More Choice. More Control. **More Canada:**

The National Food Security Strategy

June 11, 2026

Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada
Canada

National Food Security Strategy

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More Choice. More Control. **More Canada.**

Canada's future food security will be based on our ability to build a system where food is more affordable, where we reduce our dependence on other countries, and where we are less affected by external circumstances. To do that, we need three things:

First, we need more choice

Farmers need more places to sell their products. Smaller independent grocers need more places to source product for their stores so that they can compete with large retailers. Consumers need more affordable choices when they shop, and people in rural, remote and northern communities need better access to fresh produce at reasonable prices.

Second, we need more control

We need to reduce our dependence on other countries by processing more of the food we grow and use new technologies to grow the foods we cannot currently grow at scale year-round. Farmers need more control by having access to the crop input products they need for productivity, and the ability to have greater control of transferring their farms to the next generation.

Finally, greater choice and control will mean More Canada.

More food that is grown here. More food that is processed here. More food on store shelves from here. And more workers in the Canadian agri-food sector.

More Choice, More Control, More Canada: The National Food Security Strategy brings real, everyday benefits to Canadians across the food system.

It means growing, processing, and selling more of our food here — so Canadians aren't paying the price every time something goes wrong somewhere else.

- **Canadian families** will see lower prices at the grocery store, greater choice in where to shop and what to buy. It will mean that more of the products they buy will come from local producers and food processors based in Canada. And it will mean that rural and northern communities will have greater access to year-round fruits and vegetables.

- **Farmers** will have more opportunities to sell their food closer to where it is grown and be able to get better prices. They will not have to wait as long to get access to new products such as fertilizers and pest control technologies that make them more productive and allow them to compete on an even playing field with producers in other countries. And it will be easier to transfer family farms to the next generation of farmers.

- **Independent grocers and other vendors** will not have to rely as much on buying from wholesalers run by their competitors, which makes it hard for them to compete against the large chains. It means they can work together with others to share the cost of things like cold storage and transportation to reduce costs and pass savings along.

- **Food and beverage manufacturers** will have better access to targeted programs and new financing that support growth at all stages so that they can innovate and grow in scale. Their growth will reduce our dependence on others to process the food farmers produce and increase the exports that lead to jobs and economic opportunity.

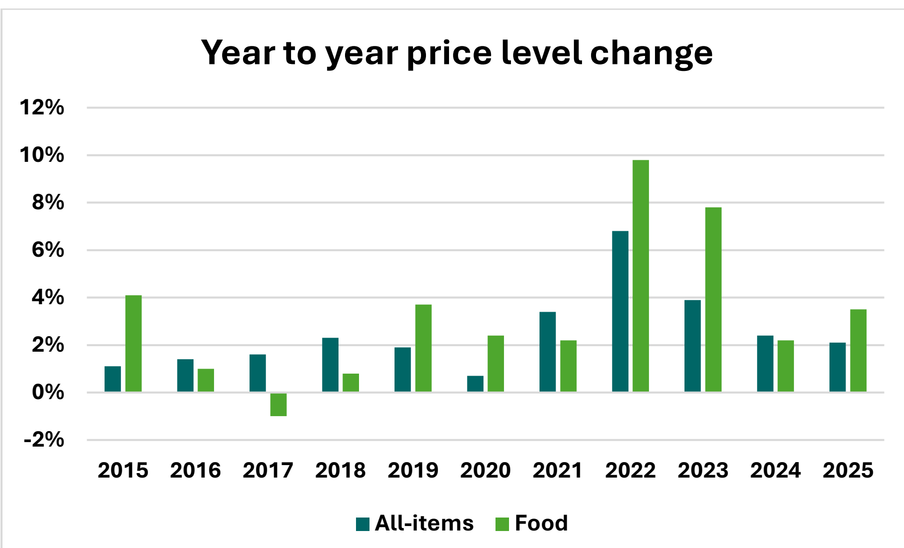
- **The Controlled Environment Agriculture sector** will be able to grow more vegetables and fruits in more places, making Canada less dependent on imports of these products. And they will be able to do so at a lower cost, thanks to automation and lower energy use, which will make their products more affordable for consumers.

Context

In the face of rising food prices that are making it harder for many Canadians and their families to access sufficient nutritious food at an affordable price, the Government has already taken significant actions to make groceries more affordable immediately. This National Food Security Strategy goes further, with a series of new initiatives to address the structural causes of food insecurity that are affecting Canadians across the country, particularly the most vulnerable.

At the same time, global geopolitical developments are adding further pressure to food systems and prices, compounding the challenges faced domestically. The conflict in the Middle East is increasing the price of the fertilizer and fuel required to grow and transport food. A quarter of the globally traded nitrogen used in fertilizer travels through the Strait of Hormuz, while fuel and fertilizer represent more than half of the cost of producing an acre of a crop like corn. In addition, diesel price increases are making it more expensive to transport food by truck.

Figure 1: Grocery prices rose sharply and at a higher rate compared to other items following the pandemic.



Source: Statistics Canada, 18-10-0005-01.

Canada is the world's ninth largest exporter of agri-food products, exporting approximately $100 billion worth annually, with wheat and processed grain products alone accounting for almost $22 billion.

Canada is, however, also the world's eleventh largest importer of agricultural products and agri-food. The United States is Canada's largest agri-food trading partner, accounting for over 61% of our exports and more than half of our imports.

While Canada grows and harvests a great deal of primary products and produces significant livestock, our food system is not isolated from the impacts of geopolitical conflict, tariffs, and climate change that impact farmers and consumers.

The Russian invasion of Ukraine led to immediate global price increases in 2022. Canada imported over a third (35%) of the $9.8 billion our farmers spent on fertilizers in 2023. This reliance on imported fertilizer increases Canada's vulnerability to geopolitical conflicts, which can disrupt supply and increase domestic prices. Current United States tariff policy also impacts prices for Canadian consumers. About half of all Canadian food imports and many critical inputs come through the United States. The result is that when the United States puts tariffs on other countries, food importers in Canada pay additional costs that are passed on to consumers. The government's priority remains to establish a new economic relationship with the United States and strengthen our collaboration with reliable trading partners around the world.

