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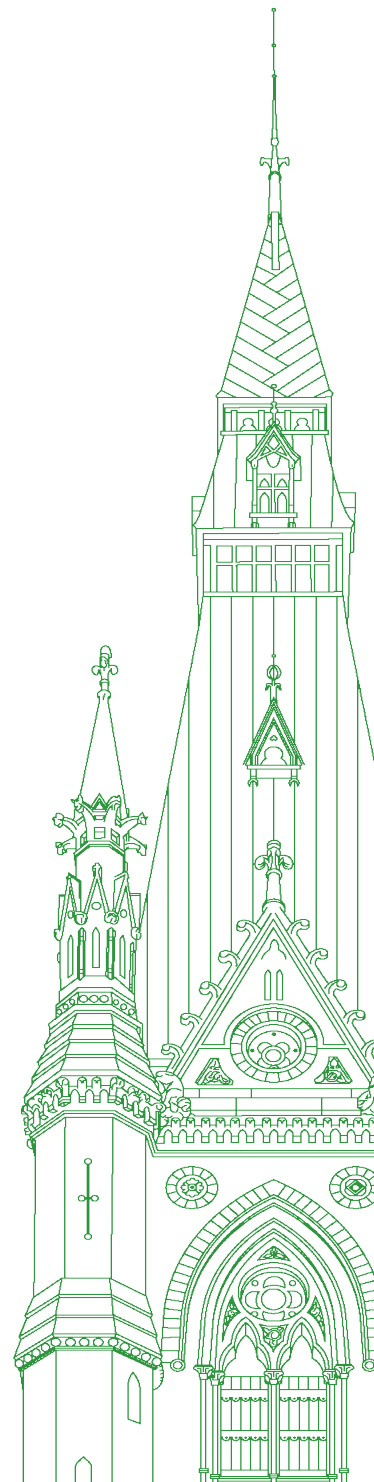
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Chair: Michael Coteau



Standing Committee on Agriculture and Agri-Food

Tuesday, June 16, 2026

• (1105)

[English]

The Chair (Michael Coteau (Scarborough—Woburn, Lib.)):
I call the meeting to order.

Welcome to meeting number 42 of the House of Commons Standing Committee on Agriculture and Agri-Food.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

Before we continue, I'd like to ask all in-person participants to consult the guidelines written on the cards on the table. These measures are in place to help prevent audio and feedback incidents and to protect the health and safety of all participants, including our interpreters. You'll also notice a QR code on the card, which links to a short awareness video.

I'd like to take a moment to make some comments for the benefit of the witnesses and members. Before speaking, please wait until I recognize you by name or until you are asked a question directly by a member. For those participants on video conference, click the microphone icon to activate your mic, and please mute yourself when you're not speaking. For those on Zoom, at the bottom of your screen you'll see a selection for the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

I'd like to remind all witnesses that committee members may ask questions in either French or English. If you need interpretation, please take a moment now to prepare your earpiece and select the listening channel you need in advance in order to take full advantage of the time allocated.

This is a reminder that all comments should be made through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will try to manage the speaking order to the best of our ability.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study on food security in the face of global instability.

I'd like to welcome our witnesses who are joining us today.

From the Montreal Economic Institute, we have Renaud Brossard and Gabriel Giguère. From the Grain Farmers of Ontario,

we have Jeff Harrison. From Agri-Food Analytics Lab, we have Sylvain Charlebois and Olivia Romaniw.

Welcome.

We will start with Agri-Food Analytics Lab. You have five minutes.

Sylvain Charlebois (Director and Professor, Dalhousie University, Agri-Food Analytics Lab): Mr. Chair and members of the committee, thank you for the invitation to appear today.

I am joined today by Olivia Romaniw, a research associate at the lab who is attending in person in Ottawa.

I am appearing remotely today from Cork, Ireland, where I am speaking at an international agribusiness conference examining the state of the global food economy. The discussions taking place here reinforce how interconnected food systems have become and how geopolitical tensions, climate-related disruptions, supply chain shocks and economic uncertainty continue to challenge food security around the world.

Food security is often misunderstood. Canada does not have a food security problem. We have a competitiveness and productivity problem. We are one of the world's largest agricultural producers and exporters, yet millions of Canadians struggle to afford food. The challenge before us is not simply about producing more food, but producing, processing, distributing and marketing food more efficiently and competitively.

Last week's announcement of Canada's national food security strategy is an important acknowledgement that food matters. The strategy includes several promising investments in food processing, controlled environment agriculture, food hubs and support for independent grocers. These initiatives may strengthen parts of our domestic food system and improve resilience.

However, a strategy is more than a collection of investments. A strategy requires a clear vision, measurable objectives, and a framework for accountability. Food security cannot be purchased through government spending alone. It is earned through investment, innovation, productivity and competitiveness.

Today, we would like to offer three recommendations that would strengthen Canada's food security without requiring significant new spending by Ottawa.

First, make food affordability a formal lens for federal policy-making. Before introducing new regulations, taxes or programs affecting the food sector, government departments should be required to assess their impact on food affordability and food system competitiveness. Canadians deserve to know how public policy affects the cost of food before decisions are made.

Second, launch a national review of internal trade barriers affecting food. Canadians often speak about food sovereignty and local food systems, yet we continue to tolerate rules that make it unnecessarily difficult to move food, labour and products across provincial boundaries. Improving the flow of food within Canada would strengthen resilience, increase competition and lower costs without spending a dollar of additional public money.

Third, establish measurable national food security benchmarks and publish annual scorecards. We cannot manage what we do not measure. Canada should track indicators such as food affordability, domestic processing capacity, investment levels, productivity growth, food insecurity rates and supply chain resilience. The federal government has announced a 10-year strategy. Canadians deserve to know whether the country is actually becoming more food secure over time.

Food security in an unstable world will not be achieved through protectionism or self-sufficiency. No country can produce everything efficiently. Canada's strength has always been its ability to trade, innovate and compete. Our objective should be to build a food system that is resilient, productive, globally connected and affordable for Canadians.

We look forward to your questions. Thank you.

• (1110)

The Chair: Thank you very much.

Next, we'll go to the Grain Farmers of Ontario.

You have five minutes.

Jeff Harrison (Chair of the Board, Grain Farmers of Ontario): Thank you, Mr. Chair and members of the committee.

My name is Jeff Harrison. I farm in Quinte West, Ontario, and I serve as chair of the Grain Farmers of Ontario, representing Ontario's 28,000 corn, oat, soybean, barley and wheat farmers.

Today I want to talk about a simple reality. Canada cannot have food security if farmers cannot afford to farm. Grain farmers are doing everything they can to keep producing crops for food, feed and other products, but many of the challenges faced today cannot be solved at the farm gate. They will require government action.

Risk is not new to farmers. Weather and markets pose a significant enough challenge, but the rising costs for equipment, fuel, fertilizer and other farm inputs are on an upward trajectory that is not sustainable. Today the farm input price index sits at record levels. Meanwhile, the prices that farmers receive for their crops have not kept pace with the cost of producing them.

Fertilizer is a perfect example. Without fertilizer, production is threatened. It is not optional for the vast majority of farmers, and it is the food that crops need to grow. Retail fertilizer prices remain high, and farmers remain deeply concerned about both affordability and reliable access to supply as we prepare for 2027.

Supply at all cost is not a solution for our farmers, farmers who are expected to be globally competitive. Farmers in Ontario, Quebec and Atlantic Canada depend on imported fertilizer sourced from regions around the world. When supply chains are disrupted, these farmers feel the impact almost immediately.

Four years ago, Canada imposed tariffs and sanctions on fertilizer imported from Russia and Belarus, two countries that had historically supplied significant portions of the fertilizer used by farmers in eastern Canada. The cost of that decision was passed directly on to farmers, and it does not take much of an understanding of economics to know that these tariffs are negatively impacting our farmers.

The Canadian government has created exemptions for other products. My question is simply this: Why can't exemptions be made for a product such as fertilizer, a product that helps feed Canadians and supports our food system? Removing tariffs on fertilizer imports from Russia and Belarus would be a practical, immediate step that could help reduce costs and improve supply security for Canadian farmers.

Fertilizer is only one challenge. Business risk management programs are supposed to protect farmers from the things we cannot control: droughts, floods, trade disruptions, geopolitical instability and market shocks. That is exactly what these were designed to do.

