

# Agriculture

This year's Alternative Federal Budget acknowledges that agriculture is at a crossroads in Canada and that measures are urgently needed to bring more families into farming as a means of livelihood. The AFB supports those family farms which have experienced difficulties, not because they lack innovation, efficiency, or a dedication to providing food to Canadians and the global community, but because international rules established by rich countries have favoured large agribusiness corporations and placed farmers in an hyper-competitive position — within their communities, their country, and among farmers across the globe.

Since the signing of the World Trade Organization Agreement on Agriculture in 1994, a liberalized global market has increased agricultural trade among nations by threefold in value. In 2008 (latest figures available), Canada exported a record \$39 billion worth of food and agricultural goods. This ranked Canada as the fifth largest global exporter. Yet statistics show that net farm incomes continue to be at an all-time low, especially for livestock producers; the number of farm operations continues to dwindle

(now less than 250,000 farmers); and total farm debt has reached an astonishing record high of \$60 billion.

At the same time, food-processing giants such as Maple Leaf Foods and Cargill, biotechnology companies Monsanto and Syngenta, and retailers Loblaw's, Sobey's, and Metro all show healthy margins, even during a deep recession. Two beef processing transnationals, Cargill and Nilsson Brothers, control over 90% of the beef processing market in Canada; Maple Leaf Foods and Olymel control 65% of the hog processing market; and the top three retailers control 75% of the market. This concentration of market power in the retail, processing, and input sectors has forced many family farmers out of business or placed them in greater debt.

The agricultural and food sector is one of Canada's top economic contributors, representing approximately 9% of Canadian GDP, and is the engine of the rural economy in many regions of the country. As a first step toward renewing and supporting this important sector, the AFB will amend Canada's Competition Act to prevent the concentration of ownership in Canada's food system.

One in eight Canadians are employed in this sector and, as recently noted by the Office of the Auditor General of Canada, “the long-term prosperity of the agriculture industry depends on its ability to co-exist sustainably with the natural environment.”<sup>1</sup>

#### What needs to be done?

Although food and agricultural exports have reached unprecedented high levels, trade statistics show an alarming trend: Canada imported a record \$28 billion worth of food and agricultural products in 2008. In fact, the trend of purchasing more imported food is on the rise. A recent Statistics Canada study found that imports rose from 18% of total food expenditures in 1964 to 25% in 2004.<sup>2</sup> This ranked Canada as the eighth largest importer of food in the world, and, if the trend continues, a low U.S. dollar may lead to Canada incurring a food trade deficit with the U.S. in the near future.

For Canadians, food sovereignty is the right of citizens to reclaim decision-making power in the food system — to have a say in how their food is produced and where it comes from. Food sovereignty seeks to rebuild the relationship between people and the land, and between those who grow and harvest food and those who eat it.<sup>3</sup> As a nation state, food sovereignty means Canada has a right to determine the extent to which it wants to be self-reliant in food production and to protect and regulate domestic agricultural trade in order to achieve sustainable development objectives. According to the global peasant movement, La Via Campesina, “food sovereignty does not negate trade, but rather promotes the formulation of trade policies and practices that serve the rights of peoples to safe, healthy, and sustainable production.”<sup>4</sup>

The AFB will introduce the Just Agricultural Transition Income Program (JATIP) for our farming families that will benefit regional local food economies and capture opportunities that are lost

through the importation of products from other countries. JATIP will work on the principle that redundant trade, defined as needless trade that simultaneously exports and imports the same or similar products to a region<sup>5</sup> (or country), will be reduced. To stimulate this transition, resource spending will favour production that is destined for Canada’s local domestic market.

Income support programs for producers will acknowledge the distinction between business ownership structures at the producer level. A family farm entity and family farm corporation, in which most of the labour, management and investment are made by someone within the family, is different from a corporate agri-business investment scheme, and therefore will not be supported. Cooperatives will be considered to be a collective of family farms.

In order to facilitate this transition, amendments will be required to the Department of Agriculture and Agri-Food Act whereby eligibility for business risk programs, crop and animal insurance, and/or loan programs by Canada will be made only to family farm entities, family farm corporations, and cooperatives. Other entities, such as publicly traded corporations, subsidiaries of those corporations or companies, partnerships and corporations that contain shareholders, members, investors or partners will not qualify for business risk pay-outs. These entities will be encouraged to divest their business structures, and a leniency program will be provided to those entities that hold loans through Farm Credit Canada.

Over the phase-in period, the AFB will also lower individual business risk pay-outs to farming operations to a maximum of \$250,000 per farm, which will eliminate the “millionaire’s club,” — those farm operations that currently receive pay-outs of up to \$3 million a year.

The JATIP will recognize the need to improve the long-term sustainability of the ecological foundation of agriculture, which are crop and livestock biodiversity, ecosystem diversity, in-

tact water and nutrient cycling, and renewable energy processes. For those small and medium-sized family farm operations and cooperatives that are unable to invest in the capital and labour required to implement beneficial management practices, environmental farm plans, and a shift to sustainable farming, JATIP will provide financial support for this transition. Recognizing that organic agriculture is the highest form of sustainable agriculture and that the consumer demand for organic food cannot match the supply in Canada, targets will be set for the next decade. The AFB proposes that 10% of Canada's domestic food must be produced organically within the country.

