



## Written Submission for the Pre-Budget Consultations in Advance of the Upcoming 2026 Federal Budget

---

Prepared by: Greenhouse Vegetable Working Group

---

August 1, 2025

## Contents

<b>Summary of Recommendations .....</b>	<b>3</b>
<b>Preamble.....</b>	<b>4</b>
<b>Introduction.....</b>	<b>4</b>
<b>Urgent Need for North American Trade Stability.....</b>	<b>5</b>
<b>Need for Immediate, Predictable, Responsive BRM Suite.....</b>	<b>6</b>
<b>Plant Protection Strengthens Security and Economy .....</b>	<b>6</b>
<b>Roadmap for Food Security: Greenhouse Investment.....</b>	<b>7</b>

## Summary of Recommendations

The Greenhouse Vegetable Working Group recommends that the Government of Canada implement the following recommendations in Budget 2026:

### Competitiveness, Trade and Market Diversification

**Recommendation 1:** Removal of Canadian 25% retaliatory tariffs applied on fresh fruit and vegetables imported from the U.S. to mitigate further risks of future U.S. tariffs and/or non-tariff barriers.

**Recommendation 2:** Ensure fair market rules that create market stability and prevent interprovincial dumping or other anti-competitive business practices, and limit food waste of perishable goods, as interprovincial barriers are reviewed.

**Recommendation 3:** Increase capacity at AAFC's Market Access Secretariat for simultaneous strategic exploration of potential markets across East/West and North/South axes options.

**Recommendation 4:** Amend the Greenhouse Gas Pollution Pricing Act (GGPPA) to exempt the on-farm use of propane and natural gas (in addition to gas and diesel) from carbon pricing policies.

### Business Risk Management and Mitigation

**Recommendation 5:** Establish a National Surplus Product Removal Program to address domestic market oversupply of perishable food resulting from geo-political or trade disruptions.

**Recommendation 6:** Establish a Sector-Specific Market Stabilization Fund with tailored support mechanisms to address domestic price supports to prevent market collapse.

**Recommendation 7:** Support the expansion of *AgriInsurance* to include greenhouse crops.

**Recommendation 8:** Provide top-ups to existing *AgriInvest* accounts for horticulture producers.

**Recommendation 9:** Increase the Advance Payments Program interest-free portion with extended repayment terms.

**Recommendation 10:** Amend the AAFC *AgriRecovery* program eligibility requirements to ensure it is responsive, predictable, and accessible as to its criteria that triggers an *AgriRecovery* assessment.

### Safeguard Canada's plant resources

**Recommendation 11:** Implement a modern Canada-US *Perimeter Strategy* to protect domestic production base, limit unforeseen risks from emerging global pests, and mitigate against non-tariff trade barriers within a regulatory cooperation framework.

**Recommendation 12:** Modernize Pest Risk Assessments to recognize increased risk from climate change.

**Recommendation 13:** Extend financial coverage for plant health emergencies.

### Support for the Greenhouse Investment Roadmap

**Recommendation 14:** Develop new national greenhouse agriculture-focused research and programming to support the Greenhouse Growth Strategy (2023-2028).

## Preamble

On behalf of the Greenhouse Vegetable Working Group (GVWG) members, who represent Canada's 920 commercial greenhouse fruit and vegetable growers, we are pleased to provide the enclosed submission to the House of Commons Standing Committee on Finance (FINA) to inform the upcoming federal budget.

The greenhouse fruit and vegetable sector is a Canadian agricultural success story, with farm gate sales rising 1200% since 1996 to reach \$2.7 billion in 2024 — doubling in the past decade alone. The sector is a leading agricultural employer with year-round opportunities with a growing demand for more high-skilled jobs, tech-driven, and ambitious professionals interested in advanced automation, engineering, and science.

The Government of Canada has an opportunity to help further drive our sector's economic potential through key investments and by removing regulatory barriers and red tape.

## Introduction

Canada's 920 commercial greenhouse fruit and vegetable operators are at the heart of an economic engine that contributes over \$5.3 billion to the Canadian economy and supports over 37,600 jobs throughout its supply chain while providing food security to Canadians year-round.

