

**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming Federal Budget**

Fertilizer Canada





List of Recommendations

Prioritize Trade-Related Infrastructure: *We recommend that the Government of Canada prioritize investments or tax credits for projects that relate to improving Canada's ports, railways, and rural areas.*

Streamline Regulatory Systems: *We recommend that areas of shared jurisdiction, and areas of co-operation with the US, be reviewed for opportunities for harmonization of requirements, standards, and reporting. In addition, the government should prioritize the fertilizer regulation modernization process.*

Re-establishing Canada's Reliable Reputation: *We recommend that the federal government designate critical trade infrastructure, such as railways and ports, as essential services.*

Invest in 4R Nutrient Stewardship: *We recommend that the government invest in a 4R Nutrient Stewardship fund to significantly reduce carbon emissions and to offset the costs of farmer implementation.*

Develop the Critical Minerals Strategy: *We recommend that the government continue development of its Critical Minerals Strategy with the United States, while also considering its expansion to other allies.*

Reduce Emissions Through Technology: *We recommend that the government provide funding to industry and the provinces to increase the uptake of emission-lowering technology.*

Supporting Farmers: *We recommend that financial supports for farmers be increased to compensate them for losses due to COVID-19 or inclement weather.*



Prioritize Trade-Related Infrastructure: *We recommend that the Government of Canada prioritize investments or tax credits for projects that relate to improving Canada's ports, railways, and rural areas.*

As one of the largest commodities transported by rail, our members are dependent on their service to deliver products to farmers. Investments that improve the efficiency of ports or railways, and allow them to move more goods, will benefit a wide array of industries as they attempt to return to regular levels of service.

Projects that increase the efficiency of ports, such as the Port of Vancouver, will be beneficial to Canada's economic recovery by reducing bottlenecks to the export markets. It will benefit landlocked provinces who rely on railways to move their goods, many of which have been severely impacted by the combination of the COVID-19 pandemic and low resource prices. Similarly, a tax credit for firms that purchase railcars or for railway investments would lower expenses for industry and allow them to reallocate that capital. Finally, investments in rural areas, such as for broadband development, will be valuable in the development of modern tools that support increased agricultural development.

Streamline Regulatory Systems: *We recommend that areas of shared jurisdiction, and areas of co-operation with the US, be reviewed for opportunities for harmonization of requirements, standards, and reporting. In addition, the government should move ahead with the fertilizer regulation modernization process.*

Over the past two decades governments are finding new methods to share jurisdiction over policy priorities, such as on climate change and natural resource development. In doing so, multiple systems have developed that often overlap in terms of standards or reporting requirements. This is in addition to companies with facilities in multiple provinces facing overlapping obligations. The government should pursue harmonization between federal, provincial, and international systems. This represents a way to reduce regulatory burden and unnecessary cost to industry in complying with similar regulations, all at no cost to the government and without compromising on standards. As well, harmonization of regulatory processes with the US, our largest trading partner, will increase Canadian exports, allow for more US investment in Canada, and ensure projects are built.

In addition, prior to the declaration of the COVID-19 pandemic, Fertilizer Canada and Minister Bibeau's office discussed the next phase of the Fertilizers Regulations modernization effort. It was communicated that the regulatory changes would be published in the Canada Gazette within weeks. However, the CFIA now advises that these regulatory amendments are unlikely to be finalized in 2020.

Fertilizer Canada supports the modernization of the *Fertilizer Regulations*, which is long overdue as consultations have been underway for more than a decade. The proposed amendments will facilitate market access for innovative products for Canadian farmers, which is



important as your government looks for ways to stimulate the economy. Proceeding with these regulatory modernizations provides economic stimulus at no cost to your government and with the broad support of industry, including farmers.

