

CANADIAN FEDERATION OF AGRICULTURE ROUNDTABLE

FEDERAL/PROVINCIAL/TERRITORIAL
MINISTERS OF AGRICULTURE

AND

INDUSTRY REPRESENTATIVES

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Check against delivery

Good morning Ministers.

I am Daniel Vielfaure; Deputy CEO, Bonduelle Group & CEO, Bonduelle Americas. I am also Co-Chair of Agriculture and Agri-food Canada's Food Processing Roundtable and Co-Chair of Food and Beverage Canada.

Across Canada there are 7,000 food and beverage manufacturers employing 290,000 Canadians and generating close to \$120 billion in annual revenue. Food and beverage is the largest manufacturing sector in the country. We are also the largest manufacturing employer in Canada and in rural communities across this country.

Food and beverage manufacturing is a critical component of Canada's food system. We contribute to national, provincial, and territorial economies. But, most importantly, we contribute to the sustainability of Canada's agriculture system. Today, Canadian processors buy over half of Canada's agriculture output; we add value to our crop and livestock production, helping ensure the viability of our primary agriculture sector, and that Canada meets its food sustainability goals.

With COVID-19, Canada's food system has experienced a series of shocks: the collapse of foodservice, the disruption of supply chains, the impact of border closures, the additional costs associated with COVID-19 protections for our workers, and, most recently, arbitrary fees imposed by some of Canada's largest retailers.

These shocks have destabilized the food system: threatening Canada's food sovereignty and, with that, Canada's agriculture sector.

To recover, we need to focus on fundamentals: resolving labour issues, rebalancing relationships across the supply chain, and ensuring front line food workers are recognized as a priority.

FIRST, I WOULD LIKE TO TALK ABOUT LABOUR

CANADA'S FOOD AND BEVERAGE MANUFACTURING SECTOR IS FACING A LABOUR CRISIS

Even before COVID-19, labour was the biggest and most limiting issue facing our sector. We simply do not have enough people and we do not have enough people with the right skills.

On any given day, Canada's largest manufacturing employer is short up to 10% of its workers. Increased retirements, a shortage of skilled workers, and COVID-19 are adding to this problem.

This cannot continue. Without healthy, skilled workers, we cannot produce the food Canadians need and we cannot add value to the products our farmers grow.

This is a missed opportunity. There is demand for Canadian products here at home and abroad. With the right workforce, we can grow the agri-food sector: benefiting primary producers and Canadians.

Innovation is also a key component of addressing labour issues. Automation and robotics can help improve productivity while alleviating labour pressures. In our experience, though, most innovation funding is tied to job growth. This simply will not work for our sector.

If we do not address industry's labour issues, we need to accept the consequences – it will constrain our ability to invest and grow, limiting our ability to buy Canadian agriculture product, and increasing Canada's reliance on imported food.

We are asking that in your upcoming meetings you commit to two important measures:

- The development of foreign worker programs – for both temporary workers and permanent immigration - that support the needs of Canada's agri-food sector; and
- Skills training/accreditation models and supports that increase the availability of relevant and required skilled trades for this sector.

SECOND – REBALANCING THE SUPPLY CHAIN

CANADA'S FOOD SYSTEM NEEDS A CODE OF CONDUCT TO ADDRESS RETAIL CONSOLIDATION.

Canada's grocery sector is overconcentrated with just five large retail companies controlling 80% of Canada's grocery market.

This has allowed retailers to regularly impose arbitrary transaction costs, fees, and penalties on their suppliers. Most recently, despite the pandemic, major retailers have announced new fees. In our industry, where profit margins range from 4 to 6%, these fees could equal 20% of profits. Most retailers will not accept price increases. This means many processors will have no choice but to pass these costs on to producers.

Retail concentration in Canada added a layer of costs to our food system. In Canada "trade spend" has grown at twice the rate of sales over the past five years, now accounting for 28% of processor costs.

These costs are undermining Canada's ability to supply its own food; impacting our ability to buy Canadian agriculture products, and transform them here. Even now, 80% of new products introduced for retail customers were either developed or manufactured outside of Canada.

Other countries have faced this challenge and have addressed it with a Grocery Code of Conduct. A Code brings balance to relationships across the food supply chain, improving competition, and supporting greater collaboration by encouraging “good faith” dealing.

A Code of Conduct would also benefit Canadians. Following the implementation of the UK’s Grocery Supply Code of Practice, prices to consumers decreased by over 8% in that country, while Canadian food prices increased by 4% in the same period.

We are therefore asking that in your FPT meetings:

- You agree to support development of a Canadian Grocery Code of Conduct and commit to an action plan that sees a Code in place by the end of 2021.

FINALLY, I WANT TO REENFORCE THE ROLE OUR WORKERS HAVE PLAYED THROUGH COVID-19

FOOD WORKERS ARE PROVIDING AN ESSENTIAL SERVICE TO CANADIANS AND NEED SUPPORT

Canada entered COVID-19 without an emergency plan for the food system. For their part, food and beverage manufacturers took on the risks of continuing to operate in COVID-19, as well as all of the costs of keeping our workers safe. We estimate those costs to be \$800 million.

As companies, we also spent countless hours reinforcing with our workers the importance of their continuing to come to work so Canadians could eat.

It is critical that governments reinforce for our front-line workers the critical nature of their work and the importance of their contributions.

As we move forward, we ask that you consider the importance of front-line food workers in any testing and vaccination programs you roll out. Despite the measures we have put into place to mitigate risk, food plants remain congregate settings. And, as we have seen, whenever a food plant shuts down due to COVID-19 the entire supply chain is impacted, no one more so than producers who no longer have the ability to deliver their produce and livestock for processing.

We are therefore asking that coming out of your FPT meetings:

- You acknowledge the importance of front-line food workers and commit to ensuring that, after health care workers and vulnerable groups, essential workers like ours are prioritized for testing and vaccine programs.

CLOSING REMARKS

I thank you for the opportunity to present to you today.

Through COVID-19, we have learned first-hand that our food system is not invincible. Only through our on-going commitment will Canada have a strong food system that supports our agriculture producers, that inspires innovation in our food manufacturing sector and that ensures food security.

I look forward to your questions.