



More Choice. More Control.
More Canada:
The National Food Security Strategy

June 2026



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Canada

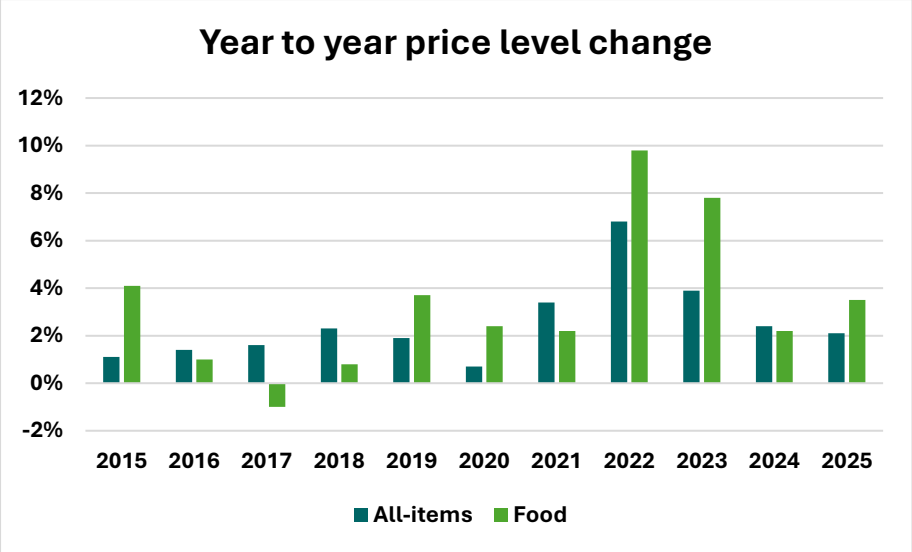


Context

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.



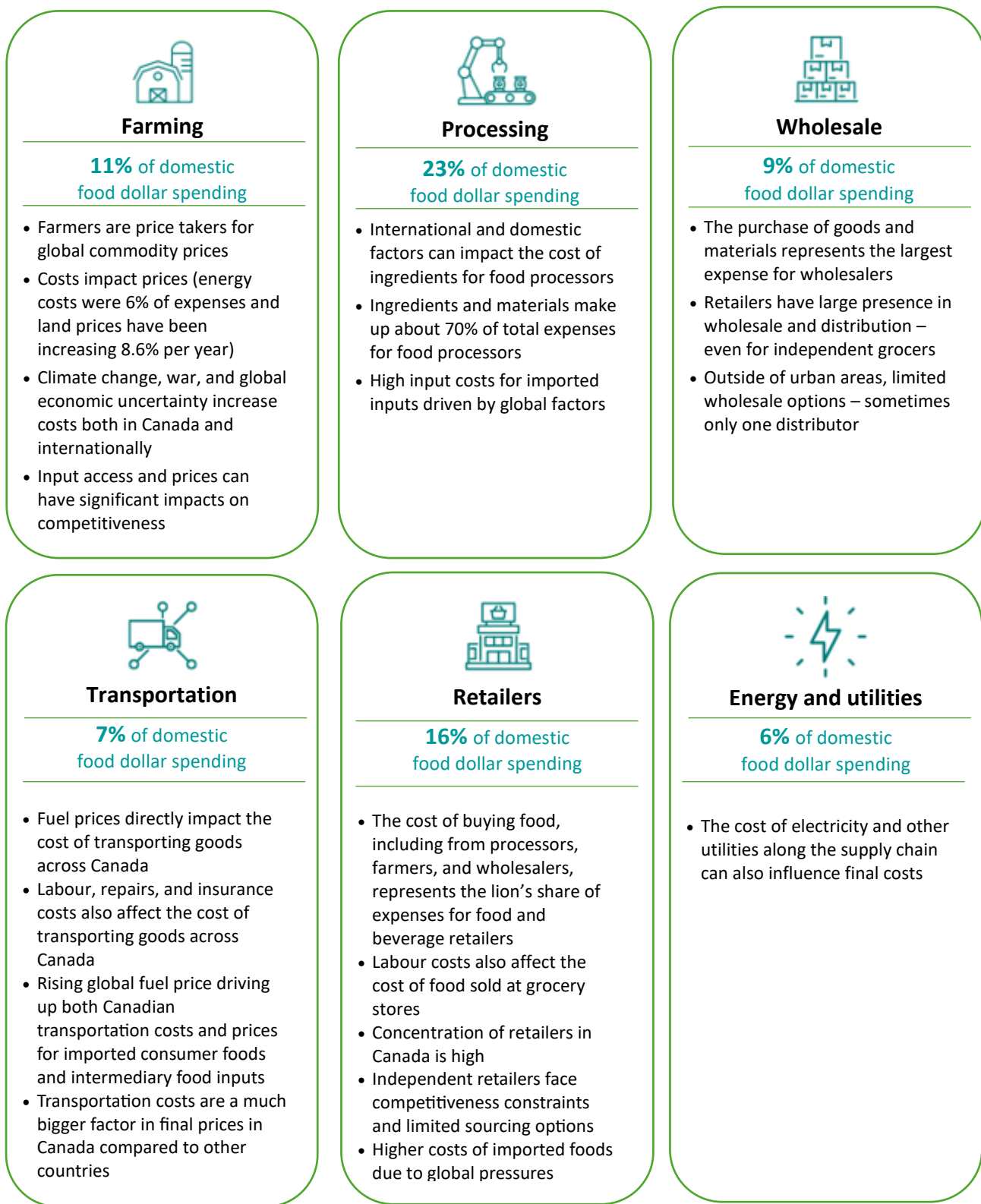
Source: Statistics Canada, 18-10-0005-01.

