

Empowering Canadian Farmers in the Marketplace

A report by
The Honourable Wayne Easter, MP for Malpeque
Parliamentary Secretary to the
Minister of Agriculture and Agri-Food

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The Government of Canada is committed to addressing the issue of continuing low farm incomes among primary producers. The Honourable Andy Mitchell, Minister of Agriculture and Agri-Food appointed Parliamentary Secretary, The Honourable Wayne Easter, in November 2004 to meet with farmers and to gather their input on what must be done to help them earn more from the marketplace.

Letter to the Minister

June 2005

The Honourable Andy Mitchell
Minister of Agriculture and Agri-Food
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister:

It is my pleasure to submit my report **Empowering Farmers in the Marketplace**.

The agriculture and agri-food sector is generating wealth and jobs for the economy and it is generally prospering, but Canada's farmers are beset by a deep and continuing economic crisis. You asked me to investigate what the federal government, working together with governments at all levels, can do to confront this situation. You requested that I consult widely with farmers and their representatives, and that I make recommendations to the federal-provincial-territorial ministers of agriculture meeting in July 2005.

In January and February 2005, I held consultations in all provinces. More than 450 producers and representatives of commodity groups and farm organizations attended these meetings. I held three further roundtable discussions with representatives of commodity groups and farm organizations from across the country. These farm roundtables were held in Calgary, Alberta, Truro, Nova Scotia, and Gatineau, Quebec. I want to thank the Canadian Federation of Agriculture for convening the initial series of meetings, and the Canadian Agri-Food Policy Institute for undertaking a number of research studies. As well, a special thank you to GPC Public Affairs for their moderating of the consultations.

I found beneficial, as well, several excellent reports that have been produced in recent years by the agriculture committees of both the House of Commons and the Senate. Most importantly I want to thank primary producers for their input and ideas.

The consultations generated energetic debate and significant consensus on a range of issues. I was told that over the years the focus of government agricultural policies has shifted away from farmers. There is a strong sentiment that departments of agriculture and their ministers should see their principal role as that of advocating on behalf of the primary producer. While it is recognized that most agriculture departments have responsibility for both primary producers and the agri-food industry most feel departments have not found a fair balance between the two and farmers have not been as valued as a result.

The consultations indicate that farmers want government programs to be as useful and transparent as it is possible to make them. Primary producers want to be consulted when those programs are created and when they are reviewed.

But the clear message emerging from my meetings is that farmers want to earn their income from the marketplace. They are price takers at both ends of the chain from an increasingly concentrated corporate sector that sells them inputs and buys their products. Canadian farmers have shown that they are remarkably efficient, but they lack the market power to capture the economic benefits of their investment and labour. International trade deals and the WTO have greatly increased exports in the agriculture and agri-food sector, but farmers' share of that wealth remains disastrously low.

There was a strong sentiment expressed that Canada should take a balanced approach in international trade talks, our negotiators must do a far better job in defending the interests of Canadian farmers. Most participants, for example, are adamant that our system of supply management be protected in the current WTO negotiations. They point out that farmers in our supply-managed sectors are generally making a better return from the market than other producers.

Trade agreements are international in scope, and the agri-food sector is controlled by a relatively small number of large multinational corporations. I believe that the time has come for the world's agriculture ministers to meet internationally and discuss how to improve the incomes of primary producers not just for the sake of trade but with producers' bottom line being paramount. Trade agreements put rules around countries but do not place effective rules around the major international traders that can exploit producers, labour, the land base and the environment and as a result leverage down international prices.

Farmers want to be empowered in the marketplace and they have some ideas about how that can be accomplished. They want the market power of corporations in concentrated industries to be limited, and they want governments to assist producers in setting up their own purchasing, processing and retailing organizations, with an emphasis on cooperatives.

There was also an opinion, strongly expressed in the cross-Canada consultations, that in cases where farmers are required to take actions for the benefit of society, the public should participate in paying the associated costs. Those activities include producers undertaking environmental farm plans and on-farm food safety programs; the alternative use of farm land for environmental preserves, trails and greenbelts; and farmers using land to create carbon sinks to reduce the emission of greenhouse gases.

There was discussion about the immediate need for programs to promote the inter-generational transfer of farmland. There was debate about pursuing international negotiations to set land aside in order to raise commodity prices by reducing production. There was talk about reducing or eliminating the burdens of cost recovery, and of harmonizing Canada's pesticide regulations with those of the U.S. There was clear support for publicly funded agricultural research that places its priority on the needs of primary producers.

There is a challenge in choosing priorities here and in distinguishing between short-term versus the medium or long-term goals. Some farmers said that for them the long term is this year, because they won't be here next. I am pleased that the federal government has been able to address some of these concerns in the 2005-06 Budget tabled in February and in various other announcements. I itemize those actions in Annex 1 of this report.

I have also developed recommendations to be implemented by governments -- primarily the federal government and its agencies, but as you will note through the report there is much provincial governments and even municipalities can do in lessening the tax and regulatory burdens. I will be in contact with each department and agency that oversees any facet of policy that has an impact on farmers' returns from the market. I will urge them to act quickly on these recommendations. We will, of course, continue to work in partnership with provincial and territorial governments, and with farmers and their representatives.

While I have outlined many recommendations that can have some impact on the primary producers bottom line, the real issue still remains a lack of balance and a lack of market power both nationally and internationally. Supply management has proven to balance that market power for those commodities within Canada that are within the supply management systems. However, that is not an option for export oriented commodities or allowed under trade rules.

We do have to collectively find a way to balance that market power internationally so that we in effect are operating not only under free trade but fair trade on the most essential of commodities -- food. What policy can be more important than a nation's food security?

The question that we in governments must ask is this: What actions do we have to take to ensure that farmers receive a fair return from the marketplace for their investment and labour?

Again, I want to thank those individuals who came forward in the past months to share their experience and analysis, their vision and, yes, their fears. I assured them that we are committed to working with them to address the farm income crisis in Canada and expect that this paper will become a work in progress to be debated and built upon.

Sincerely,

Wayne Easter MP Malpeque
Parliamentary Secretary to the
Minister of Agriculture and Agri-Food

The Farm Economy in Crisis

“Land for sale as farmers pack up and leave”

– Headline in *Prairie Messenger*, rural Saskatchewan newsweekly, June 1, 2005.

Every loaf of bread, box of cornflakes, or kilo of beef purchased in a supermarket is the product of hard work and investment that originated on someone's farm. The primary producer is at the base of a food sector pyramid that adds value at each ascending step. The agri-food sector in Canada is prospering and generating wealth, jobs and export earnings for the entire economy, but there is a dark shadow obscuring this bright picture. Men, women and families who produce primary food are barely surviving economically, and too often they are not surviving at all. In Canada, net farm income from market sources fell deeply in the 1980s and farmers have never recovered. There is no way of avoiding the conclusion that many are locked in a deep and continuing economic crisis. It has a cascading impact upon everyone in agriculture and upon the viability of rural communities themselves. Everybody in the community feels the pinch, including local farm equipment dealers, farm suppliers and small businesses providing a range of services.

