



National Farmers Union

Submission on “Local Food”

**Ontario Premier’s Summit
Queen’s Park, Toronto
April 16, 2008**

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Introduction

The National Farmers Union welcomes this opportunity to focus on the issue of Local Food.

The National Farmers Union was founded in 1969 and is the only farm organization in Canada chartered under a special Act of Parliament. The NFU is a Canada-wide, non-partisan, direct-membership organization composed of thousands of family farmers who produce a wide range of commodities. We advocate policies which strengthen farmers’ market power – thereby leading to higher realized net farm incomes. We also promote sustainable agricultural practices, protection of the environment and social justice – concepts which are all inherent in the principles of the Local Food movement.

Local Food is a global trend. The movement towards fair and sustainable local food systems is not new, and it is not a fad, but it is experiencing a coming of age around the world. The reasons for this trend are very straightforward. A combination of factors has created a situation where the sustainability of our food production and trading system is highly questionable. These factors include: climate change and peak oil, the farm income crisis, unfair international trade rules, world population growth, parallel epidemics of hunger and obesity, biodiversity loss, water scarcity, soil salinity and erosion, pesticide and fertilizer pollution, and a decline in rural communities around the world. People in Canada and in other countries are legitimately concerned about the future of the food system, and are taking a long, hard, critical look at what measures need to be implemented to ensure sustainability for the present and future generations.

Food Down the Road: The Kingston area initiative

For Ontario citizens, the ability to source food that is grown, processed and sold locally is becoming increasingly important. The National Farmers Union has been a leader in promoting local food, particularly in this province. Local Food initiatives in the Kingston and London areas – which rely heavily on the volunteer efforts of many NFU members – have been particularly successful in raising the awareness of urban people about food issues. In the Kingston area, for example, the “Food Down the Road” initiative attracts thousands of people each year to on-farm events and educational sessions. “Food Down the Road” was begun by NFU Local 316. Its mandate is to encourage citizens to explore

the startling array of nutritious, locally-produced food available in the immediate area. The organization now consists of 13 representatives from the NFU and a wide range of commercial and community organizations. The group publishes a Local Food Directory and educational materials on the importance of building a long-term, sustainable food system.

Local Food and Global Trade

Supporting Local Food does not mean blockading imports. Currently only a tiny percentage of the food eaten in any given region of Canada is actually produced locally. Doubling the amount of local food eaten would mean a dramatic difference for local producers and processors, but only a small difference in the amount of food imported. Immense progress can be made by simply eating the kinds of food that can easily be produced locally.

Local Food is not about “protectionism” or creating economic barriers to trade. In fact, Local Food is aimed at promoting economic activity and boosting trade within our home region. Enhancing opportunities for local food involves removing barriers that prevent local growers from accessing local markets. In addition, local food does not mean isolating a region from international trade.

The question is sometimes raised – “Why should we support farmers if they can’t compete in the free market?” The answer is that a health local food system has value beyond that which can be expressed in financial terms. We cannot rely solely on a system designed to maximize profit if we also want to maximize equality, sustainability, or other non-monetary benefits of a local food system. Secondly, we require time to build up local production and food infrastructure. In the event of sudden interruptions in the food system resulting from energy or climate disruptions, a food system solely based on the free market would not be able to respond rapidly enough to compensate. We need to build a strong, sustainable food system well in advance of any such traumatic events.

Besides, it is questionable whether the current food system operates on the free market. Corporate industrial agriculture is heavily subsidized, both directly by governments and indirectly by access to finite supplies of cheap energy. In addition, Canadian farm families are subsidizing the production of food in the current system by being forced to rely heavily on off-farm income to pay their bills.

It is sometimes suggested that small-scale and organic agriculture will not be able to produce the yields needed to meet food demands in the coming years. However, recent research suggests that organic agriculture can have sufficient yields to feed the global population. A 22-year long study by Cornell University showed that organic agriculture produces the same yields of soybeans as conventional agriculture, but does so using less energy and water. A different study, run in partnership with Iowa State University, actually showed higher yields for organic corn and soybeans. Some studies have shown significantly higher yields of various crops, especially in years with extreme weather. In addition, the current system is designed to maximize yields *per farmer*, while some

intensive gardening techniques claim much higher yields *per acre*. And again, supporting local food does not mean the immediate and total abolition of the global food system. Even in a future of totally localized food systems, it would still be useful to have long-distance food transport systems to move food into areas experiencing unexpected hard times.¹

