

CANADA AS AN **AGRI-FOOD POWERHOUSE**

Strengthening our Competitiveness
and Leveraging our Potential



ROUNDTABLE SYNTHESIS REPORT

APRIL 2017



The PPF works with all levels of government and the public service, the private sector, labour, post-secondary institutions, NGOs and Indigenous groups to improve policy outcomes for Canadians. As a non-partisan, member-based organization, the PPF works from “inclusion to conclusion,” by convening discussions on fundamental policy issues and identifying new options and paths forward. For 30 years, the PPF has broken down barriers among sectors, contributing to meaningful change that builds a better Canada.

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As an independent, non-partisan policy catalyst, CAPI brings insight, evidence and balance to emerging issues. CAPI provides a neutral place to hold dialogues and generate perspectives among leaders across the food system.

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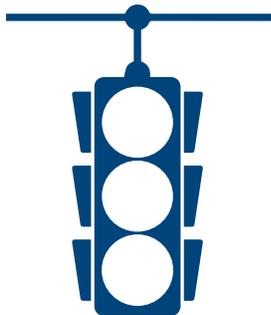
NEIGHBOURS

We are also grateful for the local and in-kind support for the roundtables provided by the **Alberta Cattle Feeders' Association**, **BC Bioenterprise**, **Calgary Economic Development**, **Food Island Partnership (PEI)**, **Genome BC**, **MNP**, the **University of Guelph** and the **University of British Columbia**.



WHAT SIGNALS DID SECTOR LEADERS AND STAKEHOLDERS SEND?

A high-level overview of input received at roundtables in Charlottetown, Montreal, Ottawa, Guelph, Winnipeg, Saskatoon, Calgary and Vancouver.



GREEN LIGHT

- The Advisory Council's report – and increased attention from government and others outside the sector – is an unprecedented opportunity to empower the sector, enable better alignment and take bold action.
- The proposed growth strategy is generally right (with adjustments below).
- The aspirational vision – *being the trusted global food leader* – must be the lens through which we assess all relevant policies and strategies.



SPEED UP

- The Prime Minister (PM) should establish an Agri-Food Growth Council (AGC), with leaders from across the food system, coordinated by the Privy Council Office, and focused on a few major regulatory priorities at a time, setting top-down goals and tracking and reporting progress.
- The PM should also establish an inter-departmental task force to improve cross-departmental collaboration and triage and resolve regulatory obstacles.



AVOID MAJOR RISKS

- To succeed, the AGC must report to 'the centre,' value chain roundtables cannot be tasked with leading the growth strategy, regulations must be modernized, and there must be greater alignment within governments and the sector.
- We must lead on public trust or we'll risk our food brand and balanced regulation.
- The delivery of co-benefits – health, environmental sustainability – is critical to remaining a priority sector, attracting investors, enticing talent and building trust.



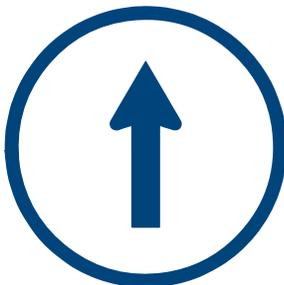
PAY ATTENTION

- While export growth must be prioritized, we must also drive significant growth in domestic opportunities.
- It's important to involve adjacent sectors (e.g., health, environment) and key demographics (e.g., Indigenous communities, new Canadians, youth).
- Producers, processors, innovators and academia can do more to work 'pre-competitively' to add value and advance innovation and breakthrough solutions.



IMPORTANT WORK AHEAD

- Each sub-sector needs to define bottom-up targets and strategies.
- Credible data, good metrics and shared information systems are vital for industry to demonstrate progress (e.g., sustainability, regulatory priorities, standards).
- We need a longer-term approach for research grants, policy frameworks, etc.
- The government needs to determine how the AGC informs the national food policy and other policy initiatives, including innovation and health.



