.

The Government appreciates the comprehensive recommendations developed by the Committee and is working collaboratively with other government departments to address the challenges highlighted throughout the Report. Details are provided below regarding the Government's Response to the specific recommendations of the Committee in this regard.

The Response is the product of a collaborative effort among implicated federal departments and agencies including: Agriculture and Agri-Food Canada (AAFC); the Canadian Food Inspection Agency (CFIA); Employment and Social Development Canada (ESDC); Environment and Climate Change Canada (ECCC); Finance Canada (FIN); Global Affairs Canada (GAC); Health Canada (HC); Innovation, Science and Economic Development Canada (ISED); Public Health Agency of Canada (PHAC), Transport Canada (TC); Canada Border Services Agency (CBSA); and Immigration, Refugees and Citizenship Canada (IRCC).

The COVID-19 pandemic, and other short-term disruptions have led to new and significant pressures on all parts of the food supply chain. Overall, the industry fared well, and continued to function and demonstrated its resiliency; however, existing vulnerabilities in labour, transportation and infrastructure were exacerbated by local and global disruptions, potentially affecting the ability of all parts of the food supply chain of reaching their full growth potential. Of particular note is Russia's invasion of Ukraine, which has created further pressures on food supply chains, affecting global food security and Canadian production. Canada continues to participate in existing multilateral efforts to address the impacts of limited production and exports from that region, including those that affect Canadian producers' access to inputs, such as finding alternate sources of fertilizer.

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 Government of Canada supports this recommendation.

In response to Russia's invasion of Ukraine, Canada continues to take actions to support Ukraine's domestic agricultural sector and help address food security issues, mainly through on-farm support to smallholder Ukrainian farmers. Globally, Canada continues to engage stakeholders, particularly the United Nations (UN) and the European Union (EU) in support of grain exports from Ukraine, including through Black Sea ports and the EU-Solidarity lanes. Canada supports the Black Sea Grain Initiative (BSGI) and has repeatedly called on the Russian Federation to participate in the BSGI in good faith. Any de facto blockade of Ukraine's Black Sea ports significantly affects global food exports as well as security in the Black Sea. Canada will

continue to work with its partners to mitigate the impacts of Russia's war of aggression against Ukraine on global food security through humanitarian food and nutrition assistance as well as longer-term agriculture and food systems development assistance.

With the effects of Russia's full-scale invasion felt around the world with rising inflation, increasing supply chain instability, and food and energy insecurity, Canada and the EU have committed to find practical ways to mitigate impacts, especially for the most vulnerable.

During the visit of European Commission President von der Leyen in March 2023, she and Prime Minister Trudeau welcomed the forthcoming signature of an administrative arrangement allowing closer cooperation on disaster response and emergency management, building on close EU-Canada coordination in the response to Russia's war against Ukraine. This arrangement will, among other things, enhance sharing best practices towards prevention, preparedness, and coordination on natural and human-induced disasters including in developing countries.

Canada has been at the forefront of supporting Ukraine's efforts with the deactivation and safe disposal of land mines on Ukrainian soil. Since the full-scale invasion in February 2022, Canada has committed over \$35 million to support humanitarian demining in Ukraine. In 2022, Canada's support made it the second largest bilateral donor to humanitarian demining in Ukraine. This includes support provided via Global Affairs Canada's Weapons Threat Reduction Program (WTRP) and Peace and Stabilization Operations Program (PSOPs).

WTRP is providing \$22.5 million in demining and explosive ordnance disposal equipment to the State Emergency Service of Ukraine (SESU). The centerpiece of this equipment donation is the provision of twelve remote-controlled demining vehicles that will be used by SESU personnel to clear agricultural land and allow it to be returned to productive use. Each of these vehicles are able to clear up to 12,000 m² of land per day. The first four of these units have now been delivered to SESU (as of July 2023), with the remaining eight vehicles to be delivered over the course of the year as they are manufactured. This Canadian contribution will effectively double SESU's existing capacity to clear agricultural land.

PSOPs has provided \$2 million to HALO Trust to support emergency explosive ordnance risk education, hazard mapping, and clearance of explosives in the Kyiv and Chernihiv regions of Ukraine. 68% of all land cleared by HALO with PSOPs funding was agricultural land.

PSOPs has also contributed \$7.5 million via a partnership with the US State Department to support the initiative to improve Ukrainian capacity to safely clear territory of mines and other unexploded ordnance. This funding supports the provision of equipment, training and mentoring for Ukrainian government deminers; survey and clearance operations; and raising awareness in communities about how to avoid mines and other unexploded ordnance.

With regards to targeted sanctions, Canada has imposed sanctions on over 2600 individuals and entities from Russia, Belarus, Ukraine, and Moldova since 2014. Canada also introduced or supported measures targeting Russia's ability to access the global financial system, implemented measures to pressure the Russian economy and defence sector, and limited Russia's trade with Canada. A key principle underpinning Canada's approach to sanctioning Russia is alignment with Canada's international allies and partners.

Through these and other measures, Canada seeks to support Ukraine strategically by isolating Russia, imposing maximum economic pressure, making it difficult for Putin and his followers to profit from their aggression, and degrading Russia's military capability. Canada also seeks to shine a light on specific individuals and entities that are responsible for the ongoing violations of Ukraine's sovereignty and territorial integrity, as well as of international peace and security. As such, the Government will work with our partners in reviewing individuals and entities who may be involved in the theft of Ukrainian grain and apply sanctions where it is possible to do so.

However, Canada's measures against Russia do not and will not target essential exports of food and agricultural inputs to developing countries, or other humanitarian necessities such as

medicine and medical devices. This is to make it clear that sanctions are not the cause of these disruptions – Russia’s invasion is.

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.**

The Government supports the first part of this recommendation and recognizes the challenges faced by Canadian agriculture and agri-food employers in addressing labour shortages in this sector. A number of measures are currently in effect under the primary agriculture streams of the Temporary Foreign Worker (TFW) Program to better support employers and reduce administrative burden. Notably, the Labour Market Impact Assessment (LMIA) processing fee does not apply to primary agriculture occupations, and employers benefit from priority processing under which their applications are processed faster in comparison to other TFW Program streams. Similarly, in January 2022, ESDC temporarily suspended the minimum job advertising requirement for employers to hire temporary foreign workers in primary agriculture. This temporary measure has recently been extended to June 30, 2024.

Budget 2022 also announced a number of additional measures to further reduce administrative burdens for trusted repeat employers and ensure employers can quickly bring in workers to fill short-term labour market gaps. These include:

- The introduction of a Trusted Employer Model (TEM), now known as the Recognized Employer Pilot (REP), that reduces red tape for repeat employers who meet the highest standards for working and living conditions, and protections in high-demand fields; and,
- The implementation of a new foreign labour program for agriculture and fish processing, tailored to the unique needs of these employers and workers.

The Government announced the REP on August 8, 2023, to test streamlined processes, be more responsive to labour market shortages and reduce the administrative burden for repeat employers who demonstrate a history of TFW Program compliance. Once accepted into the REP, eligible employers can benefit from extended Labour Market Impact Assessment (LMIA) validity periods and a simplified process for future LMIA applications. The REP will be in effect from September 11, 2023, until a proposed end date of December 31, 2026.

Furthermore, as part of its ongoing efforts to adjust and improve the TFW Program, and to ensure that it continues to meet the labour market needs of today, the Government of Canada extended a number of measures announced in the April 2022 TFW Program Workforce Solutions Roadmap until October 30, 2023. This includes measures to address seasonal peaks and labour shortages in agri-food industries including:

- Removing the limit on the number of low wage positions that employers in seasonal industries, such as fish and seafood processing, can fill;
- Temporarily increasing the validity period for LMIAs from 6 months up to 18 months
- Temporarily allowing employers from seven sectors with demonstrated labour shortages (including accommodation and food services) to hire up to 30% of their workforce through the TFW Program for low-wage positions. Employers from other

sectors hiring low-wage positions are permitted to hire up to 20% of their workforce through the TFW Program;

- Maintaining the extension of the maximum employment duration for all low-wage positions to a period of up to 2 years

This is in addition to permanently increasing the maximum employment duration from 180 days up to 270 days, per year, for seasonal positions that are already exempt from caps on TFWs in their workforce.

Service Canada has also undertaken a number of initiatives to achieve efficiencies across the network. Additional funding received through Budget 2022 (totaling \$64.6 million over three years) will increase the Program's capacity to process employer applications within established service standards.

In addition, streamlining measures and modernization efforts have been undertaken to reduce administrative procedures and touch points for employers, which has positioned the Program to better respond to unprecedented employer demand.

Modernization efforts have included the development of national processes for LMIA to facilitate processing consistencies, establishing national workload management, and introducing efficiencies across the network. Efforts also include a transition to new internal service level expectations for LMIA in 2023-24, working with service delivery partners such as the Government of Quebec and IRCC; and early engagement and outreach to stakeholders leading to the progressive transition to the LMIA Online Portal as of April 3, 2023 as the primary method of submission for LMIA applications.