The income crisis for family farms is not short term or cyclical. It is long term and systemic – and it is global. Farmers are under pressure in Canada, the U.S., and Brazil, even in the European Community. Everywhere, fewer farmers are producing more for less in the way of net market income.

There are those who will deny that there is a crisis, and it is here that definitions become important. There is not an income crisis in the agri-food industry as a whole, but there is one on the farm and in the rural community and it has been getting worse. There are those who may believe that farmers' problems are of their own making because their operations are not sufficiently large or efficient. But research indicates that productivity gains in agriculture run significantly ahead of those in other sectors.

The first challenge is to acknowledge the crisis and then to take a candid look at why it is so profound, prolonged and global. Confronting the situation requires that everyone -- farmers through to governments and citizens -- recognize that the crisis is more deeply rooted than a frost, a drought, the limitation of certain government programs, or even global subsidy wars or the discovery of BSE.

The research questions to pose are these: Why have farmgate prices been falling while prices at the retail level are rising significantly, and in some cases dramatically? Why are the costs of farm inputs rising relentlessly while the market income of farmers has been so radically reduced? Why is the squeeze on farmers' incomes occurring not only in Canada but internationally as well?

The solutions-based questions are: How can the decline in farm income be reversed? What measures must be taken by governments to assist the farming sector and by extension rural communities?

Agriculture and agri-food sector generates wealth & jobs

- Agriculture and agri-food contributed \$81 billion to Canada's Gross Domestic Product in the year 2002.¹
- The sector provides one in eight jobs in Canada and accounted for 8.2% of GDP in 2002.²
- Agriculture and agri-food exports have grown from \$10 billion in 1990 to approximately \$25 billion in 2003.³
- Canada currently is the fourth largest exporter of agriculture and agri-food products after the U.S., EU and Brazil.⁴
- The amount of cultivated land in Canada has increased from 58 million acres in 1941 to a current 90 million acres.⁵
- Large enterprises in food processing earned an average rate of return on long-term capital of 13% between 1990 and 1998. Medium enterprises earned 10%, and smaller enterprises averaged 8%. Food processing, with a 12% average rate of return, was more profitable than the manufacturing sector, with an 8% rate of return.⁶
- Food retailers averaged a return of 12% between 1990 and 1998. Agriculture and Agri-Food Canada (AAFC) reported that, "The profitability in the food retailing sector was realized despite the fact that the price of food rose more slowly than prices in general since 1990."⁷

Farmers struggle for survival

- Canadian realized net farm income has declined from over \$3 billion annually in 1989 to below \$0 in 2003.⁸
- Net market income (realized net income minus government direct payments) approached a negative \$5 billion in 2003. When government payments are factored out, net market income has been negligible for the past 15 years.⁹
- Off farm income as a percentage of total income has increased from 72% in 1980 to 87% in 2002.¹⁰
- Farm debt rose from \$23.5 billion in 1994 to \$48.9 billion in 2004.¹¹
- Government programs provided \$4.9 billion in payments to producers in 2004 and \$4.8 billion in 2003.¹²

The crisis is long-term

- On a per farm basis, average net market income (see above) has fallen from a peak of \$21,000 in the 1970s to \$6,400 in the 1980s, \$4,500 in the 1990s, and an average of minus \$7,000 since the turn of the century. Most recently, income had fallen even more sharply, ranging between minus \$10,000 and \$20,000 a year.¹³
- The number of farms in Canada declined by 11% between the years 1996 and 2001 - the most dramatic period of decline since the 1960s. Canada lost two-thirds of its farms between 1941 and 1961.¹⁴

The farmers' share

The Farmers' Share, a new research document, compares prices received by primary producers, processors, and retailers between the 1970s and 2003. The research indicates that farm gate prices have remained stagnant, or even declined, while prices to consumers have consistently increased. Farmers' share of the food dollar from the marketplace has been declining sharply, but farm input costs have dramatically increased.¹⁵

- Retail beef prices increased by \$5.67 per kilogram between 1981 and 2003 while the farm price for beef increased by \$0.14 per kilogram.
- The farm price for pork between 1981 and 2003 decreased by \$0.15 per kilogram while the retail price for pork increased by \$3.51.
- The price for a box of corn flakes more than doubled between 1981 and 2003, to \$1.91. The price for the corn in it increased by three cents over the same period.
- The retail price of milk between 1981 and 2003 increased by 110% while the farm price increased by 44%.
- *The Farmers' Share* found that, "Farmers in the agricultural sectors regulated by marketing boards saw the prices for their products follow the wholesale and retail prices more closely and in those sectors, farmers have retained a higher percentage of the retail price."¹⁶

Farm input costs rise

- The price of combines increased by 74%, tractors by 61%, and non-power machinery by 49% between 1992 and 2003.
- Fertilizer costs have increased by 67% since 1992.
- Pesticide costs have increased by 60% since 1981.
- The cost of farm labour has increased 29% between 1992 and 2003.
- The price of seed has increased by 50% since 1992.¹⁷

The crisis is global

- In the United States, the number of farms declined by 8% between 1993 and 1999.¹⁸
- In the United Kingdom, 87,000 farmers and farm workers left the sector between 1993 and 2001. France has lost 50% of its farmers in the past 20 years.¹⁹
- In Germany the number of farmers has declined by 25% in the past decade.²⁰
- In Brazil, the boom in export agriculture has come at great social cost. Agricultural workers represented 37% of Brazil's total employment in 1980, but only 17 % in 2000.²¹
- In Brazil, 40% of small farmers share one per cent of the agricultural land while the largest 20% own 88% of it. This continuing poor distribution is accentuated by trade liberalization that favours large-scale, export-oriented agriculture.²²

The efficiency myth

There are those who believe that if farmers would become more efficient their income problems would be solved. In fact, that sentiment has often been the basis of government farm policy for the past 40 years. The federal task force report, *Canadian Agriculture in the Seventies*, was explicit on the question of farm numbers and efficiency. The report said, "Inflation and the cost-price squeeze imply that individual farm enterprises must continuously expand and improve efficiency in order to maintain or increase incomes."²³

The efficiency myth did not die in the 1970s. AAFC advises in its *Estimates for 2004-05* "farmers can improve their income prospects by actively managing risks instead of simply reacting to them." Farmers can "promote income stability by improving production and management decisions."²⁴ The department's language in the *Estimates* does not acknowledge the acute farm income crisis, but rather describes the situation in the following terms: "While aggregate farm income is relatively stable individual farms often experience wide annual variations. Factors contributing to this

variability include natural forces, such as weather related risks and market forces such as fluctuating commodity prices.”²⁵

There are two ironies in counseling farmers about efficiency. The first is that they have become amazingly efficient during a cruel process that has eliminated two-thirds of them in the last half-century, and 11% in a recent five-year period. Farmers are now more efficient than most agri-sector businesses that supply inputs to them or buy their products. Agriculture led almost all sectors with an annual productivity growth of 4.6% between 1984 and 1995, greater than that experienced in the mining, manufacturing, construction, transportation, communication, trade, finance or industrial sectors.²⁶

Farmers do not have a problem with efficiency. They have a problem with prices and costs because too often they can control neither. They are unable to capture the profits available in the food chain because those profits are going elsewhere. Farmers’ gross revenues are increasing but not nearly as rapidly as their costs, so their realized net income continues to suffer.

