

## Canadian Canola Growers Association

Brief to the Standing Committee on Industry, Science and Technology  
for the study on the Canadian Response to the COVID-19 Pandemic

June 19, 2020

Members of the Standing Committee on Industry, Science and Technology,

The Canadian Canola Growers Association (CCGA) appreciates the opportunity to comment on your study of the Canadian Response to the COVID-19 Pandemic. CCGA represents canola farmers from Ontario to British Columbia on national and international issues, policies and programs that impact their farm's success. CCGA is also an official administrator of the federal government's Advance Payments Program.

Developed in Canada, canola is a hallmark of Canadian science and innovation and a foundational crop on most Canadian grain farms. Today it is Canada's most widely seeded crop and is the largest farm cash receipt of any agricultural commodity, earning Canadian farmers over \$8.6 billion in 2019. Annually the canola sector provides \$26.7 billion to the Canadian economy and provides for 250,000 jobs. Exports drive canola's success – more than 90% of all canola grown in Canada is exported as seed, oil, or meal.

### **Impact and outlook**

So far during this pandemic, canola farmers have not experienced new market access issues, and domestic transportation networks that facilitate the export of our products have been running smoothly to date. While there has been some difficulty obtaining N-95 respirators that are required to use some on-farm products, overall canola farmers have managed to get the supplies they need to plant and grow their crops.

However, canola farmers faced challenges entering into the pandemic, such as a difficult harvest and a major market disruption with China, that are now supplementary to the economic downturn from COVID-19, all putting considerable pressure on farmers and the financial sustainability of their operations. In 2019, canola farmers saw a \$700 million decline in farm cash receipts from 2018, and they continue to face market uncertainty. Continuation of this trend could significantly impact the canola sector's contribution to Canada's economy, affecting employment and wages. Therefore, in response to the COVID-19 pandemic, the government of Canada should help position canola farmers and the canola sector to be drivers of economic growth in the post-COVID-19 recovery.

### **Recommendations**

To help canola producers be positioned to aid Canada's COVID-19 economic recovery and support rural communities, the following actions from the federal government are recommended:

- 1) Continue to support World Trade Organization (WTO) reform while opening and diversifying markets;
- 2) Ensure farmers have access to risk management tools that are effective;
- 3) Facilitate global competitiveness through improved access to innovation and,
- 4) Expediate efforts to bring affordable, reliable high-speed internet and mobile coverage to rural and remote communities.

## **Recommendation 1: Continue to support World Trade Organization (WTO) reform while opening and diversifying markets**

### **WTO reform to promote rules based, predictable trade**

Farmers are well-positioned to provide safe, reliable canola supplies both domestically and to the world, but require a rules-based, predictable framework to grow our exports. Promoting this framework will be even more important to counter protectionist policies post COVID-19 as countries turn inwards and look to shore up their domestic economies. Trade is key to the world's economic recovery and modernization of the WTO is essential to ensure borders and supply chains remain open. CCGA appreciates the government's efforts in leading WTO reform through the Ottawa Group, and the Group's role in advancing potential ideas and solutions for consideration by the larger membership.<sup>1</sup> We recommend this important work be prioritized during Canada's response and recovery from COVID-19.

### **Regain full access to China for canola seed**

For the canola sector to achieve its full potential, **re-opening the China market must remain a government priority**. For canola farmers, China was their largest market, representing 40% of canola exports. It has been over a year since market restrictions were imposed, and farmers continue to struggle with market uncertainty and reduced prices. In 2019, canola seed exports to China were a third of 2018, leading to a 26% decrease in export value.

### **Diversify market opportunities for canola**

The impact of such a large market disruption has highlighted the need to diversify our markets and to do so **additional resources are required, particularly in the Asia-Pacific region, to help understand evolving regulatory requirements and to address market access issues**. In addition, **launching free trade agreement negotiations with the Association of South East Asian Nations (ASEAN) and/or an expansion of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)** could generate new market opportunities and create a more predictable trading environment.