Weather events can have significant impacts on food prices. The Organisation for Economic Co-operation and Development (OECD) estimates that by mid-century, climate change could lower global corn yields by 16%, and rice and wheat yields by 7%, resulting in global price increases of 26% for wheat, 28% for corn, and 31% for rice. In 2021, drought conditions in the Prairies led to the rise in prices for wheat-based food products. According to Statistics Canada, wheat production dropped 37% as a result of the 2021 drought, compared with production the previous year.

Domestic Drivers of Food Affordability and Vulnerabilities

Many of the drivers of food prices are global issues beyond Canada's ability to directly control (i.e. geopolitical conflicts, tariffs, climate change). The drivers of food inflation in Canada are the same factors seen around the world. Canada's food price inflation since January 2020 (31%) has been consistent with other G7 countries: United Kingdom (39%), Germany (39%), Japan (31%), United States (32%), Italy (31%) and France (27%). However, there are areas where we can take action at home that will lead to a more affordable and more resilient food system. Through this strategy, we are taking these actions.

Canada's domestic food supply chain faces cost pressures at each stage of production. The graphic below shows how much of each dollar Canadians spend on food is allocated to costs along each step of the supply chain (excluding restaurants) and some of the key pressures.

Figure 2: Food Supply Chain Elements and Pressures

Farming

11% of domestic food dollar spending

- Farmers are price takers for global commodity prices
- Costs impact prices (energy costs were 6% of expenses and land prices have been increasing 8.6% per year)
- Climate change, war, and global economic uncertainty increase costs both in Canada and internationally
- Input access and prices can have significant impacts on competitiveness

Processing

23% of domestic food dollar spending

- International and domestic factors can impact the cost of ingredients for food processors
- Ingredients and materials make up about 70% of total expenses for food processors
- High input costs for imported inputs driven by global factors

Wholesale

9% of domestic food dollar spending

- The purchase of goods and materials represents the largest expense for wholesalers
- Retailers have large presence in wholesale and distribution – even for independent grocers
- Outside of urban areas, limited wholesale options – sometimes only one distributor

Transportation

7% of domestic food dollar spending

- Fuel prices directly impact the cost of transporting goods across Canada
- Labour, repairs, and insurance costs also affect the cost of transporting goods across Canada
- Rising global fuel price driving up both Canadian transportation costs and prices for imported consumer foods and intermediary food inputs
- Transportation costs are a much bigger factor in final prices in Canada compared to other countries

Retailers

16% of domestic food dollar spending

- The cost of buying food, including from processors, farmers, and wholesalers, represents the lion's share of expenses for food and beverage retailers
- Labour costs also affect the cost of food sold at grocery stores
- Concentration of retailers in Canada is high
- Independent retailers face competitiveness constraints and limited sourcing options
- Higher costs of imported foods due to global pressures

Energy and utilities

6% of domestic food dollar spending

- The cost of electricity and other utilities along the supply chain can also influence final costs

*Not shown in the graphic are restaurants (28% of consumer spending). Preliminary AAFC estimates, based on Statistics Canada Supply Use Tables.

For every dollar that Canadians spent on domestically produced food in 2022, about 23 cents went to food processors, about 16 cents went to food retailers, and about 11 cents went to Canadian farmers[1]. Although food processing accounts for the largest share of domestic food costs (excluding restaurants), it does not mean that processors are making the most profit or contributing more to food price inflation. It does mean that their costs are higher than other stages along the supply chain and targeted efforts to reduce their costs may then have greater impact in reducing the final price a consumer pays.

Another key observation is that transportation accounts for a higher share of consumer food spending in Canada compared to the United States (7% vs. 4.6%). Despite claims from some that carbon pricing is increasing the price of food, the reality is that the Government of Canada has already removed the consumer carbon price and as independent analysis has confirmed, industrial carbon pricing does not apply to most farms or the transportation they rely on, and has a negligible impact on food prices.

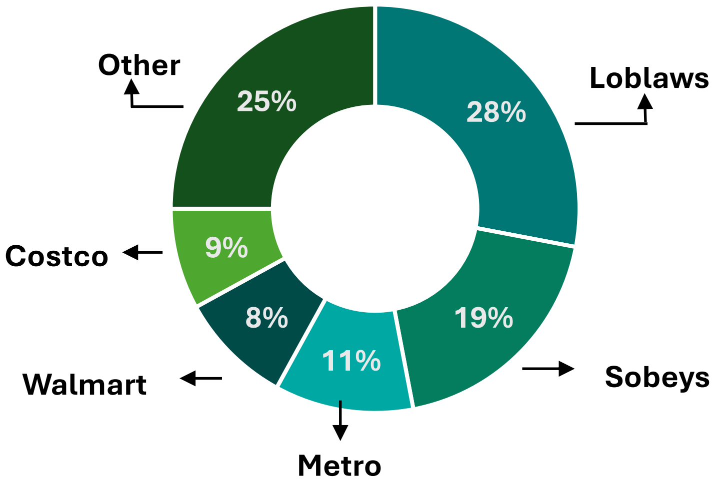
Lack of Competition

There are a small number of large companies that control a huge proportion of the market along Canada's supply chain (i.e. retail, wholesale, processing) that make it harder for small and medium sized businesses to compete. When one of these large companies faces an issue in their operations, it can also have a significant impact on overall supply and lead to spikes in prices.

Concerns specific to grocery chains are underlined in the findings of the Competition Bureau's 2023 market study, which found that five major grocers dominate the retail food market, controlling the vast majority of grocery supply to Canadians. The current retail landscape reflects significant consolidation: since 1986, a series of 15 mergers reduced the number of major grocers from eight to five.

