

AAFC – Industry-Government COVID-19 monitoring call (Broader Stakeholder)

April 28, 2020

Noon – 1:00 PM EST

There were approximately 470 participants on the call (164 bilingual, 20 French and 286 English).

Update on the COVID 19 operating environment – (J.P. Gervais - Farm Credit Canada)

- We have seen that the Financial market conditions have evolved rapidly:
  - Cut of 1.5% in the Bank of Canada overnight rate; average borrowing costs declined about 0.7%.
  - Loonie was USD 0.77 at the beginning of the year, declined as low as USD 0.68 and USD0.70 seems like a pretty robust floor currently.
  - Significant oil price declines: positive for profit margins, negative for off-farm income.
  - Likelihood of V-type vs U-type economic recovery still being debated – economic rebound could stretch beyond 2021.
- Agriculture and agri-food specific trends and observations:
  - Demand shift from food service to retail has impacted all business lines.
  - FCC's response was first designed to offer immediate cash flow support to customers and non-customers.
  - Limited downward pressures on crop prices – but volatility and labour availability are concerns. Projected margins for 2020 crop remain tight.
  - Disruptions in the animal-based protein supply chains resulted in lower livestock prices/revenues, with negative margins.
  - Food processing has seen demand shifts and costs trend upward.

Main comments from industry on the FCC presentation are below.

- Food and Consumer and Products Canada (FCPC) asked if the FCC had any further insights on the outlook for the food manufacturing sector. FCPC noted that they have seen supply issues on ingredients, packaging, Personal Protective Equipment (PPE). In addition, a survey of their members indicated concerns with regard to absenteeism and liquidity challenges and increased operating costs. FCC agreed that the cost structures are shifting upwards and profitability would be lower as companies review processes and implement social distancing. FCC also noted that a difficulty they are experiencing is forecasting based on historical numbers (which may not be relevant going forward) while there has been such a negative shift downward due to the pandemic.

Summary of the main government points are provided below.

Temporary Foreign Workers (Steven Jurgutis - AAFC)

- Since April 1, 2020, 9,700 TFWs have arrived in Canada, with an additional 1,415 scheduled to arrive prior to the end of April. In total, approximately 11,200 TFWs are expected for April, compared to last year's 13,000.

Canadian Food Inspection Agency (Theresa Iuliano)

- A recent report from Netherlands suggested an outbreak of COVID-19 with farmed animals (Mink). The transmission is believed to be from a worker to an animal. This is believed to be the first outbreak in a farmed environment. CFIA would like to remind animal livestock producers to continue to follow advice on the CFIA and Public Health Agency of Canada websites regarding the importance of maintaining good biosecurity during the COVID outbreak.