The LMIA Online Portal presents users with an intuitive flow of application questions; real-time updates regarding the status of their applications; removes duplication of information between Job Bank and the TFW Program and renders the processing of LMIA applications more efficient for the TFW Program (i.e., removes data entry step from process, simplifies uploading of documents, etc.). Throughout 2023-2024, the TFW Program will continue to engage with stakeholders to support their transition to the Portal and encourage LMIA Online uptake.

As a result of these efforts, LMIA processing times have improved, despite unprecedented increases in volumes. In FY2022-23, the Program processed 64.8% more files than it did in the previous fiscal year and improved its average processing time by 11.5 business days.

The Government of Canada acknowledges the second part of this recommendation. TFWs who are issued employer-specific work permits are authorized to only work in a specific job for an employer listed on their work permit. TFWs who are issued open work permits are authorized to work for any employer in Canada.

The *Immigration and Refugee Protection Regulations* provide TFWs the legal right to change employers, as all foreign nationals already in Canada on work permits are able to apply for a new work permit, and to change employment, provided they meet eligibility criteria. This incentivizes employers to offer competitive wages and working conditions for all TFWs, as well as reduce vulnerability and employer abuse of TFWs in Canada. Restricting agriculture and food manufacturing workers to just one employer may make them more vulnerable to abuse by some employers.

In many cases, changing employment is already challenging for TFWs with employer-specific work permits. A TFW will first need to find a new employer who has a job offer and are willing to apply for a LMIA. Once an LMIA has been approved, the TFW has to subsequently apply for a new employer-specific work permit. This is a costly and time-consuming process for both employers and TFWs. Under the Seasonal Agricultural Worker Program (SAWP), employers can transfer a worker from one farm to another, provided the employer has the worker's consent as well as written approval from both the foreign government and Service Canada. This provides an opportunity for consenting workers to be transferred from one farm to another to

fill vacancies as long as the requesting employer has an effective positive LMIA. This measure benefits workers as they can take up new jobs and extend their earnings after their initial employment ends, and it provides employers with quick access to available workers during the farming season.

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.

The Government supports this recommendation. In recognition of this critical issue, the Prime Minister mandated the Minister of Agriculture and Agri-Food to develop a sector-specific Agricultural Labour Strategy, with the support of the Minister of Employment, Workforce Development and Official Languages, and in partnership with provinces and territories, employers, unions, workers and others. The National Labour Strategy is to address persistent and chronic labour shortages in farming and food processing in the short and long term.

While the Strategy is being developed, AAFC is engaging with federal, provincial, and territorial partners, as well as employers, unions, underrepresented groups, workers, and other key groups. The purpose of the engagement is to ensure the strategy reflects the unique needs of the sector, and to identify best ways to address chronic labour shortages across Canada. Public consultations took place in 2022 and 2023 and focused on: the use of automation and technology; targeted skills development and training; employment incentives and best practices; improved working conditions and benefits; and programs to recruit and retain workers. The results of these consultations were published within the What We Heard Report on May 18, 2023. The Strategy is forthcoming.

Immigration is a joint FPT responsibility and requires a collaborative approach to support newcomers and share the benefits of immigration across Canada. The FPT Forum of Ministers Responsible for Immigration meets annually to discuss issues and priorities of interest across jurisdictions. Under the Provincial Nominee Program, provinces and territories have the authority to nominate individuals as permanent residents to address specific labour market and economic development needs, including agriculture and agri-food industries. The Government also launched the Agri-Food pilot which provides a pathway to permanent residence for experienced non-seasonal workers in specific agri-food industries and occupations until May 2025.

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.

The Government of Canada supports this recommendation. Novel agricultural products require three separate safety assessments and authorizations prior to commercial use. The CFIA assesses the safety of the end product for release into the environment and for use as a livestock feed, while HC assesses the safety for use as food and its effect on human health. Each of these programs have published clarified guidelines on the regulation of products developed using techniques known as plant breeding innovation (PBIs) or are preparing to consult on this subject.

- On May 18, 2022, HC published revised guidance for food that is developed from plant breeding, including PBIs. To address public interest in greater transparency regarding gene-edited plant products, Health Canada developed the Transparency Initiative
- On May 3, 2023, the CFIA published updated guidance on the interpretation of Part V of the *Seeds Regulations* to make it clear which plants require assessment from the CFIA

before being released into the environment. This update provides guidance for all plants, including those developed via conventional breeding or through new PBI methods.

- The CFIA is preparing an updated guidance document for public consultation on what constitutes a novel feed. The guidance pertains to how to determine when a plant derived ingredient requires a feed pre-market assessment.

To address concerns raised by the organic sector and enhance transparency around seeds developed using gene editing techniques, AAFC, HC, and the CFIA collaborated with seed, grain, and organic industry stakeholders through the AAFC-led Industry-Government Technical Committee on Plant Breeding Innovation Transparency. The Technical Committee developed a series of recommendations to enhance transparency surrounding products of gene editing. The Minister of AAFC published the Chair's Report on the work of the Technical Committee including its recommendations on May 3, 2023. Work is currently underway to implement the recommendations. This includes the establishment of a Government-Industry Steering Committee to monitor the development of the various transparency measures. The Steering Committee held its first meeting on June 30, 2023 and will continue to meet regularly.

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.

The Government of Canada acknowledges this recommendation and is working to identify opportunities that can improve the efficiency and predictability of the regulatory approval process. The Government supports efforts to pursue international alignment and regulatory cooperation with key trading partners to support market access and improves the competitiveness of the agriculture sector, without compromising Canada's strong health, safety, and environmental protections. Canada is recognized as a world leader for its food safety, animal and plant health system, which is based on scientific decision making.

The Government recognizes the importance of safe, two-way trade, and ensures products imported from other jurisdictions meet the same safety requirements as those sold in Canada to mitigate risks. For instance, Canadian importers must work with their foreign suppliers to verify that the food they import meets Canadian requirements. This provides Canadians with confidence that the products they buy are safe. It also facilitates market access, as Canada is able to demonstrate to its trading partners that its system offers a high level of protection.

Regulatory cooperation and alignment with trusted trading partners is a key activity that supports trade and helps minimize unnecessary barriers to market access. This is recognized in the Cabinet Directive on Regulation, which sets the overarching policy framework for federal regulatory development and references the need for international regulatory cooperation and alignment. Where possible, the Government has created pathways to support market access in legislation and regulations. For instance, the *Safe Food for Canadians Act* was passed in 2012 and contains a regulatory-making provision that allows Canada to recognize the food safety system of another country. The Government also looks for opportunities to align the requirements for product approvals with those of key trading partners. While it remains a business decision to market a product in Canada, aligning the data requirements with key trading partners improves the timeliness of product approvals for businesses. The Government values opportunities for greater regulatory cooperation and alignment in order to facilitate safe trade in agricultural products.

RECOMMENDTION 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 16th report of the 42nd 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.

The Government supports this recommendation. The mental health of workers in the agricultural and agri-food sector is critically important for Agriculture and Agri-Food Canada as well as Farm Credit Canada (FCC). The Government supports FCC's involvement and the work they do to support the mental health of workers in the agriculture and agri-food sector. FCC has all the necessary authorities to provide the sector with mental health support as outlined in the recommendation.

FCC's current mandate letter asks FCC to "Enhance mental health services offerings to support those involved in Canada's agriculture and food system. Work with and provide financial support to likeminded organizations to assist producers with mental health issues through greater awareness and knowledge dissemination and provide greater access to services and support networks in rural communities." FCC is working to increase awareness of mental health issues in rural communities through partnerships, mental health publications and resources on its website. It has a number of programs/initiatives and work currently underway to address mental health for those in the industry.

In particular, related to Recommendation 5 and 8 from the Standing Committee on Agriculture and Agri-Food's 16th report of the 42nd Parliament entitled "Mental Health: A Priority for Our Farmers," FCC is the presenting partner of the Do More Ag Foundation Community Fund, which provides agriculture communities across Canada access to mental health education and literacy at no cost. FCC also provides funding for: the Canadian Agricultural Safety Association's new mental health hub, which is populated with resources and links to programs and information to link farmers, farm workers and farm families to mental health supports to help them better navigate mental health challenges and understand the importance of overall wellness on the farm; the Ag Health and Safety Alliance's Gear Up for Ag program, which offers physical safety and mental health training for students in agriculture-related courses at colleges across the country; and the Au Coeur des Familles Agricoles Travailleurs de Rang program, enabling mental health specialists to function as a mobile mental health unit for producers in rural Quebec.

With regards to Recommendation 10 from the same report; FCC has a number of e-mental health resources available for farmers across Canada including: Rooted in Resilience, a mental health magazine designed to provide Canadian food producers with stories, tools and advice on how to feel stronger in the face of adversity (available online and delivered to 180,000 rural mailboxes across Canada); and resources and helplines available on FCC's webpage and through FCC's social media channels. As well, FCC ran two mental health campaigns over 10 weeks on radio, print, digital and Facebook channels in the spring of 2023, encouraging producers to check in on their mental well-being.