- **Greenhouses supply safe, nutritious, high-quality, year-round fruit and vegetables** that offer major expansion in the range and breadth of crops grown and available to Canadians.
- **Greenhouses employ efficient, low-carbon systems** that reuse on-farm carbon emissions as a crop input and have opportunities to add electrification capacity.
- **Greenhouse growers have a proven track record** of steady growth with viable business models and leadership who are investing in their people and communities, capital-intensive infrastructure, and cutting-edge technology for sustainable, circular systems.

Growers invest millions into their growing structures, energy and water infrastructure, digital agriculture, and human resources which are shaping Canada into a global greenhouse leader.

As the government prioritizes investments, enabling policies, programs, and infrastructure, it must reflect this scale of private capital investment and resulting economic contribution of greenhouse businesses.

The global fresh produce supply chain is highly integrated, with North America among the most interdependent markets. Cross-border trade is essential to meeting year-round consumer demand and supporting food security, enabling efficient and affordable access to a wide range of fresh fruits and vegetables.

## **Urgent Need for North American Trade Stability**

The Canada and United States have a unique relationship that holds a distinct place in the world. We strongly urge and support governments across North America to reach a long-term agreement that will restore a stable trading environment.

As an export-oriented sector, greenhouse vegetable growers face severe economic vulnerabilities under US tariffs or trade barriers. In early March, 2025, when 25% US tariffs applied to all Canadian exports, greenhouse vegetable growers were significantly impacted, with reported losses over \$2.2 million per day, just in Ontario. The immediate impacts included increased borrowing costs through higher bond requirements, elevated operating expenses, order slowdowns, and domestic market oversupply leading to price deterioration. These stressors on the supply chain increase risks to food security, availability of healthy food choices and food affordability.

The fresh fruit and vegetable sector is extremely sensitive to tariffs, domestic oversupply, price deterioration and quality losses. Given the US Department of Commerce withdrawal from the 2019 Suspension Agreement<sup>i</sup>, as of the July 2025, there is additional tariff pressure (17.09% applied to Mexican tomato imports to US) and real immediate potential for harm, market disruption and/or dumping, if Mexican tomatoes begin targeting Canadian markets for excess supply that cannot be sold into the American market.

The combination of these geopolitical disruptions increases risks to food security as growers may be forced to discard high-quality fresh produce to avoid domestic market failure. These unique vulnerabilities, exacerbated by inadequate BRM programs, risks a disorderly downsizing that could undermine national food security.

The perishability of our products means the United States cannot be replaced as a primary export market, and leaves few options for competitive, alternate international export markets. Diversification will require renewed commitments by all levels of government to increase and recalibrate current resources and programs within AAFC's Market Access Secretariat.

Adding to these vulnerabilities, within the past five years (2020-2024), greenhouse vegetable growers faced a 44% increase in total operating expenses<sup>ii</sup>. These financial pressures were due in part to the carbon pricing costs – directly applied to unavoidable production inputs like heating and carbon dioxide supplementation for photosynthesis, crop health and yields.

The sector's ability to reinvest and remain competitive relies on enabling policies, programs, and infrastructure that understand their business. Carbon pricing exemptions for specified on-farm fuel uses is the right approach to ensure Canadians can be assured the agricultural supply-chain is resilient, sustainable, and competitive.

To encourage year-round domestic food production capacity, energy policies should support the investments in combined heat and power (CHP; a.k.a. co-generation system), whereby greenhouse growers using natural gas byproducts (heat and carbon dioxide) to support their crop, may also generate electricity. Where energy regulators' policies allow, these engines are well-placed to supply the grid to help meet peak energy demand.

Canadian greenhouse growers are early adopters of innovation and leading practices to maximize energy efficiency within the limitations of current technology. The next stage of Canada's energy transition must build on conventional energy resources, tap into the unlimited potential for Canada as an energy superpower, and take advantage of new opportunities in the global marketplace.

## Need for Immediate, Predictable, Responsive BRM Suite

The trade war and the ongoing uncertainty have highlighted the lack of a financial safety net for the perishable food sector, particularly for greenhouse vegetable producers who are immediately and exponentially affected due to the nature of their year-round production.

