

Voluntary Report – Voluntary - Public Distribution

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Report Name: Canada Provides Pandemic Support to Agri-Food Sector

Country: Canada

Post: Ottawa

Report Category: Agricultural Situation, Agriculture in the Economy, National Plan, Policy and Program Announcements

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Report Highlights:

After weeks of smaller, province-specific actions, Canada's federal government announced a \$180 million support package for farmers and agri-businesses on May 5. The Prime Minister described the measures as an "initial investment," indicating that more support could be provided in the near future. Canada's national farmer organization, the Canadian Federation of Agriculture, had asked the federal government to provide \$1.9 billion to support food security during the COVID-19 pandemic response.

The [support measures](#) to help Canada's agriculture and agri-food sector cope with COVID-19-related challenges include:

- A \$55 million **Emergency Processing Fund** to support food processors implementing pandemic health protocols to protect plant workers and ensure continued food supply, including through the purchase of personal protective equipment (PPE);¹
- \$89 million in producer **disaster relief** under the [AgriRecovery](#) framework – of this amount, \$36 million will be dedicated to a Cattle Set-Aside Program meant to cover feedlot costs associated with delaying the marketing and processing of animals for up to 20 weeks, while another \$36 million will be used for a Hog Recovery Program to cover herd management costs associated with keeping animals on farms longer when processing plants experience backlogs;
- \$36 million for a first-ever **Surplus Food Purchase Program** to redistribute surplus commodity inventories to food banks – potatoes and poultry were listed as possible commodities to benefit from this program.

In addition, the government announced:

- The intention to increase the Canadian Dairy Commission's (CDC) borrowing capacity by \$143 million up to a total of \$357 million to expand CDC capacity to **temporarily purchase and store cheese and butter** until the demand for dairy products rebounds – this measure would include a contractual commitment requiring dairy processors to repurchase the cheese from CDC at the selling price and require Parliamentary action to implement;
- **Increasing [AgriStability](#) advance payments** from the current 50 percent to up to 75 percent to accelerate provision of support to farmers in need – while this change has already been implemented in British Columbia, Quebec, Saskatchewan, Prince Edward Island and Alberta, the federal government will work with other interested provinces to authorize the increase;
- The intention to work with provinces to explore possibilities for **treating labour shortages as an eligible risk** in the horticulture sector – this measure would apply only for this crop year, under the [AgriInsurance](#) program.

After weeks of province-specific announcements, the May 5 support package was the first, comprehensive support package specifically targeting the Canadian agri-food sector to address the financial stress incurred by producers and food processors confronted with increased costs and challenges related to the COVID-19 pandemic. Farmers and agri-businesses expect additional government action to address sector-specific challenges. On behalf of all Canadian agriculture, the Canadian Federation of Agriculture had previously [requested](#) \$1.9 billion of assistance based on pandemic impact estimates provided by agricultural commodity groups.

¹ All dollar values in this report are expressed in U.S. dollar terms, unless otherwise specified, calculated with the exchange rate at the time of writing.

The Canadian Cattlemen's Association [listed](#) sharing the costs of high livestock price insurance premiums, enhancing the Advance Payments Program and improving the AgriStability program as additional measures needed by ranchers to cope with pandemic-related challenges. Due to increased costs and a sharp decline in live hog prices, the Canadian Pork Council [requested](#) \$14 per animal in direct support to hog farmers. The Canadian red meat sector continues to be impacted by COVID-19-related temporary plant closures and processing slowdowns, resulting in an estimated slaughter backlog of over 100,000 cattle and 140,000 hogs.

Dairy Famers of Canada [welcomed](#) the announced support package. They expressed appreciation for three measures that would benefit dairy producers: the Cattle Set-Aside Program, which would cover dairy cull cows; the Surplus Food Purchase Program, which could include dairy products; and the increased CDC borrowing capacity enabling additional storage of dairy products until the market rebounds.

The Dairy Processors Association of Canada also [acknowledged](#) the announcement, but recognized more support is needed for the entire food processing industry. Food and Beverage Canada [listed](#) improvements to the Canada Emergency Wage Subsidy, to Business Risk Management Programs and to the Temporary Foreign Worker Subsidy as additional measures that would help the food manufacturing sector successfully navigate the COVID-19 era.

While availability of temporary foreign workers (TFW) could continue to challenge Canadian producers throughout the 2020 season, especially at harvest, Canadian farm operations cleared early policy and logistical hurdles to secure approximately 85 percent of the anticipated number of TFWs by the end of April.

Attachments:

No Attachments.