[1] Based on AAFC preliminary estimates using the 2022 Supply and Use Tables (most recent data available that covers each step in the food supply chain in detail).

Figure 3: Concentrated grocery retail in Canada



- The top 5 grocery retailers, Loblaw, Metro, Empire (Sobeys), Walmart, and Costco account for ~75% of sales.
- Remaining sales go to regional chains, including over 6,900 independent grocers and 27,000 convenience stores
- Pattison Food Group is Canada's largest Western-based provider of food and health products
- The North West Company is the leading retailer to rural communities in northern Canada
- There is currently no prominent regional grocer in Eastern Canada

Source: Market share in 2023, based on USDA *Retail Foods Annual* (2024)" [Canada: Retail Foods Annual | USDA Foreign Agricultural Service]

Because of this consolidation, it is hard for smaller grocers to compete in the marketplace effectively. Restrictive real estate clauses (also called property controls) limit the types of businesses that may open on a given property. In the case of grocery stores, the large retailers may negotiate clauses that restrict other smaller grocery stores from operating on the same property, or limit specific product categories (i.e. meats, bakery, full-service groceries). In June 2023, the Competition Bureau's Grocery Market Study Report flagged property controls as a barrier that can reduce competition and make it harder for new grocery stores to open.

The Bureau formally launched an investigation on March 1, 2024. The Commissioner stated that certain lease-related restrictions may be designed to limit potential tenants and could be hampering competition in the grocery market.

Independent grocers compete with major chains, but many also rely on the distribution networks of the major chains. This means that many independent grocers have limited options and must pay the mark-ups from larger competitors for the products they then sell to Canadians.

While concentration in the grocery sector has received recent attention, consolidation exists at all levels of Canada's food system, sometimes at the expense of producers and consumers. During public consultations, stakeholders have noted that the lack of competition was particularly concerning in markets such as fertilizers, meat processing, grain shipping, and wholesale grocery distribution.

At the primary level, farmers in Canada have repeatedly identified concerns about consolidation, with concentration in markets for fertilizer, agricultural retail, seeds and chemicals seen as having the biggest negative impact.

In food processing, concentration is also relatively high within key sub-sectors:

- For many pre-packaged food products sold in Canada, four to eight companies frequently compose nearly 90% of sales.
- Two firms control approximately 85-90% of federally inspected beef slaughter in Canada.
- Processing of hogs is only slightly more diverse with 70% market share controlled by four firms in 2019.

Recent amendments to strengthen the *Competition Act* provide a basis to be more proactive and have more tools to support competition going forward.

Processing Capacity

The food, seafood, and beverage processing industry is the largest manufacturing sector in Canada, and a critical link between agri-food production and both domestic and global markets. It provides about 70% of all processed food and beverage products consumed domestically, while also being the largest purchaser of Canadian agricultural production, providing a strong foundation to expand value-added production for both domestic and export markets.

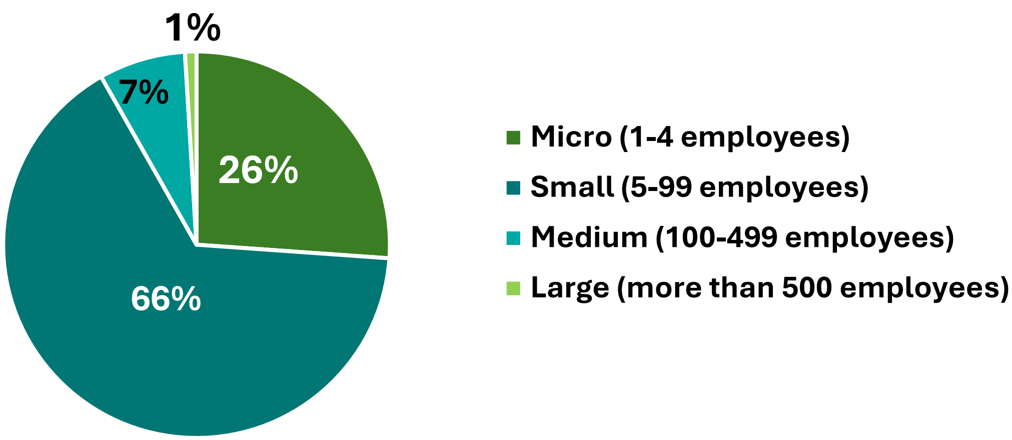
Despite its current size, Canada does not process nearly as much of the food that is grown or harvested in Canada as it could. Instead, this food is exported to other countries to be processed. This decreases our food sovereignty, and it also means that we lose out on potential economic gains of processing the food in Canada.

- The industry's structure makes it hard to grow. A small number of large firms account for most output, while only 7% of establishments are medium-sized (Figure 4). This is because many medium-sized companies do not have the capital to invest in technology and to become large enough to compete in export markets.

> Canada has a large food processing industry but the relative size of our food processing sector, compared to our primary agriculture sector, is smaller than many of our peers. The GDP of Canada's food processing sector is only 10% larger than the GDP of Canadian primary agriculture, whereas food processing GDP is 30% larger than the primary agriculture sector in France, and 70% larger in both the US and Germany.

- Micro and small firms play important roles in communities across Canada, but they also often lack access to capital to scale and expand to a national level.

Figure 4: Food and Beverage Processing Establishments by Size, 2025.



Source: Statistics Canada, Business Register.

While the food processing sector as a whole is quite large, there are areas where Canada has limited capacity. In some areas, Canadian consumption relies heavily on imported processed foods, such as for tinned and frozen fruits and vegetables, pre-packaged goods, or packaging.

Meat

- Although Canada is a leader in animal production, there is not enough domestic processing capacity to match it. As a result, Canada relies on external processing, which can raise food costs and weaken food self-sufficiency.
- For example, in 2025, 24% of live hogs and 20% of live cattle were exported to the United States. At the same time, Canada relies on imported beef (26% of consumption) and imported pork (30% of consumption) to meet demand.

