



CAPI

*The Canadian Agri-Food
Policy Institute*



ICPA

*L'Institut canadien des
politiques agro-alimentaires*

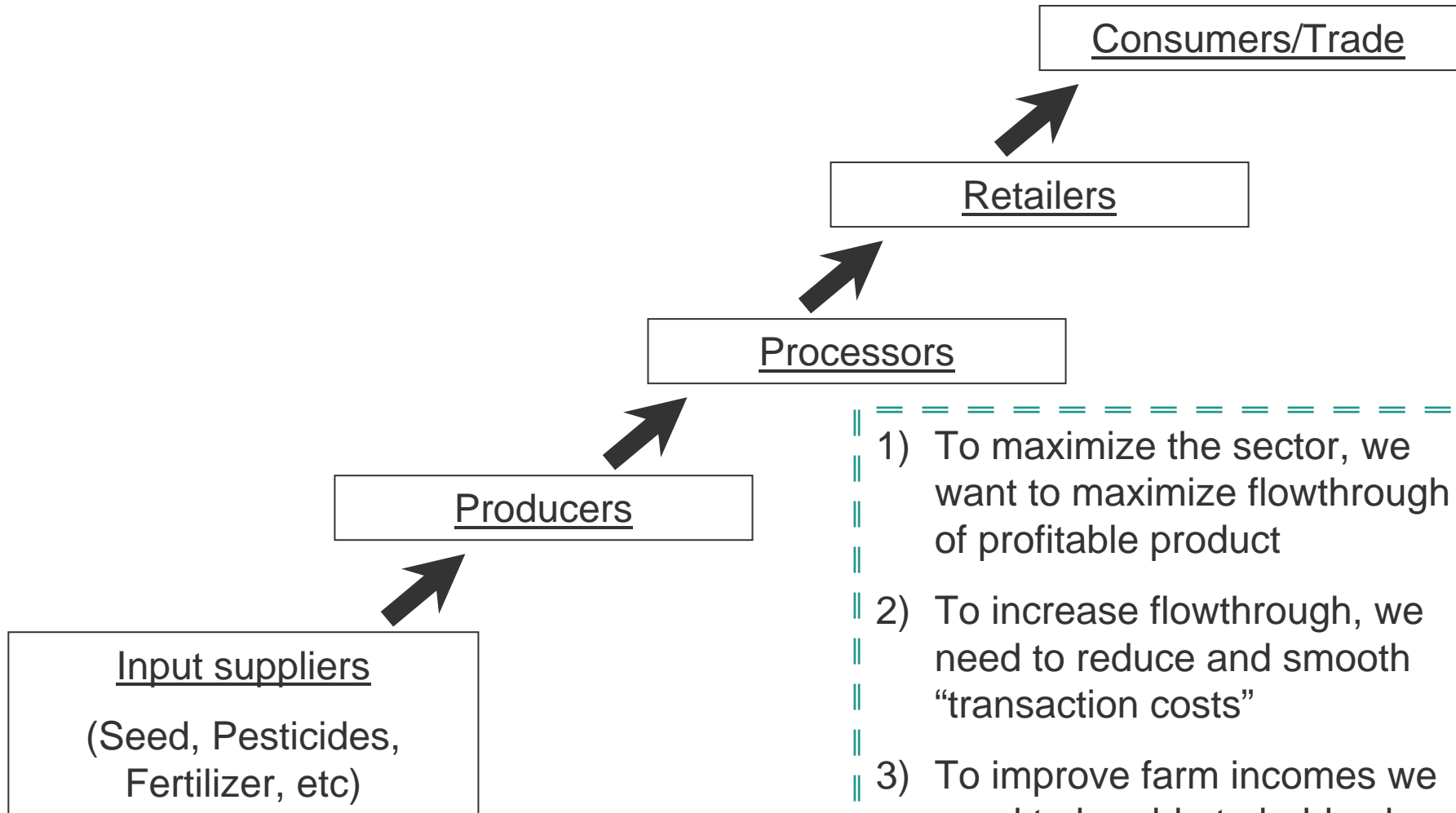
APF II

Industry Driving the Agenda

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Canadian Federation of Agriculture
February 14, 2006

For all stakeholders in the industry – strength, growth and profitability is the key goal