Budget 2023 proposed amendments to the rules introduced by Private Members Bill C-208 (effective June 29, 2021) from the 43rd Parliament to ensure that only "genuine" intergenerational business transfers are excluded from the application of the anti-avoidance rule in section 84.1 of the *Income Tax Act*. To provide flexibility, these proposals offer taxpayers two alternative options to carry out their genuine intergenerational business transfers: (1) an immediate business transfer based on arm's length sale terms (similar to the United States approach), and (2) a gradual business transfer based on traditional estate freeze characteristics (similar to the Quebec approach). Under both options, the transfer would have to meet the following hallmarks of a genuine intergenerational business transfer:

- The transfer of control of the business from parent(s) to child(ren);
- The transfer of economic interests in the business from parent(s) to child(ren);
- The transfer of management of the business from parent(s) to child(ren);
- The child(ren) retaining control of the business for a minimum time period; and
- At least one child working in the business for a minimum time period.

To provide additional flexibility, these amendments would also include a new 10-year capital gains reserve. The changes would apply to transactions that occur on or after January 1, 2024.

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)*.

The Government supports this recommendation. The Government understands the challenges and financial risks faced by the fresh produce industry and recognizes the important contribution it makes to our country’s economy.

Bill C-280, *An Act to amend the Bankruptcy and Insolvency Act and the Companies’ Creditors Arrangement Act (deemed trust – perishable fruits and vegetables)* is now before Parliament. The bill amends *the Bankruptcy and Insolvency Act (BIA)* and *the Companies’ Creditors Arrangement Act (CCAA)* to provide suppliers of fresh fruit and vegetables with a deemed trust in BIA bankruptcies and receiverships, and in CCAA restructurings. If enacted, Bill C-280 would implement the Committee’s recommendation and establish a deemed trust in insolvency proceedings for fresh produce suppliers.

Bill C-280 was referred to the Standing Committee on Agriculture and Agri-Food for study with all-party support on May 17, 2023, and is expected to be reported back to the House of Commons without amendment in Fall 2023. The Government will continue to monitor the progress of Bill C-280 as it supports the intent of Bill C-280 to provide increased financial protection for the fresh produce industry.

RECOMMENDATION 8

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

The Government supports this recommendation in principle. Agricultural grasslands and wetlands provide important ecological goods and services, as they help regulate the flow and quality of water, protect fragile soils from erosion, recycle nutrient content, and support the protection of wild animal and plant biodiversity. Completion of a Canada-wide inventory of grasslands and wetlands will require a significant amount of coordination with provincial and territorial governments, as well as working with academics, industry and environmental non-government organizations. The Government has committed significant resources to both inventories, recognizing that they are on-going activities, intended to map changes to the quality and extent of grasslands and wetlands over time.

AAFC currently provides a land use time series map that tracks change in land use classes (including grasslands). AAFC is investing in improving its ability to distinguish between native and tame grasslands to better inventory their current extent and change over time. In addition, ECCC is funding a project that is *Developing a Functional Grassland Inventory for Canadian Agriculture* through the Nature Smart Climate Solutions Fund. The project is being led by the Canadian Forage and Grassland Association and involves collaboration with other partners including provinces. This project is supporting greater collaboration and communication

between different grassland mapping initiatives and will provide additional validated data to support the improvement of existing inventories of native and tame grasslands across Canada.

ECDC is continuing to build high quality geospatial coverage of wetlands through the Nature Smart Climate Solutions Fund. The focus of data acquisition is on peatlands and coastal wetlands to ensure that the database contains the necessary information to support modelling of the greenhouse gas sequestration benefits of wetlands. The Department is collaborating with provincial, territorial, federal and other partners to conduct targeted mapping and inventory and develop consistent national mapping standards. Through designing, constructing and openly publishing an inventory of validated data on Canada's Open Science and Data Portal, the information will be accessible to a wide range of users for multiple purposes, including training and validation of remote sensing data with wider geographic coverage. Starting this year, the Department will also be working with Indigenous partners to increase their capacity to participate in the collection of inventory data and to ensure that the inventory supports their conservation efforts.

The Government is looking forward to the delivery of the inventory on grasslands and wetlands which will aid federal, provincial and territorial governments, industry and environmental non-government organizations efforts to support sustainable agriculture. For example, helping to better inform and focus program and policies designed to help support actions on the ground to restore, conserve and enhance wetland and grasslands in agricultural working landscapes.

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.**

The Government acknowledges the recommendation regarding its tariff policy on Russian fertilizer imports. The Government adopted the *Most-Favoured-Nation Tariff Withdrawal Order (2022-1)*, which came into force on March 2, 2022, as part of a broad and comprehensive set of sanctions designed to ensure that countries who seriously threaten and breach the rules-based international order cannot benefit from it. G7 Leaders endorsed this trade action on March 11, 2022, by committing to revoke Most-Favoured-Nation (MFN) status benefits of Russia's membership at the World Trade Organization.

The effect of the Order under the *Customs Tariff* was to set the General Tariff of 35 per cent as the default customs tariff rates for imports from Russia and Belarus. Since tariffs are paid by importers based on the date of importation, the Government exempted imports already in transit at the time of entry into force of the Order from the General Tariff. For imports pre-purchased and not yet on their journey to Canada, most importers decided to change their purchasing plans and sourced from other countries. Since this measure was implemented, the Government has worked with the Canadian fertilizer industry to ensure a clear market-based signal for importers to shift away from Russian sources and no commercial imports have been observed since May 2022. The diversification of supply chains has helped the industry secure fertilizer from alternative sources, enabling Canada to continue doing its part during a time of global food insecurity. Given the enduring nature of Russia's illegal invasion of Ukraine, Budget 2023 proposed legislative amendments to make MFN withdrawal permanent, which received Royal Assent on June 22, 2023.

While the Government will not be granting retroactive refunds, Budget 2023 provides assistance to farmers by investing \$34.1 million over three years, starting in 2023-24, to expand the On-Farm Climate Action Fund. This additional funding will provide non-repayable

contributions to Eastern Canadian farmers, who rely on fertilizer imports, to support with the cost of adopting farm practices that improve nitrogen efficiency and thus reduce the need for fertilizer.

Regarding the recommendation to stimulate fertilizer production, there are three main fertilizer types: potash, phosphorus, and nitrogen-based fertilizers. Canada is one of the largest fertilizer producers globally, and our industry is growing. Canada is the largest potash producer and exporter, holding 38% of the world total in 2022. In response to decreased globally supply amid Russia's invasion of Ukraine, Canadian potash producers increased production by 6% in 2022 and are expected to continue bringing idled capacity online over the next several years. Furthermore, the Government of Canada is investing in domestic production and committed \$100 million in 2022 to the development of a new sustainable potash mine by BHP. This mine is expected to begin commercial production by 2026 and add an initial production capacity of 4.35 million tonnes of potash per year, increasing Canada's production of this critical mineral by almost 20% compared to 2020 levels.

Canada is also an exporter of nitrogen fertilizer to the United States. As production is concentrated in Western Canada, these provinces are self-sufficient in this fertilizer type. Due to high transportation costs from Western to Eastern Canada, however, it is more economical for Eastern Canada to import nitrogen fertilizers from other countries, including from overseas and the US.

In terms of phosphorus, there are no active mines in Canada therefore we are reliant on imports for our phosphorus fertilizer supply with 80% coming from the United States.

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.**

The Government supports this recommendation. In December 2020, the Government of Canada announced its Strengthened Climate Plan, "A Healthy Environment and a Healthy Economy." It contains a number of measures for the agriculture sector to reduce greenhouse gas emissions, including a national target to reduce absolute levels of emissions arising from fertilizer application by 30% below 2020 levels by 2030. The target does not represent a ban nor a mandatory reduction in fertilizer use. The goal is to maximize efficiency, encourage innovation, and work collaboratively with the agriculture sector, partners and stakeholders, in identifying voluntary approaches that will allow us to successfully reduce emissions from fertilizer application.

Consultations for the fertilizer target launched in Spring 2021, and included the release of a discussion document, a public town hall, and a series of technical workshops that explored topics such as beneficial management practices to support emissions reductions. In March 2023, AAFC also announced a Government-Industry Fertilizer Working Group, under the Sustainable Agriculture Strategy Advisory Committee. The Working Group provides an opportunity to strengthen dialogue and collaboration between industry and government, and aims to identify voluntary approaches to reducing emissions, including through industry-led initiatives such as Fertilizer Canada's 4R Nutrient Stewardship Approach.

In addition, since 2021 the Government of Canada has announced more than \$1.5 billion in climate-action initiatives for the agriculture sector. This includes strengthening investments in science and research and increasing support for the Agricultural Clean Technology Program and

the On-Farm Climate Action Fund, which includes a focus on nitrogen management and beneficial management practice adoption.

Priorities under AAFC's new Strategic Plan for Science include the development of technologies, tools, and beneficial management practices to further enhance nutrient use efficiency and reduce nutrient losses in Canadian crop production systems. Research and development efforts continue, including on the development of ground-breaking technologies with the potential to lead to emissions reductions, without compromising yields. These include research in nitrogen-fixing grain crops and alternatives to traditional fertilizers – such as biostimulants and nanofertilizers.