THE DIRECTION IS CLEAR

- With some adjustments and cautions, the resounding message from sector leaders and stakeholders is to seize this unprecedented opportunity and get going now.

STRENGTHENING OUR COMPETITIVENESS, LEVERAGING OUR POTENTIAL

To seize this opportunity, the aspirational vision – being the trusted global food leader – must be the lens through which we assess all relevant policies.

Strengthening Canada’s competitiveness in global food production could drive economic growth for decades to come. Those within the food system¹ have long recognized both the core strengths and untapped potential of the sector. But there is now increasing awareness outside of our food system of the tremendous opportunities presented by a burgeoning global population, a growing global middle class, and changing consumer trends such as increased demand for higher-value food, like proteins and functional foods that have health benefits beyond simple nutrition.

In February 2017, the Advisory Council on Economic Growth, established by the Minister of Finance, released its second wave of recommendations, which emphasized the potential for Canada to become “the trusted global leader in safe, nutritious and sustainable food for the 21st century.”² The Advisory Council recommended the government work with the private sector to take a targeted approach to removing growth obstacles. It also recommended the development of a growth strategy, the building blocks of which should include: setting an ambitious aspiration; launching a few bold pilots; boosting public-private collaboration; and implementing core recommendations (on innovation, infrastructure development, broadening trade agreements in Asia, immigration and a FutureSkills Lab).

Using the Advisory Council’s report as a starting point for discussion, the Public Policy Forum (PPF) and the Canadian Agri-Food Policy Institute (CAPI) partnered on

a coast-to-coast consultation process focused on what it will take to make Canada a global agri-food powerhouse. In March 2017, PPF and CAPI convened roundtables in Charlottetown, Montreal, Ottawa, Guelph, Winnipeg, Saskatoon, Calgary and Vancouver. We heard from more than 150 sector leaders and stakeholders.

We asked:

- What do food-system stakeholders and governments need to execute on? Where should we focus our attention?
- What are the gaps in the recommendations put forward by the Advisory Council?
- How can we build momentum and galvanize the sector around a growth agenda?

This is what we heard.

SEIZE THIS OPPORTUNITY

The increasing recognition of agri-food’s potential as an economic driver is exciting. The Advisory Council’s report – along with the 2017 federal budget, which identifies agri-food as a key driver of innovation, alongside digital and clean tech – is an unprecedented opportunity to empower the sector, enable better alignment and take bold action to build an even more dynamic and globally competitive food system. To seize this opportunity, the aspirational vision – being the trusted global food leader – must be the lens through which we assess all relevant policies.

¹ The food system includes: input suppliers, producers, processors, food services, retailers, and adjacent sectors (i.e., transportation, health, environment, education, science, technology, financial), and all levels of government.

² Unleashing the Growth Potential of Key Sectors, <http://www.budget.gc.ca/aceg-ccce/pdf/key-sectors-secteurs-cles-eng.pdf>

One roundtable participant captured a broadly shared sentiment: “This is a significant opportunity, but we, as an industry, need to focus on the things that we agree on, and less on the things that we disagree on. There’s so much that we agree on.”

PRIORITIZE LEADERSHIP

The government should act quickly to establish an Agri-Food Growth Council (AGC), consisting of leaders from across the entire food system. The AGC has the potential to get this highly diverse sector out of its many silos and galvanize it around a growth agenda. It should focus primarily on a few major regulatory priorities at a time with the aim of making our regulatory process a competitive strength. It should also provide leadership on top-down goals. Recognizing the cross-departmental nature of agri-food issues, and the need for a whole-of-government approach and leadership at the highest level, the AGC should be established by the Prime Minister and coordinated by the Privy Council Office. It should report on progress every six months.

Sector leaders and stakeholders were clear that the Value Chain Roundtables are not the appropriate vehicle to take the growth strategy forward. To be successful, it requires leadership from a representative AGC and from the centre of government.