Agriculture as an Economic Engine

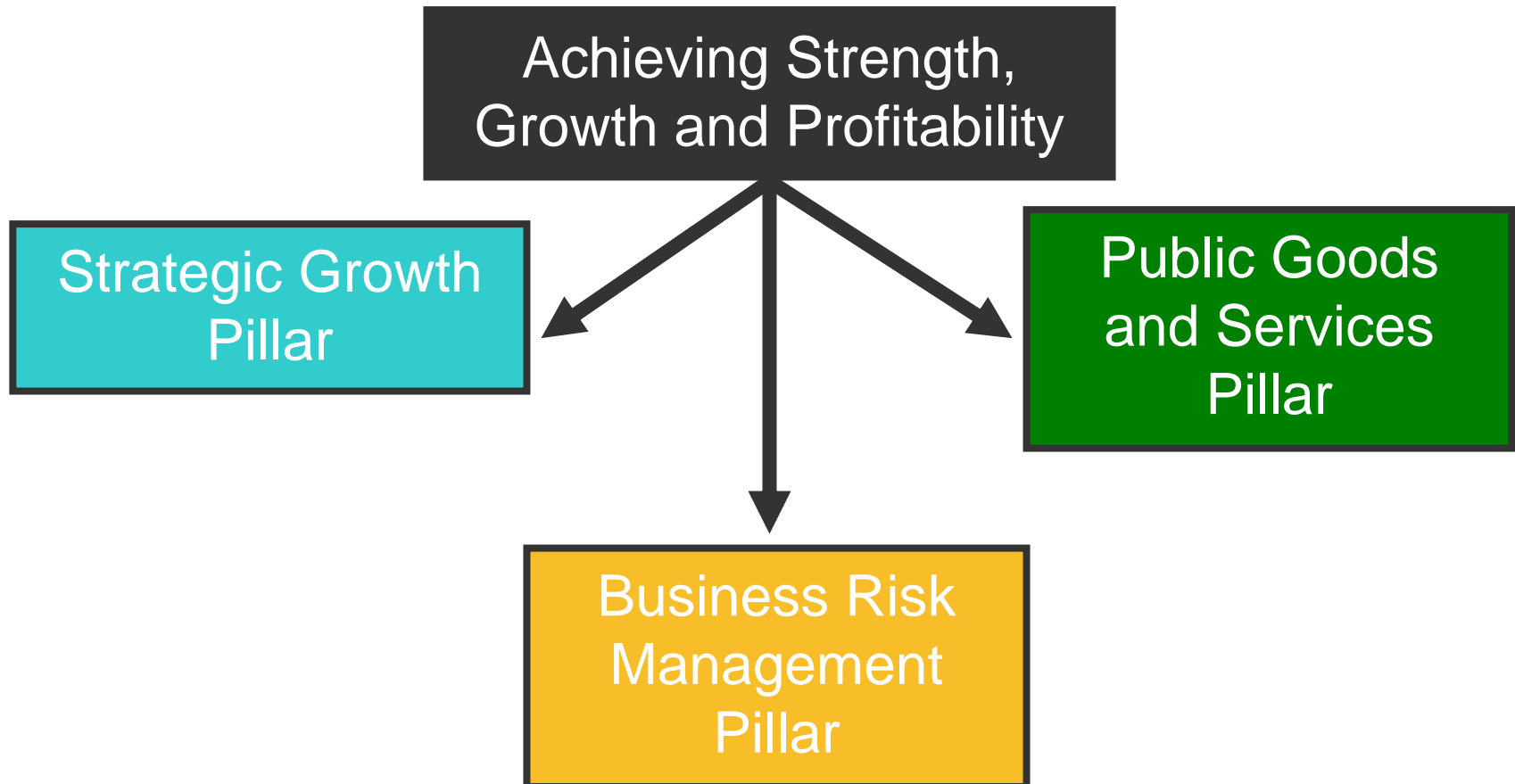


- 1) To maximize the sector, we want to maximize flowthrough of profitable product
- 2) To increase flowthrough, we need to reduce and smooth “transaction costs”
- 3) To improve farm incomes we need to be able to hold value at the Producer level