Rural sociologist William Heffernan summarized what is becoming evident to many primary producers when he wrote, “Economic power, not efficiency, predicts survival in the system.”²⁷

Corporate concentration & international trade

The WTO and other trade agreements have forced countries to open their markets and that has led to increased global competition among millions of farmers. Businesses normally reduce production when there is a surplus of their product on the market. Farmers, on the other hand, have responded to lower prices (and government policy) by producing more.

Farmers are price takers. The big companies that provide farmers with inputs on the upstream side and who buy their products downstream are increasingly concentrated and powerful. International trade rules apply to countries, but not to large corporations, which have been able to consolidate and to diminish competition in their sectors. They are price makers.

Three companies retail and distribute the bulk of Canadian oil, gasoline and diesel; a few companies control Canada’s nitrogen fertilizer capacity; a small handful of companies control the chemical and seed sectors. Three dominate the farm machinery sector. Farmers face similar concentration among processors and retailers. Cargill, for example, now controls about 50 per cent of the Canadian beef packing capacity. Just two companies – Cargill and Tyson – control 80 per cent of capacity. Four companies mill most of our flour; three make our soft drinks, and six control food retail.²⁸

A recent study found that transnational corporations use their market power effectively in a number of ways:

- Reducing prices to producers
- Raising input costs
- Shutting out competitors
- Pooling patented technologies.²⁹

In a study prepared for the Canadian Agri-Food Policy Institute (CAPI) in May 2005, researchers Jean-Philippe Gervais and Bruno Larue conclude: “The high degree of concentration at the retail, food processing and farm input manufacturing levels are often identified as the most important contributing factors to explain increases in retail to farm price spreads.” The same report noted, “Two or three retailers get most of Canadian consumers’ food dollars in any given region.”³⁰

The *Ontario Corn Producer* referred in a recent editorial to a “systemic farm income problem” and to the “the imbalance in market power between farmers and processors/distributors”. The publication quoted testimony from an Auburn University professor of agriculture and public policy before a U.S. Senate agriculture committee in 1999. Professor C. Robert Taylor said:

"Since 1984 the real price of a market basket of food has increased by 2.8% while the farm value of that food has fallen by 37.7%. Why? Recent studies show that 37 out of 40 subsectors of the U.S. food industry exercised statistically significant market power in setting output prices... and that all of the 47 subsectors of the U.S. food industry ... had some degree of market power in both the input and output markets. In other words the farmgate-to-dinner plate market power of the ag giants is so concentrated today that these dominating corporations can take their profit from the farmer side of the food equation, not the consumer side."³¹

Efforts at developing competition that provide restraints on corporate concentration have been pursued at the state level in the U.S. An Iowa statute prohibits any processor of beef or pork from owning, controlling or operating a feedlot in Iowa that feeds pigs or cattle for slaughter. State law in Nebraska prohibits direct or indirect packer ownership of livestock more than five days before slaughter.³²

Canada’s agriculture and agri-food exports have more than doubled in the past 15 years, but realized net income from the market has declined just as noticeably. Trade has generally benefited the agri-food industry, but farmers have yet to share in the bounty.

Canada’s Minister of International Trade, The Honourable Jim Peterson, made a candid admission to the Senate agriculture Committee on December 14, 2004: “When you say free trade and the NAFTA have not been good for our farmers, you are right and I would not try to convince them that it has been.” Mr. Peterson added: “This is why we are always going to have to have safety nets and programs to try to get our agricultural producers through these rough times.”³³

Times are even more difficult for primary producers in developing countries. The WTO has refused to make significant exceptions to trading rules that would favour family farmers in poor countries. There is a growing sentiment internationally that developing countries be allowed to maintain some tariff barriers to protect their fledgling agricultural sector from imported food that has been subsidized by rich nations.

In Canada, supply management provides a significant measure of security to farmers involved in those sectors and to their communities. The Senate Agriculture Committee said in a recent report that “supply management provides more bargaining power to primary producers and enables farmers to capture a larger portion of the consumer dollar, it also provides price stability.”³⁴

The Canadian Wheat Board has also succeeded in increasing the market power and economic returns of farmers in western Canada. A number of independent studies by agricultural economists dating back to 1997 have shown that farmers received a greater return per tonne marketing through the Wheat Board than they otherwise would have.³⁵

The role of governments

The Canadian government has vigorously pursued a trade-based policy in agriculture, focused on exports and winning foreign markets. Canadian agricultural and agri-food exports have boomed but prices at the farmgate have fallen. Low commodity prices are a boon for some players in the agri-food and corporate sectors, but they have been devastating for individual farmers.

Primary producers have not been able to cover their costs from market revenue, and they have called on government to assist them in what everyone hoped would be a short term crisis situation. Governments in Canada are now providing approximately \$4.9 billion per year in farm support payments. It is the legitimate role of governments to do so, but Canadian citizens are providing assistance to one vulnerable sector in an otherwise profitable food chain, with no great expectation that things will improve. A recent study found that Canadian governments provide support and subsidies to wheat growers equivalent to \$25 per tonne. This amount pales in comparison to the U.S., which provides over \$140 per tonne, and EU more than \$170 per tonne.³⁶

Canadian governments believe that it is not possible for them to compete with those levels of farm support. If that is the case, the remaining choices are to enhance the market power of farmers; to pursue every avenue that existing trade deals allow to improve the income of primary producers; and (in the longer term) to renegotiate the trade deals. These observations were made frequently during the recent consultations and roundtables.

It is the responsibility of governments to create a framework, nationally and internationally, within which individuals can prosper. Resolution of the farm income crisis will require both national and international efforts to shift the balance of power and profits back toward primary producers. It is not possible to have a successful agricultural industry and thriving rural communities if farmers are in economic crisis.

