

The Right Honourable Justin Trudeau, P.C., M.P.
80 Wellington Street
Ottawa, Ontario K1A 0A3
Canada
justin.trudeau@parl.gc.ca

March 20, 2020

Dear Prime Minister,

On behalf of Canada's farmers, we are writing to you to urge immediate action to prevent the COVID-19 pandemic from creating an unprecedented crisis on Canadian farms. Farmers play a vital role in a secure and stable food supply and the rural and national economy, and they need confidence that the government will be there to support them as they risk their financial, physical and mental health working during the pandemic.

Over the last month, Canadian farmers have experienced lost sales, increased volatility in markets, disruptions in supply chains and challenges with domestic and foreign labour as a result of COVID-19. The impact on farmers will only get worse as the pandemic continues, and the risk of a significant supply chain or market disruption increases. Some sectors of the farm economy have already been hard hit as consumer buying habits change drastically and stores begin to scale back purchases.

Farmers will play an essential role as Canada recovers from this crisis. Not only are they key to keeping Canadians working on farms and along the value chain, they are critical to preserving Canada's food security. Most Canadians have never had to consider the possibility that grocery store shelves will be empty, but that has been the recent reality. While the supply chain is resilient and everyone is working hard to get food back on shelves, the longer the pandemic lasts, the harder that will be to do. Financial support is key to ensuring farmers can continue to produce the food that Canadians need.

Farmers need immediate action on Business Risk Management programming. First, governments must provide support through AgriInvest accounts as a much-needed short term bridge while meaningful changes are made to AgriStability. More details can be found in the enclosed background document.

The reality is that the financial cushion that could have helped farmers weather the COVID 19 storm was used up over the last two years and farmers across the country and in a dangerous position. The financial and mental health of Canadian farmers was already precarious, COVID-19 has the potential to do significant harm to both.

Thank you for your leadership during these uncertain times. The quick action your government has taken sends a strong signal that you are serious about limiting the impact that COVID-19 will have on Canadians. We hope that you recognize the unique challenges that this virus and its economic fall out will have on farmers and send that same strong signal of support by responding to our request.

Sincerely,

Rich Bergman



Canadian Pork Council
Conseil canadien du porc

Mary Robinson



[Signature]



Brian H. Silby



[Signature]



Markus Hoerle



CC:

- Deputy Prime Minister Freeland
- Minister Bibeau
- Minister Morneau
- Minister Hajdu
- Minister Duclos
- Minister Joly
- Minister Ng
- Minister Fortier

Business Risk Management Response to COVID-19

COVID-19 is already having a significant impact on Canada's farmers. Markets are depressed, the potential for input cost increases is rising, and the availability of labour is threatened. These impacts are in addition to increased volatility in global markets, a series of transportation crises and other challenges that have put Canadian farms in a financial crunch. The financial cushion that could have helped farmers weather the COVID 19 storm has been used up over the last two years and farmers across sectors and across the country are in a dangerous position. The financial and mental health of Canadian farms was already precarious, COVID-19 has the potential to do significant harm to both.

Canadian families are also experiencing an unprecedented risk to food security. The panic-buying of food and essential goods have exposed the food-security risks the country faces. The government must move quickly to keep Canada's food supply chain working during the pandemic and the economic fallout that will follow it.

Governments must take immediate action by using AgriInvest accounts so that farmers can continue to feed animals, put seed in the ground, etc. and keep food on the tables of Canadian families. This needs to be a short-term bridge to more meaningful enhancements to AgriStability so that farmers have the confidence they need to continue to operate during the expected economic recession and corresponding long-term market volatility and increased protectionism.

Addressing the financial crisis facing farmers through changes to the BRM suite does not address all of the issues Canadian farmers face. Separate submissions will be made on these other issues.

Immediate Action through AgriInvest

- Immediate injection of a minimum of 5% of a producers' 2018 ANS into AgriInvest accounts.
- Maximum payments of \$100,000.
- Waive the requirement for a matching contribution.
- Allow producers to withdraw the producer fund before triggering the requirement to withdraw the government fund, while deferring taxes on the withdrawal of government contributions.
- An alternative measure may need to be used to calculate the payment given that ANS does not reflect the true market reality of some sectors.
- Ensure all producers can access the stimulus by allowing non-participants to open an account and receive the associated contributions.
- Using AgriInvest leverages the existing program to quickly flow funds to producers to protect food security and support the rural economy.
- This approach builds on the AgriInvest Kickstart precedent from 2006 where \$600 million was provided to farmers based on approx. 2.7% of ANS with a maximum payment of \$78,900.

Long Term Backstop through AgriStability

- Increase AgriStability trigger to 85% for 2019-20 Program Year and for the remainder of Canadian Agricultural Partnership.
- Remove Reference Margin Limiting.
- Increase maximum payment to \$5,000,000.
- Allow for retroactive enrollment for 2019-20.
- Put systems in place to process claims more quickly, including requests for interim payments.
- Will give farms and financial institutions confidence to keep operating and keep credit available.

Ongoing monitoring

- There is a potential for sector-specific shocks (the loss of processing capacity, border closures) that may require additional assistance.
- Governments must commit to ongoing engagement with the farmers to monitor the market impact and to determine if additional support may be needed.
- This BRM request is fundamental for farmers, but each sector is facing unique challenges. Farmers and government must work together to consider these other issues that are impacting farmers.