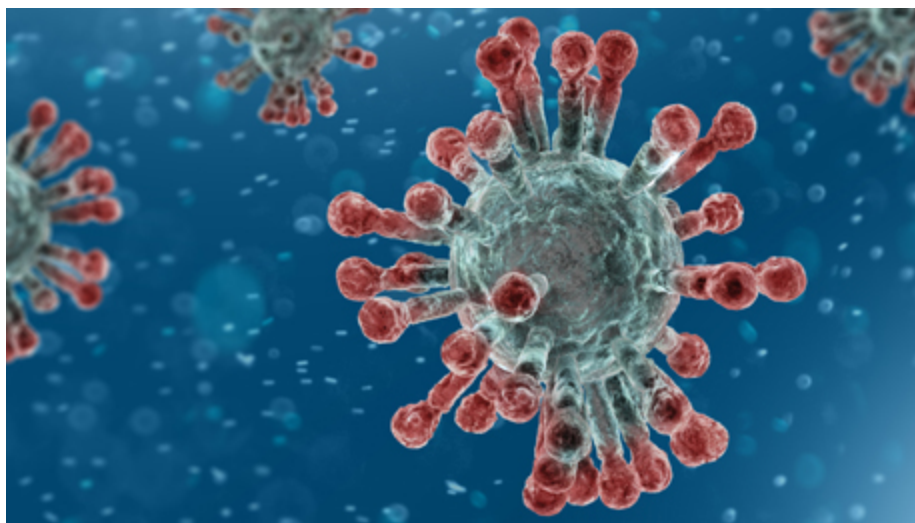


# The Canadian Agriculture Industry: What Are the Impacts of and Lessons Learned from the COVID-19 Pandemic?

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The COVID-19 pandemic has had a significant impact on Canada's agriculture industry. Early on, producers, processors and agri-food operators were forced to respond quickly to new disruptions like labour shortages, increased health and safety regulations, market fluctuations, supply chain delays, the reduced capacity and closures of meat processing plants, and the shutdown of the food services industry.

Despite these and many other pandemic-related obstacles, the agriculture industry outperformed the Canadian economy in 2020. The industry's gross domestic product (GDP) rose by 7.6% over 2019, in contrast to a 5.3% decline across all Canadian industries in the same period. GDP growth varied across agricultural commodities; crop production grew by 9.2% (growth primarily in cannabis production), while animal production rose by 0.7%. Canadian agriculture and agri-food exports continued to grow to a value of nearly \$74 billion in 2020, compared to \$67 billion in 2019.

This *HillNote* explores three pandemic-related impacts on the agriculture industry: labour market shifts, industry collaboration and changing consumer habits. It highlights lessons learned about the vulnerabilities and resiliency of our food system.

