

## Mitigating COVID-19 Agribusiness Risks

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May 8, 2020

### Bottom Line

**This week, the federal government has turned its eye to solving several key COVID-19 driven issues challenging the meat processing sector, horticultural and other agribusiness subsectors. The slowdown of meat packing plants is hurting Manitoba farmers, as they need to ship a large share of their hogs and cattle out of province for processing.**

The Canadian agribusiness industry had called for aid in the range of \$2.6 billion. **On May 5, 2020, the Prime Minister announced an initial \$252 million of aid to this sector.** A further \$200 million expansion to the Canadian Dairy Commissions line of credit was announced, pending legislative approval. Two further programs are in the works.

**Like many other Canadian businesses, farmers and the agribusiness sector need some sense of financial surety in the face of COVID-19. Canadians also require domestic food security. These programs are aimed at mitigating both risks.**

### Agribusiness Key Issues

The agribusiness sector and its supply chain are experiencing issues/concerns besides strictly logistical ones (see [WED Issue 8](#)):

1. **Operational Risk: The need for changes to work protocols on farm, in processing, wholesale and retail.**
2. **Marketing Risk: the challenges raised by the rapid adjustment in market channels from food services and restaurants to grocery stores.**

There have been a number of [programs](#) made available for Canadian farmers/fishers to-date. Farm Credit Corporation (FCC): \$5 billion in loans for farmers. \$50 million to help cover the extra costs of bringing in temporary foreign workers (TFW). \$62.5 million for the seafood and fish processing sector.

Still, some large gaps opened by COVID-19 exist in the Canadian agribusiness sector, and until they are solved, questions remain for farmers and processors. In agriculture, there are long lags in many crop and livestock sectors. Businesses in this sector require large upfront investments, with natural and narrow harvest windows. Horticulture, and animal & fish processing require large work forces, so proper COVID-19 risk mitigation is crucial to support close-to-normal levels of food production.

The Canadian Federation of Agriculture (CFA) has been raising these issues with the federal government since the beginning of this crisis, for example [April 16, 2020](#) and the CFA issued a press release on [April 30, 2020](#) calling for \$2.6 billion. Horticulture (around \$1 billion), beef, and pork sector (\$840 million) and others requesting a sizeable share of this amount. Cracks in the red meat processing sector in Alberta have grabbed people’s attention of late as this topic was discussed a few days ago in the Prime Minister’s press conference.<sup>1</sup>

## Federal Government Policy Action on May 5, 2020

On [May 5, 2020](#), the Federal government announced an initial amount of \$252 million. **These programs will have roughly a proportional effect on Manitoba agribusinesses.**

Table 1: May 5 Announcements

Addresses Concern	Amount	Description
# 1	\$77.5 million	Help <b>food processors</b> purchase PPE, adapt health protocols, and expand domestic processing capacity.
# 1 & 2	\$125 million	To help <b>cattle and hog producers</b> who are raising more animals than can currently be processed because of COVID-19 and are seeing extra costs as a result.
# 2	\$50 million	Food surplus purchasing program. Federal government to buy large quantities of surplus products and redistribute them to where food security is an issue.
	<b>\$252 million</b>	<b>Total</b>
# 2	\$200 million (Credit line)	Increase the <b>CDC’s</b> borrowing limit by \$200 million to cover costs of having to store excess cheese and butter. <i>(needs legislative approval)</i> .
# 1	Not costed	The federal government is working with provincial and territorial governments to boost payments to producers facing revenue declines from a current maximum of 50 per cent to a new maximum of 75 per cent.
# 1	Not costed	They are also considering expanding an insurance program to protect against lost production due to not having enough workers.

There is concern from farm and food processing groups such as the [CFA](#), and Canadian Cattleman’s Association [May 5, 2020](#) that the amount of aid announced was inadequate. **For example, the CCA estimates that the beef industry will lose \$500 million by June on market ready cattle alone, due in large part to the reduction in**

<sup>1</sup> For further details on the Canadian cattle/beef and hogs/pork sector, please see WED issue 12 on Canada’s red meat supply chains (released May 8, 2020).

**processing capacity. Given that Manitoba represents about 9 per cent of the beef herd, this would be about \$45 million in losses to Manitoba beef farmers by June.**

Still, the federal government has made it clear that they consider the May 5<sup>th</sup> announcement to be an initial move, with a number of programs in the works with provincial or other partners. We expect that once these further programs are nailed down and costed, we will see them announced fairly quickly. We may see further programs announced as well.

**These programs will help to support Manitoba's and Canada's food supply chains and, in turn, and will support food security for all consumers in these challenging times.**

EDW Contacts for Assistance or Inquiries:

- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure who to contact on the Y!W team.
- For general inquires please email [wpginfo@edwinnipeg.com](mailto:wpginfo@edwinnipeg.com).
- For Marketing & Communications Inquiries, please email [marketingandbranding@edwinnipeg.com](mailto:marketingandbranding@edwinnipeg.com).