The government should promptly set up an inter-departmental task force, with a mandate to improve cross-departmental communication and collaboration, and triage and resolve regulatory obstacles. This will ingrain a whole-of-government approach and enable fulfillment of ministerial mandate letters. Both the AGC and the task force should drive transformative change, not just incremental improvements. They should also identify and act on a handful of “quick wins.”

We need better alignment between governments. When federal, provincial and municipal governments work at cross-purposes or create complexity through duplicating regulations, it undermines adding value to our food production, jeopardizes investment and risks jobs. Governments must also take a longer-term view. On policy frameworks and research grants, we heard that government’s timing is “out of sync with everything other than politics.”

We need industry leadership, too. The proposed “hub” and sub-sectoral action team concepts are potential catalysts for this. Bottom-up targets and strategies can bring diverse players together on a new approach, such as being “the most sustainable supplier of protein in the world,” as suggested by some roundtable participants.

Working in silos impedes progress on making Canada a global agri-food powerhouse. As one participant noted, “We need to go beyond the old-school commodity approach. Yes, we need to grow more and be more efficient in how we move it. That hasn’t changed. But we need a systems approach in which we focus on bringing economic growth, environmental sustainability and social goals, like health and affordability, together.”

“These are not just big regulations that need changes; some are just small things that are easy to do and make sense.”

—Roundtable Participant

MODERNIZE REGULATIONS

Many of the regulations for the agri-food sector are out of date, unnecessarily impeding investment, innovation and competitiveness. We need modern regulations that are science-based, risk-based and balanced.

Our regulations need to be a competitive advantage. Modernization is an essential part of that. So, too, is benchmarking where Canada is relative to global competitors. We need to ensure that our regulatory process can demonstrate, in a data-driven and transparent fashion, that our food is the safest, most sustainable and most nutritious in the world.

BOLSTER PUBLIC TRUST AND CANADA'S FOOD BRAND

Public trust is central to our food brand. It's also vital to ensuring a competitive business environment because, without trust, more restrictive policies could be introduced that inhibit competitiveness.

Educating consumers and improving their "food literacy" – from fork back to farm, including trust in science – is an important part of risk-mitigation.

Focusing on *environmentally sustainable* growth – reducing pollution, addressing climate change and enhancing natural capital – is critical. Sustainability not only delivers on expectations that enhance public trust, but it's also a driver for reducing costs, adding new value, enhancing productivity, ensuring profitability and creating production-related resilience. Sector leaders recognize the need to improve how industry measures and communicates sustainability.

Emphasizing the other co-benefits of Canadian food is also essential. Canadian food can be positioned as a "solutions provider" through its health attributes and nutritional quality. As healthcare costs put an increasingly significant strain on public budgets, the linkages between our food system and health outcomes need more attention.

To remain a priority sector, attract investors, entice talent and build public trust, our economic growth strategy must deliver co-benefits.

ATTRACT MUCH-NEEDED INVESTMENT, DRIVE INNOVATION

Food-system players recognize the need to "own" the growth strategy and are eager to do so, but they need to have confidence in government processes so they can focus on creating value-added opportunities and delivering co-benefits across the sector. One of the main reasons for industry hesitation to invest is the lack of alignment within government. As we heard, "It's as though Agriculture, Innovation and Economic Development, and Health aren't talking to each other." To ensure food-system players are confident and profitable enough to invest, we need improved alignment and modernized regulations that don't unnecessarily impede innovation.

We heard about significant challenges between innovation and commercialization: "There is often no lack of government support for the early stages of innovation. But there's a valley of death between pre-commercialization and revenue-realization."

We also need to tell our story. One participant said, "If you gave me the board of trade on a bus for one day, I could give them infinite places to invest – they have no clue the businesses up and down my road that are doing amazing work, including internationally." Another said, "In true Canadian fashion, we don't brag. We have a lot of expertise. That matters to investors and they need to hear about it."

