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A Transition Binder for the next Minister of Agriculture and Agri-Food Canada

Elise Bigley, Editor

Now that Canadians have made a choice in their next government, there is much work ahead. This election, like most, was light on agri-food policy content. Platforms had some agri-food commitments, but the next Minister of Agriculture and Agri-Food will be faced with complex policy files that deserve attention.

Like we did for the 2021 election, CAPI's team of Directors, Staff, and Distinguished Fellows came together again to offer insight and analysis for the next Minister of Agriculture through our second Transition Binder for the Minister.

FEATURED ARTICLES

ARTICLES CONTINUED

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As you read through the articles written by the CAPI Network, what should become clear is Canada has a lot of room for improvement, but many of the tools to make improvement a reality are at our fingertips. We need to work collaboratively and use these tools strategically to unlock the full potential of the Canadian agri-food sector both locally and globally.

The next Minister of Agriculture has an exciting task ahead. We have a sector that is innovative, creative, and ready to work with government to see Canada succeed, prosper, and be fed. From reforming risk management in Canada, supply management, regulatory modernization, digital agriculture, and beyond, we invite you to read through the articles to dive deep into some of the pressing issues that should land on the desk of the next Minister of Agriculture.

FEATURED ARTICLES CONTINUED

Toward a More Effective BRM Framework

ELISE BIGLEY
Director, Strategic Projects

The time may never have been better to make meaningful reform to Canada’s Business Risk Management suite of programs, and approach to risk management in agriculture in general.

First, the time is right to start the hard work of negotiating change with the provinces. The current agreement ends on March 31st, 2028. This July is when the marathon of negotiating the next 5-year agreement kicks off. Now is the time for Ministers to give their negotiating teams the mandate they need to offer real change.

Second, and most importantly, the need for effective risk management tools and approaches is at recent highs as farmers face a growing list of pressures. These pressures, from Trump and faltering trade, to commodity and input price volatility, and extreme weather, may not make farmers poorer, but the volatility means there is a chance they hit farmers at the same time with potentially devastating consequences.

There is also the challenge of the cost of the current approach. While many farmers will criticize the lack of support, the reality is that the cost of the current suite has escalated quickly. The cost of the suite increased by 50% between 2018-19 and 2022-23.

While these programs are demand driven and the cost to taxpayers fluctuates based on the demand for subsidized crop insurance premiums, AgriStability and AgriInvest payments, and disaster programs through the AgriRecovery framework, the general trend is for the cost of these programs to continue to cost more.

If program costs and farmer dissatisfaction both continue to increase, there is a need to more meaningfully consider new approaches in advance of the new program framework.

Considering deeper changes is different and should be on a parallel track to considering changes to deal with the immediate risks facing farmers from the trade wars Canadian farmers face. However, that may be an opportunity for governments in Canada to pilot new approaches.

For example, governments could launch pilot programs that allow farmers to opt-in for subsidized premiums for livestock price insurance and non-government risk management programs instead of the existing suite. The results could then be considered as governments negotiate more permanent changes.

At its core, there are key challenges within the existing BRM suite that the new government will need to address as it considers bigger changes to the suite.

First, offering the diversity of farms across Canada a single program suite ultimately leads to sacrifices with a one-size-fits-all approach. Trying to design a margin program that works well for a mixed farm and for a single commodity operation is difficult and likely means it will not work well for either, as is the case with AgriStability. Or creating a simple program that offers support for small farmers without significant regulatory burden, as is the case with AgriInvest, is good in theory, but ends up offering no meaningful risk management support for anyone.

Second, there needs to be much greater clarity on what the programs are supposed to do. Is it to help farmers through a disaster, offer income support or stabilization, help support the viability of diverse farm sizes and shapes or keep rural communities alive or food prices low? Given the changes made over the years it is hard to know what BRM programs are supposed to achieve in Canada.

Since the AgriStability trigger payment was reduced in 2012 it is effectively a disaster assistance program, but one that is complicated and slow to pay out. AgriInvest serves little risk management purpose. Crop insurance covers legitimate production risk, but can subsidize premiums for coverage beyond what is covered in the other risk management programs.

This mix may have served farmers well in the past, but now leaves many exposed to significant volatility and risk without an effective tool to manage it.

The third challenge is that provinces have increasingly stepped in to fill the gap. While the federal government aims to offer a national one-size-fits-all program, the differences across Canada are growing. Most provinces now effectively offer some form of provincial companion program or provincial only tweaks to the BRM suite.

If the national approach is already being disrupted by a series of provincial only programs, there is a question that must be asked about the utility of the federal government taking a rigid approach to national programs.

Finally, it is important to consider whether Canada is maintaining the right balance between reactive and proactive approaches to risk management, especially in light of the calls for increased investment in BRM programs and strategic initiatives. There needs to be a more transparent dialogue around whether it would be more prudent to increase investments in domestic value-added, trade diversification and innovation to help farmers proactively manage the increased risks they are facing.

Making changes to Canada's approach to risk management has never been easy, that's why the suite has been pretty static for 25 years. However, changes may never have been needed more. The arrival of a new government with a new mandate coinciding with the kick off of FPT negotiations and the increased risk profile farmers are facing means the time has never been better to make real effort for real BRM reform.

Supply Management Supports Sustainable Agriculture

CD CALDWELL, PHD
Board Member

The trade negotiations that will follow the federal election will be difficult ones. Part of the stress for our negotiators will be due to the differences in perspective within our own country. Over the past decade, there have emerged regional divisions and an urban rural divide in terms of understanding our agricultural industries. A potential place for disunity in our national approach to negotiations revolves around supply management, especially in the dairy industry.

