

Ag Policy Brief

Risk in 2025

What Happened?

- CAPI recently released the second phase of the inaugural Agri-Food Risk Report, “From Optimism to Realism”.
- It builds on the first phase, which focused on the 2024 Agri-Food Risk Survey results, and draws insights from CAPI dialogues with industry leaders, policy makers, and other stakeholders.
- This policy brief highlights some results from the survey and data that point to a riskier footing for Canada today.

Where Are We Today?

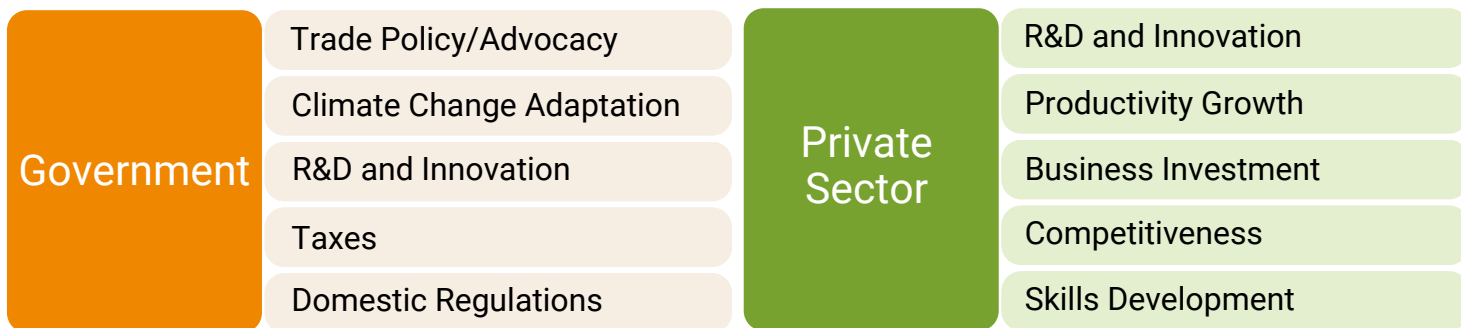
- The recently released report was the result of work done in 2024, prior to a clearer understanding of the risks arising from the Trump presidency. The results provide important context to the increasingly risky world in which we find ourselves.
- Survey respondents were asked to identify the top risks out of a long list. Three stood out: **policy and regulatory environment, extreme weather, and trade barriers and protectionism.**



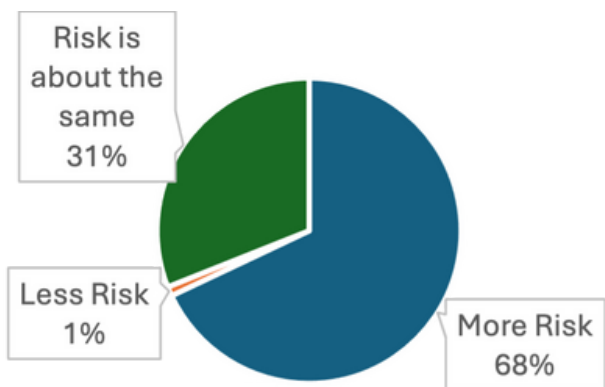
Source: CAPI Agrifood Risk Report

- The survey went beyond asking just about the risks, and asked respondents about priorities for **public and private sector action**.

Top five priorities for government/private sector to address:



Source: CAPI Agrifood Risk Report

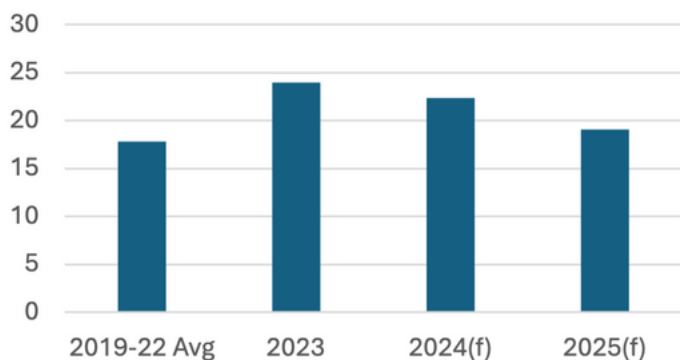


Source: RealAgriStudies

Where Are We Going?

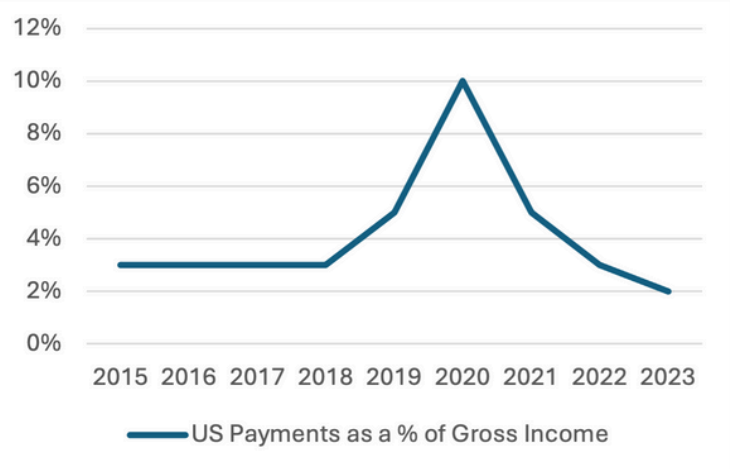
- It is difficult to predict where risk is going in 2025, but the following data points are some that can be used to understand the impact of a risky and uncertain 2025.
- Farmers were recently asked in a RealAgriStudies survey done for CAPI how they see risk changing this year. A majority see it as riskier. The same survey asked about farm sentiment and the result was a general decline.
- That risk is reflected in AAFC’s newly released Farm Income Forecast. While they noted that “the forecast for 2025 is subject to significant uncertainties... and impacts of any of these actions remains uncertain in mid-February,” they project a 15% decline in Net Cash Income, erasing gains made over the last two years.