Canada has invested in business risk management programs, but for grain farmers, AgriStability simply does not work well enough when we need it most. When crop prices fall below the cost of production, farmers need meaningful protection. Unfortunately, AgriStability fails to provide the support required to bridge that gap.

Grain farmers in eastern Canada have spent years telling governments this. We have participated in reviews, provided recommendations, built coalitions and commissioned research because we knew there would eventually be a tipping point. That tipping point has arrived.

At the same time, our competitors in the United States benefit from responsive risk management programs and billions of dollars in supplemental support payments. They have also taken steps to secure fertilizer supplies and protect farm profitability during periods of market disruption. As a result, American farmers are often better positioned to withstand the same challenges Canadian farmers face.

For Ontario grain farmers, the most effective long-term solution is clear. The federal government should partner with Ontario in supporting the Ontario risk management program. This program is straightforward. It calculates the cost of the production of crops, compares that cost to market returns and provides support when prices fall below the cost of production.

The Ontario government has made significant investments in this program. It helps farmers manage risk when margins are squeezed by high input costs and low commodity prices. Most importantly, it gives farmers confidence that they can continue producing food, doing what they do best for Canadians. If farmers cannot manage risk, they cannot continue farming. When farmers disappear, the consequences extend far beyond agriculture. When that happens, Canada loses food-producing capacity.

Business risk management programs are not simply farm programs. They are food security programs. A country that cannot support its farmers cannot guarantee its food security.

• (1115)

The issue of food affordability, food sovereignty or food independence—whatever term you want to use—is a very complex situation. Farmers are not the cause of this situation we find ourselves in as a nation, but they are an integral part of the solution. This will need to be a Canadian commitment—

The Chair: Mr. Harrison, I'm going to have to stop you there. We're at five minutes. Thank you so much.

Next, I'll go to the Montreal Economic Institute for five minutes.

[Translation]

Renaud Brossard (Vice-President, Communications, Montreal Economic Institute): Thank you very much.

Good morning, everyone.

Thank you very much for inviting my colleague Gabriel Giguère and me.

For those who may not be familiar with the MEI—the Montreal Economic Institute—we're an independent think tank with offices in Montreal, Ottawa and Calgary that has been actively contributing to the Canadian public debate through our research and media appearances since 1998.

When discussing the cost of living, food is an essential consideration. It is the fourth-largest expense for Canadian households, be-

hind taxes, housing and transportation. Given the significance of this budget item, the rapid rise in food prices we've seen in recent years has taken a toll on family budgets, and families are feeling the pressure more and more. While the desire to take action to ease this pressure is commendable, Canadian households are looking for results rather than mere intentions. Unfortunately, several measures recently announced by the federal government miss the mark. In particular, one aspect that concerns us is the desire to see the government become more involved in food distribution.

Let's be clear: The federal government is no more competent as a food wholesaler than it would be as a grocer. The food hub initiative, funded at great expense by Canadian taxpayers, faces the same challenges of logistical complexity, information management and incentives as government-run grocery stores, such as those we hear about in Toronto and south of the border. The average Canadian grocery store sells between 15,000 and 18,000 distinct products. This represents both small local banners such as *Fraîchement Bon* in the Montreal borough of Ahuntsic, and large-surface stores such as Walmart and Costco.

Needless to say, managing such a logistics chain for perishable products, each with their own hygiene requirements, represents a colossal task. Our large grocery chains manage to run both distribution and retail nationwide, with a profit margin estimated between 3% and 5%. Even if we assumed the government could do it with the same level of efficiency as the private sector, the maximum theoretical savings one could get are between \$11 and \$18 per person per month—or about the cost of three bags of chips. It should therefore be noted that it is not by getting the state to wade into food retail—as some activists pretend—or into food distribution—as the government seems keen to do—that we will bring prices to levels that are affordable to Canadian families.

That's not to say that government has no role to play. Very often, this role is not to create new programs or structures, but rather to stop contributing to the high cost of living through its public policies, be they tariffs, production quota systems like supply management or regulations that burden all Canadian consumers, such as restrictions on interprovincial trade. Revising these aspects would have a far more desirable effect than establishing a new government structure.

Thank you for your time and attention.

• (1120)

[English]

The Chair: Thank you very much.

We'll go to the Conservatives and Mr. Barlow now for six minutes.

John Barlow (Foothills, CPC): Thank you, Chair.

Thank you very much to our witnesses.

Mr. Harrison, I'll start with you.

We've heard from a lot of farmers across eastern and central Canada about specifically the fertilizer issue. The fertilizer suppliers are not only not committing to prices for next year; they're also not committing to even having supply available for farmers. Is that accurate?

Jeff Harrison: Yes, it is.

John Barlow: As you mentioned, Canada is the only G7 country that has a 35% tariff on fertilizer imports from Russia and Belarus specifically, which is putting you at a competitive disadvantage. What has been the response from the Liberal government to the requests from GFO and other farm groups to remove the fertilizer tariff to make fertilizer more affordable for farmers? What has been the government response to your request?

Jeff Harrison: Thank you for the question, Mr. Barlow. We have been heard, and the situation has been acknowledged, but there has still been no meaningful action. Farmers are continuing to pay a high price as a result. I appreciate the government's understanding of the situation, but without action, it's meaningless.

We understand that it is a very sensitive issue. Farmers are compassionate people. We condemn the atrocities we saw in Ukraine. We never want to see that again. However, the reality is that those tariffs are penalizing Canadian farmers.

John Barlow: Thanks, Mr. Harrison.

Would the reality of those tariffs be that the only ones being punished are Canadian farmers? This is in no way punishing the Russian regime or Belarus. Fertilizer is still being purchased. The United States is still purchasing fertilizer. The only victims of this tariff set by the Liberal government are Canadian farmers. Would that be accurate?

Jeff Harrison: Yes, that is fair to say. We have studies that document those statements. Farmers in Canada want to produce high-quality, abundant, affordable food. That's what they do, and they do it well in Canada, but they need to be able to work on a level playing field and be able to be globally competitive to be sustainable.

John Barlow: Thank you.

I want to move to a different topic with you, Mr. Harrison.

This study is about food security and food affordability, but the Liberal government is also proposing the Alto high-speed rail, which will impact perhaps thousands of farms across Ontario and Quebec. I have seen a number of posts and announcements from Grain Farmers of Ontario but also other farm groups in Ontario and Quebec that are strongly opposed to this project.

What impact do you believe the Alto high-speed rail will have on grain farmers in Ontario and on your ability to be productive and competitive?

Jeff Harrison: We're very concerned. We have supported our general farm organizations in their position. We're very concerned about agriculture and the impact on farmland and the impact on farmers as well as our rural communities. We're concerned about emergency services and school buses. We can't afford to fix bridges and infrastructure in our province now. How can we afford to fix more? Of course, there are grave concerns over the inefficiencies

created by triangular fields and just the uncertainty for family farms in planning for the future. We need these projects to operate on merit and to not jeopardize farmers as a result.

John Barlow: Thank you, Mr. Harrison.

I want to switch to you, Mr. Charlebois.

You mentioned that we don't have a food security problem as much as we have a productivity and competitiveness challenge in Canada. In your op-ed last week, you talked about the Liberals' food strategy being not really a food security strategy, because it doesn't address the real core issues that we're facing. Do you feel that this was a missed opportunity, not addressing eliminating the industrial carbon tax, for example, deficit spending and really taking steps to harmonize regulations? Was this a missed opportunity?

● (1125)

Sylvain Charlebois: Absolutely. That points to our first recommendation today—to make food affordability a formal lens for federal policy-making. If that were the case, Mr. Barlow, I don't think the carbon pricing policy would affect food at all right now. Based on our research, the carbon pricing policy is impacting our sector's competitiveness right now, which is unfortunate. No studies were done before 2018 to assess that.

John Barlow: I have a really quick yes-or-no question for you, Mr. Charlebois, because I need to move on.

You are one of the pre-eminent experts in Canada on food pricing. You are one of the authors of the food price index on an annual basis. Were you consulted at all on the Liberals' food security strategy before it was released last week?

Sylvain Charlebois: I was not, no.

John Barlow: Thank you very much.

Mr. Chair, I want to now take the opportunity to table the motion that I put on notice last week. This is the motion regarding the study on Alto. I'm happy to read that into the record, but I believe, certainly from the comments from Mr. Harrison that we heard today, that it is imperative that we invite farmers and people who are going to be impacted by this proposal of the Liberal government. We have a high-speed rail project that could negatively impact thousands of farms and put food productivity and food security in Canada at risk.