There was a view shared by many at the consultations that the time has come for ministers of agriculture to meet internationally and devise ways to assist primary producers whose incomes from the marketplace are being affected negatively by trade agreements.

Farm Income Consultations

Participants at the farm income consultation meetings and roundtables were asked to respond to several issues. Those responses are summarized here and in some cases brief supporting information is provided. A number of suggestions made during the consultations have been, or are being, acted upon. Those actions are summarized in **Annex 1 - Government Actions Taken**. The **Recommendations** section contains a number of the most important remaining measures to be taken. What is needed are initiatives to address farm incomes that will see the marketplace provide a fair return to producers. This objective will require structural changes driven by government determination.

Participants at the meetings were asked to address the following issues:

- The impact of government regulation on:
 - Consolidation and market power.
 - Producer costs; and
 - Competitiveness.
- Improving farm income through:
 - International trade.
 - Innovative marketing and product development.
 - Enhanced consumer communications.
- The need for investment into:
 - Infrastructure.
 - Rural development; and
 - Alternative land uses.

A. Impact of Government Regulation

Participants in all meetings noted that Canada's agricultural policy is more focused on agri-food than on primary producers. Discussion on the impact of government regulation and policy focused mainly on the challenges faced by producers as price takers in the marketplace who are unable to pass costs along the value chain.

1. Consolidation & Market Power

Discussion focused on two areas. The first is how producers and government can work together to increase the market power of Canadian farmers to mitigate the market power of increasingly consolidated processors, wholesalers and retailers. The second focus was on how to support producer-driven collective marketing initiatives.

The actions that Canada takes domestically may be limited by trade agreements, but this country must do everything possible to address the issue of multinational power in the marketplace. A consensus emerged around three key areas:

a) Limit the impact of consolidation throughout the value chain

Participants suggested two areas where action should be taken to limit the market power of highly consolidated input suppliers, processors, wholesalers and/or retailers:

- Restructure the Competition Bureau, instructing it to review the impact of current and proposed consolidations from the perspective of how they will affect the primary producer.
- Strengthen the Competition Act so that the impact of corporate consolidation on the primary producer can be taken more into account.
 - This recommendation echoes one contained in the 2002 Senate report, *Canadian Farmers at Risk*: "The Competition Bureau, prior to approving a merger or acquisition, be required to undertake a thorough analysis of the effects of the change on the agriculture and agri-food industry. This analysis and report should be completed by the Competition Bureau personnel who possess in-depth agricultural expertise."³⁷

b. Encourage collective marketing

Collective marketing was widely viewed as the most effective way to offset the market power of multinational processors, wholesalers and retailers. Whether it is through co-ops, marketing boards or supply management, participants believe that collective marketing works. They urged the government to cooperate with farmers to support, develop and maintain collective marketing initiatives.

There was extensive discussion around the potential benefits of New Generation Cooperatives (NGCs). Participants stressed the need for government to support NGCs throughout the lifecycle of their undertakings. It is important that financial support exists to help get the coops started. It is equally important for the support to continue, ensuring that organizations are sufficiently capitalized and have the marketing resources they need to survive in competition against much larger players in the sector.

- The Senate report, *Value-Added Agriculture in Canada* (2004), gave close attention to farmer-owned cooperatives and NGCs in particular. “Cooperatives can give farmers more bargaining power over inputs and value of outputs,” the report said. “They can reduce costs through economies of scale and provide greater market access.”³⁸ The report recommended: “That the federal government investigate options such as loan guarantees and other measures that would increase access to capital for farmers considering the purchase of New Generation Cooperative shares.”³⁹
- The House of Commons agriculture committee also dealt with farmer cooperatives in its report, *The Future Role of the Government in Agriculture* (2002). The committee recommended that: “The government support, notably through tax incentives, the new generations of cooperatives and other corporate structures owned by farmers, as well as the efforts of farmers who are developing business plans to market their own products.”⁴⁰

c. Enhance transparency of pricing practices throughout the value chain

Participants agreed that increased market transparency is needed to help address the imbalance of market power in the Canadian agri-food market. Participants in the Western and Atlantic regions, in particular, underlined the importance of this issue. They expressed concern that a small number of powerful players can dominate the market by locking producers into contracts without being required to be transparent about broader market pricing. They called for government intervention to force greater transparency. One participant in Atlantic Canada suggested that Statistics Canada publish regular information on pricing practices within the value chain.

The prominent publication and distribution of information contained in *The Farmers' Share* is potentially a powerful tool for informing consumers about the modest share that farmers receive from the food dollar. The petroleum industry places decals on service station pumps providing details about retail gas prices. Farmers could benefit from a similar communications campaign.

Other suggestions included:

- Increasing the shelf-space available to Canadian producers at the retail level.
- Improving the distribution, collection and accessibility of agriculture statistics while being sensitive about the timing of publication.
- Eliminating the use/issuance of ministerial permits.

2. Producer Costs

Participants discussed how to best manage costs created by government regulations, and three issues arose frequently at all meetings:

a. “Public goods” should be paid for by the public, rather than by producers

Participants described the concept of “public goods”. They said that governments are requiring producers to implement measures that represent a benefit to the public at large. Creating environmental farm plans, or on-farm food safety programs clearly benefit all Canadians, but individual producers bear all of the costs of these programs. Participants highlighted the importance of government and/or the public’s paying directly toward the cost of these public goods. It will be important to design such programs to ensure that they are acceptable under WTO rules. It is worth noting that in the U.S. the Department of Homeland Security covers a number of costs relating to traceability and biosecurity as it applies to the food system.

Recommendations arising from the consultations regarding public goods have strong echoes in several previous reports prepared by Canadian legislators:

- *Securing Agriculture’s Future* (ie: the Speller report) recommended in 2002 that: “All beneficiaries share in financing the costs of implementing sound environmental practices on farms.”⁴¹
- The House of Commons agriculture committee report *The Future Role of the Government in Agriculture*, contains several similar recommendations, including one urging the federal government “to formally consider the nation’s ability to produce safe and affordable agricultural products to be an issue of national security.”⁴²

b. Identify cost recovery items that could be paid for by government, while remaining compliant with trade agreements

Participants suggested that governments reduce costs passed on to farmers (such as inspection fees) or pay for them altogether. Governments, it was noted, are allowed to pay for these types of costs under Canada's international trade agreements.

- Several reports by legislators have dealt with matters of cost recovery, particularly as it applies to the Canadian Food Inspection Agency (CFIA). The Speller report called for the extension of a moratorium on all CFIA cost recovery fees and an analysis to ascertain if fees being charged to Canadian farmers “are too high in relation to fees paid by farmers for these services in other countries or in other sectors of the economy.”⁴³

c. Harmonize and simplify regulations

Participants were concerned about the number and redundancy of agriculture sector regulations at the federal, provincial and territorial levels. Some suggested that a “smart regs” approach be adopted for agriculture. The Western and Central regions’ focus on this issue was particularly strong.

