# EXTRAORDINARY MEASURES FOR UNPRECEDENTED TIMES: SUPPORTING CANADIAN HORTICULTURE NOW AND IN THE FUTURE


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POLICY PROPOSAL PAPER

MARCH 2025

## AN URGENT CALL TO ACTION FOR A SECTOR AT RISK[1]

The ongoing and unprecedented threat of tariffs from the United States, and recently activated tariffs from China, on Canadian goods and services is a significant risk to Canada's economy. Equally, this crisis has highlighted the lack of a financial safety net for the perishable food sector, particularly for greenhouse vegetable producers who are immediately affected due to the nature of their year-round production. This situation presents an opportunity to modernize and rethink the programs and initiatives ensuring a reliable, resilient, and sustainable supply of high-quality Canadian food for both, domestic and export markets. Canadian food producers need responsive programs that instill confidence in farming, enabling them to continue producing the most fundamental necessities for life.

The current suite of Business Risk Management (BRM) programs was already insufficient for Canada's fruit and vegetable producers, and recent extraordinary disruption to Canada's trade relationship with the United States has made these vulnerabilities even more acute. As each day passes without addressing the gaps in safety nets, more businesses face financial uncertainty. This uncertainty leads to hesitance in making investments and damage to business relationships, further threatening their capacity to innovate and grow. As a result, some businesses may even risk shutting down entirely, which could irreparably harm long-standing relationships within the Canadian market.

This urgent policy proposal is to address the critical vulnerabilities of the fruit and vegetable sector in Canada. It outlines the unique risks facing Canadian horticulture and describes the shortcomings of current BRM programs to protect producers during these unprecedented, unpredictable, and constantly changing times of geopolitical disruption (**section 1**). It then presents specific recommendations to support an accelerated review of Canada's flagship BRM programs (**section 2**).

The purpose is to initiate an urgent, pan-Canadian response led by AAFC to:

(1) Provide immediate, short-term support to fruit and vegetable producers facing potentially devastating impacts from the current and on-going threat of tariffs and trade disruption from the United States and China.

(2) Accelerate the review of BRM programs (currently scheduled for 2028) to ensure they (1) address the specific needs of the fruit and vegetable sector; (2) are a part of a coordinated, responsive system that can support the sector as it faces growing and more acute shocks from extreme weather to geopolitical disruptions to parasitic infestations; and (3) support the and enhance the long-term sustainability of Canadian horticulture.

While current efforts to reduce interprovincial trade barriers and diversify into other export markets represent important adjustment measure for most sectors of Canada’s economy, for the fruit and vegetable sector, the benefits are only marginal: perishability of produce means the United States cannot be replaced as a primary export market for Canadian horticulture.

[1] Groupe AGÉCO was retained by the Fruit and Vegetable Growers of Canada (FVGC) to review existing BRM programs to assess (1) how well adapted they are to addressing the immediate challenge posed to the fruit and vegetable sector by US tariffs and trade disruptions as well as other external shocks; (2) identify immediate measures to support the sector in navigating trade and supply chain disruptions and dislocation; and (3) recommend measures to modernize BRM programs to make them better adapted to today’s risk environment. The content and recommendations reflect extensive input gathered through multiple rounds of virtual and in-person consultations with representatives of the Canadian fruit and vegetable sector, and a comprehensive literature review of relevant existing policy, industry reports, statistics, and media.

Enhancing programs with a range of robust risk mitigation measures, **such as enhanced funding for pest management programs**, weather-indexed insurance, investments in proactive on-farm risk reduction approaches and infrastructure, and market diversification would reduce risks associated with fruit and vegetable production, perishability, and grow sector resiliency

**Table 1 – Economic snapshot of the horticultural sector**

| Commodity | Farm gate value | US export value – 2023 | % of Canadian exports to US | Source | Table ref |
|---|---|---|---|---|---|
| Greenhouse vegetables | $2.26 billion | $1.68 billion | 99.5% | Greenhouse Stats | Table 2.1 |
| Field vegetables | $1.52 billion | $971 million | 95.9% | Field Veg Stats | Table 2.2.3 |
| Potatoes (all types) | $1.73 billion | $3.64 billion | 92.1% | Potato Market Review | Table 5.2.1.3 |
| Fresh fruit | $1.37 billion | $799 million | 72.0% | Fruit Industry Overview | Table 2.2.3 |

*Source: AAFC Horticulture sector reports*

**CONTRIBUTION OF THE SECTOR.** The Canadian fruit and vegetable sector is integral to domestic food security and to Canada's agricultural economy, contributing $7.4 billion in farm gate value annually as of 2023. With 97% of farms being family-owned and operated, the sector is both an economic engine and a vital component of rural economic development and community stability across the country. However, 91.5% (by value) of Canada's fruit and vegetable exports are destined for the United States, which subjects the sector to extreme vulnerability to cross-border trade disruptions, given exports to the US represent 45.7% of Canadian horticultural production.