Vegetable Processing

- Canada is a significant producer of vegetables, especially potatoes; however, gaps in domestic processing capacity limit the ability to fully process these products, making us more dependent on others.

- For example, Canada is a major grower of tomatoes and exporter of fresh tomatoes with over $724 million in fresh tomato exports in 2025. At the same time, Canada imports significant quantities of processed tomato products to meet Canadian consumer demand, with over $511 million in imported processed tomato products in 2025.
- Overall, 45% of the preserved fruit and vegetables that Canadians consume come from imports, with 58% of those imports coming from the United States.

Fish and Seafood

- Canada has a strong fish and seafood sector. In spite of this, imports of prepared and packaged seafood products exceed $2.5 billion annually. Imports represent the majority of processed seafood consumed in Canada, despite us being a major producer of high quality seafood.
- What domestic fish and seafood processing capacity Canada does have, is highly concentrated in just a few locations. Many coastal, northern, remote, and Indigenous communities lack sufficient local processing, cold storage, and logistics infrastructure, thereby limiting domestic availability, increasing costs, and reducing self-sufficiency.

Import Dependencies

Fruit and Vegetables

- Canada is similar to countries such as Germany, Japan, or France in that climate, seasonal growing limits and agricultural specialization means that not enough fruits and vegetables are produced year-round to meet the full dietary needs and recommended consumption levels of Canadians.
    - Canadians rely on imports for 88% of the fresh fruit and nuts that they consume and 72% of vegetables, with 40% coming from the United States.
        - By comparison, the United States depends on imports only about half as much as Canada does to meet its own vegetable supply needs.
        - Together, fresh fruit and vegetables account for about 15% of average grocery spending by Canadians.

- In 2024, there were a total of 974 commercial greenhouse vegetable operations in Canada producing 866,484 metric tons of vegetables and generating $2.7 billion in sales. This represented a 5% increase in production compared to 2023. Ontario led the greenhouse vegetable sector in 2024, representing 72% of the total production in Canada, followed by British Columbia and Quebec, with 13% and 9% respectively. Other provinces accounted for the remaining 6%.
    - Greenhouse production is, however, heavily concentrated in terms of what is grown (cucumbers, tomatoes, and peppers account for 96% of greenhouse production), where it is grown (over 85% of production takes place in Ontario and British Columbia), and where it is sold (about 71% of sales by value goes to the United States).
    - In addition, the development of new varietals suitable for growing indoors and high costs of labour and energy are key barriers limiting what is grown and where.

Regulatory approaches that increase cost and limit growth

Canada is recognized around the world as having a strong, science-based regulatory system for food. While the regulatory system does contribute to our safe food supply and access to foreign markets, delays and inefficiencies within the system can drive up costs for producers, limiting their ability to expand and reducing competition. This has implications for food security and consumer prices within Canada.

- Navigating the regulatory requirements at the federal, provincial, and municipal levels can be challenging for agriculture businesses. This results in increased costs, reduced investment incentive and production.
- Regulations are intended to correct market failures and protect the public interest in terms of safety, health, and the environment; however, if unchecked, the accumulation of regulations over time can impose costs to many businesses and drive up prices. A 2025 Statistics Canada study suggested that accumulation of federal regulatory requirements from 2006-2021 is associated with a reduction in Canadian GDP growth by 1.7% and business investment by 9%.
    - Regulatory requirements at the municipal and provincial level exacerbate the complexity of the system, further increasing costs.

- According to agri-food stakeholders:
  - This inefficiency imposes unnecessary costs when making new food products. These costs are then passed on through higher prices for consumers.
  - The regulatory processes can undermine growth without always resulting in increased health or safety benefits.

How Other Countries are Strengthening Food Self-Sufficiency

Other countries are moving aggressively to advance their own food security strategies. These countries are investing at multiple points in their supply chain. This includes investments in food processing modernization and innovation, controlled environment and precision agriculture, and distribution and transportation. Some have established clear targets for food self-sufficiency. For example:

- The Netherlands maintains one of the strongest agricultural knowledge and innovation system structures in the OECD. The €20-billion ($32 billion CAD) National Growth Fund focuses on precision agriculture, controlled-environment production, processing, and logistics. Many of these investments are channeled through the Dutch Greenport model, which groups controlled-environment agriculture (CEA) together to leverage shared infrastructure, energy, logistics, and innovation spillovers.
- France's 2023 Fruit and Vegetable Sovereignty Plan aims to increase domestic supply by 5 percentage points by 2030 and 10 percentage points by 2035. Supported by €400 million ($640 million CAD) in public investment over two years, these investments are complemented by policies to strengthen processing through competitiveness clusters, linking companies, researchers, and producers to major public funding streams, and improvements to food distribution via Territorial Food Projects, which align production, processing, logistics, and public procurement within regional food systems.
- Japan plans to increase its calorie-based food self-sufficiency rate from 38% to 45% by 2030 through a coordinated package of legislative reforms, smart agriculture and productivity-enhancing technologies, and scale-up of CEA. Japan is investing ¥46.72 billion ($400 million CAD) through an agri-tech accelerator fund and complementary grants, rapidly expanding vertical and indoor farms, with the number of facilities growing by approximately 15% annually since 2020.

These strategies include clear governance and accountability, such as legislated food security strategies and reporting as a means of sustaining long-term policy focus.

Actions Underway to Address Food Affordability and Security

The Government of Canada has taken a series of recent actions to make life more affordable for Canadians and to strengthen domestic food production and competition to build a more resilient, affordable economy for the future.

In the face of **food price inflation**, the government has:

- Established the **Canada Groceries and Essentials Benefit,** which will provide support to more than 12 million low and modest-income Canadians. These automatic payments will deliver support of up to $950 for individuals, and $1,890 for families with two children in the 2026-27 benefit year.
- Made the **National School Food Program permanent**, with $216.6 million annually starting in 2029–30 to provide healthy meals to up to 400,000 more children every year and saving participating families an average of $800 per year.
- Announced a $20 million investment for the purchase and distribution of food by national, regional, and local organizations across Canada to support people facing food insecurity, as part of a new **Community Support Stream** delivered through the Local Food Infrastructure Fund.

