

Minister's Letter: Evolving the Processing Vegetable (Tomato) System to Meet New Competitive Realities

April 16, 2019

An open letter from Minister Hardeman

The Ontario processing vegetable sector is a major contributor to Ontario's economy, with 16 processing facilities and 343 producers generating over \$100 million in annual farm gate sales and creating good jobs in Ontario communities. However, for years this unique sector has had challenges which have caused frustrations for farmers and processors. This has led to decreased investment and contributed to declining volumes in the industry.

Despite a growing market, Ontario production growth has been flat, exports of Ontario tomato products have declined to a third of what they were 10 years ago, imports have increased dramatically, the sector has seen a lack of processing investment, and there has been an exit of key processors. In my consultations with growers and processors, everyone agrees that we need to reverse these trends.

We need to take action to once again grow this industry to create more opportunities for our farmers and to support job creators in our rural communities. I've heard that many growers have good relationships with their processors and want to work together for the benefit of the industry. I want to ensure they have that opportunity.

The current price negotiation and marketing system for processing tomatoes is not working for processors and growers. This has been a longstanding problem. Again this year, negotiations faced significant challenges.

Maintaining the current system poses a real risk of losing processing plants and related jobs. Too often we have seen the crop year in danger and the future market for Ontario processing vegetable growers put in jeopardy. As Minister, I am not prepared to put these jobs and farmers at risk. The processing vegetable system needs to evolve to meet new competitive realities.

Government needs to ensure that regulation encourages growth, investment and jobs. The Ontario Farm Products Marketing Commission has an important mandate to ensure regulated marketing systems evolve with the sector, the changing economy, and the need to compete.

I have asked the Commission to develop a new marketing approach for the processing vegetable sector that includes direct contracting between processors and tomato growers, and to look at options for other processing vegetables. My expectation is that this will encourage processing investment, enable growers to be profitable, and result in a sector that is competitive and sustainable in the future. I believe this will keep jobs in Ontario and result in more growth. To provide stability, it is important that these changes are in place in advance of 2020 crop negotiations.

As the Commission develops these changes it is my expectation that there will be direct consultation with growers, and that it will work with farmers, processors and the industry as a whole to ensure we grow the industry to the benefit of everyone.

Original signed by

Ernie Hardeman

Minister of Agriculture, Food and Rural Affairs

c: Jim Clark, Chair, Ontario Farm Products Marketing Commission