### **Biofuels: a domestic opportunity to diversify**

Canada's domestic biofuel market represents a key opportunity to diversify and stabilize the canola market for post-COVID recovery. The upcoming Clean Fuel Standard (CFS) provides the mechanism to realize this potential.

Canadian canola is a high-quality biodiesel feedstock currently used in Canada, the US, and the EU. It has the potential to not only spur economic investment but to lower greenhouse gas emissions.

The CFS, which is currently under development, could triple the domestic demand for canola-based biofuels, providing much-needed market stability for farmers, incenting value-added investments, and making real and quantifiable contributions to GHG reductions.

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<sup>1</sup> June 2020 Statement of the Ottawa Group: Focusing Action on COVID-19. Government of Canada. Accessed June 17, 2020. [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/wto-omc/2019-06-covid-19.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/wto-omc/2019-06-covid-19.aspx?lang=eng)

To leverage this potential opportunity, the government must **consider immediate improvements to the regulatory design of the CFS, including providing the necessary demand signal for biofuels by requiring all diesel fuel to contain a minimum 5% renewable content.** The current standard mandates 2%.

If this requirement is instated in the CFS, increasing the renewable content to 5% of the diesel pool would conservatively use 1.3 million metric tonnes of Canadian canola and reduce GHG emissions by 3.5 million tonnes of CO<sub>2</sub> equivalent per year. This would represent new domestic demand for Canadian canola that is not subject to trade disruptions and is roughly the size of the Japanese export market in value.

A clear and strong demand signal is critical. It is an opportune time to leverage this opportunity for biofuels to spur economic investment in Canada, with no cost to government.

### **Recommendation 2: Ensure farmers have access to risk management tools that are effective:**

Canola farmers need urgent action to improve the government's business risk management (BRM) programming. Family farms are facing unprecedented challenges and uncertainty due not only to the current pandemic but also ongoing international trade restrictions. Net farm incomes fell 45% in 2018 and in Manitoba and Saskatchewan net farm incomes again saw significant declines in 2019. In addition, farm debt levels continue to increase. Farmers rely on BRM programs to help manage the risks beyond their control. Immediate solutions and focused investment are required to improve programming and provide farmers with effective tools to manage increased volatility and uncertainty, that in turn, will support their ability to contribute to rural communities and economic growth.

One program under the suite of business risk management programming, AgriStability, in particular needs to be fixed. **AgriStability coverage needs to be adjusted to cover losses starting at 85 percent of historical reference margins with no Reference Margin Limits.**

As we prepare for the next agricultural policy framework, CCGA looks forward to working with the government to ensure the risk management tools available to farmers are effective and reflect the risks of modern farming. With that, **CCGA requests the establishment of an industry-government technical working group that allows farm groups to actively participate in BRM data and impact analysis.**

Adequately funding and fixing business risk management programs help farmers stay competitive in the global market. In the last three years, the U.S. Government has announced \$47 billion in agriculture support in addition to its regular Farm Bill and crop insurance programs. To realize the full economic potential of our Canadian agriculture sector, our farmers need to remain competitive in the global market.

### **Recommendation 3: Facilitate global competitiveness through improved access to innovation**

#### **Invest in the Pest Management Regulatory Agency**

A science-based regulatory process is the foundation upon which the Canadian canola industry was built. Therefore, for COVID-19 economic recovery, it is critical that the Pest Management Regulatory Agency (PMRA) continue to take a science-based regulatory approach that assesses risk on crop protection products – including the final decision on the proposed ban of neonicotinoid seed treatments that would cost the canola industry between \$700 million to \$1 billion annually.