Over the past several years, a colleague from Dalhousie University has written extensively condemning the Canadian milk production system and in support of the import of American milk. In his opinion, the demise of "supply management" and the opening of the borders to American milk is a win for consumers and all Canadians taxpayers. His arguments are misleading.

For example, Canadian consumers have expressed their support for supply management, with almost seven in ten Canadians supporting the system and its benefits for farm profitability, sustainability and food security.

That was before the rise in Buy Canadian sentiment as a result of the egregious and wasteful trade war launched by the Americans. The President's focus on Canadian dairy has been particularly odd given the benefits the renegotiated NAFTA agreement has had for US farmers.

As an agricultural ecologist, I am concerned with finding the "sweet spot" of balance among economics, environment and human health. When one takes an agroecological approach, it turns out that supply management is an economic concept from the 1970's that provides ecological and social solutions to 21st century challenges.

Agriculture is not merely the ploughing of the soil, raising of crops and the herding of animals. Agriculture is the science, art, politics and sociology of changing sunlight (plus soil and water) into happy, healthy people.

When one looks at any aspect of agricultural policy only from an economic standpoint, we tend to make ecological and social blunders.

The process for managing the orderly production of dairy products is complicated, but the principles of “supply management” remain unchanged from its inception in Canada. Supply management has been successful since the 1970's in Canada in matching supply to demand, allowing dairy farmers to get a fair price for their product, maintaining a predictable price to the consumer (usually higher than U.S. but influenced by retail factors) with food quality and safety well assured.

Historically, our dairy farmers did not receive government subsidies (so the consumer only pays at the store, not through taxes), as is not true of farm commodities in many countries. Farmer income has been based on the price of milk which is determined by the average cost of production plus a per cent return on investment. Essentially, we do not compete significantly in the export market and farm incomes are determined by the domestic market.

However, in the last rounds of trade negotiations with the United States, Mexico and Europe, some of the Canadian quota was bargained away into market access. As a result, the federal government agreed to pay dairy farmers compensation payments based on their loss of milk sales. For example, a Canadian owner of an 80 head dairy farm will receive $38,000 in direct payment compensation.

By comparison, the United States and Europe both intervene heavily in their respective dairy industries with a combination of price supports, subsidies, purchases of surpluses, import restrictions and export subsidies.

When it comes to farm support, the U.S. has the deepest pockets, deeper even than the European Union. USDA data shows that for more than a decade, U.S. farm gate prices for milk fail to cover costs of production. Clearly, the ability of processors to purchase milk at prices below the costs of production offers a significant competitive advantage to the American dairy industry. A report by Grey, Clark, Shih and Associates in 2018 estimated that in 2015, the support granted to U.S. dairy producers represented approximately C$35/hectolitre, the equivalent of 73% of the farmers' marketplace revenue. USDA data also reveals that U.S. dairy farmers operate at a loss; their cost of production is higher than what they earn from the marketplace.

As an example of how this works, consider the major dairy producing state in the United States, Wisconsin. In 2024, Wisconsin produced approximately 15 billion kg of milk. In that same year, all of Canada produced 9.5 billion kg of milk. To support Wisconsin dairy farmers, federal and state “commodity programs” subsidize milk production. From 1995 to 2023, dairy farms in Wisconsin received $7,848,000,000 in commodity subsidies. Farms in Wisconsin have become larger and fewer; one family-owned farm in DeForest, milking 2100 cows, received government payments totaling $5,842,841 during that time. Of that, $5,731,123 was a dairy commodity subsidy. This is tax payer money which shows that the lower cost of milk at the U.S. grocery store does not represent the true cost to the consumer.

The significant taxpayer subsidy in the US creates a much more uneven playing field than Canada's supply management does.

But the economic story is not the end of the story for Canadian citizens. Supply management has provided stability to a key rural sector, allowed relatively small family farms to continue to exist and has maintained the social fabric of rural communities. The dairy producer businesses across this country are major economic and social drivers for Canada. Their presence, especially in Eastern Canada, maintains churches, schools, welding shops, supply stores, feed mills, 4-H clubs, and Scouts to name only a few. One only needs take a drive through rural northern New York state to see the effects of the loss of the family dairy farms.

Recent IPCC reports on climate change highlight another concern for us as citizens. Dairy cattle are major sources of methane, a greenhouse gas 25X more potent than carbon dioxide. It is becoming obvious that the number of cattle worldwide must be rationalized. There is no room for excess production beyond our needs. The concept of matching supply to demand began as an economic idea but it is truly now an ecological idea which needs to be expanded to other jurisdictions in the world, not discarded in Canada. Furthermore, Canadian dairy has made significant improvements in adjusting the lifecycle footprint of milk production and decreasing its emission intensity advantage relative to other dairy producing regions.

In terms of milk quality and safety, approximately 20% of U.S. farmers use recombinant BST to increase milk production per cow. Cows treated with rBST tend to develop more udder infections (mastitis), which can lead to increased use of antibiotics. The increased use of antibiotics in rBST-treated cows may contribute to the development of antibiotic-resistant bacteria. Both animal welfare and product quality concerns have led to rBST being banned in several countries, including Canada and the European Union.

Adding to the food safety concerns is the announcement on April 21 that the US Food and Drug Administration is suspending a quality control program for testing of fluid milk and other dairy products due to reduced capacity in its food safety and nutrition division. This is due to the termination and departure of 20,000 employees of the Department of Health and Human Services, which includes the FDA, as part of President Donald Trump's effort to shrink the federal workforce.

We need a food system in Canada that has a balance of economics, environment and health. The old idea of supply management is a new idea for ecological, healthy, sustainable systems. It should be modified if necessary, but the principles remain sound.

You can start to see that supply management to rural Canadians is a bit like our health care system. Both have their problems and need to be updated, but both serve us very well and need to be protected.