Unlike most manufactured goods, food is a necessity—people cannot choose not to eat. Moreover, the perishable nature of fruits and vegetables creates a unique urgency, as products must be sold quickly after harvest with minimal storage options, unlike other commodities that can be warehoused for extended periods awaiting more favorable market conditions.

**ABOUT THE BRM PROGRAMS**

Business Risk Management (BRM) programs are a suite of risk management program providing income stabilisation (AgriStability), subsidized savings (AgriInvest), production insurance (AgriInsurance) and disaster relief (AgriRecovery) along with a loan guarantee program (Advance Payment Program). While their modalities have been adjusted over the years through the successive agricultural policy programming cycles, their core principles and architecture were set more than 20 years ago in adherence to the WTO trade rules.

**UNPREDICTABILITY.** In the current context of rapid geopolitical changes, extreme weather events, and market volatility, fruit and vegetable producers face unprecedented challenges. The persistent threat from the United States of imposing blanket tariffs on Canadian goods as high as 25% has compounded these challenges, threatening the viability of many operations. Unlike other agricultural sectors, fruit and vegetable production is **uniquely vulnerable** due to the **perishability** of its products, high levels of **capital investment** required, **intense labour requirements**, and **complex supply** chains that cannot be quickly reorganized in response to disruptions.

**TARGETED, UNFORESEEN RISK MITIGATION.** On-farm preventative biosecurity measures, Integrated Pest Management (IPM) tools, greenhouse insect screens, and other physical pest control barriers are in place. To safeguard Canada's plant resources, domestic production capacity, and food security, the fresh fruit and vegetable sector requires proactive mitigation and emergency response mechanisms for targeted, unforeseen risk. The concept of a *Perimeter Strategy* sets out the foundation for legislation and programming supports that would ensure a mutual commitment to defend our trading partner(s) against the unintentional introduction of emerging plant pests and invasive species, to limit the risks from emerging global pests with economically devastating impacts, and to mitigate against non-tariff trade disruption.

**NEED FOR IMMEDIATE ENHANCED SUPPORT.** Canada's five Business Risk Management (BRM) programs were designed to provide a safety net for farmers facing different risks. However, these programs have proven inadequate for the unique needs and challenges of the fruit and vegetable sector, particularly in the face of sudden, unpredictable trade disruptions such as the new tariffs that the United States government threatens to impose. The limitations of current BRM programs have been documented in several reports, including the Standing Committee on Agriculture and Agri-Food's 2024 report on "Improving the Resilience of Canada's Horticultural Sector," which explicitly called for reforms.

The need for immediate action cannot be overstated: delays in implementing short-term supports and in accelerating the review of federal BRM programs could result in widespread business failures that would damage the capacity of Canadian fruit and vegetable producers to contribute to the food security of Canadians and others. While these programs are slated for review in 2028, the current geopolitical circumstances call for an accelerated timeline. The recent announcement of expanded SDRM program support in Ontario[2] and crop insurance coverage (ASREC) for field vegetable producers in Quebec[3] represents a viable precedent upon which BRM programs can be improved for producers nationally.

**IMMEDIATE IMPACTS FROM 25% TARIFFS ON CANADIAN GREENHOUSE GOODS**

*(In effect on March 4th 2025 for three days)*

- Reported losses of approximately $6 million at about **$2.2 million per day** with tariffs for 3 days for Ontario greenhouse vegetable growers (Richard Lee, Executive Director, OGVG);
- Roughly **200 truckloads per day** of fresh greenhouse vegetable produce from Ontario that typically cross the border now face uncertain futures;
- Forced decisions to either **absorb impossibly large losses** to maintain long-standing customer relationships or risk **permanent delisting from US retail programs**.

Unlike other agricultural commodities, fruits and vegetables cannot be stored long-term or redirected to alternative markets without significant loss.