Development of a New Strategic Framework

- Focus on building strength, growth and profitability for the industry into the future.
- Continue the work of its predecessor in supporting agriculture's contributions to environmental, food safety and traceability initiatives
- Must work to maximize agriculture's economic engine, maximizing an industry in which all links in the chain are healthy.
- Fundamentally, the new APF must achieve the ability of primary producers to earn sustainable incomes from the marketplace

In Broad Strokes Agricultural Policy Be Divided into Three “Pillars”:



Public Good and Services Pillar

- **Producers must work with society to achieve certain environmental and production objectives – Programs in which producers contribute “Environmental Goods & Services”.**

In general, two things must occur if these initiatives are to be sustainable:

- 1) For consumer demand? - Producers should be able to pass on the cost to consumers**
- 2) For the public good? - Then society at large should pay.**

Business Risk Management Pillar

BRM programs are designed to provide stability to return producers to historical levels when an unforeseen loss has incurred.

- The new APF will need to continue to improve these programs to ensure they are responsive
- Production Insurance must be extended to all commodities across the country

Note: BRM programming does not develop long term sustainable growth – only stability from loss. To achieve growth and increased incomes, tools outside of BRM are needed.

Strategic Growth Pillar

To achieve strength and growth in the industry the new APF must ensure that the industry's economic engine is working smoothly. Together, various components must be strategically meshed together to make Canadian agriculture grow:

Producer ability to maintain profits :

- Promotion and support for the development of cooperatives and strategic partnerships
- Achieve greater producer efficiency of scale and coordination
- Maintain competition within the system

Strategic Growth Pillar (cont'd)

Trade:

Continue to seek the establishment of fair, more effective trade rules, improve export opportunities and our ability to provide effective marketing structures

Harmonization of Regulation

Harmonize pesticide, veterinary product regulation, infrastructure, environmental and other regulations

Strategic investment in infrastructure:

Transport, Water Infrastructure, Communications, Education, Labour issues, Youth/Renewal incentives

Strategic Growth Pillar (cont'd)

Research/Innovation:

- Staying on the leading edge of technology – new products, efficiency of production, marketing and management.
- Increase public research funding
- Tax treatment for research and innovation
- Strategic direct investment into key sectors

Enhance linkage with Consumers and strong Market Development:

- Promotion and development of direct marketing opportunities for niche opportunities
- Increase international market development
- A domestic Branding Canada initiative

Strategic Growth Pillar (cont'd)

Strategic investment in value-added – “Top-Down”:

With the development of new technology, the industry needs strategic investment to spur fledgling industries. Strategic investment in value-added will draw demand for product “from the top-down”.

i.e.) Capital investment, loan guarantees, tax treatment, market development

Strategic investment in inputs and production – “Bottom-Up”:

Simultaneous to investment to draw product from the top, the industry needs strategic investment “from the bottom-up”. To support value-maintaining activity within Canada, value-added activities need to be ensured steady supply at competitive prices.

i.e.) Cash Advance programs, input support, research, targeted support

Strategic Growth Pillar (cont'd)

Falling incomes has increased pressure for producers to fight back and pursue antidumping and countervailing duties.

- **These actions threaten to pit producers against each other and producers against processors.**
- **This is not in the best interest of the sector and will only serve to impede growth and development.**

To maintain strength and become world leaders in new innovations, strategic support must be focused on whole-value chain solutions :

- **capital investment into processing facilities,**
- **strategic bottom-up support to provide stable, competitive input supplies,**
- **regulatory smoothing,**
- **strong market development and**
- **focused research towards efficiency gains.**

Achieving a Prosperous Agricultural Sector



Public Goods and Services Pillar

- Environmental Goods and Services
- Kyoto
- Food Safety
- Animal Health
- Animal Welfare