Supply management is fundamental to Canadian self-sufficiency for dairy, egg, and poultry products at stable prices. These high-quality products are produced and processed here at home, contributing to Canada's rural vitality and food sovereignty.

Under supply management, farm production is aligned with domestic demand, setting a fair income for producers and allowing for a stable supply for consumers. Through initiatives like the Supply Management Processing Investment Fund and the Poultry and Egg On-Farm Investment Program, the Government supports investments in dairy, poultry, and egg production and processing facilities that improve productivity, efficiency, and food safety, including new or expanded infrastructure and the purchase of new automated equipment and technologies.

To improve the **security of Canada's food supply** through measures to support domestic food production and processing, the Government of Canada has:

- Implemented targeted tax measures such as the **Productivity Super-Deduction** – a set of enhanced tax incentives covering all new capital investments to allow businesses to write off a larger share of the cost of investments right away. This makes it more attractive to invest in machinery, equipment, technology and other productivity-enhancing assets – improving Canada's competitiveness.
- Enabled **immediate expensing for new or expanded greenhouse construction** to reduce upfront costs and boost domestic supply of fresh produce.

- Worked with provinces and territories to finalize **the Grocery Code of Conduct** in January 2026, strengthening transparency and fair dealings across the value chain, and working to improve supplier-retailer relationships.
- Temporarily suspended the **Fuel Excise Tax** on gasoline and diesel across Canada, from April 20, 2026, until September 7, 2026, which will reduce costs of fuel by 10 cents per litre on regular gasoline and 4 cents on diesel.
- Amended the *Competition Act* to better enable the Competition Bureau to take action on **property controls** that limit opportunities as to where many independent food retailers can operate, thus reducing choice for consumers, and will continue to engage provinces and territories to encourage the adoption of further measures within their jurisdiction to eliminate harmful applications of this practice.
- Initiated recurring **Red Tape Review Progress Reports** to accelerate the removal of outdated or unnecessary regulations across the Government of Canada which will lead to greater transparency, less regulatory burden and barriers to trade, and a faster, more efficient regulatory system for everyone.
- Taken steps to strengthen domestic supply chains, speed up critical infrastructure projects, improve competitiveness, and reduce barriers to internal trade and labour mobility through "One Canadian Economy" and the Major Projects Office.

The Government of Canada is making it easier for young farmers to enter the sector, access financing, and take over family operations. Recent measures to facilitate farm succession include increasing the Lifetime Capital Gains Exemption to $1.25 million for qualified farm property and, starting in 2026, indexing to inflation – in addition to continuing to help facilitate intergenerational farm transfers on a tax-deferred basis.

The Government maintained the Advance Payment Program's interest-free limit at $250,000 for all non-canola advances for the 2026 program year to improve producer cash flow during the growing and marketing season, when this support is most beneficial. The measure is expected to provide approximately $37.4 million in additional interest savings to about 8,600 producers in 2026. This is in addition to the $500,000 interest-free limit for 2025 and 2026 canola advances that was announced in September 2025 in response to tariffs on canola products, which is expected to provide approximately $31.2 million in additional interest savings to about 6,000 producers in 2026. The Government will continue to assess the evolving financial and market conditions facing producers to determine whether the Advance Payments Program is meeting their needs.

The Spring Economic Update also announced measures to expand access to hands-on experience and on-the-job training so young people can build the skills they need to confidently enter the labour market, including through recruiting, training, and hiring 80,000 to 100,000 new Red Seal skilled trades, introducing a redesigned apprenticeship grant, and enhancing the Labour Mobility Deduction. These workers will be key to enabling the growth of the sector by building what is needed, where it is needed.

Technology and Innovation Supporting Canada's Food System

Advanced technologies—including AI, automation, and data-enabled tools—are strengthening the productivity and resilience of Canada's food system. Precision agriculture and smart farms are helping producers reduce input use and address labour shortages, with AI-enabled targeted spraying allowing crop protection products to be applied only where needed. Federal data and digital tools are also improving planning, decision-making, and access to programs across the agri-food sector.

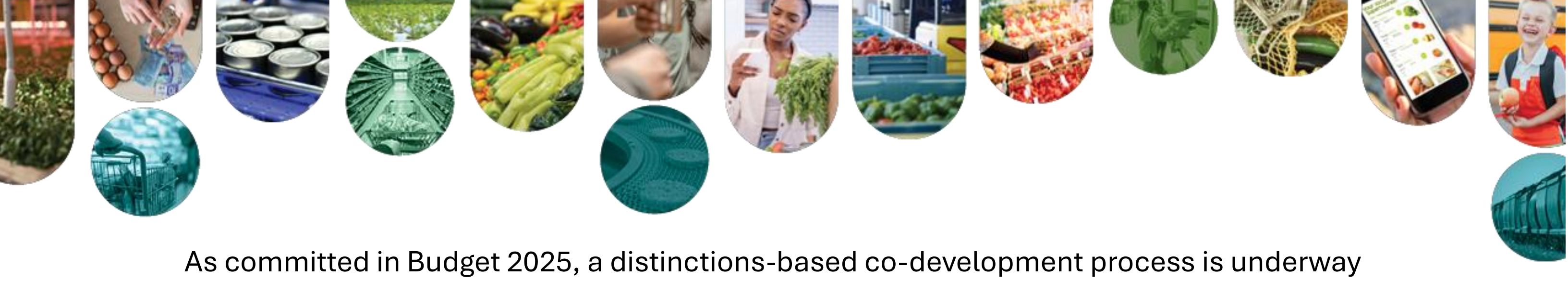
Through ongoing collaboration with domestic and international partners, Canada is advancing the development and application of agricultural science. This work enables farmers and producers to access the latest knowledge and technologies that underpin sector productivity and food security. Canada works with other countries to build scientific collaborations in research areas such as gene editing, precision agriculture, and production systems. Strengthening partnerships with trusted partners will enhance food production capacity, support long-term sector growth, and help build a more resilient and self-sufficient food system for all Canadians.