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.



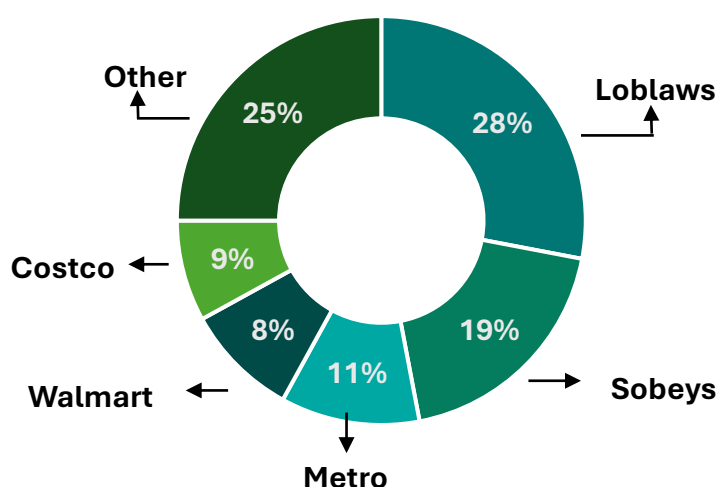
Figure 2: Food Supply Chain Elements and Pressures



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



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.

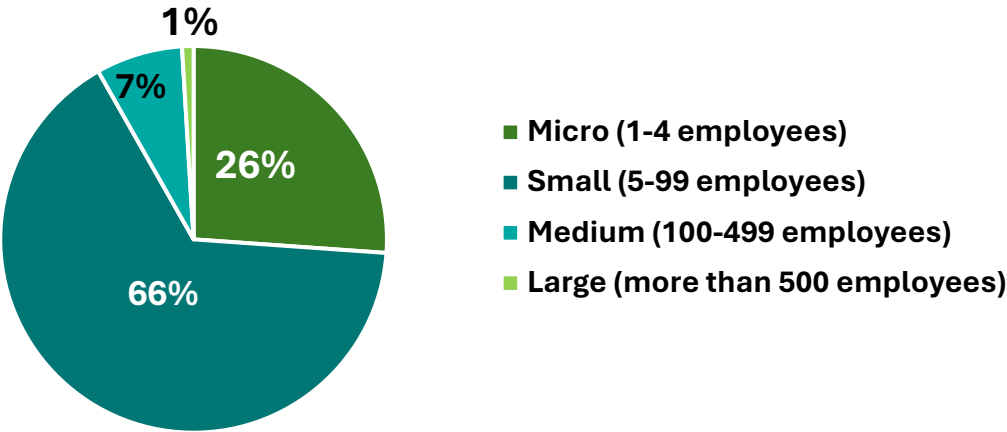
Independent grocers compete with major chains, but many also rely on the distribution networks of the major chains. This means that many independent grocers have limited options and must pay the mark-ups from larger competitors for the products they then sell to Canadians.

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.



- 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.



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.
- \$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

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.



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