In addition to establishing a national fertilizer emissions reduction target for the agriculture sector, Canada adopted the Kunming-Montreal Global Biodiversity Framework (GBF) in December 2022, under the UN Convention on Biological Diversity (CBD). Target 7 of the GBF commits CBD Parties, including Canada, to, among other objectives, reducing by half excess nutrients, such as excess fertilizer lost to the environment. The target does not seek to reduce the efficient use of fertilizers and takes into consideration food security and livelihoods. In May 2023, the Government of Canada launched the development of a National Biodiversity Strategy to 2030, which will cover all aspects of nature conservation and sustainable use as part of the GBF and will be completed in collaboration with provinces, territories, Indigenous representatives and stakeholders.

Over the coming decades, producers will be called upon to feed a growing global population, and science, innovation and sustainable farming practices will be essential in meeting that challenge. The Government is committed to maintaining its partnership with producers to ensure their long-term competitiveness and the health of our water, air and soil for generations to come.

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.**

The Government supports this recommendation in principle. The Government understands that there is a need to strengthen local and regional production, processing and distribution to ensure that our food systems are resilient and innovative and promote food security for Canadians. In June 2019, the Government of Canada launched *A Food Policy for Canada* to improve social, health, environmental, and economic outcomes of food systems. As part of the announcement of Food Policy in Budget 2019, an investment was made in a Local Food Infrastructure Fund (\$60 million over 5 years) and a Northern Isolated Communities Initiatives fund (\$15 million over 5 years). An additional \$10 million was committed to the Local Food Infrastructure Fund (LFIF) in Budget 2023 to address high demand for the program.

LFIF supports community-based initiatives that strengthen local food systems and improve food access for communities who face food security barriers. Examples of initiatives supported include the production (e.g., food forest, growing systems), processing (e.g., mobile butchery, smokehouses), and distribution/preparation (e.g., refrigerated trucks, community kitchens) of food. Since 2019, the Local Food Infrastructure Fund has provided funding to 897 projects across Canada, totaling \$54.9 million, including \$21.8 million to 188 Indigenous organizations. The final intake of the program took place from May 4-31, 2023, to spend the additional funding provided through Budget 2023. Outcomes include increased capacity of organizations to provide access to healthy and nutritious food through investments in infrastructure needs. An evaluation of the program is ongoing and further analysis would be required to increase

investment in specific activities such as sustainability of community food systems, and the food security status of Canadians at higher risk of access barriers.

The Government recognizes that the levers to address different food security challenges cross the mandates of multiple federal departments and agencies, and orders of government. Through *A Food Policy*, the Government is bringing greater coordination and coherence among federal initiatives to improve food security.

The Government offers a range of targeted programs that support innovation and growth within the agri-food processing sector. In support of the meat sector, federal only funds such as the Slaughter Improvement Program (2009-2012, \$60 million), Abattoir Competitiveness Program (2010-2011, \$25 Million) and AgriProcessing Initiative (2009-2014, \$50 Million) allowed processors to enhance slaughter equipment and systems to gain additional space and efficiencies. More recently, the Emergency Processing Fund (2021, \$77.5 Million) helped food processors implement measures to protect the health and safety of workers and their families in response to the COVID-19 pandemic, with an emphasis on supporting meat processing facilities in Canada. The Emergency Processing Fund also aimed to help companies to invest to improve, automate, and modernize facilities needed to increase Canada's food supply capacity.

Under the Canadian Agricultural Partnership (CAP), and now under the Sustainable CAP, provinces and territories developed programming which made funding/resources available to support the development of local processing businesses and small-scale operations, including provincially regulated meat businesses to address food safety, animal welfare, biosecurity and environmental issues. For example, the Meat Processors Capacity Improvement Initiative introduced in 2021 was focused on increasing processing capacity in meat plants across Ontario (2021-2022, \$7 Million) and the Agri-Food Energy Cost Savings Initiative is focused on assisting Ontario agri-food processors (2023, \$10 Million).

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".**

The Government of Canada supports the first part of this recommendation. The Government has identified internal trade as priority to support economic growth. In December 2022, the Government released the Federal Action Plan to Strengthen Internal Trade, an ambitious plan to demonstrate federal leadership in removing barriers to trade in key sectors, including agriculture and labour mobility across Canada. Building on the \$21 million from Budget 2021, the Federal Action Plan builds includes five key elements:

- a review of the Canadian Free Trade Agreement (CFTA) to reduce or streamline federal exemptions;
- the launch of the first pan-Canadian Internal Trade Information Hub to provide open and accessible data on internal trade in Canada;
- stakeholder engagement, to better understand what can be done to support internal trade around the country;
- research to identify and address barriers to internal trade; and,
- enhanced funding for federal, provincial and territorial efforts on mutual recognition.

Budget 2023 reiterates federal ambition to reduce barriers to interprovincial and territorial trade and labour mobility by directing the Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs to lead and advance federal, provincial, and territorial efforts to explore mutual recognition of regulatory standards. As part of this work, the Minister will develop a federal policy approach to mutual recognition. This will help to advance engagement with provinces and territories on this issue, notably on work underway through the CFTA's Regulatory Reconciliation and Cooperation Table towards the identification and mutual recognition of regulatory measures on the sale of goods or services.

Safe Food for Canadians Regulations

The *Safe Food for Canadians Regulations* (SFCR) came into force in 2019 and immediately reduced the regulatory burden on industry by replacing 14 distinct sets of food safety regulations with one. It was developed through extensive engagement with industry and their representatives, including businesses small-medium size enterprises, many of which were producing food under provincial regulatory requirements, and enhanced Canada's already high standards for health and safety, while enabling industry to innovate and compete domestically and globally.

Aligned with the Government of Canada's priority to strengthen internal trade by addressing barriers in key sectors, Federal-Provincial-Territorial (FPT) agriculture ministers agreed at their November 2021 meeting that market diversification and interprovincial trade solutions should be priorities under the new five-year Sustainable CAP, which officially launched on April 1, 2023. In an effort to progress work in this area, FPT agriculture ministers also asked that officials identify possible pilot projects and to scope their development.

In July 2022, at their annual meeting FPT, agriculture ministers welcomed the identification of four pilot projects focused on interprovincial trade in border regions and Ready to Grow plants which are high volume, provincially regulated businesses seeking to expand or test markets in other provinces. Ministers also agreed that the development of pilots be guided by the following principles:

- Maintaining public confidence in Canada's food safety systems;
- Not compromising Canada's market access abroad or its international reputation;
- Maintaining international obligations for like treatment of imported and domestic food;
- Recognizing the outcome basis of the *Safe Food for Canadians Regulations* (SFCR) as the enabler for the pilots;
- Applying lessons learned from the pilots where similar challenges are faced across the country.

The above principles underpin the work of FPT officials in seeking innovative solutions to interprovincial trade barriers, encouraging local development, and maintaining export markets.

In January 2023, the CFIA published a Notice of Intent for a regulatory amendment to the SFCR to address challenges associated with the interprovincial sale of food within the city of Lloydminster.

The Governments of Alberta and Saskatchewan announced the start of a two-year pilot project to be administered by the Lloydminster Chamber of Commerce that allows provincially licensed food business to trade across provincial boundaries within the Lloydminster city limits, which straddles the Alberta-Saskatchewan border, until the regulatory amendment comes into force.

While provinces have different food safety requirements and systems in place, food businesses can trade interprovincially or internationally by meeting the requirements of the SFCR, which provide more flexibility to meet outcomes for food safety.

The federal system is based on international food safety standards and provides the basis for harmonized trade across provinces and territories in Canada. Whether at the provincial-territorial government level, or at the business level, interprovincial trade barriers can

effectively be overcome by meeting the federal regulatory requirements for food safety, which uniformly apply across Canada.

The CFIA has tools, resources and guidance available to help food businesses understand the SFCR, and to determine what they will need to do to comply. There is also extensive guidance for industry to navigate the processes of becoming licensed under the SFCR on the CFIA's website.

The Government of Canada acknowledges the second part of this recommendation. Canada achieved negligible status for bovine spongiform encephalopathy (BSE) from the World Organization for Animal Health (WOAH) based on its existing BSE risk mitigation program.

In order to keep negligible risk status with WOAH, Canada must demonstrate that controls to address the risks of BSE entry into and circulation within Canada continue to be in place and effective.

Each country holding a BSE risk status must identify its own unique risk factors of BSE entry and spread with corresponding measures in place to mitigate these risks.

Any changes to Canada's BSE control programs would require careful analysis of any potential risks to human or animal health and verification that any change would not jeopardize Canada's negligible risk BSE status or international market access. The CFIA is currently working with the cattle and beef sectors on this analysis.

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.**

The Government of Canada supports the first part of this recommendation. The CFIA is the lead organization for response to significant foreign animal diseases such as African swine fever, foot and mouth disease, and avian influenza. Response planning for foreign animal diseases, aligns with the core mandate of CFIA for the protection of animal health, including disease response activities, under the authority of the *Health of Animals Act and Regulations*.

The existence of effective response plans also results in mitigating economic risk related to trade by eliminating disease from areas where it is present, or defining disease-free zones from where trade may be resumed.

The development of guidance documents describing the CFIA's plans for response is an ongoing process, undertaken continually on a priority basis linked to the presence/absence of disease or the associated risk level of the disease.