I know my colleagues across the way are going to argue that the route for Alto is not yet finalized and that they would prefer to wait until the route is cemented down, let's say, but I think that it is a disservice.

I believe it is imperative that we listen to farmers before the route is finalized, which I think could be months from now. If we don't listen to the farmers now and allow them to have some input into the impact this is going to have on their livelihoods—certainly we're already hearing about the mental health impact this is having on farmers—and if we wait until after the route is already finalized by the government, I think it would be a horrible disservice.

I think it would be much more beneficial if we listened to the farmers now and got their input. Certainly from our perspective, I don't see any benefit of Alto at all, let alone the cost of this project, and I'm concerned about the impact it's going to have on farmers.

I believe the time to do this study is as quickly as possible. I'm happy to read the motion, but I think everybody has it.

The Chair: I think everyone has it.

John Barlow: I would like to move that motion now, Mr. Chair.

The Chair: The motion has been moved.

Is there any debate?

Go ahead, Mr. Lemire.

[Translation]

Sébastien Lemire: Thank you, Mr. Chair.

Yes, the Alto project is problematic because there are many factors that haven't been taken into account. The process was handled very carelessly by granting powers to a company that is using them against farmers.

In Quebec, the proposed route could affect more than 500 agricultural properties. To navigate a curve, a train will have to make an 11-kilometre detour. This makes it impossible to maintain flexibility in the use of farmland. Tunnels or bridges can't be built every time there's a need for them, especially not to allow farm machinery to pass through.

Given the way Alto is handling this project, we're likely to create a social crisis. I believe that as a committee, we have a responsibility to give a voice to those who currently do not have one. The consultations were botched. They were held outside of farming communities, where people could have had an impact. In addition, they were rushed through, essentially during the holiday season, before people had even heard about the project.

The Bloc Québécois had set four minimum conditions for supporting the project because, obviously, the idea of a high-speed train appeals to everyone. We're all captivated by the dream. In an ideal world, I'd even have one right at home in Abitibi-Témiscamingue, but I think I'm getting a little carried away. What we're asking for is genuine social licence. That's far from guaranteed. No effort is being made in that direction.

We're also asking for an independent financial assessment. Again, there are no valid figures. All high-speed rail projects worldwide have exceeded their budget by at least 50%. So it is not

far-fetched to think that \$90 billion could rise to \$150 billion or \$200 billion. I believe it is also our committee's responsibility to learn more about these aspects of the project's financial assessment.

We're also calling for the removal of the violations of the Expropriation Act stemming from Bill C-15, which makes it possible to force people to give up their farmland. Farmers were promised \$1,500. If they refuse, a drone will fly over their land. Regardless, Alto will still get its way, because the law is on its side.

Finally, we're calling for real public consultations. Without them, I think it goes without saying that this project will not be viable. As a committee, we have a responsibility, because this is becoming a social crisis and creating significant distress among farmers.

Many of them made their voices heard on Parliament Hill last Wednesday, from both Quebec and Ontario. We have a responsibility to listen to them. There is psychological distress. This project will have a major impact on the mental health of these farmers. When you've been working the land for generations and, overnight, you're told that a train is going to cut right through it, you can't imagine ever having access to the other side of your land again. The train doesn't have the flexibility to yield the right of way. If there's a barn on the property, the barn will be gone.

For months, people and municipalities have been opposing the project. There are landowners who are affected and who are voicing their concerns. We have a responsibility to hear them as soon as possible.

Thank you, Mr. Chair.

● (1130)

[English]

The Chair: Thank you very much.

Next we'll go to MP Chatel.

[Translation]

Sophie Chatel (Pontiac—Kitigan Zibi, Lib.): Thank you, Mr. Chair.

I want to thank my colleagues for speaking to this motion from Mr. Barlow.

Indeed, on this side of the table, we are just as concerned about what farmers are telling us.

As my colleague Mr. Lemire said, there's no doubt that, for many families, farmland is more than just an economic asset. It's often the result of the work of several generations. It is their legacy. We therefore fully understand their concerns, and we agree that this committee must hear from the farming community on issues that could affect their land.

The only thing we're not comfortable with is that Alto is currently in the consultation phase. Alto's representatives have not yet announced the preferred route. Nor have they announced measures to mitigate the impacts on the land, for example, or compensation measures. Therefore, if this committee were to undertake a study at this stage, we believe it would be asking farmers to testify on hypothetical scenarios rather than actual impacts, which would add to the uncertainty that currently exists.

I believe it would be more constructive for this committee to wait until Alto has identified the preferred route and announced the measures it plans to take to protect farms and provide them with adequate compensation. At that point, the committee would be in a better position to assess the actual impacts and hear genuine concerns rather than hypotheses. At that point, the committee would also be better able to propose recommendations based on facts.

For these reasons, I believe now is not the right time to launch this study. I'd like us to resume this conversation in the fall, when we have all the information available. I therefore move that debate on this motion be adjourned for now.

[English]

The Chair: There's a motion to adjourn debate, which is not debatable, so we'll go right to a vote.

An hon. member: I want a recorded vote.

(Motion agreed to: yeas 6; nays 5)

The Chair: The motion passes, and I guess we just continue.

• (1135)

[Translation]

Sébastien Lemire: I have a point of order, Mr. Chair.

[English]

The Chair: Do you have a question?

[Translation]

Sébastien Lemire: Obviously, just because debate on this motion has been adjourned doesn't mean the motion has been debated. I just want to make sure that we'll return to it quickly in September.

We nevertheless missed an opportunity to allow the people who will be affected by this project to be heard before having conditions imposed on them, because Bill C-15 imposes conditions. It would have been preferable to do so earlier, but I just want to make sure that the motion isn't rejected and that we can take it up again in September.

[English]

The Chair: Mr. Lemire, we're going to continue. We've adjourned debate on the issue. We're going back to where we were.

[Translation]

Sébastien Lemire: I asked a question, Mr. Chair.

[English]

The Chair: Do you have a point of order?

[Translation]

Sébastien Lemire: Yes.

Since the motion has not been debated, we will have to come back to it at a future committee meeting. It's important that the motion remain on the agenda.

[English]

The Chair: That's not a point of order.

However, my interpretation is that the committee can discuss any item at any moment that it chooses, if it's the will of the committee.

Mr. Gourde, is this a point of order or are you just making a comment?

[Translation]

Jacques Gourde (Lévis—Lotbinière, CPC): Mr. Chair, I have a point of order and a comment.

I'd like to point out that I was deprived of my right to speak by a procedure—

[English]

The Chair: We're not going to go into the observations.

[Translation]

Jacques Gourde: Mr. Chair, let me finish.

[English]

The Chair: Go ahead, Mr. Gourde.

[Translation]

Jacques Gourde: I was almost done.

My right to speak was taken away. My name was on your list and I wasn't able to express my thoughts on the motion. That, to me, is a violation of my parliamentary privilege.

[English]

The Chair: That's not a point of order. I'm going to stop you there, Mr. Gourde.

If you have a point of order, be very clear on the point. This is not an opportunity to now reflect on the vote that we've just taken.

Next, I have six minutes going to the Liberals.

[Translation]

Jacques Gourde: I have a point of order, Mr. Chair.

[English]

The Chair: Yes, Mr. Gourde?

[Translation]

Jacques Gourde: Thank you, Mr. Chair.

My point of order concerns what you just said. A member of Parliament always has the opportunity to state loudly and clearly that their parliamentary privilege has been violated. I don't accept what you said in your role as chair. I hope you will check what you said and keep us informed.

[English]

The Chair: We just took a vote. The vote concluded.

We have witnesses here. The next speaker is from the Liberals, who have six minutes. That was the order of business.

You can always raise a point of order, but just to say you want to speak on any issue at any moment is not in order.

I'm going to the Liberals for six minutes.

I believe it will be MP Mingarelli, for six minutes.

[Translation]

Giovanna Mingarelli (Prescott—Russell—Cumberland, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for being here today.

[English]

I'm going to direct my questions to you, Monsieur Charlebois, to start.

From your data, how resilient are regions, like my riding of Prescott—Russell—Cumberland, to global food disruptions compared to more urban or western agricultural regions?

Sylvain Charlebois: We really haven't looked at regions across the country, but we actually have compared Canada with other G20 countries, in terms of resiliency.

In fact, that's why my colleague, Olivia Romaniw, is actually in the room. She did most of the work, supported by our partner, MNP.