"We're pretty good at getting commodities abroad, but we're not good at getting value-add products abroad... We won't meet the growth objectives by exporting raw products."

—Roundtable Participant

Canada needs improved research capacity, which is seen as less than half of what it should be for the size of the industry. Most research funding comes from governments. We heard that, "Government should not do less; commodity groups do some but could do more; industry needs to step up." We also heard about the importance of confidence and profitability in making that happen.

FOCUS ON BOTH EXPORT AND DOMESTIC GROWTH

To ramp up exports significantly, we need leadership and alignment, modernized regulations, a strong food brand, investment and innovation. We also need preferential trade agreements with high-potential markets in Asia. We need to seek regulatory harmonization to the

greatest extent possible – ensuring a level playing field that delivers high-quality, safe food. We need to tackle non-tariff barriers and do more to shape non-government international standards.

We also can't forget about the domestic market. Many small and medium enterprises don't have the capacity to be in the export market, at least not yet. Global and domestic food-system players face similar challenges as they seek to develop new value-added opportunities. To grow our domestic market, we need swift action on internal trade barriers: In Charlottetown, we heard that "it's often harder to ship to New Brunswick than it is to the U.S.," and we heard similar frustration elsewhere. Another way of supporting domestic players is through 'consortium' approaches, which enable better information-sharing.

NOW IS THE TIME

Those are the main, broad directions in which our roundtable discussions went. The need for leadership, alignment and a systems approach was a dominant theme, as was the need to modernize regulations. There was especially strong interest in the establishment of an industry-led Agri-Food Growth Council, but sector leaders and stakeholders were adamant that it report to 'the centre' and represent the entire food system. There was also strong support for an inter-departmental task force to break down silos within government and lead regulatory modernization. Both of these initiatives should be set up quickly.

At every roundtable, bolstering public trust, enhancing our food brand and delivering co-benefits were identified as crucial to strengthening our global competitiveness. Attracting investment and driving innovation were common themes. And the desire to achieve significant growth in both exports and domestic opportunities was also raised frequently.

Sector leaders and stakeholders identified much work ahead, including the need for sub-sectors to define bottom-up targets and strategies, and the need for credible data and good metrics to demonstrate progress on a variety of fronts, including sustainability and regulatory priorities.

Of course, we also heard a lot of other points. We heard about infrastructure, transportation, rural internet and the need for timely access to new technologies, like

drones, robotics and automation. We heard about challenges related to retail consolidation. We heard that business risk-management programs need to be recognized as productivity-enhancing, particularly with new climate-related challenges. We heard about the value of extension services in ensuring producers have access to the best information. We heard competing perspectives on supply management. We heard concerns about staff turnover impacting government capacity. We heard frustration about new front-of-package labelling rules and about carbon pricing. We heard about the need to better engage Indigenous communities, new Canadians and youth in the sector and about the role of immigration in addressing labour shortages. We heard a lot about the valuable role of educators – from Agriculture in the Classroom to colleges and universities – in attracting and training a diversity of people and talent.