The Agriculture of Tomorrow Starts with Better Access to Land Today

PAUL LECOMTE
Board Member, CAPI

The federal election results are now decided, but one crucial issue remained absent from public debate: what does the future hold for the next generation of agricultural producers?

Behind the rhetoric about food sovereignty, ecological transition, and regional vitality lies a much more down-to-earth reality: access to land. In Canada, this strategic resource has become prohibitively expensive. In many regions, young aspiring farmers, who are often trained, passionate, and innovative, face a barrier that has become almost insurmountable: the price of land.

This is not just a question of dollars. It is a question of the agricultural model and societal choices. For decades, the value of farmland has been steadily increasing, driven by multiple factors: relative scarcity, urban pressure, speculative appetite, and sometimes even institutional investments that view land as an asset rather than a means of production. As a result, the starting point for the next generation is often too crowded to plant even a single seed.

Added to this is the ongoing concentration of farms. The number of farms is decreasing, but their average size is increasing. This phenomenon is not bad in itself: it partly reflects efficiency gains. However, it creates an asymmetrical dynamic. Young people who want to set up on their own have to compete with mature, well-established, financially sound companies with land equity that opens all doors to financing. The dream of carving out a place for oneself in this landscape becomes an obstacle course.

This dynamic risks compromising much more than a few careers. It undermines the diversity of agricultural models, weakens land tenure, and contributes to the standardization of agricultural products. When only large structures survive, it is often niche production, agroecological approaches, local sales, and the promotion of local products that suffer. An entire segment of rural life is being pushed out of the dominant model.

History teaches us that the rise in value of agricultural land has often been a safety net for farmers. This capitalization of land has enabled them to weather crises, access credit, finance their retirement, or pass on their farms to the next generation, although there can be friction in this process. However, this logic, which has stabilized the sector for decades, is now becoming a trap for those who do not already own these assets. And it is the next generation of farmers who are paying the price.

It is not a question of pitting generations against each other, but of rethinking the entry levers to better ensure the arrival of the next generation.

Several inspiring initiatives already exist in the country: municipal agricultural incubators such as those in the Maskinongé RCM, the Plateforme agricole de L'Ange-Gardien, and the Greenbelt Microgreens Incubator in Ontario; the Fiducie agricole UPA–Fondaction, which aims to remove land from the speculative market; and the L'ARTERRE matching service, which facilitates meetings between aspiring farmers and land transferors. There are also innovative financing mechanisms, such as subordinated loans and lease-to-own options from FIRA, support for the establishment of the federal Farmers of Tomorrow program, and collaborative approaches by Young Agrarians in the West, which are increasing alternative land partnerships in British Columbia and elsewhere.

These tools are promising, but remain limited to certain regions, supported by isolated organizations, or underfunded. What is missing is an integrated, coherent, pan-Canadian vision. Agriculture is indeed a shared jurisdiction. And that is precisely where our governments can act: as catalysts and bridge builders between jurisdictions.

They will have to openly ask themselves questions that are often ignored:

- What place do we give to different farming models in our public policies?
- What tax or land incentives can be put in place to encourage transfer to the next generation?
- How can we better align environmental objectives and land access issues?
- How far can the financialization of agricultural land go?

In a world where geopolitical tensions are disrupting supply chains and food sovereignty is once again becoming a strategic issue, investing in diversified, locally rooted agriculture supported by a prepared younger generation is anything but a nostalgic fad. It is a rational investment. And an urgent one.

For if the coming decades are marked by complexity, volatility, and uncertainty, then resilience will depend on a vibrant, diverse, and renewed agricultural fabric. Young farmers are ready to do their part. They just need to be given a place.

A Comprehensive Program Review Must Come First

ELISABETA LIKA
Research Associate

Canada's agriculture sector faces growing challenges while the country confronts a projected $38.4 billion federal deficit for 2024-25. In this environment, the next Minister of Agriculture and Agri-Food Canada needs one clear policy priority: implement a comprehensive, principle-based review of agricultural spending before making any decisions about program funding or design.
The disconnect between agricultural spending and outcomes demands attention. Despite substantial investments in agricultural programs, farm groups highlight persistent issues like market access and risk management gaps, have remained unchanged for years. This points to a challenge not of funding volume but of allocation and effectiveness.

Current policy has layered new programs over old ones without systematic evaluation, creating a fragmented structure. With fiscal constraints tightening, a review is necessary to assess program value, efficiency, and relevance before other decisions are made.

The 1995 Program Review provides a relevant model. Unlike the 2012 Deficit Reduction Action Plan, which targeted operational savings, the 1995 review reassessed government roles and programs. It produced not just fiscal balance but more effective governance.

In agriculture, it shifted direct price supports to income stabilization, adapting the sector to market conditions. This adjustment supported two decades of growth. A similar approach today could refine spending to meet current needs.

The review should evaluate all agricultural spending through six questions and follow eight principles. This structure ensures decisions reflect priorities, not historical patterns.

Review Questions

1. Does this program serve a genuine public need?
2. Is government involvement necessary?
3. Is the program administered efficiently?
4. Does it respect federal-provincial roles?
5. Is the approach right?
6. Is it affordable in our current fiscal reality?

Review Principles

1. Define specific goals, such as updating AAFC research to complement private innovation.
2. Require programs to prove need and government necessity, with no exceptions.
3. Consult stakeholders, provinces, and industry openly to inform the process.
4. Include all agencies, AAFC, CFIA, Farm Credit Canada, and the Canadian Grain Commission in the review.
5. Finish the review and begin implementation within 180 days to maintain momentum.
6. Authorize ministers and deputies to act within a coordinated framework.
7. Explain fiscal limits clearly and address resistance with consistent messaging.
8. Use cautious fiscal assumptions while allowing adaptability to new issues.