I don't know if Olivia would have something to say about that, but it's important.

Your point is quite critical, in terms of comparing and looking at differences between regions around the world.

Olivia, do you want to add anything to the work that we've been doing on benchmarking?

• (1140)

Olivia Romaniw (Research Associate, Dalhousie University, Agri-Food Analytics Lab): Like Sylvain said, we haven't looked at urban versus rural areas in a lot of detail.

Canada seems to have a pretty moderate performance in resilience in the G20. Production levels are quite stable; however, there are some challenges obviously.

I'm going to leave it there.

Thank you.

Giovanna Mingarelli: It's no problem at all. Thank you for your answers.

Your work emphasizes distribution. What vulnerabilities exist in regional food distribution networks like in eastern Ontario?

Sylvain Charlebois: If the question is posed to me, I would say distances. The reason that I thought that the investment in food hubs was critical was exactly to that point.

The Ontario Food Terminal is a good case study. We've actually studied the Ontario Food Terminal in terms of its capacity to bring food into this urban region supported by rural areas.

In rural areas—and frankly, this is the reality that we're facing in Atlantic Canada—it's very tough for farmers to do business and connect with cities without a functional architecture based on hubs. We don't have that, necessarily. We have some hubs in the Maritimes, but they're not as efficient as they should be. When you do that, you increase wealth in regions supporting farmers even more.

Giovanna Mingarelli: Thank you so much.

This is the last question for both of you.

Does your research suggest that communities like ours are overly dependent on external supply chains, despite being surrounded by agriculture production?

Sylvain Charlebois: Supply management is very much a big part of the economy in your own riding, which I know a little about. Obviously, supply management has built an ecosystem that makes the agri-food sector in your riding less vulnerable to external factors than other ridings are, for example.

Giovanna Mingarelli: Thank you so much.

I'm now going to direct my questions to you, Mr. Harrison.

Eastern Ontario has a mix of smaller family farms and productive grain-land. Do policies designed at a national level sometimes miss the realities of the eastern Ontario region?

Jeff Harrison: It's not only eastern Ontario. Eastern Canada is unique. We work very collaboratively with our farmers across the country, but eastern Canada has unique differences. We service similar markets. We source our inputs from similar regions. We grow similar crops. Of course, we all work in a very densely populated part of the country. All those challenges contribute to a farmer's viability.

In eastern Ontario specifically, you'll hear us talking about fertilizer. We don't just service value-added processing sectors. We are also looked upon to feed the world. We do a lot of good work in supplying nations that need our farmers, through export facilities.

Particular to your question, a good agriculture policy is important to our farmers in eastern Canada and eastern Ontario.

Giovanna Mingarelli: Are there unique soil, drainage or climate conditions in eastern Canada that should be reflected in federal agriculture programs but that we don't know about yet?

Jeff Harrison: It's important to recognize that eastern Ontario, certainly, has an abundance of water. Of course, the infrastructure has been put in over generations, whether it's highway, rail, pipeline or municipal infrastructure. All those things have affected farm drainage and soil topography.

You spoke about farm drainage, but I would use the term “improving farmland”. We’ve been improving our farmland as a nation since we got here. It has allowed us to achieve not only economies of scale but also efficiencies. It’s also important to remember to be more environmentally conscious of the efficient use of our inputs. Improving farmland in eastern Ontario has been a practice we’ve been doing for a while, and we need it to continue.

• (1145)

The Chair: Thank you very much.

Next, we’ll go to the Bloc for six minutes.

[Translation]

Sébastien Lemire: Thank you, Mr. Chair.

Mr. Harrison, we met last week in my office. I very much enjoyed the meeting. You raised an interesting point about the inputs required for your production. Right now, given the global geopolitical situation, it’s difficult to obtain the fertilizers you need. You mentioned that 35% to 40% of the increase in grain prices is due to rising nitrogen fertilizer prices.

Not to mention that part of your production is also devoted to food production—what do you think the solution would be?

I’d also like to ask you a follow-up question: Do the recent agreements give you hope that the prices of your inputs will stabilize somewhat?

[English]

Jeff Harrison: Thank you for your questions. I’ll address the first question.

Number one, it’s important to remember that grain farmers in eastern Canada and across this country are expected to be globally competitive. The prices we receive for our crops are derived in a global marketplace, so we need to be able to be competitive. In the same way, our inputs need to be sourced in a free and open marketplace. It’s important to remember that the prices our commodities are sold for do not care what it costs a farmer to produce. That is the essence of it for non-supply managed farmers, who are required to be globally competitive.

On the fertilizer question, we need to be able to source fertilizer in a free and open marketplace. Supply at all costs is not a solution for our farmers. We have a competitive issue here in eastern Canada. We don’t have enough competitors to do business with, as farmers. We need a competitive environment. We need to be able to source it from all regions of the world, which need to supply good-quality fertilizer. Remember, fertilizer from the Belarus-Russia region comes from a similar climate. When fertilizer sourced from other regions around the world with much warmer, more temperate climates is transitioned, that product comes into Canada and there’s a significant difference. It leads to the degradation of the product, which also leads to a poor application process. It’s important.

We don’t need supply at all costs. We need affordable access to the supply. We need it in a timely manner so farmers can have confidence in the system. We need good-quality products so we can do what we do.

[Translation]

Sébastien Lemire: One of the key factors to consider for all types of production—whether in forestry, mining, agriculture or other sectors—is to produce and process here locally in order to meet producers’ needs. Would it be possible to produce some of the fertilizers you need for your operations right here?

As for potash, you import it from Morocco or elsewhere rather than elsewhere in Canada. Why isn’t it possible to use Canadian fertilizers?

[English]

Jeff Harrison: I won’t make the claim that we’re a net exporter of fertilizer as a nation, because I think the truth is that we’re pretty neck and neck either way, but the reality is that we are a global leader as far as potash production, potash mining and product exportation are concerned. Other nations look to Canada as a key producer of potash.

In eastern Canada, we have very little nitrogen production. It’s a system that has depended, through our seaway, on other nations to import nitrogen.

To look at projects where we could produce our own nitrogen, that would be great, and it would be welcomed by farmers. However, the reality is that nitrogen production around the world is sourced from regions where natural gas is virtually free, almost as if it was a by-product. For us to be competitive in our regulatory environment, it would be a significant challenge and, for farmers, if we’re expected to be a global competitor, we cannot pay a premium on that product. If we are to go down that route, it will make BRM programs and BRM funding and mechanics to help farmers manage risk all the more important.

[Translation]

Sébastien Lemire: In my region and in many of the regions you cover, it’s the same story: Transportation costs are a major obstacle. A shipment of grain can cost around \$3,500 in my region, whereas it costs around \$700 in a region closer to major urban centres.

How can we help reduce these transportation costs in order to support producers in remote areas? Do you think the government can lend a hand to reduce transportation costs?

• (1150)

[English]

Jeff Harrison: I don’t have a solution to that, but I have heard the claim that potash can be moved out to the port of Vancouver on a Panama vessel around the Panama Canal and service the European Union for less money than putting it on a railcar and bringing it to eastern Canada.

I asked that question at the H2O conference in December, and that statement was reaffirmed. It is really sad when nations around the world look to Canada as a potash supplier and eastern Canada is paying a premium for that product because of transportation costs.

I'm sorry; I do not have a solution to that, but that is definitely a problem we need to address to help our eastern Canadian producers.

[Translation]

Sébastien Lemire: I have one last question.

You briefly mentioned in your opening remarks the importance of giving the provinces flexibility to adapt their risk management programs to their jurisdictions. What positive impact could this have on grain producers in your region?

[English]

Jeff Harrison: AgriStability has been a program that has been promoted by the government for farmers to utilize as a risk management tool. The reality is that it works for some sectors, and it doesn't work for others. If anyone wants to question the value of that program, one only needs to look at the dismal rate of participation.

That being said, there are differences in provinces across this nation, geographic needs that business risk management has to address. In order for all provinces to get on board with this, we need to have a program that will address those differences.

The Chair: Thank you very much.

[Translation]

Sébastien Lemire: Thank you very much.

[English]

The Chair: We'll go to Mr. Epp for two and a half minutes.

Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair.

I'm going to stay on the theme of fertilizer and its importance. The following is a quote:

While many of the most pressing and daunting Black Swan events of the last few years have subsided and helped fertilizer values to correct, there remain substantial issues that continue to threaten global fertilizer supplies today. It is not out of line to forecast a future where fertilizer production/inventories are impacted severely enough that global food supplies are threatened.