Another criticism of Local Food is that it is “elitist” – based on the assumption that locally-sourced food is more expensive and harder to access. In reality, local food represents the opposite. Farmers around the world are in the midst of an income crisis, with realized net incomes for farms in Canada actually being negative. Farmers deserve justice, and so do eaters. It is not an either/or situation. By building an equitable and sustainable local food system, we can help address the problems of both groups. Not surprisingly, families with more disposable income are more able to make monetary support to a local food system, whether that is through buying local food or through other means. However, everyone can participate in growing a local food system regardless of their income, and everyone will reap the rewards of a healthy local food system. Furthermore, food in Canada is already among the cheapest in the world. Low-income families encounter problems paying for food because their already small income is used up on their high rent and utilities costs. According to the Daily Bread Food Bank, the average food bank user has slightly more than \$4 remaining after paying their rent and utilities each month.

Food Product labelling

An important component of a successful Local Food system is a method of food labelling which is clear, truthful and consistent. Unfortunately, current federal food labelling guidelines fall short on all three counts.

In a recent presentation to the House of Commons Agriculture Committee, the NFU recommended that Parliament take steps to ensure greater clarity and truth in labelling. **A food product labelled “Product of Canada” should contain only 100% Canadian content.** At a minimum, the percentage of content requirements for Canadian labour and ingredients must be increased substantially in order for food products to qualify for “Product of Canada” designation. Furthermore, the label should state clearly and prominently what that Canadian content percentage is.

Local Food provides a foundation for the next generation

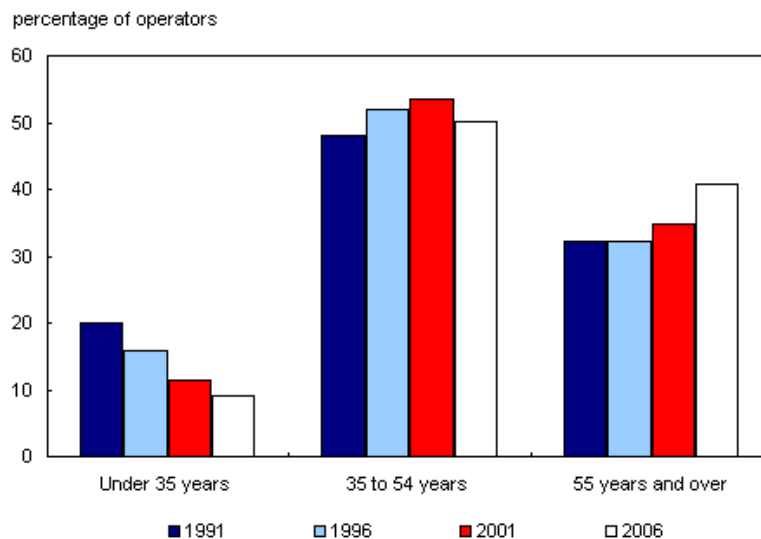
The Local Food movement recognizes the need for encouraging a new generation of farmers. Under the current system, the number of young farmers has declined dramatically. Figures from the 2006 Census of Agriculture reveal a dramatic and disturbing decline in the number of young farmers in Canada. The fastest decline in farm operators is among those under 35 years of age.

¹ “Point-Counterpoint on Food”, published in The Local Harvest, The Newspaper of local food in Kingston and Countryside, Volume 2, 2007.

According to “Snapshot of Canadian Agriculture,” a background document released with the Census, there were 77,910 operators under the age of 35 on farms in 1991. Today, there are just 29,762 farm operators under the age of 35. In half a generation, dysfunctional markets and ill-conceived government policies reduced the number of farm operators under 35 by three-fifths. Young farmers are being pushed out faster than any other group. These are the young people who are supposed to be taking over Canadian farms. If young people can’t farm, if they’re forced out, this country will have dramatically fewer farms in the future.²

The graph below is reproduced from Statistics Canada’s “Snapshot of Canadian Agriculture” released today. It shows that the bulk of the loss of farm operators comes from the category of operators under 35.

Figure 10 Trend to fewer young operators continues, Canada, census years 1991 to 2006



Source: Statistics Canada, Census of Agriculture, 1991 to 2006

While increasing reliance on Local Food systems will open up opportunities for the next generation of farmers, the reality is that even if the number of farmers doubled or tripled, the vast majority of people would still not be involved directly in farming. Also, an increase in the number of people who grew at least some of their own food, through community gardens, for example, could make a big difference toward food sustainability and affordability in urban areas.