The Sustainable Canadian Agricultural Partnership, set to run until 2028, provides a window for this review before the next framework is negotiated. This timing allows adjustments to federal-provincial roles and spending priorities. External factors such as climate shifts, trade challenges, and market volatility underscore the need to optimize every dollar.

This review aims to redirect resources, not reduce support. Potential priorities include:

- Advancing digital agriculture tools.
- Supporting climate-adapted farming practices.
- Strengthening trade competitiveness amid global shifts.
- Clarifying federal-provincial roles for efficiency.
- Refining risk management to target significant risks.
- Maximizing value for producers and taxpayers.

The sector often favours existing programs, even when effectiveness wanes, due to familiarity and concerns about change. The next Minister of Agriculture must choose to either maintain this pattern until fiscal pressures force abrupt cuts or recalibrate support through a structured review. The former risks inefficiencies; the latter positions agriculture for long-term stability.

A program review is a practical step to align spending with current realities. The issue is not whether Canada can undertake this process, but whether agriculture can sustain itself without it.

Regulatory Modernization: Steady as She Goes is Not Good Enough

RORY MCALPINE
Chair of the Board

Decluttering regulation in Canada's agri-food sector requires a shift in political culture and accountability, not unlike the accountability we expect of our politicians when it comes to taxing and spending decisions. While scientific objectivity must remain at the heart of regulation, we cannot ignore how Canada has drifted into a pattern of regulatory accumulation. Episodic attempts to "clean house" are handed off to regulators and their legal advisors, who inevitably revert to the comfort of "steady as she goes." The result? Canada now ranks 35th out of 38 OECD countries for regulatory burden. In the face of growing competitive threats, persistent interprovincial trade barriers, ever changing health, safety and environment risks to manage, and astonishing technological innovations in our sector, this is a ranking we need to change.

Without strong mechanisms to govern regulatory modernization as an ongoing imperative across federal and provincial governments, accountability will continue to falter. But we can look to other sectors, and other countries, for better ways.

Change could start with establishing a Canadian equivalent of the U.S. Office of Management and Budget, embedding the Cabinet Directive on Regulation into legislation, and giving Treasury Board ministers real oversight powers. Where outright national harmonization of standards is too challenging, Canada should hold its internal regulatory practices (and associated internal trade barriers) to the same standard we commit to in international trade agreements. Developing cross-agency "regulatory roadmaps" for major agri-food supply chains and integrating a regulatory modernization pillar into the next FPT agriculture policy framework would help combat regulatory inertia. Meanwhile a new government should return oversight of CFIA from the Minister of Health to the Minister of Agriculture and Agri-Food while also having the courage to devolve certain program authorities to bodies like Animal Health Canada.

Regulation-making isn't just a legal formality that follows the political slogging to pass legislation. Getting the regulatory details right, and adapting them as scientific and economic realities change, is vital.

Endless consultations that delay reform for 10–15 years, like the changes to the Feed Regulations finally adopted in 2024, are unacceptable. Sunset clauses should become standard practice to prevent stagnation. And just as "one-size-fits-all" does not work for hockey equipment it doesn't work for regulatory design or compliance regimes.

This isn't about chasing after U.S.-style deregulation or gimmicky "ten-for-one" rules. Nor is it about anti-government posturing. It's about instilling a whole-of-government—or at least a whole-of-portfolio—discipline to design and maintain fit-for-purpose regulatory systems; systems with real visibility, tangible results, and political consequences on par with fiscal management.

The political message to Canadians is simple: better (not more) regulation will keep your food, your family, and your economy safer.

And just as we expect timely reports on government spending, we should demand the same on regulatory performance (and not just enforcement actions).

In recent years, Canada has made progress. In 2019 the government passed a first-ever Annual Regulatory Modernization Bill amending 12 pieces of legislation across various sectors, although no further bills have passed. In food safety the government has adopted risk-adjusted, outcome-based regulations and, for some food standards, has embraced "incorporation by reference" to keep rules updated.

CFIA's compliance reporting has improved in some areas, and Treasury Board has experimented with digital tools, regulatory sandboxes, and roadmaps. In the aftermath of major failures, e.g. the Listeriosis crisis and the COVID-19 pandemic, Canada has demonstrated it can act quickly and decisively, updating rules and removing red tape in areas like meat inspection and product labeling.

Last month Minister Blois suddenly made an announcement about "cutting red tape" in relation to long overdue changes to feed ingredient approvals, BSE risk measures and certain food labeling and grade standards, all because of the Trump tariff threats and the need for a "level playing field". That is good news, but consider also the Liberal election platform language committing to "*work with*" the CFIA to ensure mutual recognition of food safety standards with reliable trading partners. What would we think of a political party that promises best efforts to "*work with*" the Department of Finance to make a tax change?

It is time to get beyond episodic press releases and commit to a sustained, politically directed change in Canadian regulatory governance and culture, starting with agri-food. The need for agility has never been greater, as risks compound, economies shift, and technologies evolve. In this election there was a sentiment that it is time to start "getting big things done" in Canada. Let's make regulatory modernization one of those things, starting with the foundations of political accountability.

Resolution of Trade Disputes with the U.S.: Canada's Next Steps

TYLER MCCANN
Managing Director

Since his inauguration in January 2025, President Donald Trump has made it clear that he has no respect for rules agreed to by the United States in the trade agreements to which it is party, whether bilateral or multilateral, such as CUSMA or the WTO. This has major implications for Canada, which has long advocated for binding dispute settlement in order to constrain unilateral U.S. action.