The heightened trade volatility also underscores an urgent need to enhance Canada's domestic processing capacity. The absence of sufficient fruit and vegetable processing facilities forces Canadian growers to rely heavily on US processing plants, which may be subject to tariffs and trade disruptions. This structural gap limits Canadian producers' ability to pivot in response to economic shocks and exacerbates supply chain vulnerabilities. Immediate short-term supports should include strategic investments in processing infrastructure, mirroring the government's approach in other sectors like electric vehicle manufacturing.

This crisis should not result only in immediate, stopgap measures; rather it must also invite a strategic and in-depth review of a suite of programs that continues to leave Canada's fruit and vegetable growers exposed. In the current context, there is an opportunity not only to improve the BRM suite but to broaden its scope to address "Business Risk Management **and Mitigation**," acknowledging the extraordinary needs of producers

[2] GFO. (2025). Grain Farmers of Ontario congratulates Ontario government for new investment in Ontario risk management program.

[3] AAFC. (2025). Better meeting the needs of agricultural producers – Expanded and simplified crop insurance coverage.

and signalling a move to a more modernized approach that is more aligned with producers' needs and political priorities.

### SNAPSHOT OF THE GREENHOUSE VEGETABLE SECTOR RISK PROFILE

The value of greenhouse vegetable exports is the highest of all fresh produce in Canada, accounting for a majority of the value of all fresh produce exports. Canadian greenhouse vegetable producers face severe economic vulnerabilities under US tariffs or trade barriers. The immediate impacts include increased borrowing costs through higher bond requirements, elevated operating expenses, order slowdowns, and domestic market oversupply leading to price deterioration. With exports representing a significant portion of their business, the threat extends beyond lost international sales to potential devastation of the domestic market, where Mexican imports could displace Canadian produce. These conditions increase risks to food security and affordability as high-quality fresh produce may need to be discarded.

The risk management framework for these producers is inadequate to address trade-related challenges. Greenhouse vegetables are categorically ineligible for AgriInsurance coverage against crop losses, while AgriStability and AgriInvest programs lack the scale and responsiveness needed for these operations; AgriRecovery is the sector's only disaster backstop, and it has been inaccessible. Adding to these vulnerabilities, greenhouse vegetable growers faced significantly higher carbon pricing costs on unavoidable production inputs like heating and carbon dioxide supplementation. Within the past five years (2020-2024), this added up to a 44% increase in total operating expenses.[4] In comparison to farming peers,[5] the discrepancy in cost magnitude has been stark. These financial pressures have been outpacing the sector's ability to reinvest and remain competitive.

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> ***With $44 million in weekly exports currently at risk under tariff threats, the sector urgently requires more responsive policy support and risk management tools.***
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> ***– Jan VanderHout, Beverly Greenhouses***

### LEVELLING THE PLAYING FIELD: THE US CONTEXT

While Canadian producers struggle with inadequate BRM programs, the United States continues to develop and implement comprehensive supports for their producers, creating an uneven playing field:

- The US has established crop insurance programs for greenhouse and controlled environment crops;
- US support programs have similar language and intent as Canadian programs but are more generous and responsive;
- The US government has consistently increased funding for specialty crop supports through the Farm Bill (however, a new farm bill has not yet been negotiated).

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[4] Agriculture Carbon Alliance. (2024). Understanding the impact of carbon pricing on farmers, growers, and ranchers.

[5] Statistics Canada. Table 32-10-0025-01 Specialized greenhouse producers' operating expenses. (re: 15% operational expenditures); Statistics Canada. Table 32-10-0136-01 Farm operating revenues and expenses, annual (re: 1% operational expenditures); Agriculture and Agri-Food Canada. Estimated costs of carbon pollution pricing in relation to grain drying in 2019; The Packer. (2024). Ontario greenhouse industry faces challenges amid growth potential; FVGC. (2024a). Pass Bill C-234; GFO. (2020). The effects of carbon tax on Ontario grain farmers is indisputable.

For example, in December 2024, the USDA announced the Marketing Assistance for Specialty Crops (MASC) program which provides CA$3.84 billion in total funding with up to CA$1.29 million available for direct payments to each farm, with minimal conditions. This program, which is significantly larger than comparable Canadian programs when adjusted for sector size, allows US producers to offset their high labour, input, and marketing costs. As a result, Canadian fruit and vegetable growers must compete in the same North American market against US competitors who have guaranteed financial relief to absorb rising production costs, potentially expand operations, and maintain lower prices. This imbalance is particularly concerning in the current climate of trade tensions, as Canadian producers are simultaneously facing threats of tariffs while their US counterparts receive substantial government support that effectively subsidizes their production costs.