Other suggestions included:

- Evaluating the cost impact of new regulations and policies on producers; and
- Emphasizing the accountability of government agencies for their spending.

3. Competitiveness

Participants agreed that some government policy decisions and regulations limit Canadian producers’ ability to compete both domestically and abroad. There were extensive discussions about international trade. The remaining discussions focused on licensing and labeling.

a. Review & revitalize pesticide and veterinary drug licensing

Participants stressed the importance of improving Canada’s pesticide licensing process and of reviewing the Pest Management Review Agency (PMRA). Participants urged the government to move toward harmonization of licensing and registration with the U.S., which they said approves cheaper, safer and more effective pesticides for use in that country. A similar situation was said to exist with veterinary drug licensing, and participants called for harmonization in this area as well.

- The Speller report called upon the government to implement “substantial changes” at the PMRA to make the agency “more transparent, responsive, timely, and more harmonized with the standards of other OECD countries.”⁴⁴
- The House of Commons agriculture committee in its *Future Role of Government* report, called for the appointment of an ombudsperson, independent of the PMRA and reporting directly to the Minister of Health Canada, “to facilitate discussion on farmers’ various needs regarding pest control.” The committee also asked the Auditor-General to conduct an audit examining management practices, controls and reporting system of the PMRA.⁴⁵

b. Enhance Canadian labeling requirements

Participants identified labeling as a tool that could be used to help improve Canadian competitiveness. Specifically, government was encouraged to use labeling to identify foodstuffs from other jurisdictions on supposedly “made in Canada” products.

Some participants discussed the value of being able to label certain foods with product specific health claims, a status that provides a unique position in the marketplace. They said new regulations being brought into force in Canada later this year do not provide enough opportunity to use labeling in that way.⁴⁶

B. Improving Farm Income

Participants were asked to focus on priorities that could improve farm incomes through international trade, innovative marketing and product development, and enhanced communications with consumers. Most of their comments focused on the importance of international trade.

1. International Trade

Participants throughout the country agreed on some general principles that should govern Canada's international trade policy as it relates to the agriculture and agri-food sector. Producers insisted almost unanimously that the governments must adopt a firmer stance during international trade negotiations. One participant said that Canadian negotiators should stop "acting like boy-scouts." They said that Canada should imitate the U. S. in adopting a more strategic approach in trade negotiations.

Secondly, participants said that the Canadian government should be more vigilant about enforcing existing trade rules. Foreign products should meet the same quality, safety, health, environmental and labour standards as Canadian products to enter the country.

Thirdly, participants called on the government to use existing trade rules to the advantage of Canadian producers.

a. Negotiate from a balanced perspective

Participants in all regions felt strongly that Canada needs to defend Canadian producers in international trade negotiations. Participants stressed that Canada's position is strongest when it takes a balanced negotiating position at the WTO. Canada should defend the right of producers to market their products how they want to, while generally stressing the importance of free and fair trade. Canada should "dig in its heels" in areas that are critically important to Canadian producers, such as supply management.

The determination to defend Canada's supply management systems (and the Canadian Wheat Board) is contained in several government reports.

- The Speller report (2002) recommended that: "The federal government continue to uphold our orderly marketing systems on all fronts and against all challenges. The government must instruct its international trade negotiators to defend our sovereign right to determine our domestic marketing systems, including export state trading exercises."⁴⁷

b. Negotiate with one voice

Producers expressed concern that Canadians are often not united when it comes to trade negotiations. Some said that certain sectors of the Canadian agri-food sector lobby aggressively against the government's balanced negotiating position, an action that undermines Canada. Participants want Canadian provinces and stakeholders to emphasize their common interests and negotiate with one voice, while addressing their respective needs constructively. Some participants even suggested that government should withdraw support from groups who attempt to undermine the Canadian position.

- The Senate agriculture committee made a similar observation in its report *Looking South* (2001) about Canadians and their message: "The Committee was struck by the extent to which the agriculture community within the United States appears to speak with one voice . . . This situation is, in our mind, in sharp contrast to that which exists within Canada, where it seems that new agricultural groups are constantly developing and the message is sometimes not consistent. The Committee believes that farmers and agricultural lobbyists in Canada must make greater efforts to develop a common voice."⁴⁸

c. Enforce existing trade rules more firmly

Participants at the Gatineau meeting, in particular, said that Canada appears unwilling to take a hard line, or to impose measures, such as Article 28, even when those measures are justified. They said that the government could send a powerful signal to Canadian producers were it to take a firm stand against exporters who "cut corners" as they enter the Canadian market.

d. Make international trade agreements work better

Participants highlighted the need to review existing international trade agreements and identify items that can be pursued legitimately within them to improve Canadian producers' competitiveness and cost structure. Stakeholders in the Western region asked governments to work with producers to identify WTO "green-box" areas in which support to farmers could be expanded.

e. Continue to pursue bilateral and regional trade opportunities

Participants said that while multilateral negotiations at the WTO are key to Canada's success, the government should also pursue bilateral and regional trade agreements to provide more targeted market access for Canadian products.

2. Innovative marketing & product development

Discussion on innovative marketing and product development produced significant consensus in the following areas:

a. Support publicly-funded, industry-driven regional research capacity

Producers, especially those in Western and Atlantic Canada, demonstrated a consensus on the need to preserve and enhance research into primary agriculture – particularly at the regional level. Participants were disappointed by the government’s Budget 2005 decision to close four regional research stations. Several participants said that too often research is not adapted to the needs of farmers. There was also agreement that research results should be released to producers in a timely manner.

b. Acknowledge the limitations of niche marketing

Participants supported the concept of niche marketing in select cases, but stressed that it is not a panacea for the farming sector as a whole. While they support research and funding for niche markets, they said it should not be pursued at the expense of more pressing needs and longer-term solutions to the farm income crisis.

c. Organic Agriculture

Participants in various regions discussed the potential for organic agriculture and the need for governments to encourage and support organic production. There was an expressed need for Canada to adopt national regulations that define organic products, and a national system of accreditation for organic farms. Some participants said that the government’s agricultural research does not pay enough attention to the potential and needs of organic agriculture.