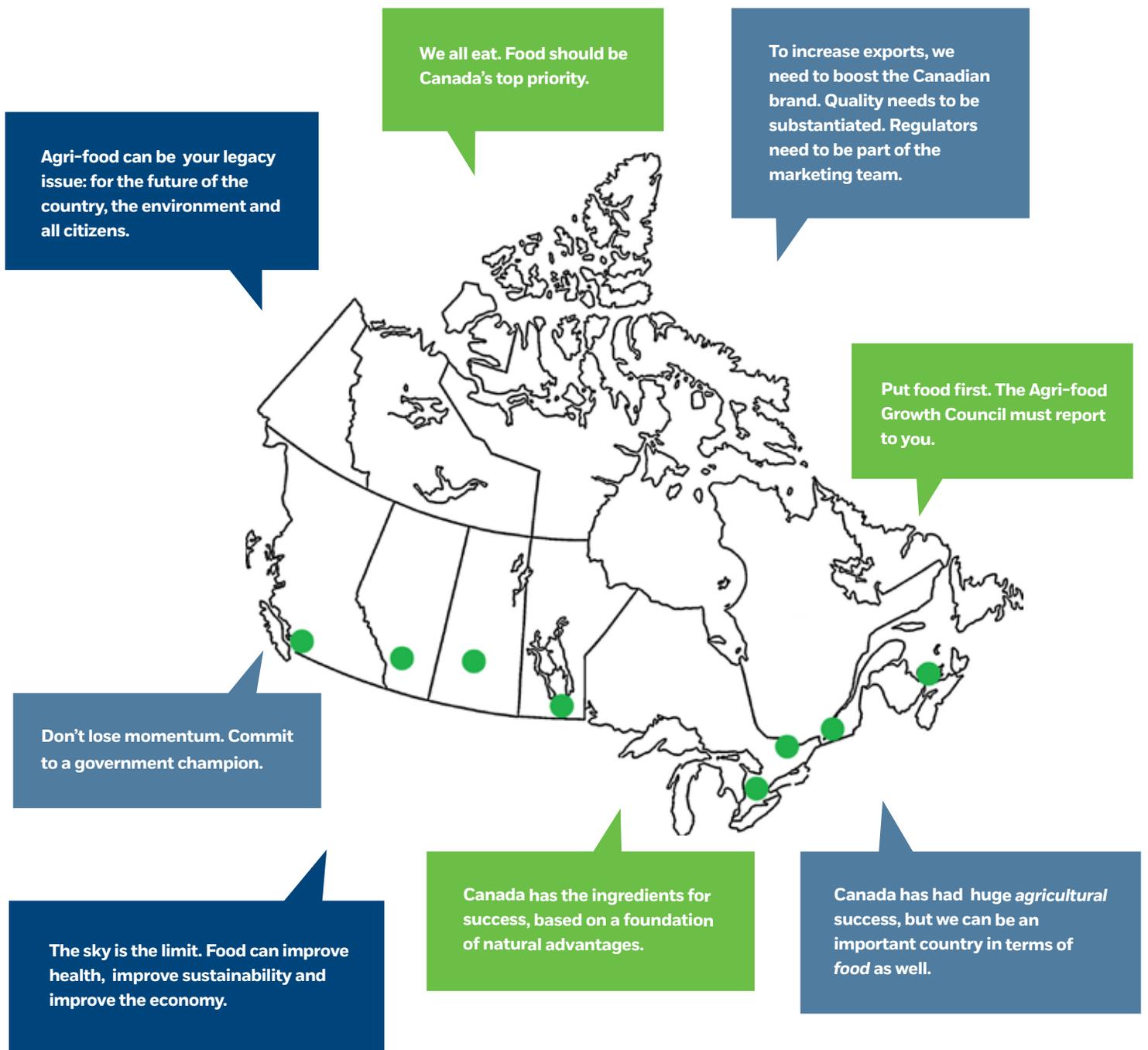
We were also reminded that Canada's role in global food security goes beyond food exports, and includes important players that enable more sustainable food production, including technology, bio-economy, genomics, and input sectors, such as seed, fertilizer and pesticides. Industry-led global farmer education, such as 4-R Nutrient Stewardship, was also highlighted as a key example of Canadian leadership.

But the most resounding message coming out of this coast-to-coast consultation is that now is the time to mobilize leaders from across the food system and governments, to build on the Advisory Council's ideas, and to take bold action to make Canada an agri-food powerhouse.

Food can unleash significant economic growth and deliver broad societal benefits. Now is the time to act on that.

“WHAT SUCCINCT MESSAGE DO YOU HAVE FOR **THE PRIME MINISTER?**”

At each roundtable, we asked participants to offer one brief message to the Prime Minister. Here is a broadly representative sample of those messages, with one taken from each city.





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