Dispute settlement in the WTO was designed to be binding, with independent panels established to hear cases. Panel reports could be appealed to an Appellate Body. Losing parties were given a reasonable period of time to bring their WTO-inconsistent measures into conformity with the rules, failing which the winning party could retaliate. Retaliation was not seen as an end in itself, but rather as a way of getting a losing party to implement a panel's findings. That system suffered a serious blow when the Appellate Body ceased to function as a result of the U.S. refusing to agree to the appointment of new Appellate Body members.

Despite the lack of a functioning Appellate Body, the US has continued to appeal cases it has lost (appeals into the void), thereby preventing the finalization of panel reports and the potential for authorized retaliation. This situation leaves WTO members without a functioning dispute settlement system vis-a-vis the U.S. In the case of CUSMA dispute settlement, the U.S. has similarly shown an unwillingness to abide by the rules when it has lost a case. Despite losing the automotive rules of origin case brought by Canada and Mexico, it has yet to bring itself into conformity with the rules.

Where does that leave us? Canada has filed two requests for WTO consultations on the U.S. imposition of tariffs.

Consultations are the first stage in a dispute settlement proceeding. Is this a worthwhile way to proceed, knowing that the U.S. is extremely unlikely to accept and implement any finding against it?

A few reasons for Canada to take this path come to mind. First, although it seems clear that the U.S. tariff actions are in breach of WTO rules not to raise tariffs above the levels it has agreed (bound tariffs), a panel finding to this effect would provide additional political legitimacy for retaliatory actions taken by Canada. Second, the WTO is a multilateral institution with over 150 members. Members may intervene as interested Third Parties in other Parties' disputes. Again, political legitimacy would be gained if a large number of WTO members were to intervene on Canada's side.

But a WTO dispute settlement proceeding is unlikely to yield the results Canada desires. It is much more likely that negotiations directly with the U.S. will be the only way forward. How long this will take and what additional concessions the U.S. will seek are unknown. It may be in Canada's interest to see how negotiations proceed with other countries in order to assess the lay of the land and come better prepared for eventual negotiations. What is clear is that the U.S. has become an outlier in the international trading system.

There are no guarantees that President Donald Trump will respect any agreement, even one he has negotiated. The renegotiated CUSMA, signed by Trump, was "the best deal ever", yet its rules have been tossed aside.

In the interim, it would be worth moving ahead with countries that want to maintain a rules-based system of international trade, including binding dispute settlement.

The New Zealand Trade Minister has suggested that the EU and members of the CPTPP work together to promote rules-based trade. Canada is well placed to play a leading role in such discussions, as in addition to being a CPTPP member, it has a free trade agreement with the EU.

How China will figure into all that is at play is unclear. China is not a member of the CPTPP, although it has asked to accede to the Agreement. Given the crippling 145% tariffs the U.S. has imposed on Chinese products, there is a strong likelihood of those exports moving elsewhere. Canada will need to decide whether to impose similar tariffs on China to the U.S. in key sectors, as it already has for electric vehicles (100%), both to protect its own market and to prevent Chinese products from entering the U.S. through Canada. Such a decision will involve trade-offs.

As Canada has experienced in recent years, the agricultural sector is a common target of retaliatory tariffs. China has already shown its willingness to impose retaliatory tariffs, with its 100% tariff on Canadian canola oil and meal and peas as well as a 25% tariff on seafood and pork in response to the Canadian EV tariffs. Tariffs like those imposed by China will likely have a significant impact on the sector, including market share and job loss. As the new government decides what to do in this trading environment, the next Minister of Agriculture will need to seriously consider these factors and their impacts, while exhibiting strong leadership to ensure the resilience of Canada's agriculture and agri-food sector.

Data, Trust, and Biodiversity

Tom Nudds, PHD
Distinguished Fellow

Canadian governments have regulatory, national, and international obligations to reconcile land use with social values additional to agricultural production. Among them is biodiversity conservation using best available evidence from science, traditional and local knowledge systems.

Biodiversity encompasses all species and their variants, from macrofauna such as plant and vertebrate species-at-risk (SAR) to the soil microfauna that contributes to sustaining the productive capacity of agricultural land.

Over 200 species deemed at risk are considered negatively impacted by agricultural practices across Canada. Notwithstanding considerable efforts to incentivize SAR stewardship on private agricultural land, legislation and policy combine to produce unintended consequences with high opportunity costs for agri-food and conservation sectors alike. The agri-food and conservation sectors share an interest in re-imagining opportunities to effectively address opportunity costs imposed by scientific uncertainty.

Effects of uncertainty are manifest from "upstream" species' threat designations by the Committee on the Status of Wildlife Species in Canada (COSEWIC) to the "downstream" effects of legal listing and protection, key steps in the government's process of restoring and protecting SAR. In particular, reliable data about species' distributions and abundances are desired input to threat assessments and designations. Among assessment criteria, this information tends to contribute disproportionately to threat designations. But, under the best circumstances, species' detections can be notoriously tricky, potentially leading to under- or over-designation of threat status, compromised policy interventions, and inefficient or ineffective management actions. This requires good data.

Researchers, however, face a Catch-22: even as they require better data, landowners are often reluctant to permit access to collect it, limiting the evidence for robust threat assessments. Two key opportunities—each involving a critical role for government and, in particular, the next Minister of Agriculture—could help to address it.

The first, consistent with the federal government's pan-Canadian approach to transforming SAR conservation as described in Canada's Nature Strategy, is to facilitate even more fulsome collaboration between stakeholders in the agri-food and conservation sectors. The role of COSEWIC, as defined in statutes, need not change. However, COSEWIC will need to reflect on the groundswell of evidence and opinion that, to improve their advice to policy makers, scientists need to go beyond input from multistakeholder advisory tables to participatory research and decision making in which the agri-food sector — from local farmers to industry associations — are involved from the outset in threat designations and mitigation such as beneficial management practices (BMPs). This will build trust.