## Labour Market Shifts

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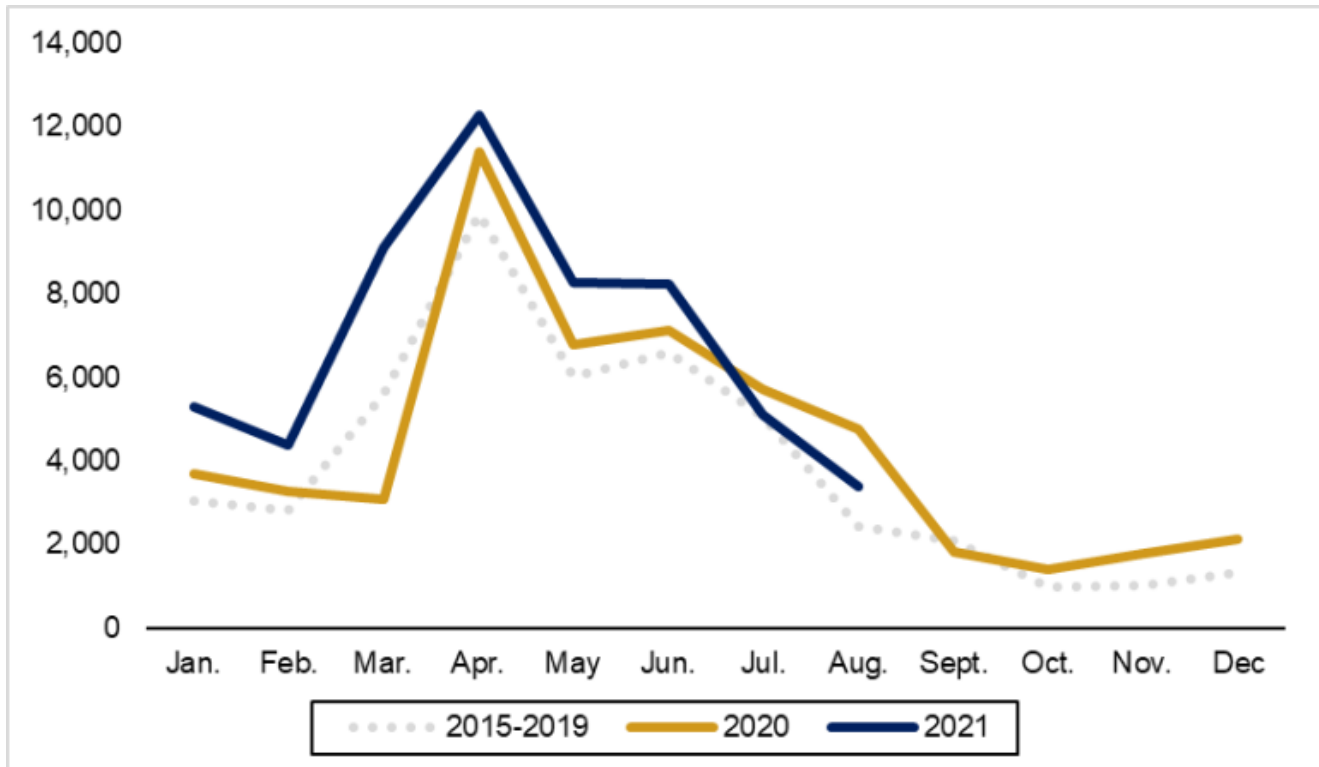
The strong GDP growth in agriculture during the pandemic masks the widespread labour shortages in the industry, including those that resulted from repeated COVID-19 outbreaks in the meat-processing sector. Employment in agriculture decreased by more than 5% in 2020, with both domestic worker and temporary foreign worker (TFW) employment down by 4% and 7%, respectively. Canadian agriculture is highly dependent on foreign workers employed through the Seasonal Agriculture Worker Program, which is part of the Temporary Foreign Worker Program.

According to Statistics Canada, TFWs accounted for 20% of total agriculture employment (55,000 jobs) in 2018 and filled 84.9% of these jobs on horticulture farms (e.g., fruit, vegetable, tree nut, greenhouse, nursery and floriculture operations).

The number of TFWs entering Canada with agriculture work permits dropped by 45%, from an average of 5,593 between 2015 and 2019, to a total of 3,065 in March 2020, due to pandemic-related travel restrictions. During that time, many TFWs were delayed in their home countries and unable to arrive in time for the spring planting season in Canada. While many TFWs arrived later in 2020, their number was lower than the average for the previous five years. In March 2021, their number rose by 63% over the total for 2015 to 2019, to 9,105.

Figure 1 presents the approximate number of TFWs who entered Canada with agriculture work permits, across all provinces and territories (excluding Nunavut), from January 2015 to August 2021.

### **Figure 1 – Approximate Number of Temporary Foreign Workers with Agriculture Work Permits Entering Canada, 2015 to 2021**



Note: Figure 1 represents the approximate number of TFWs entering Canada for a given period or year; some TFWs may hold more than one permit, and some may receive a permit after entering the country.

Source: Figure prepared by the Library of Parliament using data obtained from Government of Canada, *Canada – Temporary Foreign Worker Program (TFWP) work permit holders by province/territory of intended destination, program and year in which permit(s) became effective, January 2015 to September 2021*.

According to [research](#) from the Canadian Agricultural Human Resource Council (CAHRC) collected through a nationwide survey and interviews with 453 farm operators, in 2020:

- The Canadian farmers surveyed lost an estimated \$2.9 billion in earnings, equivalent to 4.2% of the industry’s total sales, due to labour shortages.
- 47% of the employers surveyed were unable to hire all the workers they needed.
- 20% of TFWs were unable to arrive in Canada.
- 71% of the employers who reported labour shortages cited fewer Canadian applicants than in previous years.

The [Agri-Food Pilot](#) launched in May 2020 is intended to fill labour gaps in full-time, year-round agriculture sectors, such as meat-processing, mushroom-growing and greenhouse production, and to create a pathway to permanent residency for TFWs in these positions. According to one [news article](#) [subscription required], the program was to accept 2,750

migrant workers per year for three years, yet Immigration, Refugees and Citizenship Canada says it had received only 343 applications by 31 August 2021. The article cites slow processing times as one cause of the low program uptake.