- The recent Senate agriculture committee report, *Value-Added Agriculture in Canada* (2004) devoted significant attention, and four of its recommendations, to organic agriculture. The committee found that organic foods comprise 1 to 2 % of total food consumption in Canada, but that is growing at a rate of 20 % a year, compared to a growth of 2 to 3% in food consumption overall. The committee described this as an “impressive increase”.⁴⁹
- The committee recommended that the federal government work with the organic sector to establish “an organic value chain roundtable to address issues that restrict the production, distribution and retailing of organic agricultural products.”⁵⁰

d. Market mainstream Canadian products effectively

Participants in Central and Atlantic Canada agreed that mainstream products need to be marketed more effectively both domestically and internationally. The groups defined several ways in which effective marketing could be pursued:

- Review reduction of funding to Canadian Agriculture and Food International Program (CAFI), particularly given its support for joint marketing initiatives.
- Consideration developing a national farmer-controlled trading and export company based upon the CANAGREX model of the 1980s. The institution was committed to focusing on export market development for agricultural producers.
 - The Speller report called on the federal government to “assist farmers to identify and develop emerging domestic and international market opportunities.”⁵¹
- Raise awareness on the safety of Canadian products and the quality of Canadian standards in order to enhance Canadians’ desire for Canadian goods.
- Participants supported the Canadian Federation of Agriculture’s (CFA) Green Label initiative, which would involve having a green label placed on primary products produced by Canadian farmers and on which they made a fair return on their work and investment.⁵²
- Reduce inter-provincial trade barriers (although several participants said this should not be done at the expense of the provinces’ ability to promote and protect their own producers).

3. Enhanced consumer communications

Participants agreed on the need for better communications with the public, but there was no consistent agreement on how best to proceed. Participants did agree on the need to improve their government relations, and to raise awareness among Canadian consumers about the public benefit provided by Canadian producers and the products that they provide. Suggestions included:

- Informing Canadians about the benefits of Canadian agriculture.
- Gaining a better understanding of consumer needs and demonstrating how Canadian products meet those needs.
- Differentiating true “made-in-Canada” products from products merely processed in Canada.
- Examining successful international examples of consumer communications and applying those techniques in Canada.

C. The Need for Investment

Participants outlined areas in which investments in infrastructure, rural development, and alternative land uses would be most valuable. Discussions focused largely on financial and tax incentives, and hard infrastructure – including research centres, slaughterhouses, inspection facilities, and transportation.

There were mixed responses about alternative land use and related plans to set land aside from production. Some see it as an opportunity to supplement farm income. Others believe it is a last resort and strongly prefer to use all of their land for traditional farming purposes.

1. Investment in Infrastructure

Participants highlighted three general areas in which government and industry should invest in infrastructure to support farm incomes:

a. Financial Support

The Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) should be improved. Participants said FIMCLA is flawed because young farmers cannot gain access to it. Others noted that these programs do not necessarily enhance access to capital in locations where land values are too low to leverage bank or credit union loans. Participants suggested actions to address these problems:

- Allow young farmers to access FIMCLA (Quebec’s FRAQ program was identified as a good model for support to young farmers).
- Analyze government programs to better understand why producers use some and not others.

b. Tax Incentives

Participants said the tax system could be used to address variations and unpredictability in farm income. Three ideas were discussed in this regard:

- Allow producers to shelter a portion of their earnings in good years, and to withdraw them in lean years.
- Eliminate succession/estate taxes.
- Lighten the tax burden on farmers exiting the industry - particularly in cases where they are willing to assist young farmers in their start-up.

c. Investments in hard infrastructure

Much of the discussion centred on governments investing in the maintenance of existing infrastructure. Participants suggested:

- Improving and maintaining highways and railways.
- Increasing maritime container capacity.
- Preserving and expanding research facilities.
- Investing into foreign animal disease infrastructure to prevent further outbreaks of BSE, the Avian Flu, or other diseases.

There was a call, as well, for relatively new investments in two areas:

- Investing into slaughterhouse infrastructure to increase slaughter capacity.
- Investing in infrastructure to produce renewable fuels from agricultural crops, particularly bio-diesel and ethanol.
 - The Speller report recommended “incentives for the construction and expansion of bio-fuel processing plants, the equalization of tax incentives among bio-fuels, and funding for continuing bio-fuel research.”⁵³

2. Investment in Rural Development

Many participants said that rural development will take care of itself if the financial challenges facing agriculture are resolved. Others believe that there is a need to invest in rural development. There were a number of constructive suggestions:

a. Facilitate intergenerational transfer of farms and farming knowledge

Participants identified a need for government to encourage and support the intergenerational transfer of farms as key to maintaining the viability of rural communities.

The National Farmers Union proposed that the government help fund community-based land banks and land trusts that could help new farmers to enter the industry and small-scale farmers to expand. The NFU also proposed a Registered Family Farm Trust Fund (RFFTF), which would operate much as a Registered Education Savings Plan. Farm families and governments would contribute to a tax-sheltered fund. It could provide retirement funds for exiting producers, allowing them to roll farm operations over to family members or new farmers entering the industry.⁵⁴

- The Speller report urged the government “to address the issues of inter-generational transfer.”⁵⁵

b. Assist municipalities in dealing with rural development

Participants from Atlantic Canada, in particular, agreed that the challenges of rural development are too big for municipalities to shoulder alone. Some asked that the federal government use its Cities & Municipalities agenda to address rural development needs and stressed the importance of applying the Rural Lens early in the development of government policies.

- The Speller report recommended that: “Infrastructure spending in Canada be flexible in order to recognize the unique needs of different communities and the disparities between urban Canada and rural Canada.”⁵⁶
- The *Future Role of Government* report recommended the government “give special attention to tax incentives that may promote the development of rural communities.”⁵⁷

c. Social infrastructure

Participants suggested:

- Extending child-care to parents who choose to stay on the farm while raising their young children.
- Enhancing internship programs to provide opportunities for young people seeking careers in rural professions.
- Providing financial support to students returning to work in farming communities but who cannot repay their student loans immediately.

d. Address labour shortages in rural Canada

Atlantic Canadian producers said that they are experiencing a labour shortage, and they must rely on seasonal workers from outside the community to address it. They want governments to make it easier to hire seasonal workers while the shortage persists.

e. Manage farm and non-farm community interaction

Some participants said it is important to ensure that non-farmers find a welcoming environment in rural communities. This includes introducing them to the realities of living beside a farm, but also minimizing the negative impacts (e.g. smell or noise) a farm can have on its immediate surroundings.

3. Investment into Alternative Land Use

Some participants indicated a strong preference by producers to use all of their land for traditional farming purposes. Others recognize the growing trend towards alternative land use, particularly for environmental or conservationist purposes. Participants stressed the importance of compensating farmers for the value of land that is being put to alternative use.

a. Explore environmental uses for agricultural lands

Participants suggested that agricultural land should be considered for alternative uses including:

- Carbon sinks, which reduce the emission of greenhouse gases. Agriculture accounts for about 10 per cent of Canada's greenhouse gases. Canadian farmers have an opportunity to trap carbon dioxide, which could meet a significant portion of Canada's Kyoto targets for reducing emissions.
- Energy-generating technologies such as wind power.
- Environmental preserves and trails or greenbelts.