The second, in return for land access to achieve the first, is to alleviate landowners' concerns about liability if SAR are present or appear.

There is precedent: the Ontario Environmental Farm Plan (EFP) program was implemented only after farmers gained legal assurances that they could not self-incriminate by disclosing environmental conditions on their farms. Packaging agreements to undertake surveys and/or create SAR habitat in EFP frameworks, now nationwide, would improve databases on which robust "upstream" threat designations depend; reduce "downstream" delays in listing and implementation; and enable population monitoring in response to best management practices by landowners who do opt to maintain and/or create SAR habitat.

Together with improved databases and participatory research with the agri-food sector, investment in collaborative, transparent and open science holds significant promise to advance an approach to SAR conservation that is truly pan-Canadian in every sense.

The Importance of Process and The Room to Manoeuvre

GRACE SKOGSTAD, PHD
Distinguished Fellow

All incoming cabinet ministers can expect to encounter the stark reality that their department's policy priorities will be set largely by the Prime Minister and his office. Like his cabinet colleagues, the Minister of Agriculture and Agri-Food Canada will receive a mandate letter from the Prime Minister's Office that identifies the Government's priorities and specific objectives for the agricultural and food sector. Given the current situation, rectifying Canada's trading relationship with the US, diversifying Canada's trading partners away from the US, and improving the productivity and competitiveness of the Canadian economy look certain to be among top government-wide priorities for either a Conservative or Liberal government. Accordingly, they will likewise feature prominently in the mandate letter to the AAFC minister. The fiscal situation facing the government also indicates that the AAFC Minister's room to manoeuvre will likely be constrained by efforts from the centre of government--the Prime Minister's Office, the Privy Council Office, Finance and Treasury Board--to rein in federal spending.

An historic example of what could lie in store is the Chretien Government's Program Review exercise in the mid-1990s. It was launched in a context of burgeoning federal deficits and debt, and the conclusion of the Uruguay Round of GATT, one outcome of which was limits on the volumes and amounts of Canada's agricultural export subsidies and domestic aggregate support. Program Review was a government-wide review of programs whose objectives were to reduce the expenditures of the Government of Canada and clarify its policy-making role and responsibilities. It was undertaken in two phases. The results of the first phase, between Summer 1994 and February 1995, were announced in the 1995 budget. The results of the second phase, between August and December 1995, were announced in the 1996 budget.

In the agri-food sector, the results of Program Review were substantial. AAFC's budget was reduced by 25 percent with the elimination of grain freight-rate subsidies and the industrial milk subsidy, cuts to farm-income safety nets, and the reduction of employees in its Research Branch. User fees and cost recovery were introduced for food inspection. Program Review changes transformed the role of the federal government in agriculture as well as its relationships with provinces and the private sector.

Program Review has been labeled an enduring success by Professor Tellier at the University of Ottawa. It achieved its primary goal of eliminating the federal deficit. It is also viewed as a success for AAFC. Major program changes that had previously proved to be politically intractable, including to eliminate expenditure programs, did not elicit appreciable discontent in the agri-food community.

There are lessons to be drawn 30 years later from Program Review for the AAFC Minister.

First is the importance of policy process, and, more specifically, the merits of balancing a top-down and bottom-up approach when the goal is appreciable policy change. The top-down approach marked the first phase of Program Review when external stakeholders in the agri-food sector were not formally consulted. One reason for the closed nature of this policy process was to prevent lobbying to forestall expenditure cuts. Another was that AAFC officials and Minister Ralph Goodale felt the industry was 'consulted out' as a result of the extensive consultations with the sector and the comprehensive reviews of agricultural policies that had occurred since the late 1980s. The policy process that preceded Program Review—that is, lengthy debates with and within the farm community on safety net reforms, grain freight rate subsidies, and supply management—also meant that AAFC officials had a good understanding of how existing programs affected the agri-food sector.

During the second Program Review phase, there were also extensive consultations and negotiations with the dairy industry prior to the decision to phase out the industrial dairy subsidy without an accompanying producer buyout. That was the option dairy farmers preferred, and the fact they were given a say in what constituted a fair and correct policy reform ensured their support for it.

Second, there is scope for the Minister who sits atop AAFC to inject personal and departmental priorities into a government-wide reform process. While the directive from the centre of government and its budgetary targets steeled the resolve of the AAFC Minister and top officials, they were nonetheless still able to put their own stamp on the outcomes of Program Review and contribute to its success. Program Reform used six tests to assess whether federal programs should continue or be transferred to the provinces or the private or voluntary sector: public interest, a legitimate and necessary government role, federalism, partnership, efficiency, and affordability. (See Elisabeta Lika, A Comprehensive Program Review Must Come First, above.) To these six, Minister Goodale added additional tests: cross-commodity and cross-regional balance in expenditure reductions and maintaining federal visibility in all regions. These additional AAFC tests are credited with helping to sell the expenditure cuts to agricultural programs, demonstrating as they did that no commodity group or region had received differential treatment or been spared from expenditure retrenchment.

Third, Program Review illustrated both the scope and limits posed by federalism to federal reform efforts. The federalism test asked whether a current federal program or activity was a candidate for realignment with the provinces. AAFC faced no constitutional constraints when it came to reforms to its agricultural expenditure programs, even though these changes had consequences for a realignment of its relationship not only with producers but also provinces. However, the effort to realign federal and provincial regulatory responsibilities for food inspection during Program Review II ran up against the limits of province's constitutional jurisdiction over intra-provincial commerce. Despite Ottawa's extensive consultations with provinces, its efforts to create a new Canadian Food Inspection System that would harmonize federal and provincial food inspection standards failed. The disparate provincial standards that result from provinces' regulation of plants that sell only within their borders continue to be barriers to internal trade within Canada.

