

Highlights of an Industry Stakeholder Dialogue, Winnipeg, September 2, 2015

Representatives of several agri-food companies and associations reflected on what may stand in the way of using “the most trusted” status as a competitive differentiator and what can be inspired by the approach:

On the one hand...

- There was a view that “trust” is not compelling as a competitive or strategic driver.
- Who defines the metrics is a concern. If trust is defined by what the urban population expects, then agriculture will be (and has been) placed at a disadvantage.
- “One incident” could undermine the trusted food brand. Yet, it was acknowledged that incidents are inevitable and how Canada responds to them is key.
- Drawing attention to foreign government subsidies and how they foster unsustainable production practices may only invite equal scrutiny of our own environmental performance. The concern is about trying to raise the bar for others when we don't know our own place.
- Consumers don't appreciate the abundance of safe food choices.
- Frustrating: consumer food skepticism/fears are exploited by players to advance their own agendas.
- Clarify the terms (see box):

Aspiring to be “**the most trusted food system**” is a stretch objective to help improve Canada's competitiveness. “**Trust**” is about the reassurances provided on food safety, nutrition, quality, sustainability and reliable supply. “**Social license**” is about maintaining or securing consumer/societal confidence about food production/supply so to minimize regulation and opposition.

On the other hand...

- The most trusted food concept is, indeed, compelling. Consumers are very interested in where their food comes from and how it is produced. This is a competitive-driver.
- Some companies want to change population health outcomes. Measuring nutritional quality is relevant, too.
- The approach can help categorize priorities: initiatives that are consumer/market-focused and those that are “back office”, such as having to do with transportation, inspection* and regulation.
- Setting strategy demands a shift in attitude across government about the importance and stature of Canada's agri-food sector.
- The determinants of trust are real and pressing. Unreliable supply undermines our global reputation. There are many cases where we are not the supplier of choice.
- The public may better embrace aspiring to become the most trusted food system vs. improving agriculture's social license.
- The opportunity is about creating a bigger pie with shared value across the agri-food sector, achieving greater national prosperity and generating societal benefits.

*One issue attracted particular attention: a leading-edge food inspection system (devoted to food safety) is an integral part of ensuring consumer trust. However, with changing consumer food expectations and industry responding with new value-added foods, food inspection needs to stay current with these developments. Positive change is underway (Canada is moving to an outcomes-based food inspection system) but mistrust can be fostered if inspection capacity is under-resourced and not attentive to these trends.

Highlights of an Industry Stakeholder Dialogue, Guelph, September 8, 2015

Notes from a discussion with the Ontario President's Council (representing primary producers) and Food and Beverage Ontario (representing food processors) and other agri-food associations, support organizations and the University of Guelph:

- The intent behind the Forum is fundamentally needed because the agri-food sector must be perceived and treated as a strategic pillar of the Canadian economy. There is no perceived strategy or well-defined food brand now.
- The importance of food processing is not well-recognized as an economic driver. In part, this means being unable to resolve long-standing issues facing this sector.
- It was mentioned that the Ontario Premier's Growth Strategy has demonstrated that when the agri-food sector addresses jobs and growth in the context of broader economy, the sector gets more attention. Being seen as a strategic sector will require whole-of-government responses to be effective (involving better coordination among multiple government departments and governments across jurisdictions).
- Some believe that this discussion has been heard before ("what's new?") and embarking on a bold strategy is held back by the lack of a one voice in the sector and the sector's many silos (a multiplicity of agri-food organizations across interests and geographies).
- Aspiring to become the most trusted food system generated a discussion around how to better add value to what we produce, including commodities and to support bio-product and other revenue streams for producers.
- The "most trusted approach" is seen as the route to achieve premium quality because there is a value to be derived from "authentic". Ironically, Canadians needs to see success abroad to embrace success at home (such as the Canada Goose jackets).
- One example of how change can occur is the Ontario corn-fed beef program. (It connected producers to consumers based on an agreed set of standards linked to certain attributes. It started with one key retail partner which, in turn, prompted other retailers to seek out new beef differentiation options. It is now being exported.)