Keystone Agricultural Producers (KAP) has proposed a program called Alternate Land Use Services (ALUS) to the government of Manitoba. The province placed the idea on the national agenda, and a deputy ministers' committee has been established to investigate. KAP describes ALUS as a constructive incentive system that recognizes "the societal benefits from agriculture beyond the traditional commodities of food and fiber".⁵⁸

- The House of Commons standing committee on agriculture and agri-food commented positively on a marginal agricultural land conservation environmental program. "If such a program were created, the Committee recommends that a fair and reasonable compensation be paid to farmers for the withdrawal of their marginal farmland from agricultural production."⁵⁹
- The Speller report recommended that: "Land stewardship initiatives be explored and implemented on a national basis", and that "The Prairie Farm Rehabilitation Administration (PFRA) should be adequately funded to expand carbon sinks and agri-forestry, and improve management of water and marginal farmland."⁶⁰

b. Land set aside program

A set aside program would be closely related to alternative uses for agricultural lands. Such programs have been used to improve farm income during times of surplus production and depressed commodity prices.

Canada had a program in the late 1960s called Operation LIFT (Lower Inventories for Tomorrow), during a time of international grain surpluses and depressed prices. Farmers were paid \$6 to \$10 an acre not to plant wheat, and approximately half of Canada's wheat acreage was taken out of production. Operation LIFT was concluded when prices returned to normal.

AAFC has modeled a set aside program, and concluded that the "price impact would be significant in the short term." In the second and third years of such a program, the prices for wheat, corn and soybean range from 26 to 32 per cent above baseline levels (but still below levels reached in the 1990s).⁶¹

Set aside programs have been used commonly in Europe and they have undeniable benefits. Reduced production could result in rapid and significant increases in the price of commodities. Marginal land could be taken out of grain production, and the potential environmental benefits are increasingly, even urgently, apparent. A set aside program is worthy of consideration, particularly at a time of depressed commodity prices and farm incomes.

Conclusion

“Rural Canada is the heart of our country . . . This is not simply an emotional attachment. Rural Canada contributes significantly to our economy. Farmers are central to rural Canada.”

- *Canadian Farmers at Risk*, Standing Senate Committee on Agriculture and Forestry, 2002.

Rural Canada is indeed the heart of our country. Giving recognition to that statement was the basis and the touchstone for this inquiry.

A great deal energy -- from governments at various levels, farm organizations and individual farmers -- has been invested in designing a number of government income support programs for agriculture. Those income programs and that support must continue for as long as it is necessary, and they should be reviewed frequently in close consultation with the farm community.

But Canada’s farmers, who work hard and efficiently, want to make their living from the marketplace, and the policies undertaken by our governments must provide the conditions allowing that to happen. We need policies that help farmers earn a decent living and that create economic stability in rural Canada.

This consultation is the beginning, but not the end of a process to ensure that farmers remain central to rural Canada and to the nation at large. The federal government will monitor the progress of each measure proposed here. We are committed to working collaboratively with farmers and their representative organizations, building consensus and developing strategies to enable producers to prosper from the marketplace.

Recommendations

General

- That all governments place a priority on measures that will enhance farmers' economic returns from the marketplace.
- That ministers and ministries of agriculture see their primary role as advocating on behalf of primary producers.
- That ministers of agriculture meet internationally to discuss how to improve the incomes of primary producers from the marketplace.
- That governments consult primary producers and their representatives in the design and review of farm support programs.

Consolidation & Market Power

- That the Competition Bureau be restructured and instructed to review the impact of current and proposed consolidations from the perspective of how they will affect the primary producer.
- That the Competition Act be strengthened so that the impact of corporate consolidation on the primary producer can be taken into account.
- That governments work with farmers to support, develop and maintain collective marketing initiatives, particularly through assisting New Generation Cooperatives and other farmer-owned corporate structures.
- That information regarding the farmers' share of the retail food dollar be published and distributed as widely as possible.

Producer Costs

- That society bear the cost when farmers are required to take actions that benefit the public at large. These activities include producers undertaking environmental farm plans, on-farm food safety programs, alternative use of land for environmental preserves, trails and greenbelts, and carbon sinks to reduce the emission of greenhouse gases.
- That governments work with primary producers to identify costs, such as inspection fees, that government can either reduce or pay for entirely, while remaining compliant with trade agreements.
- That governments evaluate the cost impact of new regulations and policies on producers.

Competitiveness

- That the federal government improve Canada's pesticide licensing process and specifically the performance of the Pest Management Review Agency (PMRA).
- That the federal government move toward harmonization of licensing and registration with the U.S. on pesticides.
- That the federal government move toward harmonization with the U.S. on veterinary drug licensing.
- That the federal government consider implementing labeling regulations that allow information about the health benefits of certain foods on their label.

International Trade

- That the federal government take a balanced approach to international trade negotiations, recognizing the legitimacy of the right of primary producers to market their products how they want to, while generally stressing the importance of free and fair trade.
- That the federal government defend the interests of Canadian producers in international trade negotiations, including a defence of supply management.
- That Canadian provinces and stakeholders emphasize their common interests in international trade talks and negotiate with one voice,
- That the federal government ensure foreign products entering this country meet the same quality, safety, health, environmental and labour standards as Canadian products.
- That the federal government review existing international trade agreements and identify items that can be pursued legitimately to improve the competitiveness and cost structure of Canadian producers. Specifically, that the federal government work with producers to identify WTO "green-box" areas in which support to farmers could be expanded.
- Those Canadian governments pursue bilateral and regional trade agreements to provide more targeted market access for Canadian products.

Innovative Marketing & Product Development

- That governments preserve and enhance research into primary agriculture, particularly at the regional level, and that research results be released to producers in a timely manner.
- That governments support research and funding for niche markets, but not at the expense of more pressing needs and longer-term solutions to the farm income crisis.

- That the federal government work with the organic sector to establish an organic value chain roundtable addressing issues that restrict the production, distribution and retailing of organic agricultural products
- That the federal government review the reduction in funding to Canadian Agriculture and Food International Program(CAFI),
- That governments consider developing a national farmer-controlled trading and export company based upon the CANAGREX model of the 1980s -- committed to export market development for agricultural producers
- That governments consider supporting a “Green Label” initiative proposed by the Canadian Federation of Agriculture.

Enhanced Consumer Communications

- That governments undertake campaigns to educate citizens about the benefits provided to the country by Canadian agriculture.
- That the federal government act to differentiate “made-in-Canada” food products from those products merely processed in Canada.