Regular updates are required to incorporate new science or "lessons learned" from disease response activities, integrating information from experiences both within Canada and from like-minded countries.

Animal health emergency management is a collaborative effort in Canada, as different stakeholders have different roles to play as part of a comprehensive response to a foreign animal disease. The CFIA collaborates with other animal health stakeholders in the development of response documents, including federal partners, provincial/territorial governments and relevant industry groups.

- The CFIA works closely with provincial/territorial governments to coordinate actions in an animal health emergency.
- The CFIA provides support to industry in the development of voluntary biosecurity standards, which define measures to be applied on farm by producers to reduce the risk of disease introduction and spread.

In addition to disease preparedness, the CFIA is also active in disease prevention activities, such as robust import controls, to mitigate the risk of disease introduction.

The CFIA collaborates with international partners to support disease prevention, timely information sharing and cross border response measures to reduce the spread, and rapidly resolve animal health emergencies. Agreements such as North American Plan for Animal and Pandemic Influenza facilitate the exchange of animal and human health information during a time of crisis and enable opportunities for trilateral collaboration.

The Government of Canada supports the second part of this recommendation in principle. Protecting Canada's animal health status is vital to the well-being of Canada's economy and protecting the health and welfare of all Canadians. CFIA's emergency management plans and the use of Incident Command System have proven to be effective in responding to emergencies in food safety, animal health and plant health since the detection of Bovine Spongiform Encephalopathy in May 2003.

Since that time, CFIA has developed an all-hazards approach to planning and preparing to respond to threats to Canada's agriculture sector. This approach serves to ensure CFIA is prepared to respond to novel threats as well as providing a base to develop contingency and response plans in a consistent fashion for specific hazards such as African Swine Fever and Spotted Lantern Fly.

In recent history, the scope, frequency and length of responses have taxed CFIA's capacity to respond to events, while continuing to balance delivery of core business activities and it is reasonable to project that responding to future events will continue to increase in complexity.

Complex and extended efforts related to emergency management have highlighted strength and weakness in response capacity, policy and tactical decision making, and engagement with FPT and industry stakeholders.

- Avian influenza: Operating in an emergency response mode for over 12 months identifying risks, challenges and opportunities for extended large-scale multi-jurisdictional responses.
- Potato Wart: Identified challenges and opportunities responding to events of shared jurisdiction with AAFC requiring high stake-holder engagement.
- African swine fever: Provides a model for high levels of FPT & industry collaboration for prevention and mitigation, while also illustrating challenges maintaining a prolonged focus on a potential threat.
- COVID-19: Illustrated how preparing for mandated emergencies supports being prepared for non-mandated events.

CFIA's work on these stated hazards has demonstrated that CFIA has a state of readiness to support the initial response to any risk to food safety, animal health and plant health; however, as the scope and duration of the emergency responses expand, our capacity is a limiting factor with downstream impacts on response timelines and core program delivery.

The development and promotion of guiding documents (as described earlier in the response to Recommendation 13) helps respond quickly and effectively to the detection of disease. In addition, CFIA's animal disease surveillance programs can be key to early disease detection which allows CFIA to respond promptly and contain a disease outbreak. CFIA works closely with

the CBSA in maintaining and strengthening their collaboration and communication, identifying risks, challenges and opportunities to enhance their collective capacity to plan for and respond to future threats to Canada's economy and resources in regards to food safety, animal health, and plant health.

Strengthening the resilience of Canada's agriculture sector requires all-of-society contributions, coordinated by strong and effective leadership from FPT governments with active participation and involvement by industry stakeholders in emergency planning and response activities. Ongoing collaboration and communication between stakeholders are critical to support a whole-of-society approach to crisis management to enhance our collective capacity to plan for and respond to future threats to our agriculture community.

In order to enhance our emergency response capacity, in December 2022, the CFIA stood up an Emergency Management Task Force to support the development of a strategy for long-term sustainability of resources and activities at the CFIA for now and into the future as it relates to emergency management.

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.

The Government supports this recommendation in principle. The Government of Canada recognizes that a considerable amount of food loss and waste occurs at all stages throughout Canada's diverse food systems, from farmgate to dinnerplate. There are many factors that contribute to food loss and waste, including lack of awareness and quantification, operational inefficiencies, quality standards, inadequate transportation and storage, inaccurate forecasting and inventory management. Where prevention is not feasible, there are missed economic and social opportunities when food, as a resource, is discarded, as well as environmental consequences such as landfill methane emissions. Reducing food waste at all levels can make our food systems more efficient and sustainable, help save households money, create new revenue streams for farmers and food companies, and reduce greenhouse gas emissions.

All stakeholders and Canadians have a role to play to address the root causes of food loss and waste. The Government of Canada has identified food loss and waste reduction as a priority under its first-ever Food Policy for Canada and is playing a leadership role by stimulating innovative solutions and convening stakeholders to drive meaningful reduction throughout Canada's food systems.

Under the Food Policy, the Government of Canada launched the \$20 million Food Waste Reduction Challenge in 2020. The Challenge has sparked new thinking, perspectives, and ideas, with over 500 applications from innovators to deliver game-changing solutions that prevent or divert food waste, advance technologies that extend the life of food or transform food waste. The Government of Canada has also established the Canadian Food Policy Advisory Council, a diverse and multi-disciplinary group of food systems experts and leaders to help address food systems challenges and opportunities, including food loss and waste.

In the face of significant food system challenges caused by the COVID-19 pandemic, the Government of Canada collaborated with a range of partners to support Canadians' access to healthy, nutritious food and to combat food loss and waste. This included investing \$50 million in funding through a Surplus Food Rescue Program to address the urgent COVID-19 related surplus of food that could not otherwise be routed through the supply chain due to disruptions, including the closure of restaurants and other food service- and hospitality-related businesses. By working with well-established organizations such as Second Harvest, the program helped to rescue 7 million kilograms of surplus food and 1 million dozen eggs that would otherwise have gone to waste and ensured the food reached at-risk populations in Canada.

It is important to recognize that the Surplus Food Rescue Program was designed to address a

unique set of circumstances arising from pandemic-related public health measures. It does not address the underlying causes of food loss and waste and could have unintended consequences in entrenching supply-chain inefficiencies and avoidable food waste at the consumer level. Further, civil society stakeholders and academics have also expressed concerns with seeking to address food insecurity through surplus food donation, as it does not address the root causes of food insecurity.

The Government of Canada remains committed to accelerating efforts to address food loss and waste in a sustainable way that makes our food systems more productive and resilient. This includes creating a No-Waste Food Fund to help all players along the food supply chain to commercialize and adopt ways to eliminate, reduce or repurpose food waste. The Government of Canada remains committed to working collaboratively with all partners and stakeholders on ways to reduce food loss and waste across Canada.

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.

The Government supports this recommendation in principle. The Government of Canada regularly engages with provincial and territorial governments to discuss ways to build a sustainable agriculture sector and is investing in supply chain infrastructure projects to support the movement of agriculture products in Canada.

The most recently negotiated Sustainable CAP includes a commitment to build a more sustainable agriculture sector in Canada and provides strong support for research and innovation including to seize new opportunities based on PT priorities as defined in their bilateral agreements. As outlined in the Guelph Statement in November 2021 and the agreement in principle announced at the FPT ministers meeting in July 2022, the Sustainable CAP will support sustainable agriculture and economic growth by supporting new or emerging value-added and processing opportunities through regional food infrastructure and processing facilities.

An essential mechanism for FPT engagement on transportation matters in Canada is the Council of Ministers Responsible for Transportation and Highway Safety. The Council has focused on supply chain optimization and improving Canada’s competitiveness since 2016.

Each jurisdiction’s transportation network plays a crucial role in supporting Canada’s trade flows and overall competitiveness. In light of this, supply chain challenges have dominated Council discussions over the past five years. In 2020, the Council established a Pan-Canadian Competitive Trade Corridor Initiative to help enhance Canada’s standing as a reliable trading partner. All jurisdictions participated in this initiative, which delivered a final report to Council Ministers in 2022. This work was an important precursor to the independent National Supply Chain Task Force’s Report, as a number of priority actions in the Pan-Canadian Competitive Trade Corridor Initiative’s final report are consistent with the Task Force’s recommendations. At their most recent meeting in February 2023, Council of Ministers reiterated their intent to “continue to work together to strengthen North American supply chains, enhance transportation safety, and collaborate on climate change efforts so Canadians benefit from safe, reliable, efficient, and modern transportation infrastructure.”

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.

The Government of Canada supports this recommendation and recognizes the important role the agriculture sector plays in feeding Canada and the world. Farmers are also on the frontlines, feeling the acute impacts of climate change which is impacting the way Canada and the world can produce food, posing major risks to domestic and international food security. Increasingly frequent and more extreme weather events associated with climate change are already having a significant impact on agricultural production, including damages to crops, livestock, and infrastructure, and potential multi-year impacts on soil fertility or herd management. For example, at the end of September 2021, nearly 80% of national agricultural landscape was under drought conditions, causing crop yield losses of 30 to 40% in the Prairies, poor pasture and rangeland conditions, significant shortages of livestock feed, and limited water supplies. However, approaches to address environmental issues must consider the impact on farmer livelihoods and food production, which will increasingly be relied upon to feed a growing population and strengthen domestic food systems. Canada's continued capacity to support food security is critical.