That quote is from a StoneX report, which the Grain Farmers of Ontario commissioned, and it is more than timely. It was done in August 2024, before the Strait of Hormuz, and here we are today.

My question for you, Mr. Harrison, is this. What has been announced since 2024, as you mentioned in your previous responses to my colleague from the Bloc, to secure Canada's fertilizer supplies? We have an abundance of potash, but we can't get it to eastern Canada economically. From a nitrogen perspective, how many dollars have been put into nitrogen production in eastern Canada? We have the natural gas. Can you respond to that?

Let me go to phosphorus for a second, and I'll give you the rest of the time.

Norway has found abundant supplies of phosphorus. It's a northern country where we can source phosphorus. What has been done with our relationship with Norway to have that become a more reliable supplier than even perhaps Florida or the other areas that you have outlined?

Go ahead, Mr. Harrison, please.

Jeff Harrison: I know of no dollars that have been attributed to projects to develop or increase nitrogen production. I know there have been ideas lofted and thoughts of the good thing that could go forward in that direction, but I know of no dollars that have been attributed to that.

As far as phosphorus is concerned, yes, it is an important product—you know as well as I do—for the starter fertilizers that we use for growing the soft red winter wheat that we grow here in Ontario so abundantly and in such top quality that other nations look upon us to supply it. Phosphorus, though, really comes from only a few places in the world, and it has been on an upward trajectory for many years.

With phosphorus in particular, we saw the perfect example of how tariffs are just a bad idea that penalizes our farmers, because the United States put some protectionist policy tariffs in place to protect some of their own producers in the United States. In turn, we were paying a tariff on a tariff when we brought phosphorus in.

I can't speak enough about how retaliatory tariffs hurt our farmers, penalize our farmers and, ultimately, jeopardize our family farms.

The Chair: Thank you.

Next, we'll go to Mr. MacDonald for two and a half minutes.

Kent MacDonald (Cardigan, Lib.): You've taken half my time.

Thank you, Mr. Chair.

I'll ask a question first of Mr. Harrison about fertilizer. I'm not rebutting what's been said. I'm just telling you I'm from Atlantic Canada, and I think in Canada, we have to develop a strategy and a plan going forward to be more self-reliant on fertilizer supply.

The federal government is involved in Saskatchewan in urea production. There will be some interesting things coming out of those talks. Canadian Phosphate is mining in British Columbia. Obviously, for Ontario, Quebec and eastern Canada, that's not going to align for us. However, the development of the Churchill port could help us with the potash issue. Obviously, all fertilizer companies bring in their supplies and store them in the early fall. It would give us stability in some prices.

I don't want to get into the sensitivity around the embargo on Russian fertilizer. I think the federal government has been quite clear that we're not supporting anything Russian while the war is going on in Ukraine.

I'll get your comments on the port development in Churchill that would bring potash east.

• (1155)

Jeff Harrison: I'll address the first question. I want to make it perfectly clear that we, at the Grain Farmers of Ontario—and I think I can speak for eastern Canadian farmers—once again, aren't looking to promote business with Russia. What we are asking is for this government and all decision-makers to support Canadian family farms. We're all trying to work together to address food affordability, food sovereignty and food security, and family farms are part of that answer.

That being said, we welcome any ideas. We want to work constructively with the government and all decision-makers to solve this problem. We're not looking to politicize this issue. We want solutions for farmers, agriculture and, ultimately, our citizens. We would welcome sitting down and talking about any ideas to move fertilizer more efficiently from parts of this nation into eastern Canada to solve this problem or to bring in fertilizer from other parts of the world so that our farmers can be productive and competitive.

Kent MacDonald: Thanks very much, Mr. Harrison.

I'm going to go to—

The Chair: We're going to stop there. I'm sorry. The two and a half minutes are gone.

Mr. Lemire, you have a minute and a half.

[Translation]

Sébastien Lemire: Thank you, Mr. Chair.

Mr. Charlebois, could you tell us about the importance of processing products, sourcing from Canada and supporting our Canadian farms?

We lack this capacity—that is to say, the supply chain that supports our farmers. How could this improve the situation, make our agriculture more resilient, make us less dependent on international markets and enable us to eat more locally at more affordable prices?

Sylvain Charlebois: Thank you, Mr. Lemire. That's a very good question.

Quebec is a good example. It processes 60% of its agri-food products within its borders, which gives it greater food self-sufficiency. That's what I hope for all of Canada. The more we focus on processing, the more control we have over our food future. This makes it easier to support our farmers. It's also easier to innovate and adapt our products over the long term for a very dynamic market.

Sébastien Lemire: So, based on your assessment, there would certainly be cost savings if we produced more inputs and fertilizers, particularly the ones we discussed with Mr. Harrison. In many cases, we would have the capacity to do it and, if we did it on a sufficiently large scale, we would be able to achieve cost savings. Is that correct?

Sylvain Charlebois: Absolutely. There are two things to remember.

First, allow processing companies to grow. That's what we are missing in Canada.

Second, when you look at a start-up, you have to consider the ecosystem surrounding the company and the resources it needs to produce what it produces. We often think of a company as a stand-alone, isolated entity, but that's not what we see in Europe. Where I am right now, we think in terms of an ecosystem to support processing.

Sébastien Lemire: Thank you very much.

[English]

The Chair: Thank you.

That concludes our testimony for the first half.

We'll suspend for five minutes.

• (1155)

(Pause)

• (1205)

The Chair: Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study on food security in the face of global instability.

I'd like to welcome our witnesses joining us today: from CropLife Canada, Émilie Bergeron and Gregory Kolz; from Food and Beverage Canada, Kristina Farrell; and from the Food Processing Council of Quebec, Sylvie Cloutier and Dimitri Fraeys.

Welcome, and we'll start with CropLife Canada for five minutes.

Gregory Kolz (Vice-President, Government Affairs, CropLife Canada): Mr. Chair and members of the committee, thank you for the invitation to appear before you today as part of your study on food security in the face of global instability.

My name is Greg Kolz, and I'm vice-president of government affairs at CropLife Canada. I'm joined today by my colleague, Émilie Bergeron, vice-president of crop protection.

CropLife Canada represents the developers, manufacturers and distributors of pesticides and plant breeding innovations. Our members invest billions of dollars annually in research and development to help farmers produce more food more sustainably. We welcome this study because food security is no longer simply an agricultural issue. It's an economic issue, a trade issue, a geopolitical issue and, increasingly, a national security issue. As Prime Minister Carney stated last week, to protect our sovereignty and take control of our future, we must take control of our food system.

Recent years have demonstrated how vulnerable global food systems can be. Armed conflict, supply chain disruptions, climate pressures and geopolitical uncertainty have all affected food production and affordability around the world. These challenges have reinforced an important reality. Countries that can reliably produce food are better positioned to protect their citizens, support their allies and contribute to global stability.

Canada is uniquely positioned to be a world leader in food security. We have productive farmland, innovative farmers, world-class researchers and a reputation as a trusted supplier of safe, high-quality food. The question before us is whether we are prepared to seize that opportunity.

CropLife Canada welcomed the Government of Canada's release of the national food security strategy last week and its recognition of food security as a critical national priority. The strategy rightly recognizes that seed innovation and crop protection tools are essential to agricultural productivity and safeguarding Canada's food supply. We are also encouraged by the government's recognition that a strong regulatory system must not only protect health and safety but also enable innovation, investment and productivity.

Canadian farmers need timely access to new technologies that help them increase yields, combat pests and diseases, adapt to environmental pressures and produce affordable food. Yet too often, access to innovation is delayed by regulatory backlogs and approval timelines that are simply not being met. The national food security strategy directly acknowledges this challenge and establishes ambitious targets to reduce seed and crop protection approval backlogs and improve regulatory performance. These commitments are important, but Canada must now deliver on them.

• (1210)

[Translation]

Émilie Bergeron (Vice-President, Crop Protection, CropLife Canada): Canada's regulatory system is respected internationally for its rigorous, science-based approach. Maintaining that scientific foundation is essential.

But excellence in science must be matched by excellence in service delivery. When approval timelines are missed and application backlogs grow, Canadian farmers are denied access to innovations already available to competitors in other countries.

The strategy also recognizes the importance of updating the mandates of both the Canadian Food Inspection Agency and the Pesticides Regulatory Directorate to include food security and food affordability considerations.