Re-establishing Canada's Reliable Reputation: *We recommend that the federal government designate critical trade infrastructure, such as railways and ports, as essential services.*

In the past year, Canada has experienced multiple strikes, blockades, and embargos. Continual disruptions will irreparably harm Canada's reputation as a reliable source of goods, and changes to Canada's labour legislation are critical to ensuring Canada remains an international supplier. The government should designate critical infrastructure related to supply chains, such as railways and ports, as essential services. The government has already tacitly acknowledged the essential nature of our industry, and of railways and ports, during the COVID-19 pandemic, wherein we were all labeled essential industries and able to continue operation during the economic shutdown.

Invest in 4R Nutrient Stewardship: *We recommend that the government invest in a 4R Nutrient Stewardship fund to significantly reduce carbon emissions and to offset the costs of farmer implementation.*

4R Nutrient Stewardship was developed to help farmers minimize environmental concerns related to agriculture while maximizing economic benefits. The 4Rs provide farmers with science-based information on how to use best management practices to reduce greenhouse gases and address other environmental impacts when they apply fertilizer.

The 4Rs have been recognized within Canada and globally as the standard for sustainable nutrient management and a method of reaching climate targets, including by the provinces of Saskatchewan, Manitoba, Ontario, Quebec, and PEI, the UN Food and Agriculture Organization, the World Business Council, and the International Joint Commission. Industry studies have shown that if basic 4R principles were applied throughout Western Canada farmers could reduce Canada's total emissions by 2000 – 3000 tonnes, while also increasing farmers profits up to \$87/acre.

While 4R Nutrient Stewardship represents a win-win for industry, farmers, and the environment, there are upfront costs to changing agricultural practices in the form of new equipment or agronomic consultations. In addition, farmers are taking on increasing levels of debt and may not have the time or resources to change long-standing practices. The Government of Canada should help farmers implement 4Rs on farm by creating a fund to offset initial costs, which will provide support to farmers during the post-COVID period, benefit the environment in reduced emissions, and increase farmer profitability.

Develop the Critical Minerals Strategy: *We recommend that the Canadian Government continue development of its Critical Minerals Strategy with the US, while also considering its*



expansion to other allies.

Canada is an important supplier of 13 of the 35 minerals that the US has identified as critical to economic and national security. Canada is also the largest supplier of potash to the US, which is fundamental to their agricultural success. Canada must continue to advance the Joint Action Plan on Critical Minerals Collaboration with the US, with emphasis on securing supply chains for potash production, increasing support for the mining industry, and reducing barriers to cross-border exports. In addition, Canada should consider expanding the Critical Minerals Strategy to other strategic allies and develop its own lists of critical minerals. This will expand the global dependence on Canadian industry and secure our geopolitical influence while stimulating growth in the mining sector.

Reduce Emissions Through Technology: *We recommend that the federal government provide funding to industry and the provinces to increase the uptake of emission-lowering technology.*

In Saskatchewan and Alberta companies spend a significant portion of their expenses on limited, affordable options for electricity, which is often provided by higher-emission fuels; both nitrogen production and the extraction of potash require a considerable amount of electricity. Small modular reactors present a breakthrough for fertilizer facilities in Canada, which are often extremely isolated and require significant energy infrastructure to operate. Advancing the Small Modular Reactor Action Plan, in partnership with the provinces, would help Canada regain a competitive advantage in the production of fertilizer.

Additionally, carbon capture and storage technologies, while capital intensive, will be a key component in achieving Canada's net-zero by 2050 goal, as a proven emissions-reducing technology. Government investment on behalf of industry will enable broader adoption of the technology and provide for immediate reductions in Canada's emissions.

Supporting Farmers: *We recommend that financial supports for farmers be increased to compensate them for losses due to COVID-19 or inclement weather.*

Farmers across the world have experienced significant disruption to their operations as a result of COVID-19 and increasingly inclement weather. Other directly competing countries, such as the US, have seen billions of dollars provided in subsidies and support packages. These, along with enhanced trade agreements between the US and Brazil have put Canadian farmers at a competitive disadvantage. Increased funding for the AgriStability program will be critical to farmers' recovery post-COVID, and Canada's food security.