For its part, the Government of Canada has long acknowledged the imperative to take action to fight climate change and move towards a low-carbon economy. For example, in June 2021, Parliament adopted the *Canadian Net-Zero Emissions Accountability Act*. The Act legislates Canada's enhanced 2030 target of 40 to 45 percent emission reductions below 2005 levels and enshrines in legislation its objective of reaching net-zero emissions by 2050. In March 2022, as a critical milestone under the Act, Canada released the 2030 Emissions Reduction Plan, which provides a sector-by-sector roadmap and \$9 billion in new funding for measures and strategies to meet the 2030 emissions reduction target and lay the groundwork for net-zero by 2050. The agriculture sector in particular, has an important role to play in helping reduce and sequester emissions. Key investments that will support increasing resilience and reducing emissions in Canada's agriculture sector include:

- \$185 million to the **Agricultural Climate Solutions Living Labs** program to help to develop and implement farming practices to tackle climate change, such as shelterbelts, cover crops, intercropping and rotational practices.
- \$470 million to the **Agricultural Climate Solutions: On-Farm Climate Action Fund** to top-up funding for some current successful applicants, broaden support to additional key climate mitigation practices, extend the program past its current end date of 2023/24, and support the adoption of practices that contribute to the fertilizer emissions reduction target and Global Methane Pledge.
- \$150 million for a **Resilient Agricultural Landscape Program** to support carbon sequestration, adaptation and address other environmental co-benefits.
- \$330 million to triple funding for the **Agricultural Clean Technology program** by broadening and expanding the scope of the program.
- \$100 million in **transformative science for a sustainable sector** in an uncertain climate and net-zero economy for 2050. This funding will support fundamental and applied research supporting a path to net zero emissions, knowledge transfer, and developing metrics.

The Government is also actively developing additional programs and policies that will support further emissions reductions in the agriculture sector and put Canada on the path to meeting our climate change goals. For example:

- As part of the **Sustainable Canadian Agricultural Partnership (Sustainable CAP)** the Government is ensuring that environmental considerations are at the core of the new federal-provincial/territorial agricultural policy framework, including a new Resilient Agriculture Landscape Program, which increases the environmental resiliency of agricultural landscapes by accelerating the adoption of on-farm land use and management practices that among other things, maintains and restores grasslands.

- The Government is developing a **Sustainable Agricultural Strategy (SAS)**, which is intended to serve as a key resource for all actors to the sector – government, industry, producers, non-governmental organizations, Indigenous Peoples, and more – to coordinate across initiatives and strengthen collaboration on environment and climate action in the agriculture sector.

Canada is part of several bilateral and multi-national partnerships working to advance science and generate long-term benefits for the sustainability and prosperity of the agricultural sector. AAFC is actively involved in international scientific collaboration on environment and climate change-related issues, for example through the Global Soil Partnership, the FAO partnership on Livestock Environmental Assessment and Performance (LEAP) and the Global Research Alliance on Agricultural Greenhouse Gases. These initiatives are focused on research, development and knowledge sharing technologies and practices that enhance sector resilience and help deliver ways to grow more food without increasing greenhouse gas emissions.

Canada also led with international partners on the development of an international working group on Agroecosystem Living Laboratories (ALL). Living laboratories provide an effective platform to accelerate the adoption of agricultural practices and technologies, especially those allowing farmers to adapt to and mitigate climate change and support resilient supply chains. In October 2023, AAFC and the French National Research Institute for Agriculture, Food, and Environment (France-INRAE) will be co-hosting the first International Forum on Agroecosystem Living Labs, where participants will take stock of the research, implementations, and practical lessons from their use across the world. In 2022, Canada joined the United States-led Sustainable Productivity Growth for Food Security and Resource Conservation coalition which aims to develop strategies focused on accelerating the transition to more sustainable food systems through agricultural productivity growth across the globe through collaborations with international partners.

Given Canada's advanced public support for agricultural clean tech companies operating in Canada, these companies are well positioned to expand into international niches, such as in developing countries or in cold climate regions, which could benefit from Canadian agricultural clean tech. At the international level, ECCC works with Global Affairs Canada's Trade Commissioner Service to help identify new market opportunities for Canadian exporters of environmental and clean tech goods and services, by leveraging cooperation under Canada's Free Trade Agreements with other countries. Moreover, at the 2021 G7 Leaders' Summit, Canada announced a doubling of its international climate finance commitment, to \$5.3 billion over the 2021-22 to 2025-26 fiscal years. This commitment supports developing countries to combat climate change, while striving to address biodiversity loss around the world. Climate-smart agriculture is one of the four thematic areas of focus for the implementation of the \$5.3 billion commitment. It particularly helps low and middle-income countries already affected by climate change to transition to sustainable, low-carbon, climate-resilient, nature-positive and inclusive development. This commitment builds on the successes of Canada's \$2.65 billion commitment (2015-2021). Canada's increased commitment to climate finance recognizes that urgent action is needed to address the interconnected crises of climate change and biodiversity loss, which disproportionately affect the poorest and most vulnerable.

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.**

The Government supports this recommendation. The Government of Canada remains committed to advancing science, research and innovation to help the Canadian agriculture and agri-food sector grow and respond to the challenges facing Canada, including climate change, food security and threats to supply chains. To continue to grow and become more sustainable, productive and resilient, the agriculture and agri-food sector will need to continue to invest in the development and adoption of new, cutting-edge innovations and technologies. This includes building upon existing programming to target research in these areas.

In the *2021 Guelph Statement*, FPT Ministers of Agriculture agreed to continue making targeted investments in science, research and innovation to address key challenges and opportunities facing the sector under the Sustainable CAP, a new \$3.5 billion, 5-year framework for the agriculture and agri-food sector and officially launched on April 1, 2023.

Under Sustainable CAP, AAFC provides funding to promote innovation in the sector through the AgriScience Program, providing funding and support for pre-commercial science and research activities, and the AgriInnovate Program, which supports the commercialization, demonstration and adoption of innovative technologies and processes. The framework will also include the launch of the new Resilient Agricultural Landscape Program (RALP), which is an FPT cost-shared funding initiative to mitigate climate change and support the agricultural sector in better addressing sustainability outcomes.

AAFC is also making significant investments in innovation to help meet our climate change objectives. The Agricultural Clean Technology (ACT) program is a \$495.7 million 7 year program that promotes the adoption of on-farm clean technologies and provides support for research and innovation for the development of clean technology here in Canada. The Research and Innovation stream is notionally allocated approximately one-third of ACT funding, with the remaining amount dedicated to the Adoption stream.

In addition, AAFC's scientists continue to play a critical role in addressing national science priorities working with industry, academia, producers, and Indigenous Peoples. AAFC's new Strategic Plan for Science focuses on meeting the needs of producers and food processors while, in collaboration with partners, tackling the most pressing global challenges, including the climate crisis. The plan aims to turn the tradition of environmental stewardship among Canada's producers and food processors into a powerful competitive advantage on the world stage. It helps refocus and reorganize AAFC's research priorities under four key missions:

- 1) Mitigating and adapting to climate change;
- 2) Increasing the resiliency of agro-ecosystems;
- 3) Advancing the circular economy by developing value-added opportunities; and
- 4) Accelerating the digital transformation of agriculture and agri-food.

Canada is also enabling an environment for advanced technologies. Genomics-based technologies can provide the sector with opportunities to meet sustainable food objective goals. Genomics has great potential to accelerate crop breeding, to detect and identify agricultural pests, to enhance our understanding of environmental impacts on agricultural practices, and to increase adaptation of agricultural practices and systems to climate change. Budget 2021 announced \$400 million in support of a Pan-Canadian Genomics Strategy. To inform the strategy, public consultations were formally held throughout the spring of 2022, and involved targeted roundtable discussions and an online survey.

As mentioned above, on May 3, 2023, the Government also announced updated guidance for seed regulations that will provide clear direction for plant breeders, so that Canadian farmers can access new seed varieties, and enhance sustainable food production. The Government of Canada is committed to protecting the health and safety of Canadians and the environment through science and evidence-based decision-making and recognizes that plant breeding innovations allow new plant varieties to be developed more effectively and efficiently than

through conventional breeding.

High-speed Internet and mobile cellular connectivity are also critical for the deployment of advanced technologies to help the sector innovate and grow. It is particularly important for the deployment of key innovations like precision agriculture, automation, and other productivity- and efficiency-enhancing agricultural applications, including those that can contribute to GHG abatement and enhance sustainability in the sector. Accelerating the digital transformation of agriculture and agri-food will help the sector capitalize on opportunities such as those arising from big data analytics, automation, and other labour-saving technologies. To date, the government has made a total of \$7.6 billion available for broadband expansion. In June 2019 the Government of Canada released *High-Speed Access for All: Canada's Connectivity Strategy*, which represents a commitment to make affordable, high-speed Internet infrastructure available to all Canadians by 2030. To support the goals of the strategy, the Government of Canada has established the \$3.225 billion Universal Broadband Fund to expand high-speed connectivity in underserved rural and remote communities.