Establishing a National Surplus Product Removal Program, as recommended in FVGC's BRM policy recommendations<sup>iii</sup>, requires immediate action with coordinated federal-provincial support to address domestic market oversupply of perishable food resulting from geo-political or trade disruptions. The other targeted approach required in the immediate term is a dedicated emergency fund providing direct compensation to provide domestic price supports for growers who must maintain long-standing US buyer relationships if markets collapse.

Accelerate the review of Business Risk Management BRM programs (currently scheduled for 2028) to reduce risk, support trade, spur growth, and improve competitiveness. 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.

The sector faces increasing and more severe challenges, including extreme weather, geopolitical disruptions, and plant health threats that impact production and supply chains.

## Plant Protection Strengthens Security and Economy

We are urging the government to support a modernized perimeter approach to plant protection to support food security. The concept was prioritized in 2011 by the Prime Minister of Canada and the President of the United States when they issued a declaration established a new long-term partnership built upon a perimeter approach to security and economic competitiveness and created the Regulatory Cooperation Council (RCC). This approach would help CUSMA by having a mutually beneficial regulatory framework to ensure a mutual commitment to defend our biggest trading partner 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.

Modernize Pest Risk Assessments to recognize increased risk of overwintering and establishment of non-native/tropical/invasive pests in major greenhouse-growing regions of Canada; and other pathways including propagative material and plants for planting.

Extend financial coverage for plant health emergencies where crop-destructs – either as ordered by CFIA for quarantine pests, or in emergency response by the sector for regulated, non-quarantine pests – are an important tool to incentivize early pest reporting with predictable compensation, to limit the risks from emerging global pests, economically devastating pests, and to mitigate against non-tariff trade barriers.

## Roadmap for Food Security: Greenhouse Investment

The Canadian greenhouse sector continues to be a major agricultural success story that is contributing to food security, energy resiliency, and economic growth.

**FOOD SECURITY:** Investment in the Canadian greenhouse sector has clear returns to consumers by improving food choices while keeping food production local, affordable, and sustainable.

**ENERGY RESILIENCE:** Public infrastructure and energy resilience go hand-in-hand with on-farm investments to encourage year-round food production capacity and enhanced energy resilience.

**ECONOMIC GROWTH:** Canada's greenhouse growers have a proven track record of investment in production infrastructure and cutting-edge technology for sustainable, circular systems that have resulted in an unrivaled growth rate in farm cash receipts and jobs.

**The Greenhouse Investment Roadmap outlines areas for strategic investment to support the sector's demonstrated strengths and opportunities ahead.**

### CANADIAN GREENHOUSE GROWTH STRATEGY (2025-2028)

1. **Support expansion of production capacity and crop diversification** of commercial-scale greenhouse crops within an agile, well-resourced, and supportive regulatory environment.
2. **Incentivize sustainable, year-round domestic food production and trade** with enabling energy policy, regional energy reliability, and energy affordability.
3. **Address investment barriers by reducing cumulative red tape** from federal, provincial, and municipal jurisdictions.
4. **Recognize the importance of housing, healthcare, and rural transit** to greenhouse employers, workers, and their communities.
5. **Increase funding to advance sector-prioritized research**, innovation, data collection and security, knowledge sharing and extension services.

Canadian food security is tied to a strong Canadian economy. Remaining competitive in the North American market remains critical to safeguarding Canada's domestic fresh fruit and vegetable production and growing its greenhouse capacity.

---

<sup>i</sup> US Department of Commerce. July 14, 2025. <https://www.trade.gov/feature-article/us-department-commerce-announces-withdrawal-2019-suspension-agreement-fresh>

<sup>ii</sup> 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.

<sup>iii</sup> Fruit and Vegetable Growers of Canada. *Extraordinary Measures for Unprecedented Times: Supporting Canadian Horticulture Now and in the Future*. Groupe AGECO policy proposal paper. [https://fvgc.ca/wp-content/uploads/2025/03/FVGC-BRM-Eng\\_Final.pdf](https://fvgc.ca/wp-content/uploads/2025/03/FVGC-BRM-Eng_Final.pdf)