

October 21, 2026

The Right Honourable Mark Carney, P.C., M.P.

Prime Minister of Canada
Office of the Prime Minister
Ottawa, Ontario

Re: Urgent action on diesel costs, food affordability and Canada's food security

Dear Prime Minister:

On behalf of organizations representing Canada's farmers, ranchers, seafood harvesters and processors, fresh fruit and vegetable growers, food and consumer product manufacturers, distributors, wholesalers, retailers and independent grocers, we are writing to recommend immediate action to address the extraordinary increase in diesel fuel costs and the resulting pressure across Canada's food supply chain. Over the last 10 to 12 months, the average cost per litre for diesel in Canada has increased by almost 100% to over \$2.67 per litre. Given this recent extraordinary increase, we are asking government to partially assist in mitigating further inflation to Canadian consumers.

Our organizations represent different segments of the food system, with different business models and economic realities. However, we share a common concern: **extraordinary fuel costs are increasing the cost of producing, processing and moving food at virtually every stage of the supply chain, at a time when Canadians remain deeply concerned about food affordability.**

Our primary recommendation: a temporary \$0.50-per-litre diesel rebate

We respectfully ask the Government of Canada to establish a temporary \$0.50-per-litre rebate on diesel and marine diesel used by eligible organizations in qualifying food-system activities during periods of exceptional fuel prices. The principle is straightforward: relief should follow the food supply chain.

Food must move. From farms, ranches and fishing vessels through processors, packers, distribution centres, food manufacturing facilities, wholesalers, grocery stores and the last mile to consumers, diesel is a foundational input in Canada's food system. For that reason, the current situation requires a coordinated food-system response rather than measures focused on any single segment of the supply chain.

The rebate should be temporary, transparent and tied to documented diesel purchases associated with qualifying activities. It should be designed to respond to extraordinary fuel-price conditions rather than become a permanent financial support. A detailed outline of eligible activities, program principles and complementary measures is included in the attached policy addendum.

International examples

Canada would not be alone in responding to extraordinary energy costs with targeted relief.

- Spain has introduced a €25-million program for primary fishery businesses affected by higher fuel costs. Eligible businesses can receive €0.20 per litre of diesel, subject to program caps.
- France introduced emergency assistance for agricultural non-road diesel, initially covering the applicable excise duty and subsequently increasing support to €0.15 per litre through reimbursement of documented fuel purchases.
- Portugal has likewise adopted measures responding to exceptional energy costs, with additional support directed toward transportation, agriculture and fisheries.
- The United States has also recently acted. On October 5, 2026, the U.S. government announced temporary measures allowing tax-free dyed diesel to be used on highways while deferring the applicable federal diesel tax through year-end. On October 9, 2026, the U.S. Treasury temporarily eased sanctions restrictions to permit the sale, delivery, offloading and importation of Russian-origin diesel, including imports into the United States, through April 7, 2027.

These examples differ in design and scale, but they demonstrate a common principle: when extraordinary external events create significant fuel-cost pressures on essential sectors, governments can employ temporary and targeted mechanisms to protect productive capacity and competitiveness.

Why action is required

Different parts of the food system have different abilities to absorb these increases, but ultimately there is nowhere for persistent extraordinary costs to disappear. They must eventually be absorbed through reduced margins, reduced investment, changes in production or supply, or passed through the supply chain. Inevitably, part of that burden will fall on Canadian consumers, who cannot afford to pay more.

Reducing extraordinary fuel-cost pressure can help businesses preserve working capital, maintain production and distribution capacity and continue investing in equipment, innovation, productivity, cold-chain infrastructure and transportation. Canada's food security depends upon maintaining the capacity to produce, process, distribute and transport food competitively and reliably.

The breadth of organizations supporting this request reflects the seriousness of the issue. Our coalition brings together businesses and organizations from across Canada's food system, while our members occupy different positions within the supply chain, we share a common objective: maintaining a competitive, resilient food system capable of delivering affordable food to Canadians.

We would welcome the opportunity to meet with you and the appropriate Ministers to discuss the proposal and its implementation.

Sincerely,

Canadian Federation of Agriculture
 Canadian Federation of Independent Grocers
 Canadian Produce Marketing Association
 Fisheries Council of Canada
 Food, Health & Consumer Products of Canada
 Fruit and Vegetable Growers of Canada
 Retail Council of Canada

cc:

The Honourable Minister of Finance;
The Honourable Minister of Agriculture and Agri-Food;
The Honourable Minister of Innovation, Science and Economic Development;
The Honourable Minister of Housing and Infrastructure;
The Honourable Minister of Fisheries;
The Honourable Minister of Employment and Social Development;
The Honourable Minister of Health

Policy Addendum

Temporary diesel and marine diesel relief for Canada's food system

1. Primary recommendation

We recommend that the Government of Canada establish a temporary \$0.50-per-litre rebate on diesel and marine diesel used by eligible organizations in qualifying food-system activities during periods of exceptional fuel prices.

The rebate should be temporary, transparent and tied to documented diesel purchases associated with qualifying activities. It should be designed to respond to extraordinary fuel-price conditions rather than become a permanent financial support.