**FARM DEBT IN CANADA AND USA**

Canadian farms carry more debt than their US counterparts.

According to Statistics Canada, Canadian farms averaged $690,000 in debt per farm in 2022 (total farm debt of $131.1 billion across 189,874 farms).

In comparison, according to the US Farm Sector Balance Sheet, US farms debts averaged just $234,000 per farm ($467.9 billion across 2 million farms).

This stark difference highlights a significant competitive disadvantage for Canadian producers, particularly in the fruit and vegetable sector. Adding new debt through loan programs will only exacerbate this imbalance, potentially undermining the long-term resilience and sustainability of Canadian farms already operating with significantly higher debt than their US competitors.

The United States not only provides direct subsidies to its specialty crop growers but also boasts a significantly stronger fruit and vegetable processing sector. This allows American growers to capture more value from their crops and insulate themselves from trade disruptions. By contrast, Canada's fruit and vegetable producers often rely on US facilities for processing, exposing them to additional trade-related risks. Strengthening domestic processing capacity would enhance economic resilience, create new market opportunities, and reduce our sector's vulnerability to cross-border disruptions.

Canada cannot afford to hide behind tired arguments about trade agreement compliance when trade relationships themselves are facing unprecedented threats. Extraordinary circumstances demand extraordinary measures. Canadian farmers need supports to ensure they can keep growing and become more resilient so that they can not only compete but do so on an even playing field.

## 1. BRM AND THE VULNERABILITIES OF CANADIAN HORTICULTURE

The Canadian fruit and vegetable sector faces significant challenges with existing BRM programs that do not adequately address the sector's unique needs and vulnerabilities—a situation now exacerbated by the constant threat of tariffs on Canadian goods by the United States government. This dramatic shift in trade policy, "the largest trade shock in nearly 100 years,"[6] threatens to shatter decades of North American economic integration and places unprecedented pressure on Canadian agricultural producers. The existing BRM suit is not equipped to deal with these threats.

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> ***There is no win when high-quality food is being tossed out or tilled into the ground. This is not just about economic impact—it's destroying business relationships that took decades to build.***
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> ***– FVGC***

The BRM programs have been criticized by industry stakeholders for lacking flexibility and leaving horticultural producers without adequate support, forcing provinces to step in with piecemeal measures to fill the vacuum.

[6] The Globe and Mail. (2025a). Canada and Mexico face major economic downturn in U.S.-led trade war.

The ad hoc measures brought in by, for example, Ontario, Quebec, and British Columbia, demonstrate the insufficiencies of the federal programs for Canadian horticulture, which was seemingly left out of the planning decisions around the BRM suite according to the Canadian Federation of Agriculture.[7]

**Table 2** – Sector-specific vulnerabilities

| APPLES AND TENDER FRUIT | BERRIES | FIELD VEGETABLES | POTATOES | GREENHOUSE VEGETABLES | WHOLE SECTOR |
|---|---|---|---|---|---|
| Long production cycles | Extremely high perishability | Multiple harvests per season | Storage-dependent economics | Extremely high capital investment | Acute vulnerability to market volatility and supply chain disruption |
| Vulnerability to extreme weather | Very limited storage options/freezing capacity | Highly variable product pricing | Very high input costs | Energy and labour intensive | Weather |
| Perennial nature requiring multi-year recovery | Tight harvest windows | Specialized equipment requirements | Processor contract dependencies | Year-round production | Labour shortages |
| High vulnerability to spring frost | Weather-dependent quality and vulnerability (frost, heat) | High perishability and limited storage | High volume, low margin business model | Impacts from carbon tax | Limited ability to pass costs on to consumers |
| Significant capital investment in orchards | Import/export market dependencies and competition | Water management challenges | Susceptibility to disease and pest outbreaks | Import/export market dependencies and competition | Intense retail pressure |
| | | | | Direct marketers/ exporters | Complex pest management |

*Source: Groupe AGÉCO*

**AgriInsurance**, a cornerstone of the BRM suite, has proven particularly problematic for fruit and vegetable producers, with significant gaps in coverage and low participation rates. Significant gaps in available insurance coverage were identified for many of the 120 crops produced by the horticultural sector, including small vegetables and niche products, while greenhouse vegetable producers are entirely ineligible for production insurance.

