



The Right Honourable Justin Trudeau
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

February 23, 2024

Open Letter to Prime Minister Justin Trudeau: Urgent Actions for Stabilizing Food Prices in Canada

Dear Prime Minister Justin Trudeau,

I am writing to you as the President of the Fruit and Vegetable Growers of Canada (FVGC) and as a third generation cucumber grower, and owner of Beverly Greenhouses, a leading greenhouse operation located in Waterdown, Ontario. *I write you today not just as a representative of our sector, but as a concerned citizen advocating for the immediate action on an issue of national importance: stabilizing food prices in Canada.* Our sector, which represents over 14,000 farms and contributes significantly to the nation's economy with farm cash receipts of \$6.8 billion in 2022, is at a critical juncture. We are entrusted with the responsibility of feeding Canadian families, a role we proudly embrace, but one that is increasingly challenged by rising operational costs and policy pressures.

In recent times, the cost of living has emerged as a paramount concern among Canadians, with escalating food prices posing a significant challenge to food security. A 2022 survey conducted by FVGC revealed alarming financial strains within our sector: 44% of growers are operating at a loss, and 77% are unable to offset the increases in production costs. These challenges are compounded by government policies, including the Carbon Tax, the P2 Plastics Program, tariffs on fertilizers, and aggressive targets for reducing fertilizer emissions.

Adding to our concerns, today's Parliamentary Budget Officer (PBO) analysis indicates that the federal carbon tax on natural gas and propane will cost Canadian farmers \$978 million through 2030. While the federal government has thoughtfully provided an agriculture exemption for carbon taxes on diesel and gasoline, it has notably neglected to extend this exemption to natural gas and propane. Our growers rely on these fuels extensively, they are critical to our operations and to our agricultural productivity. This



oversight significantly exacerbates the financial pressures on our sector, underscoring an urgent need for policy adjustments.

Bill C-234 represents a crucial turning point for Canadian agriculture. Amendments proposed to this bill threaten to eliminate essential heating and cooling exemptions, further exacerbating the financial burden on growers due to the rising costs associated with the carbon tax. This not only jeopardizes the affordability and sustainability of our sector but also places Canadian food prices and our competitiveness at risk.

The greenhouse vegetable sector, for example, is currently facing annual carbon tax expenses exceeding \$22 million, with projections indicating a potential increase to \$82-100 million by 2030. A 30-acre family farm specializing in greenhouse peppers in Ontario now contends with nearly \$150,000 in annual carbon tax—a significant amount that could otherwise be redirected towards sustainable technologies and job creation.

Given these challenges, we propose the following actions for immediate consideration:

- The prompt and decisive rejection of the amendments to Bill C-234 and ensuring its swift passage to protect our agricultural sector.
- An immediate policy review to extend the agriculture exemption for carbon taxes to include natural gas and propane, acknowledging their critical role in our farming operations.
- Removal of the P2 plastics program and a revaluation of compatibility requirements on Product Look-Up (PLU) codes, which inadvertently elevate production costs and, consequently, food prices.
- Elimination of fertilizer tariffs to alleviate input costs for growers, thus promoting sustainability and preventing consumer price increases.
- Inclusion of growers in all environmental and agricultural policy-making processes to ensure that future regulations accurately reflect the realities of modern agriculture and contribute to stabilizing food prices.
- Quick passage of Bill C-280, An Act to amend the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act.
- Ensuring the implementation of the Grocery Industry Code of Conduct to establish fair trade relations between Canadian farms and consumers, enforcing mandatory compliance throughout the supply chain.



We are at a pivotal moment that demands visionary leadership to support agriculture, ensure food security through stable prices, and secure the long-term viability of Canada's agricultural industry. The FVGC is committed to contributing to the global conversation on sustainable food systems, addressing climate change, biodiversity loss, and food security.

Thank you for considering our perspectives. We are eager to collaborate, share our expertise, and work towards solutions that will benefit all Canadians.

Sincerely,

Jan VanderHout
President
Fruit and Vegetable Growers of Canada

***The Fruit and Vegetable Growers of Canada (FVGC)** represents growers across the country involved in the production of over 120 different types of crops on over 14,000 farms, with a farm gate value of \$6.8 billion in 2022. FVGC is an Ottawa-based voluntary, not-for-profit, national association, and, since 1922, has advocated on important issues that impact Canada's fresh produce sector, promoting healthy, safe, and sustainable food, ensuring the continued success and growth of the industry.*