Canada's food system is facing longstanding labour shortages that hinder the productivity of agricultural and processing operations. Accelerating R&D investment towards the development and adoption of automation to address labour shortages for some of the most labour intensive tasks in primary agriculture and food processing would improve sector productivity while supporting supply-chain resiliency. Through the Strategic Innovation Fund, the Government has invested in collaborative innovation networks such as the Canadian Agri-Food Automation and Intelligence Network and the Canadian Food Innovation Network. These networks are creating business clusters that connect the Canadian food ecosystem and focus on automation, digitization, food innovation and more. The Government also encourages innovation through FPT cost-shared supports, for example Canada and Ontario are supporting research projects to increase capacity and productivity in the horticultural sector through investment in the Vineland Research and Innovation Centre. AAFC is developing an Agricultural Labour Strategy which will explore options that will help address gaps and advance solutions tailored to the sector, including increasing the adoption of automation and technology.

The development and adoption of low and renewable energy sources, including biofuels and anaerobic digestors could help reduce emissions from on-farm fuel and energy use while improving productivity. In Budget 2023, the Government made a commitment to engage with the biofuels industry to explore opportunities to promote its growth in Canada. This will include an examination of different mechanisms that could support the sector in meeting the growing demand for low-emissions fuels.

It is also important for AAFC, and its partners continue to evolve and adapt to the changing needs of the global food system. Availability of land and the requirement for productivity improvements and GHG reductions will test the limits of the current agricultural system, increasing the need for AAFC and the sector to explore alternative complementary production methods. This includes the need to foster Canada's burgeoning agtech ecosystem and provide support for non-traditional production systems such as vertical farming and cellular agriculture. AAFC is committed to working with the broader agtech ecosystem and better understanding how emerging technologies can help overcome key challenges and complement the existing sector.

Deploying innovations to help our sector cannot be achieved without an agile and modern regulatory system that enables technologies to be approved for use quickly and efficiently without compromising safety or the environment. Continued investments and support for regulatory experimentation and regulatory sandboxes such as what AAFC is undertaking with the Pest Management Centre, Pest Management Regulatory Agency, and industry stakeholders to test the use of drones in pesticide applications can provide a model for how future technologies can be safely and efficiently deployed.

The Agriculture and Agri-food sector faces the triple challenge of increasing productivity to meet global food security needs while reducing GHG emissions and remaining a key driver of

economic growth. Continued investments in research and innovation in both traditional and emerging technological areas and ensuring our regulatory framework enables effective deployment of technology are critical to helping overcome this challenge.

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.**

The Government supports the recommendation and action is ongoing. Strengthening our transportation supply chain in a collaborative way with provinces and territories to ensure Canadians and global trade partners receive affordable goods and critical resources on time is a priority for the Government of Canada.

As highlighted in Budget 2023, the Government is committed to releasing Canada's National Supply Chain Strategy (Strategy) in the coming months, which will be informed by the recommendations in the National Supply Chain Task Force's final report.

The Strategy will build on the series of measures since announced by the Government to help strengthen Canada's transportation systems and supply chain infrastructure, including most recently in federal Budget 2023:

- \$27 million to establish a Supply Chain Office to work with industry and other orders of government to respond to disruptions to better coordinate action to increase the capacity, efficiency, and reliability of Canada's transportation supply chain infrastructure;
- develop a long-term transportation infrastructure plan to better plan and coordinate investments to support trade growth, in collaboration with provinces, territories, Indigenous Peoples, industry and other supply chain partners;
- develop transportation supply chain data that will help reduce congestion, make our supply chains more efficient, and inform future infrastructure planning;
- amendments to the *Canada Transportation Act* to provide the Minister of Transport with the authority to compel data sharing by shippers accessing federally regulated transportation services, and for a temporary extension, on a pilot basis, of the interswitching limit in the prairie provinces to strengthen rail competition; and
- the launch of a review of the *Shipping Conferences Exemption Act* to examine liner shipping competition.

The Government is committed to helping Canada's domestic agricultural producers and agri-food supply chain users get their products to market efficiently and cost-effectively.

Under the Food Policy for Canada, AAFC is delivering the Local Food Infrastructure Fund (LFIF), a \$60-million, five-year program aimed at community-based, not-for-profit organizations. The LFIF objective is to strengthen local food systems and to facilitate access to safe, nutritious, and

culturally diverse food for at-risk populations. The LFIF provides non-repayable funding for activities that support a resilient supply chain such as the construction of greenhouses and community gardens, the purchase of equipment for the preparation, refrigeration, distribution, storage, and disposal of food, and vehicle and transport equipment. AAFC is also delivering the Food Waste Reduction Challenge to stimulate innovative business models and technologies to reduce food loss and waste throughout the supply chain and is committed to developing a No-Waste Food Fund to help all players along the food supply chain to commercialize and adopt ways to eliminate, reduce or repurpose food waste.

The agriculture and agri-food sector has engaged in unprecedented collaboration in its effort to develop a Grocery Code of Conduct. Led by industry, this Code is expected to improve transparency, predictability and fair dealing in supplier-retailer relations which will have positive effects across the supply chain and ultimately benefit consumers. The Framework, including the creation of a Grocery Code Adjudication Office (GCAO) aims to strengthen supply chain relationships through education and dialogue, reduce supply chain inefficiencies, and offer timely dispute resolution services to ensure business predictability. FPT Agriculture Ministers recently confirmed their support for the industry-led process to finalize the code, and encouraged broad consultation followed by swift implementation.

On top of this, National Trade Corridor Fund (NTCF) investment has been committed to multiple infrastructure projects that directly support Canada's agri-food trade, including \$30 million to support development of the \$63 million Multi-Tenant Air Cargo Logistics Facility project at Winnipeg Richardson International Airport, which will add new capacity to handle live animal and other perishable product exports, opening new opportunities for central Canadian producers. The NTCF has also committed funding to short line rail projects that will increase the volume Canadian agricultural exports.

Since its launch in 2017, the NTCF has committed significant federal investment to advance infrastructure projects that would reduce the overall carbon footprint of Canada's freight movements. These include investments for projects to increase the capacity, efficiency, and accessibility of lower-emitting transportation options, such as rail and marine infrastructure, and reduce our supply chains' reliance on more carbon-intensive modes, such as transport trucks. Of the over 180 NTCF-funded projects to date, the federal government has committed \$1.5 billion to support rail or marine infrastructure improvements, representing 40% of NTCF commitments. In line with its overall program-level objectives, NTCF funding is driving significant improvements to the fluidity of Canada's trade and transportation system, by reducing congestion and shortening the amount of time vehicles must remain on the road along key trade corridors and at national gateways, such as the Port of Vancouver.

NTCF funding is also supporting digitalization projects, such as the implementation of Intelligent Transportation Systems (ITS), across the transportation network. These investments in digital infrastructure will help ensure that established transportation assets, particularly those that face limitations on physical expansion can otherwise address trade growth pressures without compromising environmental sustainability goals. With respect to the need to facilitate the reporting, collection and sharing of rail container-related information and data, investments made in Budget 2022 and supporting measures in Budget 2023 will help improve supply chain performance and visibility by enhancing supply chain digitization and information availability.

For example, TC has recently completed construction of a national network of over 120 sites which collects near-real-time train and train characteristics information along major rail corridors using state-of-the-art camera and artificial intelligence technology. Under a five-year contract awarded to the firm RailState LLC in November 2021, TC has built an external digital data platform that provides daily access to the following information:

- Number and type of unique trains passing each site in each direction;
- Number and size of shipping containers in the train consist;
- Number and type of bulk railcars in the train consist;

- Incidence of dangerous goods-placarded cars in the consist; and
- Train speed (both at the site and between sites).

Moreover, as this new commercial platform falls outside the data collected under the department's *Transportation Information Regulations*, greater scope now exists for the publication of system-wide performance measures and enables greater access to detailed supply chain performance information for all supply chain participants under a subscription model. The RailState camera platform should become a critical piece of digital infrastructure for measuring rail-based supply chain performance for years to come.

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.**

The Government of Canada supports the first part of this recommendation in principle. Canada is a strong proponent of the rules-based international trading system. For the agriculture sector, raising market access concerns with free trade partners via the different administrative procedures, technical working groups, committees, and other mechanisms that exist under FTAs has proven effective in terms of obtaining information and better understanding other countries' policy decisions. By doing so, Canada continues to stand by its farmers and ensure the sector's competitiveness abroad.

Since the entry into force of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2018, Canada has urged all CPTPP Members to adhere to and implement their obligation under the CPTPP, which will improve access for Canadian agriculture stakeholders to these markets through the removal of non-tariff barriers. Additionally, Canada has also been an active participant at the CPTPP Committee meetings, notably the Committee on Agriculture Trade, which provides an opportunity for Parties to discuss topics related to the trade of agriculture products, and the Committee on Sanitary and Phytosanitary (SPS) Measures (SPS Committee), which provides a forum to enhance the implementation of the SPS Chapter and communication and cooperation on SPS matters.