Consumer preference for home-grown fruits and vegetables

Because consumers purchase fruits and vegetables largely based on criteria of taste, freshness and safety; they tend to choose fruits and vegetables which are grown and processed closer to home. A market survey conducted in 2007 by the Nielsen Company

² Statistics Canada 2006 Census of Agriculture, www.statcan.ca

for the Canadian Organic Growers Association showed that 51.5% of Canadian households bought an organic product within the past year.³ Consumers are purchasing increased amounts of organic food, with fruits and vegetables constituting a major share of those purchases.

Health concerns are also uppermost for consumers who choose, when possible, locally-grown or Canadian-grown and processed foods. A survey by Corporate Research Associates Ltd for the Council of Atlantic Premiers in March, 2005 stated that a “significant minority of primary grocery shoppers” believe locally-grown products constitute a healthier choice. However, the study also implied that labelling is a barrier to helping consumers make that choice. “Consumers currently experience a measure of difficulty in identifying locally produced food products,” the study stated.⁴

The attitudes of Canadians in this regard are not unique. A survey of American consumers was conducted in 2003 by a committee of academics under the leadership of the Sociology Department of North Carolina State University.⁵

In response to the question: “If the US could buy all its food from other countries cheaper than it can be produced and sold here, should we?”, seventy-four percent (74%) of Americans say “No.” In addition, 80% of the respondents say food grown in their home country is “fresher and safer” than imported food.

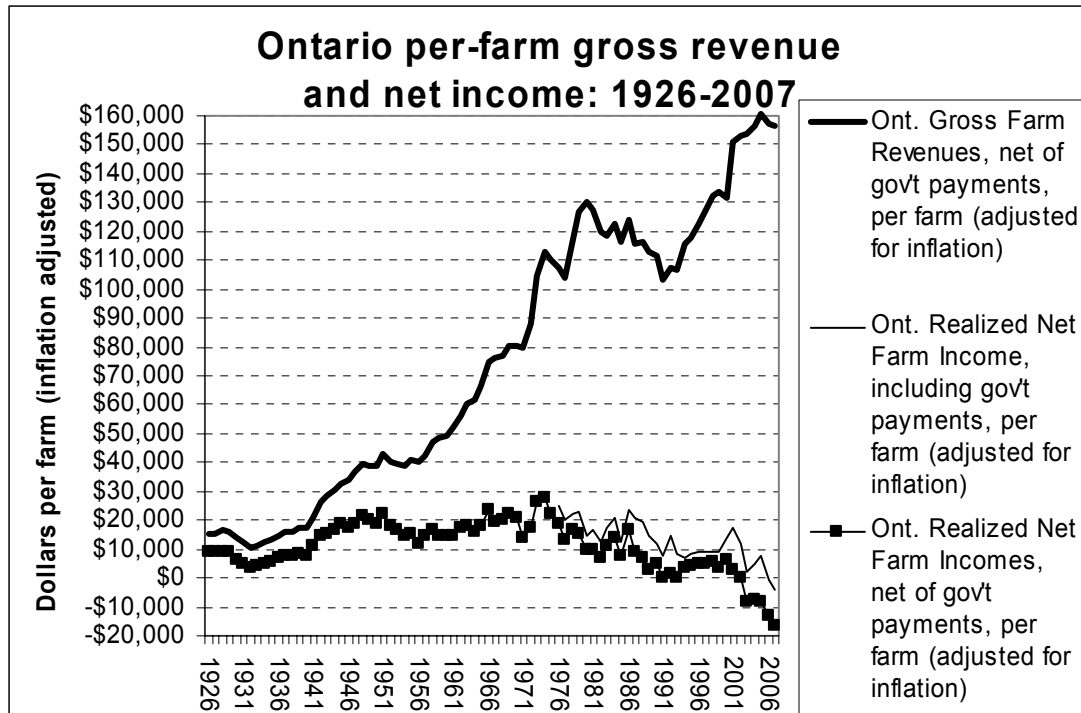
Impact of increased imports not offset by higher exports

Despite the preference of consumers in all countries to purchase foods from their home nations, government policies are instead fuelling a push toward free trade and expansion of exports. The assumption on the part of governments is that increased market access will be beneficial for Canadian agriculture.