Bill C-30, which is currently before Parliament, is an important step toward ensuring our regulatory framework reflects these broader public policy objectives while continuing to uphold the highest standards of health and environmental protection. We encourage Parliament to pass this legislation as quickly as possible.

Innovation allows farmers to grow more food on existing farmland, reduce crop losses, conserve resources and improve resilience in the face of environmental and economic pressures. Canada has an incredible opportunity. As countries around the world seek reliable food suppliers and resilient agricultural partners, Canada can

distinguish itself as a global leader in agricultural innovation and food production.

[English]

With ambitious policies, the right regulatory framework and a continued commitment to science-based decision-making, Canada can attract investment, accelerate innovation, strengthen economic growth and enhance both food security and national security.

Science-based crop protection, plant breeding innovation and regulatory efficiencies are not merely agricultural issues. They are essential components of Canada's ability to help create a more affordable, sustainable and resilient food supply chain in Canada and internationally. The national food security strategy provides an important road map. Now we must work together to implement its commitment and realize its ambition of making Canada an agriculture and food superpower.

Thank you. We look forward to your questions.

The Chair: Thank you very much.

Next we'll go to Food and Beverage Canada for five minutes.

Kristina Farrell (Chief Executive Officer, Food and Beverage Canada): My name is Kristina Farrell. I'm the chief executive officer of Food and Beverage Canada, the national association representing Canada's food and beverage manufacturers.

Food security has become an increasingly important topic as Canadians face rising costs, global instability, supply chain disruptions and shifting trade relationships. These challenges have prompted an important conversation about Canada's ability to feed itself and strengthen its economic resilience.

At Food and Beverage Canada, we believe Canada has an enormous opportunity before it. The good news is that Canada does not have a food availability problem. Canada already produces far more agricultural products than our domestic market can absorb. The opportunity is to process more of those products here at home, creating jobs, attracting investment, increasing exports and generating more value from Canadian agriculture. In other words, Canada's food security challenge is increasingly a competitiveness challenge. If we want a more resilient and self-sufficient food system, we must focus not only on agricultural production but also on processing more food here at home. Every additional tonne of Canadian agricultural product that is processed domestically creates jobs, investment, exports, tax revenue and economic activity. It also strengthens our supply chains and reduces our vulnerability to external shocks.

That is why Food and Beverage Canada has consistently advocated for a stronger focus on domestic processing capacity. We welcomed elements of the recently released national food security strategy, particularly the recognition that domestic processing is an important part of Canada's food system. Investments in food infrastructure, distribution networks and support for SMEs may provide benefits to part of the food system. However, we remain concerned that the strategy places considerably more emphasis on food production and distribution than on the competitiveness challenges facing Canada's food and beverage manufacturers. If Canada wants to produce more domestically, we must address the factors that influence where companies choose to invest.

Our members consistently identify labour shortages, regulatory burden, transportation and energy costs, and lagging productivity as barriers to growth. Food affordability starts with the cost of producing food. When manufacturers face higher costs, those costs ultimately work their way through the supply chain. Improving affordability, therefore, requires improving competitiveness.

For Food and Beverage Canada, that means focusing on four things. First, we must significantly expand domestic processing capacity through targeted investments that support modernization, automation and productivity enhancements. We have consistently called for a five-year, \$2-billion domestic processing fund to help companies de-risk large-scale investments needed to produce at scale and compete against imports. Reducing food production costs at the source is the most effective lever for ensuring food affordability over the long term.

Second, we must address labour shortages by ensuring that food and beverage manufacturing has access to a stable, permanent workforce. Food security depends on people. That means, among other things, creating pathways for workers already contributing to Canada's food system to become permanent residents.

Third, governments must reduce unnecessary regulatory burden and ensure that new regulations are evaluated through a food affordability and competitiveness lens. Efforts should also be made to identify and remove outdated, misaligned and duplicative regulations that no longer add value to health, safety or consumer confidence and yet continue to inflate costs and hinder productivity.

Finally, Canada must create a more competitive investment environment. This requires speeding up permitting timelines to build or

expand capacity as well as expanding approval for innovative food and ingredients that are already safely used abroad but await approval here. Other countries understand this. Around the world, governments are competing aggressively for food and beverage manufacturing investment. They recognize it not only as a food security issue but as a major economic development opportunity. Canada should be doing the same.

The Prime Minister has spoken about processing more of what Canadian farmers grow, strengthening food sovereignty and building a more resilient food system. We support that vision, but achieving that vision will require more than growing food. It will require a long-term competitiveness agenda that encourages businesses to invest, innovate and expand capacity in Canada.

Canada has all the ingredients needed to become a global agri-food leader. The opportunity before us is to process more of what we grow, create more value from Canadian agriculture and strengthen our economic resilience. If we get this right, we can strengthen food security, improve affordability, create jobs, attract investment, increase exports and build a more competitive Canadian economy.

Thank you.

• (1215)

The Chair: Thank you very much.

We'll go next to the Food Processing Council of Quebec for five minutes.

[Translation]

Sylvie Cloutier (Chief Executive Officer, Food Processing Council of Quebec): Mr. Chair, members of the committee, thank you for inviting me to participate in this important study on food security in the face of global instability.

My colleague Dimitri Fraeys and I represent the Food Processing Council of Quebec, or CTAQ, which brings together hundreds of food processing companies of all sizes and from all sectors. Our members transform agricultural raw materials into affordable, safe and readily available food for consumers here and abroad.

Food security is often associated with the ability to produce food. However, it depends just as much on our ability to process, distribute and make food accessible under all circumstances. The events of recent years—the pandemic, supply chain disruptions, inflation, climate change and geopolitical instability—have shown that food resilience depends on the entire value chain.

In this regard, food processing plays a strategic role. Our sector is Canada's largest manufacturing sector in terms of shipments and jobs, and it supplies the vast majority of the food consumed by Canadians. However, Canada is still showing a concerning lag in terms of investment in its agri-food sector, as highlighted in the motion that prompted your study.

That is why we welcomed the launch of Canada's first-ever national food security strategy on June 11. The CTAQ shares many of the stated objectives, including the commitment to process more food right here in Canada, support innovation, modernize processing capacity and reduce certain regulatory barriers that hinder business competitiveness.

In particular, we believe that the creation of the \$1-billion agri-food project finance fund, through Farm Credit Canada, is a positive step. For years, our industry has highlighted how difficult it is to finance certain food processing projects that are nonetheless essential to creating added value in Canada. That said, we must now ensure that these measures translate into real investments on the ground and that they are accessible to food processing companies of all sizes. The details of implementation will be crucial to ensuring the success of this strategy.

Canada's food security can't be strengthened through new programs alone. It also requires a business environment that fosters investment, innovation and productivity. Food processing companies continue to face significant challenges: labour shortages, rising operating costs, regulatory pressure, international competition and the need to invest heavily in automation and digitization.

That is why we believe that creating value within Canada's food production chain must remain a priority. Every time we process more of what our farmers produce right here, we create jobs, strengthen our regions, increase our food self-sufficiency and keep more wealth in Canada.

We also believe that consumers have an important role to play. The growing interest in locally produced and processed foods represents an exceptional opportunity to strengthen our food systems. However, businesses must have the tools, infrastructure and conditions necessary to meet this demand.

In light of these observations, we would like to submit three recommendations to the committee.

First, we need to facilitate the interprovincial movement of Canadian food products by continuing efforts toward regulatory harmonization and by supporting provincially regulated establishments in meeting federal standards in order to expand their access to markets across the country.

Second, we must accelerate investments in food processing capacity, particularly by ensuring that new federal programs meet the real needs of businesses and encourage private investment.

Third, we must continue efforts toward automation, robotization and the digital transformation of food businesses to improve their productivity and competitiveness.

In conclusion, I would say that Canada has everything it needs to become a global leader in food safety. Recent announcements demonstrate a commitment to taking action.

● (1220)

The challenge before us now is to turn this vision and determination into concrete results that will help build a more resilient, competitive and self-sufficient food system.

Thank you for your attention.

We'll be happy to answer your questions.

[English]

The Chair: Thank you very much to all of our witnesses.

We're going to start with the Conservatives for five minutes and do three five-minute rounds, and then I'll assess the final minutes. Maybe we'll do the second round with three minutes, three minutes and two minutes, or something like that. We need a few moments at the end to go through the drafting instructions.

Mr. Gourde, you have five minutes.