Investment in Infrastructure

- That the federal government ensure that young farmers have access to the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA).
- That governments allow producers to shelter a portion of their earnings in good years, and to withdraw them in lean years.
- That governments eliminate succession and estate taxes levied on primary producers.
- That governments invest in improving and maintaining highways and railways, increasing maritime container capacity; preserving and expanding research facilities.
- That governments invest in foreign animal disease infrastructure to prevent further outbreaks of BSE, the Avian Flu, or other diseases.
- That governments invest in slaughterhouse infrastructure to increase slaughter capacity.
- That governments invest in infrastructure to produce renewable fuels from agricultural crops, particularly bio-diesel and ethanol.

Social Infrastructure

- That governments assure that child-care is extended to parents who choose to stay on the farm while raising their young children.
- That governments enhance internship programs to provide opportunities for young people seeking careers in rural professions.
- That governments provide financial support to students returning to work in farming communities but who cannot repay their student loans immediately.

Investment into Rural Development

- That governments encourage and support the intergenerational transfer of farms as a key factor in maintaining the viability of rural communities.
- That governments help fund community-based land banks and land trusts that could help new farmers to enter the industry and small-scale farmers to expand.
- That the governments apply the Rural Lens early in developing policies and that the Cities & Municipalities agenda provide flexibility to address rural development needs.
- That governments make it easier for primary producers to hire seasonal workers.

Investment into Alternative Land Use

- That some agricultural land should be considered for alternative uses including: carbon sinks; energy-generating technologies such as wind power; and environmental preserves and trails or greenbelts.
- That governments consider implementing an Alternate Land Use Services (ALUS) proposal put forward by the Keystone Agricultural Producers.
- That the federal government seriously consider proposing a land set aside program to raise commodity prices and stabilize farm income.

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Annex 1 – Government Actions Taken

September 2004

The Government of Canada announces its \$488 million *Repositioning the Livestock Industry Strategy* to ensure the livestock industry's long-term viability.

The CFIA announces its sample collection strategy to increase the number of cattle tested for BSE. The Agency earmarks \$4.1 million between September 2004 and December 2005 for a financial reimbursement initiative to accelerate the flow of animals into the surveillance program and offset producers' costs related to veterinary examination and carcass disposal.

October 2004

Canada and China sign two protocols to restore trade in livestock genetics.

Minister Mitchell continues efforts to expand export markets for Canadian beef and other animal products in Asia (South Korea, Japan, China and Hong Kong).

November 2004

Five-year funding commitment to the industry councils for the regional delivery of the Advancing Canadian Agriculture and Agri-Food (ACAAF) Program. The annual ACAAF share to the councils was increased from \$25 million to \$27.3 million.

Taiwan confirms its intention to conditionally grant Canada access for boneless beef and that it will send a technical team for a first-hand look at Canada's food safety and animal health measures.

Forty national initiatives will receive over \$12.1 million from the ACAAF Program, supporting a myriad of national initiatives across Canada.

December 2004

Hong Kong agrees to immediately resume trade in Canadian beef.

Cuba re-opens its border to a broad range of Canadian beef products.

January 2005

China lifts its ban on imports of poultry and poultry products from Canada. On bovine semen, bovine embryos, and porcine semen and blood products, China approves Canadian collection centres and processing facilities that allow trade to resume.

February 2005

Initiatives announced in Budget 2005 respond to priorities identified by producers. Key funding areas include:

- \$104 million over four years to the Agricultural Marketing Programs Act to expand the cash-advance program and broaden access to include livestock producers;
- Additional \$17.1 million within the \$488 million Strategy to Reposition Canada's Livestock Industry to further increase slaughter capacity through the loan-loss reserve program;
- \$80 million over two years set aside to deal with removing specified risk materials from animal feed;
- Additional \$21 million in the coming fiscal year to the Canadian Grain Commission;
- \$5 million to examine how the Prairie Farm Rehabilitation Administration can be extended to farmers nationwide.

March 2005

Minister Mitchell announces a \$50 million contribution to the Canadian Cattlemen Association's Legacy Fund.

\$2.4 million over 4 years granted to support and expand the Canadian 4-H Council's national programs under the renewal component of the APF.

The Government of Canada announces a \$5.1 million contribution under the Renewal element of the APF to the Canadian Agricultural Safety Association (CASA).

Minister Mitchell announces \$1 billion in immediate federal assistance to farmers who face record low incomes under the Farm Improvement Payment Program (FIP).

Government of Canada will continue to support applications under the Farm Improvement and Marketing Cooperative Loan Act (FIMCLA).

Cuba approves Canada as a source of live cattle following meetings with the Minister and his Cuban counterpart. Canadian exporters now have access to Cuba for shipments of live cattle, goats and sheep, meat from these animals, as well as bovine semen and embryos.

Minister Mitchell and USDA Secretary Mike Johanns reasserted their commitment to the normalization of trade in live cattle and beef products in North America.

April 2005

A national committee including producers and representatives of both levels of government is in place to review and suggest improvements to the Canadian Agricultural Income Stabilization (CAIS) program.

The federal, provincial and territorial Ministers of Agriculture announce the membership of the Agricultural Policy Framework (APF) Review Panel.

May 2005

AAFC invests \$17 million to boost research on the health aspects of food components.

June 2005

All provinces and territories have now signed agreements under the environment component of the Agricultural Policy Framework (APF), farmers and all Canadians will see the benefits of the \$662 million in new environmental programs announced since the launch of the framework.

The Canadian Young Farmers' Forum (CYFF) will receive \$228, 500 to carry out numerous activities.

Minister Mitchell announces \$1.8 million in Government of Canada funding towards the Canadian Radio Frequency Identification (CRFID) Reader Program.

New amendments to the Canadian Agriculture Income Stabilization (CAIS) program are put in place. Producers can now access all funds in their CAIS accounts. This will provide approximately 62,600 producers with access to more than \$603 million.

\$6.5 million is being provided for 23 national projects under the Advancing Canadian Agriculture and Agri-Food (ACAAF) Program, a five-year, \$240-million program launched in April 2004.

Minister Mitchell announces that up to \$529,600 has been made available for the recently established Canadian Livestock Identification Agency (CLIA). The funds will support CLIA's establishment of a multi-species livestock tracking and tracing system.

Agriculture and Agri-Food Canada (AAFC) has developed an approach to launch the next phase of its science strategy. This will include a comprehensive consultation with communities, stakeholders, industry representatives, provincial and territorial governments, universities and research institutes over the following months to identify key priorities and to suggest strategies to maximize our current investments.

Canada fully supports Vietnam's accession to the WTO and believes this will be an important step towards Vietnam's integration in the global economy and towards strengthened trade relations between our two countries. Vietnam hopes to conclude bilateral negotiations before the next WTO Ministerial in Hong Kong in December, 2005. The WTO accession agreement between Canada and Vietnam, finalized today, provides for improved access for Canadian food products.