The consequence of these limitations is evident in the low uptake, with AAFC acknowledging that, in 2021, fruit and vegetable production had the lowest AgriInsurance coverage rates (56% and 65% of the expected value of production, respectively). In the context of increasingly unpredictable and adverse weather events and growing conditions, as well as subsequent changes and increases in pest and disease patterns, these gaps in coverage present a significant risk for the horticultural sector, with many crops lacking insurance options, leaving producers with little or no opportunity to protect themselves from losses.

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***We've been hit four years in a row—starting with an unprecedented heat dome, then multiple freeze events, and finally a deep freeze in 2024. Each year has brought increasingly severe damage, especially to perennial crops where the tree systems need care and inputs even when there is no crop. With no tailored support, we're starting deeper in the red every season. The BRM programs are designed to respond to one bad year in every five or ten years. They just don't reflect the recovery timelines or capital investment needed to stay in the fruit farming business.***

***– Deep Brar, tender fruit grower in the Okanagan***

[7] Canada, Parliament, House of Commons. Standing Senate Committee on Agriculture and Agri-Food. (2024). Report of the Standing Committee on Agriculture and Agri-Food. 44th Parl., 1st sess. Rept. 20.

**Key Shortcomings of the current BRM programs:**

- **AgriInsurance**: Significant coverage gaps for many horticultural crops, with greenhouse producers categorically ineligible, resulting in the lowest sector participation rates (56% for fruit and 65% for vegetables).
- **AgriStability**: 70% payment trigger (reduced from 85% prior to 2013) is insufficient, with complex, expensive application processes sometimes exceeding potential payouts and claims taking up to two years to process.
- **AgriRecovery**: Slow response times (up to 18 months for payments) and explicit exclusion of "trade actions that are not directly related to a disease or pest event," rendering it ineffective during the current U.S. tariff crisis.
- **Failure to address sector uniqueness**: Programs do not account for horticultural products' high perishability, labour intensity, extreme vulnerability to geopolitical shocks, and substantial capital constraints.
- **Untimely support mechanisms**: Current programs provide neither the speed nor scale of support needed as the sector faces unprecedented challenges from climate change and the recent imposition of 25% tariffs on exports to its largest trading partner.

**AgriStability**, designed to help producers manage sudden income declines, has also proven inadequate for the horticultural sector due to its payment trigger threshold and administrative complexity, particularly concerning given the urgency and uncertainty of the current economic situation. The program's payment trigger of 70% (reduced from 85% prior to 2013) has been criticized as insufficient to address the increased volatility and losses experienced by fruit and vegetable producers, leaving them vulnerable to climate change—a vulnerability now made more acute by the looming trade disruptions, which could induce the erosion of margins due to a changing business environment against which the program offers poor protection. Furthermore, the complexity, expense, and length of the AgriStability reporting claims process creates additional friction against participation. The National Farmers Union has noted that the application cost for AgriStability can exceed the potential payout for horticultural producers, and it has also been pointed out that claims can take up to two years to process, providing little immediate assistance for farmers facing sudden losses.[8]

The **AgriRecovery** framework, intended to help producers recover from natural disasters, has proven equally problematic due to its slow response times and restrictive criteria, and critically, it excludes trade actions from its purview. It has been illustrated that this challenge with the experience of vegetable growers seeking aid following excessive rainfall in Québec in August 2023: "On August 4, we sought emergency assistance from the Quebec government, which then requested that the federal government activate the AgriRecovery program in response to the disaster. Unfortunately, however, we are still waiting for a response more than nine months after making that request."[9] The Association des producteurs maraîchers du Québec noted that AgriRecovery can take up to 18 months to issue payments. Most significantly in the current trade context, AgriRecovery specifically notes it cannot be considered for assistance in "trade actions that are not directly related to a disease or pest event," rendering it inadequate to address the substantial market disruptions caused by the new US tariffs. The Ontario 2018 experience with pepper weevil exposed large gaps in BRM programs, and no available support under AgriRecovery when it came to supporting greenhouse growers facing an emerging disease and pest situation. Unlike animal health, plant pests and

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> ***In July 2023, fields across the province, and particularly in my region, were flooded due to torrential rains. Our crops were lost, and what could be saved was at great cost. We requested immediate assistance, but the AgriRecovery initiative was not announced until the end of 2024 and was ill-suited to the needs of affected producers. AgriRecovery does not work in times of disaster.***
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> ***– Catherine Lefebvre, APMQ president***

[8] Canada, Parliament, House of Commons. Standing Senate Committee on Agriculture and Agri-Food. (2024). Report of the Standing Committee on Agriculture and Agri-Food. 44th Parl., 1st sess. Rept. 20.