[Translation]

Jacques Gourde: Thank you, Mr. Chair.

Ms. Cloutier, you mentioned the new strategy and the fact that Farm Credit Canada would be administering a \$1-billion fund for food processing. However, Farm Credit Canada had already allocated funding to support food processing activities and already devotes a portion of its budget to that purpose.

Is this new funding, or does it simply reflect what Farm Credit Canada was already doing? Sometimes there is a tendency to reannounce existing measures. We've seen examples of that in some previous announcements.

Sylvie Cloutier: I'm told that this is new funding. I asked the same questions as you, Mr. Gourde, and I was told that the \$1 billion was new funding. Same goes for the other programs under the strategy that have been announced, including in the fruit and vegetable sector and for grocery stores. Now we need to see what specific programs and funding the strategy will include for the food processing industry.

● (1225)

Jacques Gourde: Will Farm Credit Canada be providing this new funding in the form of loans? It already offers loans for processing. Or did they simply increase the amount it can lend to food processing companies? If that's the case, it's like trading four quarters for a dollar.

Sylvie Cloutier: We'll have to wait to find out the details and specifics of the program. It should be announced in the coming weeks or months.

Jacques Gourde: In my experience—I'm 62 years old and have been working with Farm Credit Canada since I was 18—this is a lending organization; it rarely offers grants or non-repayable funds. In my humble opinion, these will likely be loans for processing at the interest rate currently offered by Farm Credit Canada. The situation doesn't seem any different to me now than it was before the announcement. What do you think?

Sylvie Cloutier: We're asking the government to provide more grants. It remains to be seen how all of this will play out in the programs. I can't say any more than that, since I'm not privy to that information.

Jacques Gourde: Farm Credit Canada provides loans, but it requires collateral. When a loan is provided to a farmer, the collateral is the farmland, for example. However, processors often need very large loans, sometimes in the millions of dollars, but they can't always offer the necessary collateral.

Would there be any flexibility when it comes to having loans guaranteed by the Government of Canada?

Sylvie Cloutier: We have to wait for the final results before the details of the programs are announced. I can't tell you any more about it today. We're told that these are new funds. Obviously, we advocate for an increase in the number of grants, whether they're offered by Farm Credit Canada or through government programs. We want there to be more loans and grants, especially for small and medium-sized businesses.

Jacques Gourde: Thank you, Ms. Cloutier.

I think Canadians are fed up with always having to wait for the government to roll out reshaped programs—no pun intended. They'd like to have some food security, but the government is leaving that up to Farm Credit Canada and hoping something will happen. Basically, it's washing its hands of the matter.

You mentioned that the associations you represent and all of your companies process Canadian food. However, I'm concerned about the availability of Canadian food over the next five, 10 or 15 years. There are fewer and fewer Canadian producers. In my riding, there are two vegetable farmers who are selling their businesses because they have no one to take over. That's been the trend. The next generation doesn't want to run this kind of business.

Where are you going to get your Canadian food?

Sylvie Cloutier: As you know, in Quebec, 70% of agricultural production is currently processed and resold, of course. As for Quebec's seafood products, the figure is nearly 100%. We hope to have a more productive food processing industry. We also hope to work more closely with Quebec's agricultural and agri-food producers to increase agricultural output.

My colleague, Mr. Fraeys, could certainly add more to this topic.

Jacques Gourde: I just wanted to add that we can't live on hope alone. As lawmakers, as members of Parliament, our responsibility is to ensure that Canadians have access to affordable food. Right now, we're just hoping for greater affordability and increased pro-

ductivity. We've reached the limit. There has never been such a high level of mechanization with such high performance. We have the technology. We can't expect to do much more than that. We have to hope we have enough people to do more. What is your message?

[English]

The Chair: Thank you.

Next we'll go to the Liberals for five minutes.

MP Chatel, go ahead.

[Translation]

Sophie Chatel: Thank you very much, Mr. Chair.

Ladies and gentlemen, thank you for your very positive comments regarding the new national food security strategy. I'm not surprised to hear you say such positive things, because they're coming from you. We've been consulting with you and discussing this with you for a year. We're grateful for your contributions and feedback throughout the process. Thank you very much.

Ms. Farrell, we've had several discussions over the past few months regarding the entire processing sector. You have consistently advocated for additional investments in food processing.

You, too, Ms. Cloutier, have been a strong advocate for this sector.

We've put a number of measures on the table. These include, in particular, the productivity superdeduction, which is an investment that will be made through tax credits—that is, through the tax system. I'd like to hear your comments on how this measure is being applied in practice. Are your processors starting to use it?

Indeed, we have added a \$1-billion fund of fresh capital to Farm Credit Canada. Several witnesses, among others, have told us that Farm Credit Canada is truly an effective vehicle for supporting our businesses. The organization will now hold \$8 billion. So this is an additional \$1-billion fund on top of the \$2-billion investment and the \$5-billion investment from a coalition of investors.

Thanks to these investments, will we achieve our policy objective of increasing food processing here in Canada by 2.75% per year?

Let's start with Ms. Farrell.

• (1230)

[English]

Kristina Farrell: Thank you.

The productivity superdeduction was very welcomed by our members. We provided a session to our member companies to explore this further and to provide them with advice as to how they could take advantage of the measure. There were some new funds announced, including for the regional development agencies, which I think is fantastic, as that will provide support, especially to some of our SMEs.

For some of these new programs, though, the really important thing will be the details. In terms of FCC, their previously announced venture with an additional 20 other firms was welcomed, but that will only serve the needs of a very specific type of company in this country.

The new fund sounds like a lot at \$1 billion, but we don't know the details of that. As Sylvie mentioned, we are looking in some cases for non-refundable contributions that help to reduce the total project costs and that are sometimes needed to meet the return on investment thresholds required by private investors or commercial lenders.

Really, we are looking for a good mix of repayable and non-repayable contributions. I think there's still a bit of work to do, but there has been promising news over the last week.

[Translation]

Sophie Chatel: Thank you, Ms. Farrell.

Ms. Cloutier, what do you think?

Sylvie Cloutier: I'll let my colleague Dimitri Fraeys say a few words on this subject.

Dimitri Fraeys (Vice-President, Innovation and Economic Affairs, Food Processing Council of Quebec): Good afternoon, Mrs. Chatel.

In fact, economic uncertainty has considerably slowed down business investment. In 2025 alone, investments declined by more than 16% in Quebec. However, to be able to benefit from the tax deduction, businesses still need the economic context that enables them to invest.

You know very well that for the past 18 months, economic uncertainty has caused some projects to be postponed. That's why Ms. Farrell and Ms. Cloutier were saying that it takes both grants and loans. I think that's the key message.

If the goal is for investments to start increasing again and for businesses to feel that the risk is decreasing in the economic system as a whole, then it's really important to create a climate, an ecosystem, that encourages investments. If you look at the findings of the Organisation for Economic Co-operation and Development, Canada has lost its spot when it comes to productivity.

I think that's the key: It's necessary to build confidence among businesses to revitalize investment and productivity.

[English]

The Chair: You have 12 seconds.

[Translation]

Sophie Chatel: I would just like to point out that, with Ms. Cloutier, we spoke a lot about buying Canadian and the impor-

tance of giving consumers the tools to choose Canada. That's also included in the strategy.

Thank you again, Ms. Cloutier.

Sylvie Cloutier: Thank you.

[English]

The Chair: We'll go to the Bloc for five minutes.

[Translation]

Sébastien Lemire: Thank you, Mr. Chair.

It's always interesting to see colleagues proudly defending the work they have done.

Mrs. Chatel, I congratulate you for mentioning it.

However, our role here is also to criticize it. For that reason, I will take the liberty of looking at things in a binary and very honest way, seeing the good guys and the bad guys.

Before entering politics, I may have had a bias when I looked at the cost of groceries. I thought that producers were making less and less money and that the groceries, especially now, were costing us about twice as much. I wondered who was making money in between. I had the impression that the processors were a big part of it. However, it becomes clear that it's really in the concentration of grocers, distributors and wholesalers that massive and significant profits are being made, at the expense of processors' profit margins.

Ms. Cloutier, how could we promote more competition in the grocery sector so that it's ultimately more profitable to engage in agri-food processing?

● (1235)

Sylvie Cloutier: Obviously, less concentration in the grocery sector will mean that we probably have more opportunities to put our products on the shelves in Quebec and Canada.