Highlights of an Industry Stakeholder Dialogue, Ottawa, September 10, 2015

Notes from a discussion with representative of the farm input sector:

- A challenge with embracing a “most trusted food system” when some companies operate in many countries. Hard to “more trusted” when corporate goals are applied against all and declaring that one jurisdiction is “safer” than another but operate in both.
- Understanding what “trust” represents is also challenging. Retailers can undermine trust by “just giving what consumers want”. “Foodies” drive trends that change the notion of what is acceptable or trendy or not. Who defines trust is part of the issue here which is why science-based assessments about food safety and attributes is so important.
- Canada has a stellar reputation abroad for its good governance practices. But, regulators in Canada do not do enough to tell Canadians about how critical a good regulatory system is to ensure confidence in their food supply and food practices. CFIA actions might lead consumers to believe that recalls are signals of a failed system whereas recalls are a demonstration of a food safety system that is working well.
- Across the sector, producers and others always seem to be “chasing our tails” in response to consumer pressures. The focus tends to be largely to try to keep a step ahead of this or contain it. As a strategic economic sector for Canada, we need to take a different approach and get better linked across the agri-food sector to respond. Markets are driving change to that can factor into this need to change:
 - “Trust” is about expressing confidence in the uniqueness of Canadian food ingredients. Canadian wheat’s protein profile is highly desirable.
 - Consumers elsewhere are equating food issues with food safety; the Chinese, for instance, equate genetically-modified foods to food safety concerns.
 - One major restaurant just announced moving to cage-free hens for its egg supply.
- The dialogue ended by considering, perhaps, that a “whole of market” response is needed not only to deal with the challenges presented here but to actually enable better market positioning. The group discussed the merit of taking a “systems approach” in response to the consumers’ systems view as they are linking how their food is produced, the impacts it may have on the environment, animals, etc., and the quality, nutrition and safety of food.

Notes from discussions with government (provincial and federal representatives) about the theme of The Forum on Canada's Agri-Food Future

Challenges:

- A broad array of feedback on the challenge of using trust as a strategic driver: “trust” is replicable, subjective, hard to define and measure.
 - Is trust even attainable?
 - How can we meet the expectations of a whole spectrum of consumer preferences?
 - Is this to say that our food is then better than what is offered by other countries?
- The challenge of linking the issue of trust to the issue of global agricultural subsidies.
- Need to understand the economic benefit of embracing this idea of trust as a strategic driver.
- Food retailers likely don't know what is happening in their supply chains and we (in government) don't know all the players in the food system and what they are doing.
- We have safe food now (the implication being: we have a trusted system now).

Possibilities:

- “Trust” is challenging to grab hold of but perhaps the focus should be “how can Canada become the preferred source of food to the world”.
- We see all the costs in this issue of trust and it is hard to grab the benefits. But, we have to accept the costs of change as the market is moving forward; unless we change, we won't get the benefits of first-mover advantage.
- “Social license” and the need to focus on better consumer communication is being over-emphasized; the portrayal of trust as a broader concept is “bang on”.
- Coping with climate change's impact on agricultural production is an issue now and is going to be significant in the future; therefore, “reliability of supply” must be a focus of our approach.
- Looking to industry leadership is fine but government can be the catalyst to bring sector leaders to together on a food strategy.
- Canada does not promote its food differentiation and, in fact, we seek to align ourselves with the US food system.
- Getting better alignment on “core principles” across the agri-food sector will be the way we can get ahead.
- There have been discussions in government on whether Canada should be “standard makers” or “standard takers”. There is a question here of who defines the standards we subscribe to.
- The issue of trust is a way to portray how individual supply chains are responding to consumers and we need to understand those model approaches.

*A reliable food system as the basis of Canada's competitive edge
Avenues for reflection by Québec agri-food cooperatives
The Forum on Canada's Agri-Food Future*

Prior to the November forum, a group of Québec agri-food cooperatives met to discuss whether Canada's agri-food sector should aim to be the most trusted food system in the world. The dialogue triggered a reflection, eliciting several findings and a course of action.

Context

There is no shortage of challenges for Canada's agri-food sector. As in any industry, some businesses thrive where others fail. What are the keys to their success? Can this success be repeated in other areas? Certain characteristics seem to hold a winning formula.