In sum, Program Review demonstrates that significant policy reforms, including in the agri-food policy role of the federal government, can occur relatively quickly when domestic and international conditions combine to make such reforms highly desirable, if not imperative. When this situation arises, the AAFC Minister has both the capacity and responsibility to construct a policy process that enhances stakeholders' acceptance of such reforms.

Buy Canadian, Lead Canadian

JASON SKOTHEIM
Vice Chair of the Board

Shopping is a chore, a mundane task of replenishing what is consumed, or could it be something more? Could it be a form of protest, sending a message that we are a proud nation of Canadians, and that we stand together against others that challenge us? For years nutritionists have implored us to read the label, to understand what it means and then make decisions based on it. In just a few short weeks, the actions of President Trump has Canadians scrutinizing those labels in search of the country of origin. Buying Canadian is not only good for the political message it sends but also for our home-grown manufacturing companies that are trying to be heard in a very noisy and busy marketplace.

For most products, there are Canadian replacements that can be found, and usually at competitive prices. There are however, very few Canadian manufacturers who have become internationally recognized brands. Often the barriers to penetrate international markets are a lack of marketing dollars to gain visibility or lack of scale to get to the lowest cost of production.

We are an incredible supplier of ingredients for others, it is time we start turning more of those ingredients into consumer-packaged goods for ourselves.

For the products that there are no domestic alternatives, Canadians should be looking for products from any of the 50 plus countries besides the US with whom Canada has a free-trade agreement. There are 11 other countries in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), 27 countries in the Canadian-European Union Comprehensive Economic and Trade Agreement (CETA), and we have negotiated free trade agreements with Chile, Colombia, Honduras, Korea, Panama, Peru, and Ukraine. Picking products from any of these countries will undoubtedly provide some goodwill towards our products in their jurisdictions.

These seemingly simple decisions to pick 'local' also leverages our food manufacturing sector to compete at a larger scale, whether that be to expand local markets, start selling inter-provincially, or to step out into global markets.

All Canadians benefit from a strong domestic market and support in global markets. It creates higher-level jobs here in our communities, local markets for our producers, and develops the support for manufacturing. It teaches us that we can compete internationally and win.

Together, we can lean into our Canadian advantage of safe and plentiful food, a perception of clean and pristine environment, honest dealings, and the highest quality of ingredients anywhere. In doing so, I hope that the Minister of Agriculture recognizes that there are inherent risks for food manufacturers like myself to export and prioritizes mitigating those risks. Canada needs a government with a willingness to work tirelessly with our trading partners to trade more and trade freely. We need leadership in coordinating more trade missions to these countries, to negotiate health certificates and standards based on science so that there is certainty around rules and no regulatory surprises. Government can assist manufacturers with the cost of compliance, label creation and understanding the nuances of the export market.

Once all the negotiations are done and the manufacturer is ready, Government can also mitigate the risk of shipping by guaranteeing some portion of the invoice. The Government needs to work to be the exporter's safety net so that industry can take more risks, grow their businesses, and contribute to the success and resilience of the sector.

For Canadians, the simple act of shopping has been a form of protest over these last three months. We need to maintain this behaviour regardless of what mayhem the next three and a half years may bring.

Canadians need a government that demonstrates leadership in supporting manufacturing growth both internally and abroad so that it's not just Canadians who can 'Buy Canadian'.

Claiming Top Step: Canada Should Lead the Future of Digital Agriculture

MOHAMAD YAGHI
Board Member

Canada is sitting on a global agricultural superpower - and most Canadians don't even realize it. Our farmers are already generating some of the most detailed, valuable data on the planet. Our AgTech sector is quietly booming. And the infrastructure to lead a new era of digital agriculture is largely in place. What we lack isn't potential. It's urgency. The world is changing, fast. If Canada acts now – with coordination, investment, and vision – we won't just compete. We'll lead.

We have the tools. Over 16% of Canadian farms already use variable-rate application, and 13% have adopted GIS mapping, according to the 2021 Census of Agriculture. Behind these technologies lies a deep reservoir of farm-level data – reflecting years of input decisions, yield variability, and environmental responses by microclimate. But the next step isn't just about smarter input use. It's about turning farms into self-optimizing systems through digital twinning - virtual, data-driven models of real-world farm operations that let producers simulate decisions, forecast outcomes, and adapt in real time.

Canada could lead with a national incentive strategy that co-invests in promoting digital technology, and partners with AgTech startups, research institutions, and producer networks around shared infrastructure and open standards. This isn't about more oversight, it's about creating the conditions for scale, where the best tools reach the most farms, and producers can turn complex data into real productivity gains, market access, and long-term resilience.

But this transformation must start with one principle: on-farm data belongs to producers. Any credible vision of leadership must respect that ownership and ensure producers, not platforms or intermediaries, are the primary beneficiaries of the value they create. That includes more than just better margins or decision-making. Canada's soils already store the equivalent of more than 25 years of man-made carbon emissions. That's a national asset—but it was built by farmers. Carbon sequestration must be measured, verified, and monetized in ways that reward those who made it possible. Digital agriculture is the only scalable way to do this—with producers at the centre.

The country also has an economic opportunity that remains largely untapped. Canada's soils store the equivalent of more than 25 years of man-made carbon emissions according to research by the World Wildlife Fund and McMaster University. This is not just an environmental asset, but a massive strategic lever. Unlike nations racing to reduce emissions, Canada already has a powerful story to tell by sequestering carbon. What we need now is a market that rewards this stewardship.