The government continues to prioritize producers and the essential roles that they play, including through the existing cost-shared $3.5 billion-dollar, five-year Sustainable Canadian Agriculture Partnership. The Government of Canada is working with provinces and territories on a successor Agreement that will begin in April 2028 to ensure farmers can compete and thrive in a global marketplace for years to come.

Working in Partnership with Indigenous Peoples

The Government of Canada is committed to working directly with Indigenous partners to advance self-determination and improve access to store-bought foods, traditionally hunted and harvested foods, and locally produced food. Actions proposed as part of Canada's National Food Security Strategy build on ongoing whole-of-government work with Indigenous Peoples to co-develop solutions to strengthen food security.

In alignment with the Inuit Nunangat Policy, multiple departments and agencies are working with Inuit partners to address barriers that limit the sale and trade of traditionally harvested country foods.



As committed in Budget 2025, a distinctions-based co-development process is underway to ensure that Nutrition North Canada's reform will strengthen community-driven solutions to food sovereignty. The program previously expanded beyond a retail-based subsidy to more broadly address food security by directly funding Indigenous organizations to deliver harvesting and community food programs.

New Initiatives to have More Choice, More Control, and More Canada

The National Food Security Strategy will make food more affordable, accessible, and will ensure that more of it is produced here at home, strengthening our domestic resilience and reducing our dependence on others.

New initiatives address the structural causes undermining a reliable and dependable food supply – affecting Canadians across the country, particularly the most vulnerable.

It will improve the way food is grown, moved, and sold to create more efficient supply chains and remove unnecessary costs. It will drive productivity and innovation, creating jobs and providing more options for those who want to buy Canadian.

By doing this, it will make Canada's food system more resilient, more affordable, and more our own.

Key Performance Indicator

- Based on Canada's Food Guide, the domestically-produced share of healthy food available to Canadians will increase from 75% to 85%, by 2032.

Ensuring Competitive Prices, Choice and Affordability

Objective: Reducing the price of food for Canadian families by addressing the factors that contribute to food price inflation, including retail and wholesale concentration, large transportation costs, supply chain inefficiencies, and unnecessary regulations.

To lower food costs and provide more options to consumers the Government will establish a new 10-year $1 billion Food-Link Fund

- Canada currently has weaknesses in its food distribution systems, including limited retail grocery competition, a lack of wholesale market alternatives, limited regional

distributors, and gaps in refrigerated storage and transportation. These gaps raise costs for consumers, limit access to Canadian food and increase spoilage.

- Many independent grocers have to rely on major chains for both supply and distribution – meaning they must rely on their vastly larger competitors for the products they sell to Canadians. The Government will continue to consider options to promote greater competition in the grocery sector.

Food Terminals

- Food terminals and food hubs will help farmers and food businesses move locally grown food more efficiently, making it easier for them to compete with large grocers on price and reducing costs in food distribution.
- By bringing many buyers and sellers together, terminals help independent grocers stay competitive by giving them access to affordable products without relying on supply systems owned by large retail chains and they expand access to fresh produce in underserved communities.
- Food terminals serve as high-volume, public wholesale markets that aggregate food at scale and provide independent retailers and institutions with an alternative to dominant grocery supply chains, helping restore competition and stabilize prices.
- They also enable smaller retailers to source a wider range of items, such as ethnocultural fruits and vegetables not typically found in large chains, and often allow them to offer locally grown produce as soon as it comes into season, sometimes more quickly and consistently than major supermarkets.
- Public investment would help projects overcome high upfront capital costs.
- Funds could be used to expand the Ontario Food Terminal and establish similar Terminals elsewhere in regions that currently lack this public infrastructure and where there are growing urban populations close to both areas of food production and major transport corridors to support distribution.

> Established in 1954, **The Ontario Food Terminal (OFT)** distributes nearly 2 billion pounds of fruits and vegetables annually across Canada, serving roughly 5,000 registered buyers, including independent grocers.
>
> 90% of food sold from the Warehouse Farmer's Market, part of the OFT, is produced within 200 km. The OFT is Canada's only food terminal of this kind and fourth largest terminal in North America.

Food Hubs

- Where full scale food terminals are not viable, commercial food hubs, which include independent and cooperative retailers, will serve as distribution nodes, consolidating supply and freight to lower costs and deliver competitively priced food.

- ○ Food hubs connect local producers to nearby buyers by managing the steps after food leaves the farm, including collecting products from multiple producers, storage, and delivery to stores, restaurants, institutions, and consumers.
- ○ Food hubs are particularly important in rural and remote areas, including northern and Arctic communities, because they help overcome long distances and high transportation costs by consolidating local supply, reducing spoilage, and improving reliable access to fresh, locally produced food.
- ○ Food hubs can increase local food procurement by helping institutions overcome the complexity of coordinating many small suppliers and simplifying purchasing processes.

Lufa Farms (QC) operates six urban farms across Montreal and partners with 200+ local farmers and food makers to fill their online Marketplace with a selection of fresh, local, responsible groceries. Their fully customizable baskets feed more than 30,000 households between Quebec City and Ottawa each week, with over 97% of their 2,000+ products sourced from Canadian suppliers. By optimizing their operations and innovating in the urban agriculture space, they've been able to make 50 items (and counting) more affordable than major retailers.

The **Station Food Hub Company (NS)** supplies value-added food products made from locally sourced and surplus farm ingredients to institutional buyers, distributing through national food-service networks including Sysco and Gordon Food Services.

