



FVGC Prepared Remarks

House of Commons AGRI Committee

Presented by Stefan Larrass, Chair – Business Risk Management for the Fruit and Vegetable Growers of Canada

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My name is Stefan Larrass, and I am the Chair of the Business Risk Management Working Group at the Fruit and Vegetable Growers of Canada.

I want to thank the Committee for the opportunity to present today and will do my best to provide you with the collective perspective of fruit and vegetable growers from across over 14,000 farms today.

This committee is examining issues affecting the horticultural sector.

The critical issue for our sector as a whole currently is financial viability.

- A 2022 survey conducted by our association revealed that 44% of our growers are operating at a loss, and 77% can't offset production cost increases.
- Our findings are consistent with AAFC's analysis of recent farm income trends at the sectoral level.

There are several headwinds causing this financial challenge:



Inflation on input costs

Consumers are experiencing 15% to 20% increases in many of their grocery prices.

What they often don't know is this includes the share of the retailer and the wholesalers, not just the farmer.

And what consumers definitely can't be expected to know is that farming input costs like nitrogen fertilizer have increased by as much as 128%, diesel by 110% and natural gas by 85% between 2020 and 2023.

Labour costs are typically the largest operating expense for fruit and vegetable farms which often rely significantly on manual labour due to the sensitivity of our crops.

So when the federal government projects that the only major input cost that isn't stabilizing or declining in the foreseeable future is Labour, this is particularly worrisome for our sector because it will impact our farms' bottom line 5 times more than others.

Asymmetrical regulatory burden and support compared to competitors

How much do we expect ourselves to know about the environmental regulations for blueberries from Peru before we buy them, or for grapes from Chile? How much do we expect to know about the labour regulations for raspberries or tomatoes from Mexico?



How much do we expect ourselves to know about the financial support levels for US farming imports before we buy American lettuce or cauliflower?

We obviously can't ask consumers to reflect on this when all they want to do is buy food for their families and contain their growing grocery bill.

But among policy makers, we need to reflect on these questions because it matters. The answers explain so much about why many of our Canadian growers find themselves struggling to keep up with our international competition.

For example, when it comes to financial support, the US provides twice as much as Canada to sectors that are outside of the supply management system.

When it comes to environmental regulations, research like the 2020 study by the Fraser Institute shows that Canada ranks well ahead of import competitors like Chile, for example, on important issues like pesticide use. The only countries more stringent than Canada are European countries, which happen to provide more than twice the level of financial support to their farmers.

Again, I don't think we can expect people to know all the regulations or support levels that surround each fruit or vegetable they put into their grocery cart. But we do know that Canadians care to know that whatever is grown in Canada is grown at the highest level of care, and responsibility and due diligence – whether we're talking environmental standards or labour laws or otherwise.

And that is entirely fair and appropriate.



The question I hear from growers that I want to share with this committee is this: If we can't force other countries to raise their regulations to meet ours but we allow their blueberries to be sold next to ours; and if we can't force other countries to lower their financial support to our levels, but we allow their subsidized lettuce to be sold next to ours.... then: Can we really be surprised that many of our domestic growers report they can't keep up and are facing a financial crisis as a result of the recent inflation in input costs?

What can be done? I know this committee is examining crop insurance and one-off programs.

I will conclude on those themes, starting with a quote from Alan Ker who is a researcher at the University of Guelph and the Managing Editor of the Canadian Journal of Agricultural Economics:

- “AgriInsurance is mainly for field crops whereas AgriStability is mainly for livestock operations. [...] The horticulture sector which faces significant product quality variability does not fit either program.”

AAFC analysis shows that not only does our sector have significant gaps in the crops that have crop insurance available to them. But even for crops where coverage is available, the uptake is on average significantly lower than in the cash crop sector, reflecting the difficulty to develop effective insurance products for the 120 crops grown in our sector. The difficulty in establishing crop insurance products is a cautionary signal for anyone hoping that revenue insurance will be a silver bullet



for agriculture, since revenue insurance essentially relies on a given commodity having an underlying crop insurance product.

Our growers have also made it clear that AgriStability needs to be fixed to make it effective, in particular for those with insufficient or no crop insurance options. The program's trigger level needs to be returned to 85% of a farm's historical reference margin.

Our growers believe that while AgriStability remains at the current 70 trigger level, there is a significant opportunity for the federal government to provide additional support to this sector in the short to medium term. Provinces like Ontario and Quebec have shown that sector-specific solutions are possible, and our growers are looking to the federal government to work with provinces and territories to develop or enhance regional solutions that address the financial challenges experienced in our uniquely diverse sector.

With that, on behalf of Canada's fruit and vegetable growers, I would like to thank you for the opportunity to share our perspectives.