³ “Canadian Consumers push up popularity of organic foods, survey finds,” CBC News, May 14, 2007. www.cbc.ca/consumer/story/2007/05/14/organic-food.html

⁴ 2005 Atlantic Canada Food Consumer Study, Corporate Research Associates Inc for the Council of Atlantic Premiers. www.cra.ca

⁵ Food from our changing world: The Globalization of Food and How Americans Feel about it”, Ronald C. Wimberley, Professor of Sociology at North Carolina State University, <http://sasw.chass.ncsu.edu/global-food/foodglobal.html>



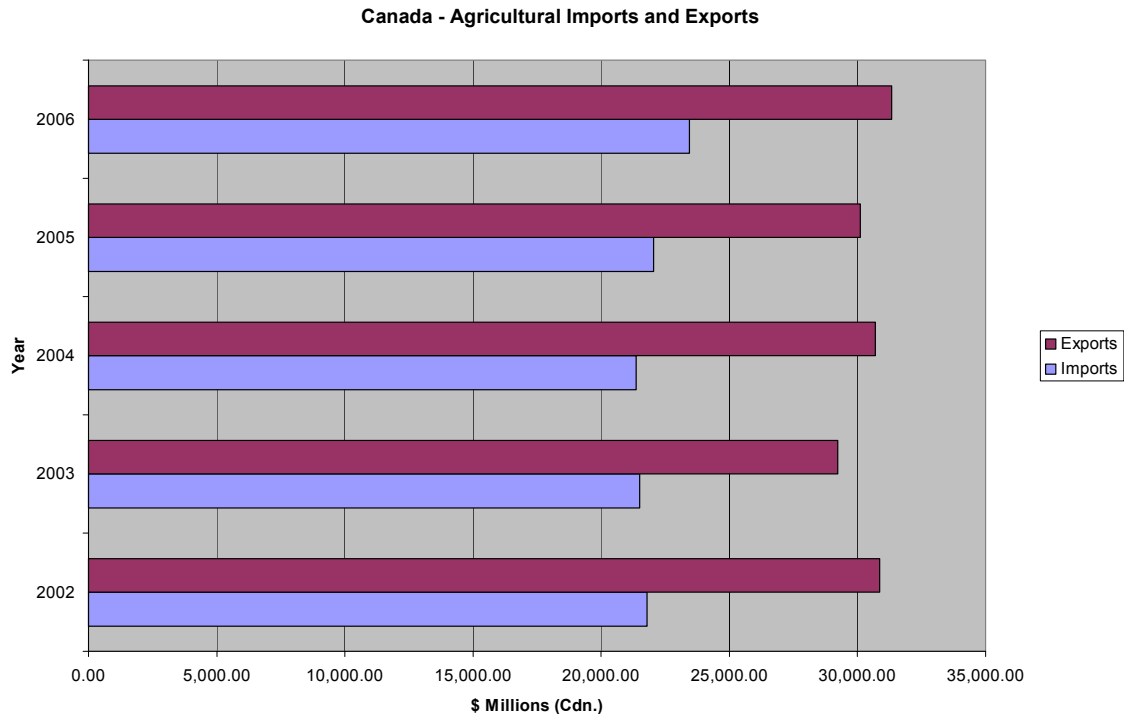
Ontario per-farm gross revenue and net income 1926-2007⁶

Over the past two decades, however, free trade agreements have not raised farmers' net incomes. In fact, farmers' net returns have fallen as exports have risen. Despite increases in gross revenues resulting from higher production and export levels, this additional wealth has been captured by input suppliers, processors and other agribusiness corporations. Free trade agreements have accelerated the process of corporate concentration in the marketplace, and increased the rate at which Canadian-owned agricultural processing plants are taken over by foreign-owned corporations. While these trade agreements have boosted the volume of agricultural commodity exports from Canada, there has also been a corresponding increase in the level of imports of food products into Canada. Canada is still a net exporter of agricultural and fishing products, but the gap between exports and imports is shrinking.

In 2002, Imports of agricultural and fishing products into Canada totalled \$21,779.9 million. In 2006, that number had grown to \$23,453.5 million – an increase of \$1,673.6 million over five years.⁷

⁶ National Farmers Union Research Department graph based on Statistics Canada figures. www.nfu.ca

⁷ Statistics Canada, Imports of goods on a balance-of-payments basis, by product, <http://www40.statcan.ca/101/cst01/gblec05.htm?sdi=agricultural>



In 2002, Exports of agricultural and fishing products from Canada totalled \$30,872.8 million. In 2006, exports totalled \$31,327.0 million – an increase of just \$454.2 million in the same time period.⁸

While Canada remains a net exporter of agricultural products overall, the difference between exports and imports declined by \$1,219.4 million between 2002 and 2006. If the objective of free trade is to increase exports and reduce imports while retaining existing domestic market share, then the evidence clearly indicates the strategy is not working. Canada’s domestic market for its own agricultural production is being jeopardized at a time when Canadian consumers are clearly looking for home-grown products. Canadian farmers, meanwhile, are losing a lucrative market within their own borders for the sake of unfulfilled promises of improved returns from overseas market access.