[9] Canada, Parliament, House of Commons. Standing Senate Committee on Agriculture and Agri-Food. (2024). Report of the Standing Committee on Agriculture and Agri-Food. 44th Parl., 1st sess. Rept. 20.

disease have no regulatory compensation mechanism nor early pest reporting incentives that compensate growers in response to emergencies.

**AgriInvest** is a saving account with matching contributions from the government whose purpose is to help mitigate small margin drops, or with investment by contributing to a down payment. The main inadequacy of this program is the ceiling of allowable net sales upon which the limits of contribution are based: it is too low act as an actual risk management tool for large-scale operations.

**Advance Payments Program** is intended to support working capital through loan-guarantee and subsidizing interest cost over a portion of the operating loan. The current limit for the interest-free portion of the loan is too small to provide any significant support to large-scale operations. Post-harvest spoilage could compromise repayment capacity and there is a lack of remedy to address this situation such as extended repayment period.

The combined effect of these limitations creates a significant risk management gap for fruit and vegetable producers, who face unique challenges including high perishability, labour intensity, extreme vulnerability to geopolitical shocks, and significant capital constraints—all of which are intensified by the current trade dispute. Horticultural commodities are uniquely sensitive to tariffs and non-tariff barriers, with a smaller pool of buyers making them particularly exposed when geopolitical tensions arise. Unlike grain producers who can store their harvest, fruit and vegetable producers cannot "wait out" unfavourable market conditions, with only hours or days, not months, to find new buyers before their products spoil.

This vulnerability is especially acute now, with reports that Canada is likely to enter a recession in the coming quarters if US tariffs are not lifted quickly, with Bank of Canada estimates suggesting a 3% drop in Canada's GDP over the next two years that would "all but wipe out" growth and leave the country on a permanently weaker footing.[10] These unique vulnerabilities, coupled with the shortcomings of the current BRM programs and the unprecedented trade shock, leave Canada's fruit and vegetable sector facing an existential threat that requires immediate policy intervention to avoid a disorderly downsizing and restructuring of the sector that could imperil the food security of Canadians.

## 2. RECOMMENDATIONS

The first round of adjustment measures announced by the federal government in response to the threat or potential realization of US tariffs deserve to be applauded. However, given the fruit and vegetable sector’s unique characteristics, additional and dedicated support is required. Moreover, this support must acknowledge the real needs of producers: while loans may buy time, **increasing the level of farmers' indebtedness at a time of extraordinary vulnerability is another major risk** to the resilience and adaptability of the sector, therefore loan forgiveness should be an important component of relief packages.

The fruit and vegetable sector welcomes the government's decisive actions to increase the AgriStability payment cap and compensation rate, as well as raising the interest-free portion of the Advance Payments Program to $250,000 for 2025.[11] These measures demonstrate a commitment to supporting Canadian agriculture during trade disruptions and cash flow challenges.

However, these one-year measures, while helpful, underscore the need for a comprehensive, long-term approach to Business Risk Management programs rather than reactive, piecemeal solutions to successive

[10] The Globe and Mail. (2025a). Canada and Mexico face major economic downturn in U.S.-led trade war.

[11] CTV. (2025). Ottawa increases AgriStability cap to help industry as it faces Chinese tariffs.; ABP. (2025). Interest-free limit for Advance Payments Program raised to $250,000.

crises. As climate volatility increases and trade uncertainties persist, our sector requires consistent, forward-looking support that acknowledges the unique challenges faced by fruit and vegetable growers, including high perishability, labour intensity, and specialized production methods.

We urge the government to work with our sector to develop sustainable BRM solutions that provide stability across multiple growing seasons and address the specific risk profile of horticulture, ensuring Canadian producers remain competitive and resilient in an increasingly unpredictable global marketplace.

## POLICY OBJECTIVES

To establish a resilient, responsive, and comprehensive risk management and mitigation framework that addresses the unique needs of Canada's fruit and vegetable sector by (1) providing immediate financial relief to producers affected by US tariffs, ensuring continued market access and supply chain stability; and (2) developing long-term solutions that recognize the high perishability of the sector's produce, capital intensity, and labour requirements, while mitigating the sectors' risk profile.