Under the Canada-United States-Mexico Agreement (CUSMA), in March 2023 Canada requested Technical Consultations under the Sanitary and Phytosanitary Measures Chapter with Mexico pursuant to Article 9.19. This is a new mechanism of the Chapter on Sanitary and Phytosanitary Measures and allowed Canada to raise its concerns and obtain clarification about Mexico's Presidential Decree which sets out restrictions on genetically modified corn, amongst other measures. Several other CUSMA provisions have also been used to engage bilaterally with Mexico on this issue such as: the Free Trade Commissions at both the Deputy and Ministerial levels; the Working Group for Cooperation on Agricultural Biotechnology; the Committee on Sanitary and Phytosanitary Measures; and the Committee on Agriculture Trade. Whereas the U.S. maintained trade barriers on sugar, dairy and peanut products under the North American Free Trade Agreement, the CUSMA agriculture chapter provides new market access in the U.S. for Canadian producers in these areas.

The Government of Canada supports the second bullet of this recommendation and is pursuing policies that promote Canadian agricultural and agri-food exports internationally, as well as encouraging the reciprocity of norms where possible. Investments made by AAFC and the CFIA through policy priorities, such as the Sustainable CAP and the Indo-Pacific Strategy, show

federal commitment to support Canadian businesses and exporters in their efforts to compete in the global marketplace and take advantage of international opportunities.

Having a coordinated, cohesive and flexibly delivered pan-Canadian market development approach is instrumental to supporting the long-term competitiveness of the agri-food sector. For example, the Canada Brand program provides industry with a competitive advantage through a common identity and marketing toolkit to stand out in a crowded global marketplace. The refreshed Canada Brand program was launched to the Canadian agriculture and agri-food sector in February 2023. The program answers industry's call for a revitalized, modernized national brand that unifies Canada's agriculture, agri-food and seafood sectors through a common identity to build recognition and demand for Canadian products, internationally.

Through the work of in market Trade Commissioners and Technical Specialists Abroad, AAFC and the CFIA will continue to take a more proactive and engaged approach with key trading partners, such as developing more cooperative bilateral relationships with key government and industry officials and undertaking the critical science-based discussions with international counterparts, which can allow for the avoidance or quicker resolution of market access irritants. This in turn provides stability and increases access for Canadian agriculture and agri-food products to key export markets.

Science and rules-based trade is the foundation of Canada's agriculture, agri-food and seafood trade and underpins a stable and fair global trading environment. AAFC and the CFIA undertake efforts to maintain Canada's presence and engagement at International Standard Setting Bodies (ISSBs) and multilateral institutions to advance and defend Canadian agricultural trade policies. For example, the CFIA is involved in standards development work at key ISSBs, enabling Canada to work bilaterally with other countries to promote the use of scientific approaches and advocate for Canadian perspectives to be reflected in the standards being developed. Further, maintained engagement with counterparts on the margins of international meetings will enable the further development of direct relationships and confidence-building between experts, which will also allow Canada to have advance notice of food safety, and/or plant and animal health risks that may affect the sector, to facilitate resolution of issues, or to highlight issues to address before they become a market access impediment. For example, the CFIA supports market access for Canadian food commodities in alignment with Codex (Codex Alimentarius Commission), and other international standard setting bodies (for example World Organization for Animal Health and International Plant Protection Convention). Further details on the CFIA's Export Control Policy can be found at <https://inspection.canada.ca/exporting-food-plants-or-animals/food-exports/food-export-control-policy/eng/1666109348335/1666109349022>.

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.

The Government of Canada supports this recommendation in principle. The Government is committed to providing humanitarian assistance for global food and nutrition needs, which have been increasing since 2015, exacerbated by the impacts of COVID-19, Russia's invasion of Ukraine and widespread increases in the cost of living in more recent years. In response, Canada has made the provision of food and nutrition assistance a key component of its humanitarian assistance portfolio over time, increasing the share of its humanitarian funding to these sectors from 30% of Canada's total humanitarian budget in 2017 to nearly 48% in 2022, using evidence-based and impartial needs assessments provided through well-established and coordinated humanitarian mechanisms. This was achieved in part through the allocation of \$385 million in extra budgetary resources for humanitarian food and nutrition assistance announced in 2021 and 2022. Canada is proud to be a founding member of the new Food Assistance Convention, an international treaty that ensures a minimum level of quality food

assistance is available on a regular basis to help meet the food needs of the most vulnerable populations. While Canada's annual commitment under the Food Assistance Convention is set at \$250 million per year, this is a floor that Canada consistently surpasses including through the allocation of extra budgetary resources for humanitarian assistance when available. For example, in 2021, Canada provided \$517.6 million in Food Assistance Convention eligible funding.¹

Canada's food and nutrition assistance is provided to key humanitarian food and nutrition United Nations and civil society partners to help provide life-saving services such as food assistance, emergency cash and vouchers, and ready-to-use therapeutic food used for emergency feeding of acutely malnourished children, as well as complementary water and sanitation and health interventions that support food security and nutrition outcomes. In 2022, Canada was the 3rd largest bilateral donor to the World Food Programme (WFP) with a total contribution of over \$580 million, including \$525 million in humanitarian assistance, which helped WFP to reach a record 158 million food insecure people in 2022.

Recognizing that the growth in emergency food and nutrition needs is far outpacing the growth in resources available to respond, Canada is also providing support to initiatives that help improve the entire humanitarian system's food and nutrition response. For example, Canada has allocated \$5 million in support of the Integrated Food Security Phase Classification initiative over three calendar years (2022 – 2024), to provide the humanitarian sector with the best possible food security analysis upon which to base their decisions, to help ensure impartial, needs-based policy and programming that can accurately target those in the greatest need. Through a partnership with Action Against Hunger Canada, Canada has allocated \$500,000 to the Technical Support Team of the Global Nutrition cluster in 2023, which provides technical expertise to improve nutrition outcomes in emergencies, building the capacity necessary to provide the best possible nutrition response. Canada will continue to provide humanitarian food and nutrition assistance, as a key component of its humanitarian response. Recognizing that emergency food assistance does not address the underlying causes of food insecurity and malnutrition, Canada also provides agriculture and food systems support through its development programming.

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 Government of Canada supports the recommendation to protect the supply management system and acknowledges the recommendation to 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.

Canada's supply management system is a model of stability which provides a fair price for farmers, stability for processors, high quality products for consumers, and which sustains farming families and rural communities. The Government of Canada understands the crucial role of supply-managed producers and will always protect and defend the supply management system. Therefore, the Government has committed to not provide additional market access for supply-managed products in any future trade agreements as demonstrated through its support of Bill C-282. Further, the Government has delivered on its commitment to provide full and fair compensation to supply-managed sectors for the impacts of recent trade agreements.

The Government of Canada acknowledges the second part of this recommendation, as it does not have existing programs or technical assistance that specifically promote price stability of agri-food products of farmers in developing countries. Additionally, training and capacity

¹ FAC eligible funding is calculated using criteria specific to the Convention, which differs from how Canada's humanitarian food and nutrition assistance is calculated

development activities with farmers and agri-food actors do not address supply management or food price volatility. The Government of Canada does support this indirectly when it provides development assistance to strengthen national food system governance institutions and programs that support risk management and strengthened agricultural markets and financial institutions.

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.

The Government of Canada supports this recommendation. Canada takes a comprehensive approach to supporting global food security by promoting proven science and evidence-based approaches in agriculture. Priority is given to promoting the adoption of climate-smart agriculture that simultaneously supports sustainable increases in agricultural productivity and sufficient adaptation to climate change pressures and contributes to climate change mitigation. Progress on increasing both agricultural productivity and sustainability is essential. Climate-resilient innovations that enhance productivity while having less impact on (or improving) the environment reduce risks and support resilience by helping communities recover more quickly and mitigating the losses of agricultural productivity when climate shocks occur. Leveraging the agro-ecological principles that underpin climate-smart agriculture allows Canada to also promote nutrition-sensitive practices, nature-based solutions, and gender-transformative approaches within agri-food systems.

The Wheat Research Accelerator Fund (WRAF) was launched by Canada in March 2023 to improve food security by enhancing the sustainability and inclusivity of wheat-based production systems in Africa and the Middle East, initially focusing on regions of significant wheat-based diets and wheat production systems. The WRAF is also Canada's response to quickly deteriorating inter-relationships among wheat production systems, food security, social inclusion, the impact of Russia's war against Ukraine and climate change. The WRAF is managed through Canada's International Development Research Centre and AAFC. With an ambition of attracting a total of \$20-30 million CAD in funding for WRAF, Canada is inviting financial and in-kind contributions from countries and organizations of \$2 million to \$5 million.

CONCLUSION

The Government extends its gratitude to the Members of the Committee, and the witnesses that appeared before it, for their work to identify ways to address the issues around global food insecurity, including what Canada can do abroad and at home.

The Committee Report and the federal initiatives detailed in this response highlight the important roles and contributions the Government makes in support of ongoing efforts to address food insecurity. The Government will continue to work with the provinces and territories, agriculture and agri-food stakeholders, and other partners to support these ongoing efforts both internationally and domestically.