Net Cash Income (\$Billion)



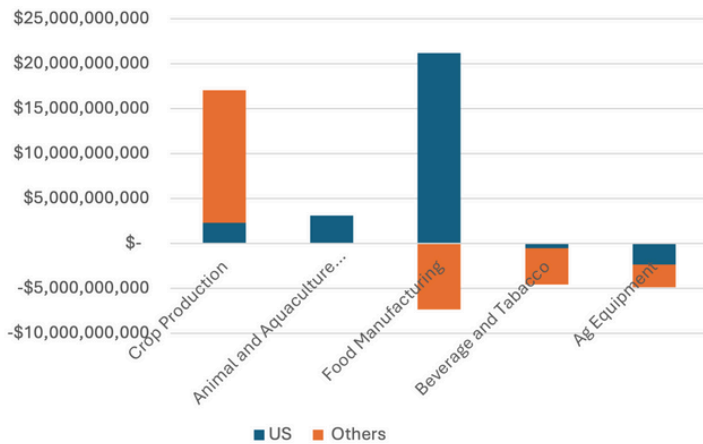
Source: AAFC

- There are increasing questions about the effectiveness of Canada’s risk management programs compared to the US. The spike in farm payments between 2019 and 2021 highlight the ad hoc nature, with payments driven by the US-China trade war and pandemic relief. It remains to be seen how effective Canada’s programs will be in this uncertain context.



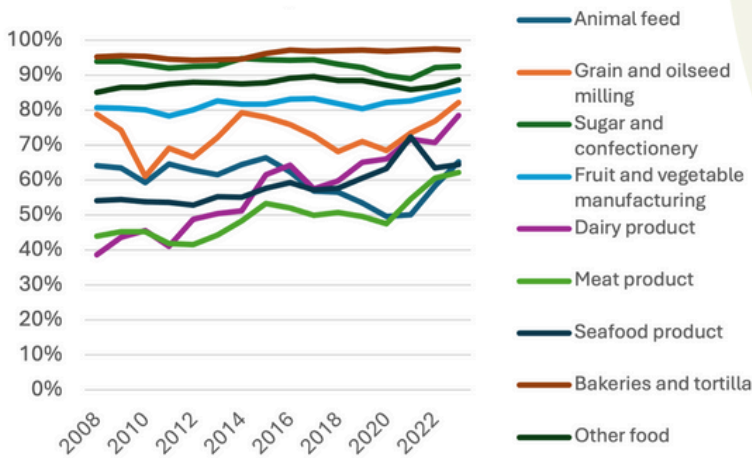
Source: USDA and Statscan data

Canada’s 2024 Agri-Food Trade Surplus



Source: ISED, Trade Data Online

Share of Canadian Food Manufactured Exports to the US

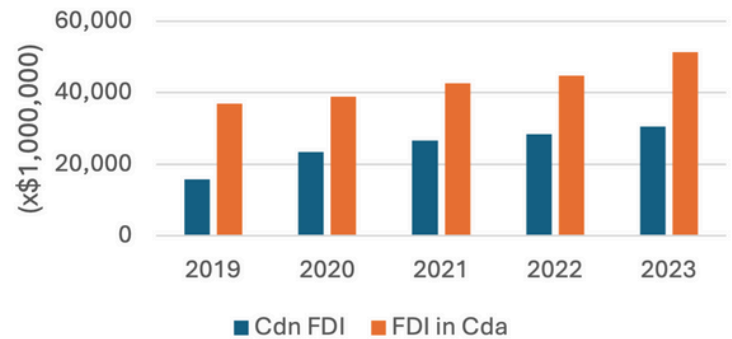


Source: Statistics Canada

- While not typically considered a problem, trade balances are increasingly in the news. Canada runs surpluses with the rest of the world in crop production and with manufactured food with the US.
- But the trade surplus only tells part of the story. Looking at the share of manufactured food exports to the US highlights how captured Canadian agri-food manufacturers are in the US. Canadian farmland can’t move south, but Canadian food processing jobs can.



FDI in Food & Beverage Manufacturing



Source: Statistics Canada

- Foreign Direct Investment will be another barometer of the impact of risk. In food and beverage manufacturing, Canadian investment abroad almost doubled in 5 years, but FDI in Canada only increased by 39%. There is a risk that 2025 may see Canadian FDI grow, but FDI in Canada start to decline.

Why Does It Matter?

- Agriculture and agri-food in Canada have benefited from strong fundamentals, including reliable production conditions, demand, market access and more. All of that seems to be shifting and the policy environment needs to shift too. There is a need to respond to this riskier, more uncertain future.
- While there is a pressing need to engage with the US to mitigate the impact of their tariffs, more can be done within domestic agri-food policy to mitigate the impacts of these risks. The last [policy brief](#) offered examples of short, medium and long term actions to address them.
- CAPI will soon launch the 2025 Agri-Food Risk Survey. Stay tuned for the survey and results to see how much has changed. Please take the time to complete it when it lands in your inbox.

If you wish to follow up on this Ag Policy Brief, please contact CAPI Managing Director, [Tyler McCann](#)