



LONG-TERM THINKING FOR TODAY'S ISSUES

March 03, 2021

Paola Mellow
Executive Director
Low Carbon Fuels Division
Carbon Pricing Bureau
Environmental Protection Branch
Environment and Climate Change Canada
351 Saint-Joseph Boulevard
Gatineau, Quebec
K1A 0H3
Email: ec.cfsncp.ec@canada.ca

Matthew Watkinson
Director
Regulatory Analysis and Valuation Division
Economic Analysis Directorate
Strategic Policy Branch
Environment and Climate Change Canada
200 Sacré-Cœur Boulevard
Gatineau, Quebec
K1A 0H3
Email: ec.darv-ravd.ec@canada.ca

Re: Clean Fuel Regulations – Canada Gazette, Part I, Volume 154 Number 51

Dear Ministry,

The Christian Farmers Federation of Ontario (CFFO) is an Accredited Farm Organization representing the interests of over 4,000 farm families in Ontario who are called to the vocation of farming. CFFO policy promotes economically, socially, and environmentally sustainable farming, advocating that farmers receive fair return for their production and stewardship efforts.

Ontario farmers, along with farmers across Canada, are excellent stewards of the resources they use. The Clean Fuel Regulations should recognize this high standard of stewardship and reduce regulatory burden for those Canadian farmers wishing to provide feedstocks for low-carbon fuels.

As a Christian organization, the CFFO is also concerned about issues of justice and the importance of food as an essential need for all human beings. The proposed Clean Fuel Regulations (Regulations) focus on liquid fuels, which will have significant impacts on freight transportation and household heating and transportation, the highest direct uses of liquid fossil fuels. These Regulations will also impact the production and cost of food. A significant oversight of the proposed Regulations is that there is no analysis of the impacts to the cost of food and the varying implications this will have for households and consumers across Canada.

Farmer Stewardship

In recent decades, farmers have been producing more fibre, fuel and safe healthy food with fewer inputs. Farmers are always improving on that high standard with innovation and adoption of best practices. According to Government of Canada data, agriculture's direct greenhouse gas emissions have remained relatively stable over the last two decades.¹ At the same time, agricultural output has increased, particularly in grains and oilseeds. As the government overview indicates, "farm market receipts grew by 5.8% per year, on average, between 1971 and 2016, driven by grain and oilseed receipts, which increased by 6.5% annually on average over the same period."² Canadian farmers' hard work and constant improvements provide sustainably produced essential products like food and energy for consumers at home and around the world.

Regulatory Burden on Farmers

Canadian farmers already meet high standards of stewardship through compliance with federal and provincial laws and modern efficient farming methods. The Clean Fuel Regulations should recognize the quality of stewardship met by all Canadian farmers.

The CFFO joins with other farm organizations in raising concerns about potential red tape and regulatory burden for farmers. In particular, we are concerned about the requirement for farm-level declarations and verification for those providing feedstock for low-carbon fuels. We strongly encourage the government to work with the industry to seek solutions that would meet the necessary requirements for traceability and, where possible, to use existing documentation or verification processes.

Cost of Food Analysis

We know that environmental degradation and pollution disproportionately affect more vulnerable populations, such as those in remote areas and the poor. The global pandemic is hitting vulnerable populations such as the elderly and low-income workers, who are more likely to catch and succumb to COVID-19. In recent months, we have also seen that the economic impacts of the global pandemic have hit the vulnerable the hardest. In the current context, we must carefully and fully consider the disproportionate social impacts of policy decisions.

The best environmental policy is also policy that helps, not harms, vulnerable populations. We should not attempt to improve our environment and reduce pollution at the cost of our vulnerable populations including seniors, those living in remote or rural areas, and low-income households, urban and rural, who will be most significantly impacted by the Regulations as proposed.

In addition to the impact on the costs of freight and personal transportation and home heating, the Regulations will impact the cost of another basic need: food. The impacts on the cost of food must be considered, and to the extent possible, mitigated through redesign of the Regulations or other policy efforts to reduce the impact on these vulnerable populations.

¹ "Greenhouse Gas Emissions," Government of Canada, last updated April 15, 2020, <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.html>.

² "An Overview of the Canadian Agriculture and Agri-Food System 2017," Government of Canada, last updated February 25, 2020, <https://www.agr.gc.ca/eng/canadas-agriculture-sectors/an-overview-of-the-canadian-agriculture-and-agri-food-system-2017/?id=1510326669269>.

We see several places where the proposed Regulations on liquid fuel may impact the cost of food:

1. Increased costs to produce food on the farm through higher liquid fossil fuel costs.
2. Increased costs to transport food through the supply chain.
3. Market disruptions within agriculture as increased costs of production and market opportunities will vary by product.

Cost to Produce Food

Farmers are excellent stewards of the resources they use to produce food, fibre and fuel. However, modern agriculture currently requires fossil fuels to produce food. Fossil fuels are used in fertilizers as well as for powering equipment, heating greenhouses and drying grain, among other uses. In many cases, no alternatives currently exist to replace this essential fossil fuel use. Increased costs for liquid fuels will impact the direct cost of producing food. This cost may fall to farmers themselves, most of whom will not be able to recover the cost in the marketplace, or this may fall to the consumer in increased cost for food.

Cost to Transport Food

Food travels from farm to processor to distribution centre to consumer. Increased costs for liquid fuel will directly impact the costs of transportation associated with further processing and distribution of food, adding costs for the end consumer. The extra cost for food transportation will be most significant for those in remote areas and for low-income households who pay a higher percentage of their overall income on food.

Market Disruptions within Agriculture

The government analysis of the likely impact of the Regulations, as presented in the Gazette posting, included an estimate that the agricultural, lumber and forestry sector together would experience roughly a two percent decline in GDP. Taken at a general level, this implies an overall decrease in the food supply generated within Canada. However, the analysis indicates that “to the extent that the low-carbon fuels used for compliance with the proposed Regulations are produced domestically, the impact on output would be lower or even positive.” This does not account for the impact within agriculture on land use conversion from food to fuel production that this implies. In other words, will more corn grown for biofuel, mean less food for people to eat?

Although significant attention has been paid to designing the Land Use and Biodiversity (LUB) criteria to avoid land use conversion to generate feed stocks for low-carbon fuels, no attention is given to the impact *within* agriculture on the types of agricultural output as a result of market demands and changing costs generated by the Regulations. That is to say, there is concern about converting natural areas and pastures into annual crop fields, but no analysis about converting food-producing fields into energy feedstock-producing ones. Given new incentives, how much land will change from producing food for human consumption or livestock feed to providing feedstock for energy use? Will the impact of higher costs for transportation or production reduce overall output in certain sectors that may be impacted by cheaper imports or lost markets? What impact will this have on our overall local food security and overall food production as an essential need locally and globally? All of these unknowns will ultimately impact the overall cost of food, particularly foods like fresh fruit and vegetables.

Conclusion

We recognize the need to reduce pollution in Canada. However, the best environmental policy will not attempt to improve the environment at the greatest cost to the poor and vulnerable. The analysis of the impact of the Regulations provided already acknowledges the disproportionate impact of the increased costs of transportation and household heating. It does not include an analysis of the impact of these Regulations on the

cost of food. The CFFO recommends that such an analysis should be undertaken and that changes should be made to the Regulations to mitigate these impacts.

The CFFO also encourages government to recognize the high stewardship standards met by Canadian farmers and to remove regulatory burdens for those wishing to provide feedstocks for low-carbon fuels.

We appreciate your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ed Scharringa', with a long horizontal flourish extending to the right.

Ed Scharringa, President
Christian Farmers Federation of Ontario