In order to help grow Canada's organic sector and to improve our reputation of producing high-quality food and crops, a moratorium will be placed on new approvals for genetically modified organisms, until long-term studies, research, and cost-benefit analyses are performed and the potential human, environmental, and economic impacts are well understood.

The central plains of North America have become a giant laboratory for genetically engineered herbicide-resistant crops such as corn, canola, and soya beans. Evidence is mounting that the contamination from GM crops is becoming another economic burden on Canadian farmers. The recent action taken by the European Union to ban Canadian flax because it contained genetically modified material has prompted other countries to test Canadian flax. These actions will further limit the ability of Canadian flax farmers to find markets. Monsanto is now trying to register GM alfalfa in the U.S. and Canada, which, if successful, will economically devastate Canada's organic livestock and forage industry. To ensure that consumers have full knowledge and choice of what they eat, the AFB will require that current foods on the market containing GMOs will have to be openly and fully labelled.

The transition strategy will include a program that encourages young families to choose farming

as a livelihood. Farm Credit Canada (FCC) will play a large role in this transformation. At \$22.5 billion, FCC's share of holding Canada's outstanding farm debt (at \$58 billion in 2008) is second only to the chartered banks. The New Beginning Farm Assistance Loan Program will offer small-scale entrants who supply the Canadian domestic market interest-free loans to move into farming. Farm Credit Canada, whose current equity rests at \$2.3 billion and with a healthy profit of \$211 million in 2008, will create a Farmland Investment Program, whereby new entrants will have access to affordable land. Lending priorities will also favour succession planning where assets will move easily and fairly from one generation to another. The *Farm Credit Canada Act* will be amended to phase out programs offered to large agri-business operations and to direct its lending priorities to farmer-owned business organizations such as cooperatives and those small-scaled businesses that provide regional infrastructural support in the food processing sector. Start-up costs and capital investments for small producers will be given priority. To help build a new farming generation, the AFB will provide the funds necessary to improve research, skill development, and extension services to support the transition to sustainable and organic agriculture.

The federal government will work with the provincial governments to improve supply-managed programs (chickens, eggs, turkeys, and milk), with the goal to increase the number of new entrants into farming. Specialty quotas will be developed to reflect consumer demand for organic and other identity preserved products. The cost for quotas will be drastically reduced and gradually phased out, upper limits will be placed on the number of quotas a farm operation can hold, and a quota pool will be created so that young new farmers can enter the program or to allow existing farm operations to convert into the supply-managed sector. At the same time, we will investigate whether other farm products, such

as cattle and hogs, should be marketed through quota and a supply- managed system.

In total, \$1 billion will be invested through JATIP over the next three years. A part of this spending will be directed towards the development of a national food policy and food security action plan that addresses food insecurity issues in Canada such as hunger, malnutrition, chronic diseases, obesity, and food accessibility and affordability. The goal will be to guarantee that all people in Canada “at all times must be able to acquire, in a dignified manner, adequate quantity and quality of culturally and personally acceptable food,”<sup>6</sup> and that this food should be healthy and safe and derived from a sustainable food system.

Evidence is mounting that current business risk programs designed for fluctuating global market prices do not provide adequate income support to ensure the livelihood of farming families. The flawed model rewards farm operations based on specialization and volume throughput. In fact, most farmers in Canada rely on at least one other job in the household outside of their farm.

As a long-term goal, the AFB will shift how we manage on-farm risks by introducing a Guaranteed Annual Farmer Income Program (GAFIP) over the next three years, worth \$1.5 billion. This three-year pilot program will be modelled on the MINCOME project which was tested in Manitoba in the mid-1970s.<sup>7</sup> Family farm operations that do not recover their costs of production and cannot provide a decent standard of living will be provided top-up benefits.

### Global responsibility and the food crisis

Now at over 900 million, the world’s number of malnourished people continues to climb. The global food crisis has placed the most vulnerable rural families in developing countries in a condition of chronic hunger. A wealthy nation such as Canada has the responsibility to ensure that

those in need are given the resources to build a healthy and resilient agricultural food system. Following the recommendations of the Canadian Food Security Policy Group,<sup>8</sup> the AFB will introduce the Global Resilience Agricultural Support Program (GRASP), a \$600 million three-year program funded through the Canadian International Development Agency, which will provide unrestricted funding to help build smallholder agricultural systems and vibrant communities in the developing world.

To further support smallholder farmers, Canada will play a leadership role in negotiating global and multilateral trade agreements, on the principle that sovereign nation states have the right to support, protect, and regulate their domestic food system.

Instead of undermining the global ban on terminator technology (seeds genetically modified to produce sterile seeds — termed genetic use restriction technologies), as agreed to through the UN Convention on Biological Diversity, Canada will pass domestic legislation to ban the release, sale, importation, and use of variety-related genetic use restriction technologies (GURTs) in seed.

To help pay for new program spending, the AFB will end subsidies to the biofuel industry, freeing up over \$1 billion over the next five years. Proof is now mounting that biofuels derived from crops no longer serve to rejuvenate rural economies or reduce greenhouse gas emissions,<sup>9</sup> and in fact may be causing more problems than they were intended to solve.

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## Notes

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