- ○ In addition to capital, the program will support shared digital infrastructure and operational capacity to improve logistics and coordination so food can move more cheaply and efficiently, with less waste, to the people and places that need it most.
- ○ Investments would also support commercially-viable independent and cooperative grocery and buying networks to develop, expand, or modernize shared distribution capacity such as aggregating cold storage, trucking, and delivering food to the consumer's doorstep.
- ○ Funding will support the establishment of up to 20 to 40 hubs, offering a viable alternative to major retail.

To drive competition, the Government will:

- Strengthen the enforcement capacity of the Competition Bureau and Competition Tribunal ($12.9 million per year ongoing) to increase the ability to carry out enforcement, tackling a larger share of issues that come to the attention of the Bureau and helping bring down consumer costs. These funds will build upon previous enhancements to the *Competition Act* to strengthen competition across the agriculture and agri-food supply chain.
  - ○ In 2025, enforcement activity by the Competition Bureau has resulted in $2.6 billion in annual savings.

- The Minister of Industry will leverage her new market study powers under the *Competition Act* as needed to support the Competition Bureau undertaking a thorough examination of the food supply chain. This examination will inform evidence-based policy making and to help discern what areas to prioritize in potential enforcement action.

To better protect the interests of consumers, the Government will:

- Call on Provinces and Territories to implement standard unit pricing, as Quebec has already done, to help Canadians find the lowest cost option, even when package sizes, formats, or brands differ. Standardized unit pricing will increase transparency, empowering consumers to make informed decisions.
- Modernize the Personal Information Protection and Electronic Documents Act (PIPEDA) to ensure Canadians' personal information is used responsibly and transparently, including to address emerging risks such as surveillance pricing.
    - In addition, recent reforms to the *Competition Act* strengthened the Competition Bureau's ability to respond to practices that may limit competition, including algorithmic collusion – the Bureau has since investigated the use of price-setting software in two markets.

To help make it easier for young farmers to enter the sector, the Government will:

- Further build on recent measures to support farm succession by doubling the guaranteed loan limit and extending terms of the *Canadian Agricultural Loans Act* to better support new entrants, as well as intergenerational farm transfers.
- Launch a task force to examine potential supports for intergenerational farm transfers, to better reflect the structure of modern farming operations.

Key Performance Indicators

- By end of 2026, agreement is reached with the Government of Ontario on an expansion of the Ontario Food Terminal, including federal funding
- By end of 2028, construction of two additional food terminals is underway
- By end of 2028, ten food hubs are established or expanded and demonstrate lower average prices for a standardized list of foods compared to major grocery retailers in the same service area
- By 2030, number of independent grocers who purchase from terminals or hubs increases by 15%
- By 2030, increase the proportion of local food sales by small and mid-sized producers by 25%
- Over 10% increase in number of Competition Bureau investigations open per year, resulting in close to $350 million per year in consumer savings

Processing Food Closer to Where it's Grown to Lower Prices and Create new Jobs

Objective: Process more food domestically to make Canada more self-sufficient and drive economic growth

The Government will make transformational investments in Canada's food manufacturing sector to strengthen Canada's ability to process more Canadian-grown food and encourage innovation across the food sector:

- Through Innovation, Science and Economic Development Canada (ISED) and the Regional Development Agencies, the Government will call on industry leaders inviting them to put forward projects to improve the resilience and self-sufficiency in food processing by building new capacity, modernizing existing capacity and strengthening our support infrastructure. The Strategic Response Fund will launch an early wave of its call for proposals in June 2026, followed by a second wave in the fall of 2026, in conjunction with Regional Development Agencies.
    - Tailored approach for the agri-food sector:
        - $350 million in existing funding under the Strategic Response Fund (SRF) for agri-food projects with contributions up to $50 million.
        - $150 million in SRF existing funding to support food-related national innovation ecosystems.
    - $150 million in new funding to the Regional Economic Growth through Innovation program for agri-food project contributions up to $10 million.

Rainy River Grain Company has received funding from FedNor to implement upgrades, automation, and efficiency improvements in grain drying and storage capacity to diversify products and better serve the Canadian market.

- $150 million in new funding for a Food Security Fund under the existing Regional Tariff Response Initiative to support food-related SMEs and food-system organizations expand domestic processing capacity, food production, storage, distribution and delivery to communities.
- Provide $100 million in new funding for Canada's Global Innovation Clusters (GIC) program, which supports Protein Industries Canada among other Clusters, to establish a Collaborative Food Innovation Fund that brings industry together through

a consortium model to support Canadian SMEs and growth companies across the innovation continuum. Funding will help Canadian companies commercialize IP, domestic and global demand for Canadian value-added ingredients and food production, and expand the scope of food production and processing in Canada

- Identify and develop incentive packages for investment attraction
    - Building on existing investment attraction work, coordinate across federal departments to provide tailored outreach and packages to encourage multinational firms to make substantial investments in Canada. These efforts will target 15-20 firms with the most promising opportunities to invest in Canada.
- Establish a new, $1 billion Agri-food Project Finance Fund to be delivered by Farm Credit Canada that is dedicated to catalyzing value-added, capital intensive high-potential projects for the Canadian agri-food industry. This new Fund is in addition to FCC investing $2 billion in Canadian food and agriculture innovation, which has been supplemented by the previously announced $5 billion commitment by a coalition of private sector investors.
- Fisheries and Oceans Canada is working with provincial government partners to renew the fisheries fund, in order to drive innovation and strengthen domestic production and processing capacity across Canada's fish and seafood sector.

Avena Foods, a Regina-based miller of oats and pulses, has expanded as an ingredient innovator with support from Protein Industries Canada - one of Canada's Global Innovation Clusters. The partnership helped Avena Foods accelerate R&D and launch sustainable, nutritious, allergy-friendly ingredients. With $5.5 million in cluster funding and $9.5 million from project partners, including Big Mountain Foods, Danone Canada, and Old Dutch, Avena Foods has successfully improved food and snack products for the Canadian market while reducing its environmental footprint and expanding globally.