Sébastien Lemire: The grocery sector code of conduct has been in place for six months. Have you seen an improvement in the relationship between processors and the various grocers?

Sylvie Cloutier: There are now a few hundred members of the office of the grocery sector code of conduct. We know that a new board of directors is working on that. We will most definitely see results in the coming months.

Sébastien Lemire: Last week, the government announced its investments. You mentioned the positive aspect of that earlier. I believe that more processing is needed in Quebec and Canada to create value.

In concrete terms, what are your expectations? We know how important the details are in a program. What are the processors' expectations of the government's guidelines?

Sylvie Cloutier: Of course, they deal with access to funding, investments and tools. The foundations have to address immediate needs to enable our food processors to do more and be more productive. Processors also need a skilled workforce to support them throughout the current landscape. It's also necessary to work on the supply chain.

Earlier, you said that you had doubts about who was making money in the supply chain. I can tell you that, when it comes to production and processing, processors' profit margins are very slim, between 3% and 5%.

Reinvesting in innovation is quite a challenge right now. If we want to stay on grocery store shelves, we have to continually invest in innovation. We have to innovate and be more competitive. The only way to do that is through productivity tools.

Sébastien Lemire: For a remote region like mine, I think it's necessary to create agri-food hubs so that local producers and processors can have opportunities other than public markets or direct sales, which are often very energy-intensive and don't necessarily guarantee success.

How can we promote the creation of this type of more community-based infrastructure in remote regions, such as Abitibi-Témiscamingue, and turn it into a model? For processors, could that be an advantage in terms of accessing a potentially more reliable clientele?

Sylvie Cloutier: Most definitely. The goal is to have access. You talked about public purchases. That's a very important issue both provincially and nationally. We have to find ways to encourage people to buy Quebec and Canadian products so that there are more of them in our grocery baskets and our institutions. The same applies in restaurants. When we talk about institutional purchases, we're also talking about everything related to hotels, restaurants and so on. It's important to encourage buying local and to build relationships and networks at the local and regional levels.

Sébastien Lemire: I was just going to talk about the institutional aspect.

In recent years, Quebec has worked to ensure that the products available in the various public institutions are local products. It's the same thing for processors. Has the Stratégie nationale d'achat d'aliments québécois had an impact on your council members? Could this initiative be strengthened by the federal government?

Sylvie Cloutier: Absolutely.

[English]

The Chair: I'm sorry. We have to stop there. We've exhausted the time.

We're going to do a final round, but we do need some time for drafting instructions. We've reserved 15 minutes. If it's okay with folks, we'll do rounds of two and a half, two and a half and one and a half, after which we'll go into drafting instructions.

Mr. Epp, you have two and a half minutes.

• (1240)

Dave Epp: Thank you, Mr. Chair.

No one is challenging this government's ability for grand announcements. No doubt they're always accompanied with top-shelf graphics as well. If I were American, I'd be from Missouri, the "show-me" state. What I'm hearing from witnesses today is "show me".

I'll start with you, Ms. Farrell, and the quote, "it does not fully reflect the level of ambition needed to significantly expand domestic processing capacity and create more value from Canadian agriculture." No doubt we're all welcoming a focus on the missing middle of value-added processing. Can you explain your comment, Ms. Farrell?

Kristina Farrell: The strategy includes measures that may help, but it does not yet provide the scale, coordination or ambition required to significantly expand domestic processing capacity, which means targeted measures to support modernization, automation and investment but also labour, regulatory efficiency and costs.

Dave Epp: The Canadian Meat Council is also quoted as saying, "the strategy does not include a plan to address ongoing labour shortages in the agri-food sector." You also mentioned labour shortages in your testimony. Are you satisfied with the announcements?

Kristina Farrell: No. There was not a reference to labour as it relates to domestic processing capacity.

Dave Epp: Thank you.

I'll switch to CropLife.

The last time the PMRA got a dollop of money, we ended up with the transformation initiative and a citizens' science council, which, while spending a lot of money, gummed up the works and slowed things down.

Can you comment on the levels of confidence that the focus, which is welcome, will actually produce results?

Gregory Kolz: We were quite pleasantly surprised to see fairly ambitious commitments in the food security strategy. One was eliminating the CFIA and PRD approval backlogs by the end of 2026. The other was reducing the average time for future approvals at both CFIA and PRD by at least one-third.

To your point, similar announcements have been made in the past. It's about holding them to account. I think the government has shown a certain openness and perhaps ambition. Frankly, what we need to see is a culture shift at the departmental level. The hope is that by working collaboratively, we can advance this. We see this as an opportunity, frankly. Again, Canada can be the world's food security partner. Being more productive here means that food security and stability can also be achieved abroad.

It's ambitious. We were pleased with the commitments that were made, but we've heard similar commitments in the past. Now is the time to put those commitments into action.

Dave Epp: I'm from Missouri: show me.

Voices: Oh, oh!

Dave Epp: Thank you, Mr. Chair.

The Chair: Thank you very much.

Next we'll go to MP Dandurand for two and a half minutes.

[Translation]

Marianne Dandurand (Compton—Stanstead, Lib.): Thank you very much, Mr. Chair.

Thank you to all the witnesses for being here today.

I'd like to turn to Food and Beverage Canada, as well as the Food Processing Council of Quebec, mainly regarding the announced investments in agri-food processing. Yes, there is a commitment. It now needs to be implemented.

I think that this commitment has two aspects. One involves large food hubs, along the lines of what's being done in Toronto, and the other involves smaller and more local projects. If money is invested at the local level to support processing, refrigeration and so on, what would you consider to be the essentials?

We're going to roll out programs, so what is required to ensure that these new facilities contribute to food security and serve our agricultural producers?

[English]

Kristina Farrell: In terms of the food hub announcement, we haven't yet looked at it from the perspective of how it will impact food and beverage manufacturing in this country. In terms of program delivery, though, I think for our member companies, these programs are often too limited in scope. They're underfunded or they have strict eligibility criteria that leave out medium to large companies in particular.

For us, again, it's the details of these programs. Our companies have expressed the need for these funds to go out quickly. It takes a lot of time and investment from a company, small or large, in the country to respond to some of these programs. The speed at which they can support companies is very important.

[Translation]

Dimitri Fraeys: If I may, I'd like to add a comment.

The programs have to target SMEs, given that 80% of the businesses that feed Canada are small and medium-sized businesses. We're talking about businesses with fewer than 100 employees.

As Ms. Farrell said, the analysis timeline is super important, because when a company wants to set up a project, it doesn't have two years to do so. It often has only a few months. That means it's important to speed up the processing, and the programs also have to be tailored to small and medium-sized businesses, that is, businesses that don't always have the resources in terms of human knowledge. As a result, it's important to provide support so that projects

can be implemented as efficiently as possible and so that businesses can speed up the launch and implementation of these new technologies. It's very important.

● (1245)

[English]

The Chair: Thank you.

We'll go to Mr. Lemire for a minute and a half.

[Translation]

Sébastien Lemire: Thank you, Mr. Chair.

Ms. Bergeron and Mr. Kolz, last week, under Bill C-30, the Canadian government allowed the reintroduction of pesticides that had previously been banned. What was CropLife Canada's role in working with the minister to make it possible to reintroduce those pesticides?

[English]

Émilie Bergeron: On that point, I want to be very clear that CropLife has not been advocating for or asking about these emergency powers. As we understand it, those emergency powers, which will be used in extremely rare cases, are for the benefit of provinces and growers.

[Translation]

Sébastien Lemire: In the current context as well, because the timelines are often six to eight years, if I'm not mistaken, one of your requests is to be able to speed up the approval of new innovation technologies, particularly with the Canadian Food Inspection Agency and so on.

Will those timelines be further accelerated in the next few years, or do you feel that the timelines are still too long for innovations to be used in agriculture?

Émilie Bergeron: I would say that the strategy before us today really provides the political impetus to move toward approvals that will be, at the very least, what the Pest Management Regulatory Agency or the Canadian Food Inspection Agency should also be doing.

It's important to approve products in a timely manner. Predictability is extremely important for my members' investment decisions, for example. It's important to ensure that producers have access, as quickly as possible, to new technologies that enable them to be more productive and competitive, so they can support food security in Canada and elsewhere.

[English]

The Chair: Thank you very much

That concludes this portion of the meeting. We will now suspend for about five minutes to switch to in camera.

Thank you to all of our witnesses for joining us here today.

[Proceedings continue in camera]

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