And now is our moment to act. As the United States walks back key agricultural programs under the Inflation Reduction Act (IRA) and is deliberating its Farm Bill, Canada has a window to leap ahead. Politico reports that congressional negotiations have already weakened or defunded several sustainability initiatives once central to the IRA's promise. As our largest trading partner steps back, Canada must step forward with clarity, speed, and intent to lead. Doing so requires deep investment in digital agriculture infrastructure and not just for environmental tracking, but to unlock a new era of productivity.

Digital agriculture allows Canada to turn farm-level data into real-time insights, helping producers optimize inputs, reduce inefficiencies, and grow more with less. This is how we turn national policy into operational performance and outpace countries still reliant on broad incentives instead of precision solutions.

But leadership doesn't stop at our borders. Canada must rapidly scale domestic innovation across every region and commodity and share it with the world. We should be learning from others too: Brazil's soil monitoring, Australia's water stress analytics, and Kenya's regenerative grazing models. This is how we build a truly global digital agriculture ecosystem,

Canada doesn't need to catch up – we need to step up

Back to the Future: Policies for Addressing Uncertainty in the Agri-Food Industry

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With the outcome of the Canadian federal election now decided, one source of uncertainty faced by the Canadian agriculture and agri-food sector is now known – namely the political leadership and general priorities of the government and Agriculture and Agri-food Canada (AAFC).

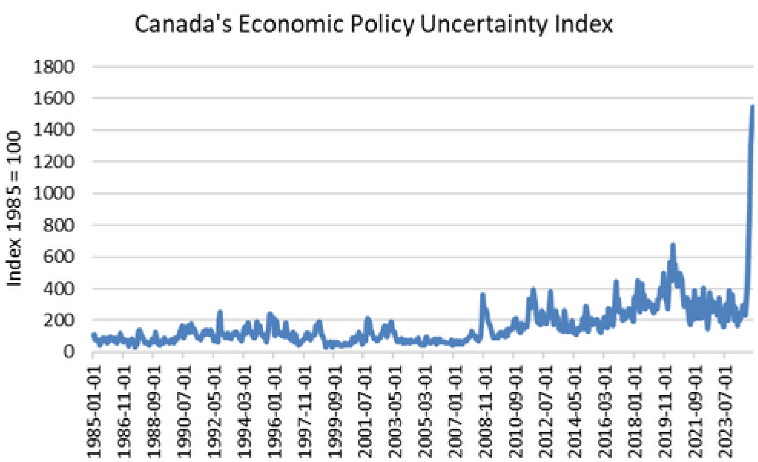
Uncertainty, according to Webster's Dictionary, reflects the "state of being uncertain" related to not having knowledge, or having unreliable information, leading to difficulty making decisions. Uncertainty leads to increased risks for businesses and impacts profit, hiring and investment, affecting growth. And there are costs associated with risks, namely the cost of insurance, market intelligence and building redundancy into production. Farmers and the food industry face uncertainty as a normal part of doing business day-to-day.

Farmers face unpredictable weather. Putting crop in the ground in the spring has no guarantees that the rain will come, and the sun will shine so that there will be a bountiful harvest in the fall.

Similarly, food manufacturers can never be certain their employees will show up, new government regulations will be helpful, or that consumers will buy their products.

Other sources of uncertainty come from volatile commodity markets. Canada being a small open economy, facing international prices is subject to the vagaries of global developments that impact prices, such as droughts and wars. Price spikes after the Russian invasion of Ukraine in 2022 and the Great Financial Crisis in 2007 are examples. Also, trade sanctions such as the China canola embargoes and tariffs force Canadian farmers and food industry players to pivot, adjust their business plans and find new markets. And for the most part they have been very resilient.

According to the Economic Policy Uncertainty Index (EPU), uncertainty in Canada is at unprecedented levels. The EPU indicator, published by the Federal Reserve Bank of St. Louis, based on newspaper coverage of policy-related economic terms, reached 1542 on March 1, 2025, the highest since it was collected.



Agricultural producers and food industry players face extreme uncertainty with the daily announcements by the Trump administration on tariffs and other policy changes. This includes uncertainty over funding for the USDA, health, safety and inspection standards, agriculture and conservation programs and science and research spending. All are leading to unprecedented levels of uncertainty that have completely changed the economic and policy environment for farmers and food industry businesses in Canada. Parallels can be drawn with the COVID-19 pandemic in March 2020 when borders were closed, Canadians were forced to isolate and the Canadian economy was shut down. Agriculture and related supply chain players (i.e. processors, truckers, retailers but not food service) were designated “essential” and required to continue to operate.

This meant real adjustments by both government and businesses, documented in a CAPI dialogue with industry leaders at the time. There is much to learn from COVID-19 around addressing uncertainty and recommendations proposed at the time can be applied to the current situation. Therefore, advice to the Minister of Agriculture and Agri-food might include:

1. Increase regular consultations and collaboration with industry to hear the challenges they face in real time, and the innovative solutions being proposed;
2. Develop cross department response teams that can respond flexibly and nimbly when considering innovative solutions around regulatory requirements and processes, much like CFIA inspection rules during COVID-19;
3. Mobilize Federal-Provincial-Territorial (FPT) working groups to ensure policies and priorities are aligned to support flexible responses;
4. Ensure that existing agriculture policies can address the impact of increased uncertainty on farm incomes, through adjustments to BRM programming;
5. Strengthen domestic capacity for food manufacturing by promoting enabling government policies and regulations, including competition policy, to prioritize productivity growth and a nimble response to new market opportunities here at home and abroad;
6. Continue to play a leadership role advocating for access, affordability and availability of safe, nutritious and high-quality food for the food security of Canadians.