Among these characteristics is the fact that the businesses that have stood out the most in recent years have positioned themselves as providing attributes sought by consumers or value chain partners (e.g. health benefits, animal welfare, sustainability, organic, ethical, local, GMO-free, etc.). The leadership and vision of their executive teams and employees also proved to be important contributors to this success.

The industry currently faces major challenges, making the identification of winning formulas all the more important. Labour recruitment and retention difficulties drain a significant amount of resources and can prove a considerable obstacle to business development.

In addition, operating costs for food processors are higher in Canada than in the United States, our main competitor. While this disadvantage may be offset by value-added products, competition on costs remains a reality. It is therefore crucial to determine solutions to counter this shortcoming.

Industry opportunities and strengths

In this context, what opportunities should Canada's industry seek to seize? Which strengths should it build upon? Irreproachable quality and high-level expertise stand out as valuable assets that could contribute to the industry's success.

Canada possesses one of the most reliable systems in the world in terms of food safety—a system that could drive the industry's success. For example, Chinese consumers' lack of confidence in their national food system is an opportunity which certain Canadian businesses could capitalize on. However, despite significant investments in resources, Canadian companies have yet to take full advantage of the situation due to the lack of promotion.

The headquarters of several major food processors are located in Québec, creating an ecosystem of R&D and other services that support business strategy. This expertise is a key driver in the development of smaller enterprises, specifically with regards to training and management support during expansion.

Course of action

In view of the above, certain areas of action—such as the promotion of the Canada brand, renewed industry leadership and the implementation of structural policies—are worth exploring.

The Canada brand is an asset for export markets. On the domestic market, Canadian businesses are losing market share, especially secondary processing products. Promoting the Canada brand could help win back some of our own market.

The Canada brand could also incorporate and promote the attributes that contributed to the recent success of certain businesses. The demands of Canadian and foreign consumers could be converted into opportunities for market positioning. It is important to determine and promote the characteristics beyond food safety that truly set Canada apart. If our aim is to be the first choice, we must stand out.

The industry must take a leadership role by being proactive and do more than advocate for reciprocity of standards and resistance to new consumer and societal expectations (e.g., traceability, antibiotics). The industry must acquire benchmarking and monitoring tools to better position itself in various sectors with regards to the competition.

It is also important to mobilize all stakeholders to ensure that the industry speaks with one voice—a challenge for a sector with relatively little economic or geographic concentration. The industry must foster a climate of trust for value chain stakeholders, which is not always the case.

Finally, government support is crucial to keep corporate headquarters in Canada. The loss of expertise by government agencies and the funding cuts to research and development certainly pose challenges. Structural policies should foster industrial growth rather than rely on foreign investment. The implementation of funding tools that are adapted to large agri-food businesses in start-up and expansion phases is also a winning condition. Finally, it is important to retain expertise and resources within the Canadian Food Inspection Agency (CFIA) to ensure that Canada remains a world leader in food security.

Agri-food processor cooperatives in Québec generate over \$8 billion in revenue and employ over 20,000 Canadians.

***Dialogue Session with Non-Government Organizations, Montreal, September 29, 2015
(civil society, philanthropy, social enterprises & social investors)***

When considering the question “Can Canada become the most trusted food system on the planet?”, the key question should not be “can” Canada achieve this but “what would it take for Canada to get there?”. If successful, Canada could become a “beacon of hope” for others – a global leader.

This shift in emphasis would help avoid this initiative from gravitating into a collective vision-setting exercise [note: which is not intended]. The sector is just too diverse and at odds with each other on too many issues for this to occur or be desired. The big potential, however, is that Canada has an opportunity to articulate the principles of trust in terms of creating a more resilient food system. A principles-based approach would be highly practical. It would allow for a plurality of approaches.

There is a compelling reason to move forward on this basis. Food is a “gateway issue”. It presents the opportunity to link economic, social, environmental and health outcomes. Linking these issues will enhance the food system’s “resiliency” which is a more substantive test of success. Moreover, Canada can lead the world here but doing so requires genuine transparency and having it validated globally.

In short, Canada’s leadership opportunity is not only about setting ourselves on such a course (to become a more resilient food system) but in showing the world how to demonstrate it.

(A minor point, “trust” may imply that it is mainly about food safety. It goes beyond this but there is a communication challenge here.)