## **The Industry Coming Together**

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Canadian farm groups have rallied to pressure the federal government to offer supports that mitigate the impacts of COVID-19 and to secure Canada's food supply chain over the long term.

In April 2020, the Canadian Federation of Agriculture (CFA) requested that the federal government backstop a \$2.6-billion Agriculture and Agri-Food Emergency Fund. The amount sought was based on the costs of immediate disruptions as estimated by agricultural commodity groups across the country. The CFA recommended prioritizing personal protective equipment (PPE) for agri-food workers, assistance to attract labour and improvements to business risk management (BRM) programs, such as providing a stimulus to AgriInvest and expanding AgriStability coverage.

The Canadian Cattlemen's Association and the Canadian Pork Council echoed the CFA's demand for BRM program improvements, and specifically, emergency payments and set-aside programs to manage the cattle and hogs backed up on farms because of outbreaks in processing plants.

In May 2020, the federal government extended eligibility for the Canada Emergency Business Account (CEBA) to farmers who run their business using their personal bank accounts, allowing them to apply for interest-free loans. The CEBA was first designed for small businesses and not-for-profits, and it excluded farms. The government also announced a \$252-million investment to support farmers, food businesses and food processors, with additional funds for PPE under an Emergency Processing Fund (\$77.5 million) and national AgriRecovery BRM initiatives (\$125 million) to manage livestock backlogs.

According to the 2021 CAHRC report, 78% of the agriculture operators surveyed applied for government support in 2020. The three most-widely leveraged programs were CEBA, Mandatory Isolation Support for Temporary Foreign Workers and AgriInvest.

The CFA recently partnered with Food and Beverage Canada, the CAHRC and the Future Skills Centre to develop a National Workforce Strategy for Agriculture and Food and Beverage Manufacturing. The two-year project aims to address pre- and post-pandemic chronic labour issues in agriculture, strengthen the Canadian food supply chain, expand the sector and help it achieve the export and domestic sales growth targets set by the Agri-Food Economic Strategy Table.

## **Changing Consumer Habits**

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At the onset of the pandemic, with strict physical distancing measures in place, restaurants and hotels closed temporarily. With reports of potential food shortages, Canadian consumers rapidly increased spending on groceries to cook at home rather than eat out.

In March 2020, [grocery store purchases](#) increased by 30%, while food service purchases declined by 70%. Higher at-home online spending, paired with lower restaurant, hotel and conference activities, affected producers differently; for example, potato farmers had to store millions of kilograms of potatoes with no market to sell to. Processors, food services and retail invested in PPE, safety glass and other barriers to ensure food and employee safety.

Restaurant closures led to less demand for aquaculture products, yet more Canadians gardening at home led to more demand for certain horticulture products. Operations adjusted supply accordingly. Some farmers markets pivoted their business models and implemented online platforms to sell directly to consumers.

Although the pandemic heightened consumer demand and motivation to “buy local” agriculture products, it also exacerbated food insecurity in Canada. [HungerCount 2021](#), a report by Food Banks Canada, reveals that Canadians made over 1.3 million visits to food banks in the month of March 2021, an increase of more than 20% over the same period in 2019 and the sharpest rise since the 2008 economic recession. High unemployment, food inflation, rising housing costs and a pull-back on government support have hindered Canadians’ ability to put food on the table.

## Looking Ahead

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Canada’s agriculture industry is a significant source of and contributor to the food supply chain, and most of its businesses continued operating safely and securely during the pandemic. In the [policy framework for the next Canadian Agricultural Partnership](#), advancing sustainable agriculture and agri-food is a priority; this includes attracting and retaining labour, training and automating.

A [new report](#) published by the Public Policy Forum and Action Canada estimates that agriculture could see an \$11-billion increase in outputs by 2030 with investments in workforce capacity, skills and retention. The report’s proposed solutions target the reduction of barriers by providing access to capital, land, knowledge and labour to new entrant farmers, especially underrepresented groups in agriculture, such as women, visible minorities, immigrants, youth and Indigenous Peoples.

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Tags: Agriculture, Coronavirus, COVID19, Food security, Food supply, Labour market, Pandemic, Temporary Foreign Workers