As part of our stewardship, CCGA collected water monitoring data in collaboration with industry partners weekly over the spring and summer of 2019 that demonstrates how canola farmers are effective at preventing these products from moving into wetlands. **The PMRA needs to continue making science-based decisions on crop protection products by incorporating the best available information. Secondly, the PMRA must have the necessary resources to develop and implement a national water monitoring program designed to generate real-life evidence to be used to inform science-based re-evaluation decisions for crop protection products in the future.**

#### **Improve Canada's Plants with Novel Traits regulations**

Another important innovation is advances in new plant breeding techniques, as was identified by the 2018 report from the Economic Strategy Table, the 2018 Fall Economic Update and the 2019 Treasury Board: Agri-Food and Aquaculture Regulatory Roadmap.

These new tools have the potential to create new and better varieties for farmers, consumers and the environment alike. To ensure research and development remains in Canada and to maintain farmers' competitiveness, an enabling regulatory system is required. As such, **we encourage the ongoing dialogue between industry and Agriculture and Agri-Food Canada, Health Canada, and the Canadian Food Inspection Agency to streamline and improve Canada's Plants with Novel Traits regulations.**

Having access to the best crop protection products and seed technologies will help keep Canadian canola farmers competitive during this pandemic and in a post-COVID economy.

### **Recommendation 4: Expediate efforts to bring affordable, reliable high-speed internet and mobile coverage to rural and remote communities**

CCGA supports the government's goal of providing universal access to high-speed internet and enhancing mobile connectivity in Canada, particularly in rural and remote communities. More than ever, today's farmers depend on reliable telecommunications services to successfully and efficiently operate their farm. Dependable internet and mobile services are required from seed to export. It is used to operate precision agriculture technologies in the growing season, maintain farm equipment for harvest, market crops, and manage transportation logistics to get product shipped for processing and eventually export.

According to the Canadian Radio-Television and Telecommunications Commission's (CRTC) Broadband Fund, only 40.8% of households in rural communities have access to broadband coverage of 50/10 Mbps<sup>2</sup>, the federal government's benchmark for universal internet, and mobile LTE is not equivalent across Canada. Disruptions in internet service in rural areas can occur daily, and adding additional tools such as a booster tend to not solve connectivity problems. Rural communities have less options for telecommunications service providers, with some areas only having one, leaving no opportunity to obtain lower pricing or better service elsewhere. Additionally, because farmers live outside of rural towns, obtaining access to reliable internet and mobile coverage can be even more of a challenge.

With the pandemic moving the delivery of many services online, it has exacerbated the issue of access to well-functioning internet and mobile services. This has highlighted the need for government to **expedite access to universal internet and mobile coverage for rural and remote communities, and ensure affordable, competitive options are put in place for these areas**. Reliable, affordable internet and mobile coverage plays an important role in managing modern grain farm operations and adopting new technologies, that often require internet or mobile connectivity, will be critical to farmers' ability to stay competitive in the global marketplace for the post-COVID-19 economic recovery.

### Conclusion

Canola farmers entered this pandemic with significant challenges, and the economic downturn due to COVID-19 has created more uncertainty. Canada's response to the COVID-19 pandemic must not only address short term needs, but long-term needs that will aid in Canada's economic recovery. Canola farmers can contribute to Canada's economic recovery but need concerted government action to unleash their full potential to do so. Action such as supporting WTO reform while opening and diversifying markets; ensuring farmers have access to risk management tools that are effective; facilitating global competitiveness through improved access to innovation and, and expediting efforts to bring affordable, reliable high-speed internet and mobile coverage to rural and remote communities, are recommended to help alleviate the barriers that stand in the way of this growth. With this action, canola farmers are ready to grow Canadian prosperity, and help with COVID-19 economic recovery.

Sincerely,

*original signed by*

Dave Carey  
Vice-President, Government and Industry Relations

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<sup>2</sup> Broadband Fund: Closing the digital divide in Canada. Canadian Radio-Television and Telecommunications Commission. Accessed June 12, 2020: <https://crtc.gc.ca/eng/internet/internet.htm>