2. Eligible activities

Eligible activities should include:

- Production
 - Agricultural production and harvesting
 - Fisheries
 - Food production
- Handling
 - Packing, cooling and warehousing
 - Movement of agricultural and food-production inputs
- Transportation
 - Raw materials and packaging to and between farms, processors and manufacturers
 - Finished-goods distribution to and from distribution centres and wholesalers
 - Finished-goods distribution to and from retail distribution centres

3. Recommended program design

- Temporary: Relief would apply only during periods of exceptional diesel prices, with appropriate government review as market conditions normalize.
- Consumption-based: Payments would be tied to documented litres of diesel used for eligible activities.
- Agriculture and food-system focused: Eligibility would extend from qualifying primary production through processing and transportation rather than ending at the farm gate.
- Neutral with respect to markets: Eligibility would be based on qualifying activities and fuel consumption rather than exports, export destinations or export performance.
- Verifiable: Existing business records and fuel-purchase documentation should form the basis for determining eligible consumption.

4. Supporting rationale

Primary producers

Farmers, ranchers and seafood harvesters and processors are particularly exposed because fuel is essential to their operations and many operate as price takers, with limited ability to pass extraordinary input costs through to their customers.

Industry analysis demonstrates how quickly the costs can accumulate. A typical Class 7-8 combine consuming approximately 70 litres of diesel per hour and operating eight hours a day over a 30-day harvest would use approximately 16,800 litres. With diesel prices at \$2.67 per litre as of October 19, according to [Natural](#)

[Resources Canada](#), that translates to \$44,856 in fuel costs for a single combine, compared to \$25,200 at [average weekly diesel](#) fuel prices in October 2025 of \$1.50 per litre.

When multiple combines, tractors, trucks, boats and other equipment are considered, extraordinary increases in diesel prices can quickly translate into tens of thousands of dollars in additional operating costs.

The broader supply chain

Once food has been produced, it still needs to be processed, packed, cooled, stored and transported. This is especially important in a country as geographically large as Canada and for products such as fresh fruits and vegetables that must move through highly time-sensitive and temperature-controlled supply chains.

Transportation providers face direct increases in fuel costs. Packers, processors, wholesalers, and distributors face higher inbound and outbound freight costs. Retailers then face higher delivered costs and fuel surcharges.

Grocers and rural, remote and Northern communities

Grocers across Canada, both independents and national chains, operate on thin margins of roughly 2% to 4.5% respectively. This leaves limited capacity across the retail sector to absorb substantial increases in delivered costs and fuel surcharges. This issue becomes even more important in rural, remote and Northern communities where transportation distances are greater, distribution alternatives are more limited, and the cost of supplying food is already high.

Our coalition has identified that 66.5% of identified remote Canadian communities have only an independent grocery store. For these communities, preserving an economically sustainable food distribution network is not simply a matter of business competitiveness. It is fundamental to food access and food security.

5. International precedents

- Spain has introduced a €25-million program for primary fishery businesses affected by higher fuel costs. Eligible businesses can receive €0.20 per litre of diesel, subject to program caps.
- France introduced emergency assistance for agricultural non-road diesel, initially covering the applicable excise duty and subsequently increasing support to €0.15 per litre through reimbursement of documented fuel purchases.
- Portugal has likewise adopted measures responding to exceptional energy costs, with additional support directed toward transportation, agriculture and fisheries.
- The United States has also recently acted. On October 5, 2026, the U.S. government announced temporary measures allowing tax-free dyed diesel to be used on highways while deferring the applicable federal diesel tax through year-end. On October 9, 2026, the U.S. Treasury temporarily eased sanctions restrictions to permit the sale, delivery, offloading and importation of Russian-origin diesel, including imports into the United States, through April 7, 2027. Additionally, the U.S. Department of Agriculture announced an **\$8 billion Harvest Fuel Relief Program** providing one-time support to farmers facing increased input costs during the 2026 harvest season.

6. Complementary measures

While the \$0.50-per-litre rebate should be the principal recommendation, we encourage the Government to consider two complementary measures:

- Maintain full federal fuel excise-tax relief through March 31, 2027. Allowing taxes on diesel to increase while extraordinary fuel-price pressures remain would work against the objective of protecting food affordability and competitiveness.
- Strengthen access to working capital for agricultural producers through the Advance Payments Program. We recommend establishing the general interest-free portion of the APP at \$350,000, providing producers with greater liquidity to manage extraordinary input costs, market volatility and continuing trade uncertainty.

7. Alignment with food security

The proposed rebate should not be viewed simply as assistance to the sectors noted above. Nor are we proposing that government insulate food businesses from normal market forces. We are recommending a temporary response to exceptional conditions that are placing additional costs into Canada's food system.

A food-security strategy cannot focus only on the availability of food. It must also consider the economic infrastructure and businesses required to move food from where it is produced to where Canadians live. We therefore believe a temporary diesel rebate should be considered aligned with the strategic intent of the Government's broader National Food Security Strategy, alongside measures supporting infrastructure, domestic productive capacity, supply-chain resilience and food affordability.