Business Risk Management Pillar

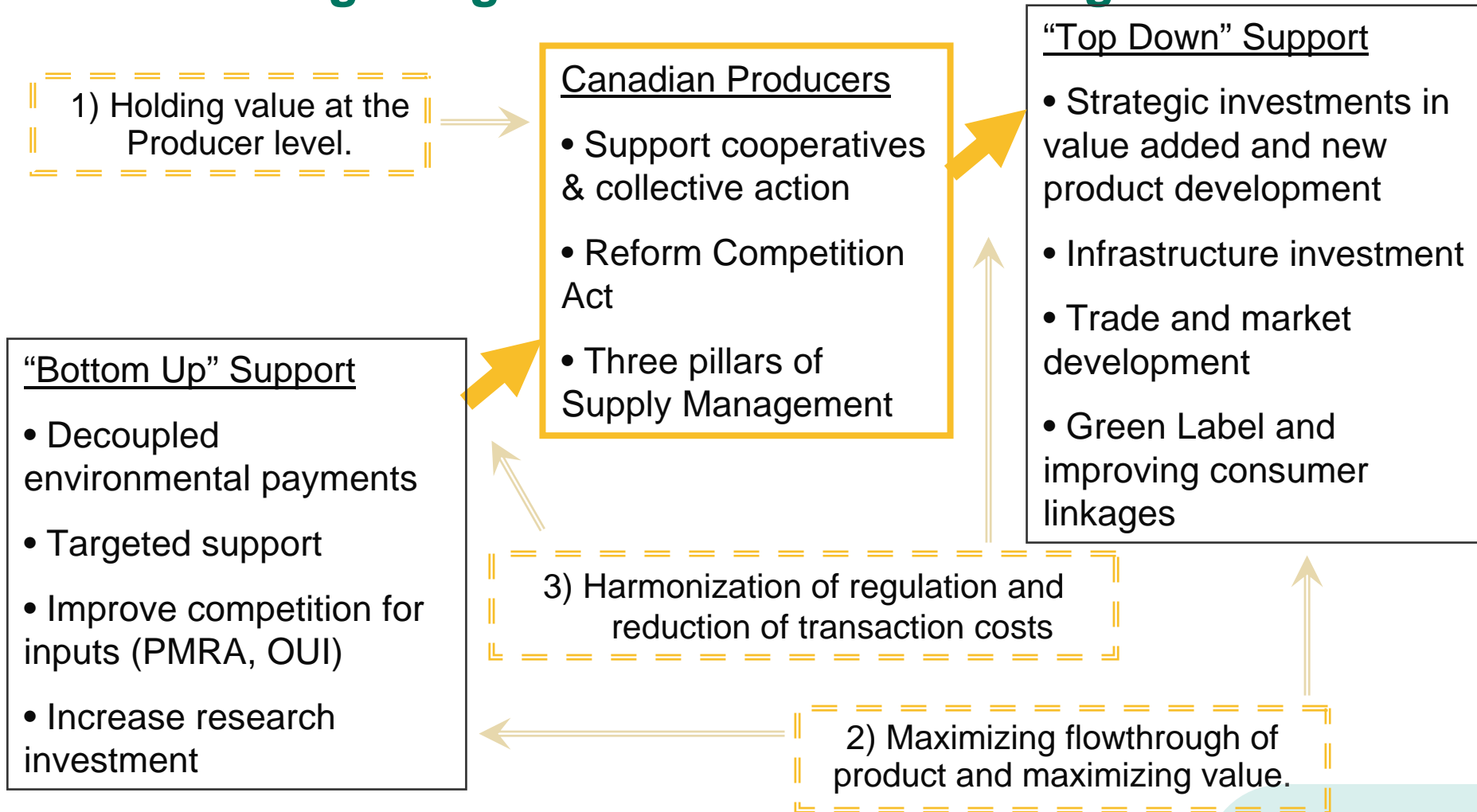
- Income Stabilization
- Production Insurance
- SDRM
- Wildlife damage compensation
- Business Interruption
- Assurance
- etc.



Strategic Growth Pillar

- Trade issues
- Linkage to Consumers
- Collective Action/Bargaining Power
- Research/Innovation
- Harmonization of regulation
- Infrastructure investment
- Strategic Value-added investment
- Strategic Input investment

Strategically Improving Farm Incomes by Investing in Agriculture's Economic Engine



The current Agri-Food Policy Framework (APF) has been described as a collage of funding programs with no overall strategy.

Farm incomes have fallen to record lows. The new framework must be strategic in growing sustainable farm incomes from the marketplace.

The CFA proposes a new framework, driven by industry, building strategic, whole value-chain policies that develop growth and profitability for all stakeholders in the agri-food sector.

The CFA continues to build allies and encourages all organizations to work with us in driving this agenda forward.