Kraft Heinz Canada committed to investing $250 million to modernize its Montreal-based plant to increase production of its staple food products, while **Mars Canada** committed to $180 million in upgrades across its Ontario snacking food and pet food manufacturing operations.

Key Performance Indicators

- From 2027 to 2035, the GDP of the food processing industry, which currently grows at an average of 1.6% per year, will grow at an average of 2.75% per year.
- Increase the proportion of processed food consumed in Canada that was domestically produced from 70% to 80%.

Growing Fruits and Vegetables Year-Round to Reduce Dependency on Imported Food

Objective: Increase the production and efficiency of fruits and vegetables grown year-round so Canada becomes less dependent on imports

To build on existing greenhouse successes and grow fruits and vegetables year-round, the Government will invest:

- $750 million over 7 years in the Controlled Environment Agriculture Growth Pathway through two streams that will increase our ability to grow fruits and vegetables:

CEA Technology Adoption Stream ($650 million over 7 years)

  - Support producers in the adoption of technologies (e.g. automation, robotics, lighting and digital growing tools) that will reduce energy and operating costs for CEA production, including upgrades to existing facilities and new builds.
  - Ensure growers have proven systems to competitively grow a broader range of produce and scale with confidence.

Expanding Local Food Production in rural and northern communities ($100 million over 7 years)

  - Support rural and northern communities to develop and implement solutions that work best to address their unique challenges.

Greenhouse strawberry production illustrates the growth possibilities of a concerted effort as strawberry production has nearly tripled since 2020, from 2.5 million kilograms to more than 7.5 million kilograms worth $75.2 million in 2024.

Between 2021 and 2025, **GoodLeaf Farms** (AB, ON, QC) raised over $200 million in funding, expanding from one facility in Guelph to additional operations in Calgary and Montreal. These three facilities produce a combined ~ 5 million pounds of leafy greens annually.

Since 2019, the community-led and operated **Naurvik plant production research project** in Gjoa Haven, NU is using renewable energy approaches to produce vegetables, herbs, berries and flowers in a container farm and in cold frame structures deployed outdoors.

Key Performance Indicators

- Double Controlled Environment Agriculture production value sold to the Canadian market from $774 million in 2024 to $1.55 billion in 2032
- Reduce our dependence on imported crops that can be grown through controlled environment agriculture by 20% by 2032
- Reduce labour and energy costs of controlled environment agriculture production by 10%-20% by 2032

Regulatory approaches that reduce costs and grow the economy while protecting health and safety

Objective: Lowering costs, while protecting health and safety, through removing regulatory barriers and improving service standards

Canada's science-based regulatory system is strong and has been an important part of developing our world-class reputation in terms of food safety and ability to export. At the same time, industry stakeholders are concerned about administrative burden, complexity, and long approval times for new products and technologies. By discouraging investment and increasing Canada's reliance on imports, these barriers can have a direct impact on food supply and affordability.

To remove barriers that raise costs and hold back innovation and investment in Canada's food system, the Government will:

Amend the *Canadian Food Inspection Agency Act* and the *Pest Control Products Act* to include consideration of food security and cost of food without compromising health and safety. This shift will unlock higher agricultural productivity and strengthen Canada's food self-sufficiency.

The Government will also give growers and livestock producers access to more and potentially lower cost inputs to increase their competitiveness. This will benefit consumers by increasing the stability of the food supply and by making food production more cost-effective. Specifically, the Government will:

- Eliminate backlogs and speed up approvals for seed, feed, fertilizers, and veterinary biologics ($11.3 million over 4 years).
- To protect Canada's food security and support economic growth, new powers would allow for the temporary use of certain pesticides under specific conditions where the Government considers it necessary to protect Canada's food security or economic security.
- Reduce regulatory burdens and complexities that cause unnecessary delays and hinder the predictable availability of pesticide products.

This work will result in tangible benefits for producers by accelerating vaccine approvals for the livestock sector (e.g. cattle, sheep, pigs, poultry, fish), and probiotics for poultry that are available in Europe, but not yet approved in Canada.

- Work with other trusted jurisdictions to share science and evidence to support expedited registration of critical farm inputs and ensure Canada can benefit from product approvals in other countries.

- This was recently demonstrated with the Government of Australia and the Government of Canada agreeing to cooperate on agricultural inputs and regulatory reviews to support economic resilience, trade, and Indo-Pacific prosperity.

- Explore opportunities to better connect Atlantic Canada's potential for natural gas resource development with evolving fertilizer supply needs. Ongoing dialogue with industry and provincial partners could help inform whether conditions exist to support future development opportunities in this area.

To increase internal trade and purchasing of Canadian food the Government will:

- Reduce administrative complexity for up to 4,000 provincially-licensed food establishments, including abattoirs, by giving them hands-on guidance to meet federal food requirements ($12 million over three years and $3 million ongoing). This allows these establishments to seize new market opportunities, while also providing Canadians with a greater selection of domestically produced food products.

> A small, powdered soymilk plant now has a federal licence that enables it to move up the value chain and process Canadian soybeans for sale in Canada and for export. Potential sales are in the millions of dollars annually.

- Give provincial abattoirs and small livestock producers a time-limited, targeted exemption from the *Safe Food for Canadians Regulations* to allow them to address regional shortages of slaughter capacity. This will boost support for local farmers and rural Canadians and make meat more accessible and affordable for Canadians by reducing the federal administrative burden and duplication through leveraging provincial and territorial food rules where appropriate.
- Make it easier for Canadians to find Canadian food products when shopping.
- Lever the federal government's purchasing power, through the recently renewed National Food and Beverage Procurement Strategy and the Buy Canadian Policy Framework, to support a stable market for domestically produced and processed food.
- Work with provinces and territories to promote buying Canadian food in public procurement.

Key Performance Indicators

- Eliminate CFIA and Pesticides Regulatory Directorate (PRD) approval backlog by end of 2026
- Reduce average time for future approvals at both CFIA and PRD by at least one third