Tender fruit processing plant shutdown: an example of the effects of “competitiveness”

While Canadian consumers are indicating they prefer Canadian-grown and processed fruits and vegetables, the economic pressures of global trade agreements are resulting in a reduction in Canadian fruit and vegetable processing capacity. Those plants which remain viable are increasingly turning to imported fruits and vegetables to fulfill their requirements.

⁸ Statistics Canada, Exports of goods on a balance-of-payments basis, by product, <http://www.40.statcan.ca/101/cst01/gblec04.htm?sdi=agricultural>

For example, on January 8, 2008, CanGro Foods announced that it is shutting down its vegetable and fruit processing plants in St. Davids, Ontario and Exeter, Ontario.⁹ The plants were scheduled to close their doors for good on March 31, 2008, putting hundreds of workers – many of whom have worked there for decades – out of work. In addition, an estimated 150 farmers who produce \$2.5 million worth of clingstone peaches and \$1.8 million worth of processing pears under contracts for the plants will be left hanging. The closures will have a devastating impact on the local economy because the processing plants were the only remaining fruit canning operations in North America west of the Rocky Mountains. The St. Davids plant has been in operation for over 100 years.

The closure comes less than a year after the plants were sold by Kraft Canada to CanGro Foods. An announcement in early 2006 was made to much fanfare that Kraft Canada had agreed to sell five manufacturing facilities in Ontario and Quebec – including the Exeter and St. Davids plants. CanGro was established specifically for the purposes of the transaction. The parent companies of CanGro, which took ownership of the five plants, was Sun Capital Partners Inc. and EG Capital Group, LLC. Both Sun Capital Partners and EG Capital Group are two private equity firms that specialize in “leveraged buy-outs”¹⁰ of profitable companies.

Yet less than two years after the sale, CanGro declared that the plants, which were industry leaders at the time of the takeover, are now suddenly uncompetitive. A letter sent to producers under contract, dated January 8, 2008, stated: “This letter is to inform you that as a result of adverse economic and competitive pressures within our fruit processing sector, CanGro Fruit Inc. will be either selling the business or ceasing operations at its St. Davids facility prior to the fruit delivery season.”

For the contract growers, the letter was an unexpected, and devastating, shock. One farmer described it as “a kick in the teeth” – pointing out that his investment was significant – both in terms of money and time.¹¹ He is now left with no market.

Similarly, hundreds of workers – some of whom have worked at the plant for nearly four decades – were not expecting to have the new owners throw them out of work so quickly. But they understood full well the rationale for the company’s decision. “It’s devastating,” said one worker, “There was work here, but it was a price thing. With free trade they are able to import their product cheaper from China.” Given the brief interlude of time the plant was owned by CanGro, the sale by Kraft Canada to a group of investment bankers must be viewed in the broader context. The closure of this profitable plant may even have been planned for some time, and undertaken, ironically, because it actually provided competition to the company’s overseas sources of supply.

⁹ “CanGro Foods closing; 149 jobs could be lost locally”, Niagara Falls Review, January 8, 2008, <http://www.niagarafallsreview.ca/PrintArticle.aspx?e=947766>

¹⁰ “Kraft Canada sells grocery assets to Sun Capital Partners and EG Capital Group”, news release issued by AltAssets, 03/01/2006. <http://www.altassets.com/news/arc/2006/nz7957.php>

¹¹ “Plant workers fear future looks bleak”, Niagara Falls Review, January 9, 2008, <http://www.niagarafallsreview.ca/PrintArticle.aspx?e=849379>

Conclusion

Building a healthy local food system does not mean eliminating food from other areas. Rather, the NFU believes our first steps are to eat the food that we already produce enough of locally and to encourage the farming of other foods that grow well in our particular area.

There are many steps involved in building a healthy food system for the future, and the most accessible place to begin is with Local Food initiatives. It is of critical importance to both Canadian family farmers and Canadian eaters that such initiatives are encouraged by our elected leaders, and that legislation and regulations be enacted to ensure clear and truthful labels be applied to food products. The National Farmers Union recommends that “Product of Canada” labelling be mandatory for fruits and vegetables which are 100% grown and processed in Canada – **and only for fruits and vegetables 100% grown and processed in Canada**. The NFU also recommends that if a food product processed or manufactured in Canada is composed of ingredients which are imported, mandatory labels must specify the country of origin of the ingredients, and the percentage of imported ingredients.

Local Food is a long-term solution to a very pressing global problem arising out of a number of factors, including climate change, fossil fuel depletion and increasing global pandemics. It is critical to Canadian food sovereignty that Local Food initiatives be supported and encouraged.

*All of which is respectfully submitted by
The National Farmers Union*