These objectives aim to **safeguard and enhance the economic viability of the horticultural industry**, **preserve Canadian food security**, and **maintain rural economic development** while supporting producers through unprecedented trade disruptions and increasingly volatile market and climate conditions. In sum, we propose **a move from a business risk management (BRM) paradigm to one of business risk management and mitigation (BRMM).**

## POLICY PRINCIPLES

Risk management policies for Canadian horticulture must balance immediate crisis response with long-term sector resilience, recognizing that effective supports should be timely, sufficient in scale, and responsive to the sector's unique vulnerabilities. Farm businesses should have access to a suite of complementary programs that provide predictable support when facing risks beyond their control, while encouraging innovation, adaptation, and risk mitigation.

Trade-related support mechanisms must be designed with a robust, coordinated FPT approach with clear leadership at the federal level that acknowledges the fundamental inequities with competing international jurisdictions. Ultimately, these policies must ensure Canadian producers can compete domestically and internationally while continuing to provide high quality, affordable fruits and vegetables to Canadian consumers.

## IMMEDIATE ACTIONS

### Establish a National Surplus Product Removal Program with institutional distribution channels

Develop a federally led surplus product removal program that addresses domestic market oversupply resulting from trade disruptions. Even with enhanced domestic marketing efforts, Canada's fruit and vegetable production will likely exceed domestic consumption capacity during periods of trade disruption. This program would purchase surplus perishable horticultural products at fair market values and distribute them through institutional channels including the forthcoming pan-Canadian school food program, food banks, community organizations, and public institutions. Implementation would require coordinated federal-provincial partnership, with the federal government providing funding and framework while provinces execute regional distribution solutions tailored to local needs. The program should prioritize "Canadian produce first" sourcing requirements across all participating institutions, creating predictable domestic outlets during market disruptions while simultaneously promoting nutritional education and awareness of Canadian agriculture.

### Provide top-ups to existing AgriInvest accounts for horticulture producers

Establish targeted AgriInvest top-ups specifically for fruit and vegetable producers facing tariff threats, recognizing the unique vulnerabilities of the horticultural sector whose products cannot be stored long-term. AgriInvest represents an existing, efficient infrastructure that can quickly deliver emergency funds without new applications or administrative delays, allowing producers to access support through accounts designed for self-insuring against disasters. This approach mirrors successful models like Ontario's SDRM and the US MASC program while acknowledging that horticultural producers require sector-specific measures across all BRM programs that address their distinct risk profile and operational realities.

### Increase the Advance Payments Program interest-free portion with extended repayment terms

Permanently raise the interest-free threshold and index it to the Farm Input Price Index for future years. Allow affected producers to access multiple advance payments within a program year and extend repayment deadlines by 12 months. This approach provides immediate liquidity while avoiding creation of unsustainable debt obligations. Moreover, given this time of significance, past amounts should not represent the ceiling for current investment levels and loan forgiveness should be considered to **not further increase farmers' levels of indebtedness** at this challenging time**.**

### Establish a Sector-Specific Market Stabilization Fund with tailored support mechanisms for different horticultural subsectors

Create a dedicated emergency fund providing direct compensation for greenhouse operators in the immediate term and other fruit and vegetable growers as the current season progresses, domestic price supports to prevent market collapse during harvest periods, and regional support packages addressing unique provincial conditions. Include specific provisions for maintaining relationships with US buyers to preserve market access when tariffs are eventually lifted. This targeted approach acknowledges the diverse impacts across different production types and regions.

> **Farm Credit Canada** has initiated a Trade Disruption Customer Support program providing $1 billion in new lending to help alleviate financial challenges resulting from US tariffs, including access to additional credit lines up to $500,000, new term loans, and the option for current FCC customers to defer principal payments for up to 12 months on existing loans. This financial support measure complements other BRM programs by addressing immediate cash flow concerns while producers adapt to changing trade conditions and market disruptions.
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> However, while such lending measures may provide short-term relief, increasing farm debt loads during crisis periods undermines long-term sector resilience, as higher leverage ratios restrict future investment capacity and leave operations more vulnerable to subsequent market shocks.

### International and domestic market diversification

Diversification mitigates risk due to trade exposure but given the perishability of fresh produce is not a panacea. While pursuing new markets, it remains vital to maintain and strengthen relationships with US buyers throughout this period of trade uncertainty. It is not a question of whether Canada will have a relationship with the US, but what it will look like after negotiations. This requires immediate support to enable growers to sustain these crucial business relationships despite tariff impacts. Additionally, diversification will require renewed commitments by all governments to increase and recalibrate resources and programs currently dedicated to international market development. Currently capacity at AAFC's Market Access Secretariat has limited prioritization to one crop for one market. The need is for simultaneous strategic exploration of potential markets across East/West and North/South axes options.

Simultaneously, strategic investments in domestic processing capacity represent another form of diversification that would strengthen food security and reduce vulnerability to trade disruptions. By developing processing facilities that convert perishable produce into shelf-stable products, producers gain alternative market channels during periods of oversupply or border disruptions. This approach, while requiring initial government support similar to other strategic industries, offers long-term benefits through import displacement, reduced food inflation, and stabilized farm incomes.

## SHORT- TO MEDIUM-TERM RECOMMENDATIONS

### Initiate an accelerated mid-framework review of BRM programs under the Sustainable Canadian Agricultural Partnership

Form a dedicated horticultural sector working group with authority to recommend immediate program adjustments within 90 days. Focus particularly on addressing AgriRecovery's responsiveness limitations and improving coordination between federal and provincial support initiatives.

For AgriStability, increase the advance payment percentage to 75% permanently, allow retroactive enrollment for 2024-2025, and expedite interim payments to process within 30 days. Temporarily suspend reference margin limiting factors for affected producers to maximize support during this trade crisis This review provides an opportunity to make strategic adjustments without waiting for the scheduled 2028 framework renewal and utilizes an existing program framework for rapid deployment without creating new administrative structures.

### Domestic processing investments

Any accelerated review of the BRM suite must consider the structural weaknesses of Canada’s agricultural value chain, including the lack of domestic processing for fruits and vegetables. Processing capacity directly affects price stability, supply chain resilience, and overall sector competitiveness. The absence of targeted processing incentives leaves Canadian growers more vulnerable to trade-related shocks than their international counterparts.

Beyond immediate financial relief, a strategic investment in processing capacity should be considered a key adjustment measure. Investments in domestic processing facilities could help stabilize farm incomes, reduce dependence on volatile export markets, and strengthen Canada’s ability to compete with US growers who benefit from greater domestic processing capacity and government subsidies. As seen in the EV sector, targeted investment in processing could be a high-impact measure with long-term benefits for food security and economic resilience.

## LONG-TERM RECOMMENDATIONS

### Transform the BRM suite to create a climate and trade resilient business risk management and mitigation (BRMM) system for Canadian horticulture

Permanently restore the AgriStability trigger to 85%, develop specialized insurance products for controlled-environment agriculture, and establish a federal catastrophic loss coverage program encouraging private sector insurance engagement. Integrate climate adaptation measures into all program designs with incentives for resilience-building investments and create a dedicated trade disruption response framework for future disputes. This comprehensive transformation will position Canadian horticulture to thrive amid increasing climate uncertainty and geopolitical trade challenges.

### Expand AgriInsurance coverage for all fruit and vegetable producers

The federal government, through AAFC, should work with provincial governments to ensure all fruit and vegetable producers have adequate access to AgriInsurance coverage. This includes addressing current gaps where certain horticultural crops or production methods (such as greenhouse vegetable production) are ineligible for coverage, and developing new, specialized insurance products that reflect the unique risk profiles and high-value nature of horticultural crops. Provinces should be encouraged to develop commodity-specific insurance plans that accommodate the diverse production methods, multiple growing cycles, and specialized risks faced by fruit and vegetable growers. This expansion would provide critical production loss coverage currently unavailable to many horticultural producers and reduce their vulnerability to climate-related events, disease outbreaks, and other production risks.

### Enabling federal legislation to extend financial compensation for plant health emergencies

Develop comprehensive federal plant pest and disease preparedness programming that complements existing AAFC Business Risk Management programs. This legislation would establish a framework to effectively manage targeted and unforeseen risks in the horticultural sector by providing predictable compensation for early pest reporting and ensuring robust emergency response capabilities. The framework would include financial support for necessary actions such as crop destruction and disposal—similar to protections already available to animal agriculture.

By introducing enabling legislation to extend financial coverage for crop destruction (whether mandated by CFIA for quarantine pests or implemented by the sector for regulated, non-quarantine pests), modernizing plant health regulations, improving pest risk assessment processes, and implementing the *Perimeter Strategy* approach, Canada can better protect its agricultural sector. These measures would limit risks from emerging global pests with potentially devastating economic impacts and help mitigate against non-tariff trade barriers that threaten the sustainability of Canadian horticulture.

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