Moving Forward on Vision and Action

Summary and Proceedings of the
February 13 and 14
CAPI Forum II:
"Working Towards a New Direction
for the Agri-Food Sector"

CAPI
The Canadian Agri-Food
Policy Institute

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Preface

The Canadian Agri-Food Policy Institute (CAPI) serves as an independent voice on agri-food policy issues in Canada. CAPI identifies emerging issues, trends, and policy issues in the agri-food sector that require further study and coordination on a national basis. CAPI is represented by key stakeholders from across the agri-food supply chain on its seven member Board and its 12-member Advisory Committee. The federal and provincial departments of agriculture and food support the work of CAPI and seek CAPI's input on policy issues.

In its forward-looking approach, CAPI engages a wide range of national and international experts to undertake specific studies focusing on these issues and trends.

CAPI provides a framework for the development of future agricultural policy options by: commissioning studies; convening expert panels to review and critique these studies; conducting sessions for stakeholders to input their views; and disseminating the proceedings to agri-food industry associations, businesses operating in the agri-food supply chain, farm organizations, governments, other national and international bodies, and universities.

The Institute seeks to secure the future of Canadian agricultural producers by enhancing their linkages with downstream components of the food chain, and ultimately with all consumers.

Beyond its work with the agri-food chain, CAPI seeks to establish links between agriculture and food and the health and wellness of Canadians; current and future industrial opportunities for agricultural production; and preservation of Canada's rural communities.

CAPI envisages links between agriculture, food, and health that will provide primary producers and food manufacturers with new opportunities while beneficially impacting all stakeholders, including consumers whether in rural or urban communities.

This paper provides a summary and proceedings of CAPI's Forum *"Working Towards a New Direction for the Agri-Food Sector"* held on February 13 and 14, 2006 in Toronto. This report is available on the CAPI website (www.capi-icpa.ca). Comments on this document can be sent to the address below.

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Note to Reader

This document is a summary and proceedings of CAPI's Forum "Working Towards a New Direction for the Agri-Food Sector" held on February 13 and 14 2006. Any comments can be directed to Yvan Jacques, CAPI's A/President by telephone at 613-232-8008, by fax at 613-232-3838, or by email at jacquesy@capi-icpa.ca . Comments can also be directed to Dr. John Groenewegen, CAPI Farm Income Project Manager at 519-836-1860 by telephone, by fax at 519 836-3503, or by email at john@jrgconsulting.com

Executive Summary

On February 13 and 14, 2006 the Canadian Agri-Food Policy Institute (CAPI) held a Forum "*Working Towards a New Direction for the Agri-Food Sector*" in Toronto. This report provides a summary of the Forum, the messages taken away by CAPI, and outlines the action steps that CAPI is planning on pursuing.

This February 2006 Forum was a follow-up to CAPI's June 2005 Forum on "*Understanding the Factors Affecting Current and Future Farm Income Prospects in Canada".* The June 2005 Forum focused on a situational assessment that CAPI conducted on the farm income situation and competitiveness of the agri-food sector. It can be noted that the aggregate farm income situation in Canada has not improved in 2005 in relation to the prior year. A positive aggregate net farm income occurs only after considering government payments, a situation that has occurred since 2001. This financial situation does not bode well for parts of the production sector.

The February 2006 CAPI Forum was designed to be a continuation of the process CAPI undertook regarding farm income prospects and sector competitiveness. The objectives of the Forum were to:

- outline potential policy implications associated with the findings from the first phase of the farm income project;
- engage in dialogue with stakeholders on major themes associated with these potential policy implications;
- obtain feedback from stakeholders on potential policy implications; and
- gather insight on opportunities and strategic directions for the agri-food sector.

Over 160 invited guests, which represented many dimensions of the agri-food sector across Canada, attended this conference. Considerable dialogue occurred on a number of topics and feedback was provided, with this contained in the Annexes to this report.

The need for some repositioning of the agri-food sector, as well as alignment of policies and regulations to the needs and reality of the sector were noted in this Forum, as well as at the June Forum. To assist in this repositioning process, CAPI provided an example of a vision statement for the broad agri-food sector, which represented a consolidation of input received by CAPI. This working version of a vision statement could be:

> *"Producing and providing food, feed, fibre, renewable energy, and solutions ………*
> *for the health and well-being of Canadians ……..*
> *in a profitable and sustainable manner through developed and natural advantages*".

Such a vision provides direction and clarity and can be used to align sector-wide activities and policies. Participants provided their suggestions on elements of a vision, strategies that should be pursued, as well as action items for consideration by CAPI. These are captured in this report.

Based on the feedback received at this Forum, and based on prior CAPI analysis, the action items being considered by CAPI at this time include:

- **A CAPI commentary on proposed directions for APF II**
  This project is designed to lend support to those initiatives in the APF panel report that CAPI believes are essential to the prosperity and sustainability of the agri-food sector, to provide a relative ranking to assist in resource allocation and decision making, and to indicate which proposed initiatives, if any, that CAPI believes may not be in the best interest of Canada.

- **Economics and impacts of bio-energy and renewable fuels**
  This project will provide information to investors, policy makers, regulators, utilities and energy companies, and the farm community on the impact of Canada adopting a strategy of renewable fuels from primary agricultural production. The project will look at the feasibility of many sources of biomass based energy, and how biomass is transformed into energy. Such information can lead to appropriate investment decisions.

- **A vision for the agri-food sector**
  The purpose of this project is to have a vision for the agri-food sector that can be used by CAPI and other stakeholders in the sector that provides clarity on direction, and guides investment and decision-making in the sector.

- **A smarter, and competitiveness enhancing regulatory framework that inspires innovation in the agri-food chain**
  The purpose of this project is to help design a more flexible and competitiveness enhancing regulatory framework for the Canadian agri-food system that facilitates innovation, and which can be practically implemented.

- **Developing long-term trade strategies for the agri-food sector**
  The purpose of this project is to develop a trade strategy that is endorsed by the agri-food sector, and that can be used by the Government of Canada.

- **Canada, a place to innovate and commercialize innovation**
  This project is designed to provide policy makers with a road map of what needs to be done to allow for more innovation in Canada, and most importantly the commercialization of such innovation within Canada, that will create more value for the entire agri-food supply chain.

- **Partnerships through the value chain (pulses)**
  The purpose is to work with the pulse industry to show how strategic alliances can allow development of value chains and focus innovation, research, and regulatory modernization for the benefit of the value chain and the economy. Through a value chain, the entire supply chain understands what the market wants and lines up the value chain to deliver these requirements, through processing, genetics, etc., and increased prosperity for Canada. The goal is to help develop a value chain and strategic alliances in the pulse sector.

- **Canada's rural footprint and its linkages and contribution to urban Canada**
  The primary purpose of this project is to profile Canada's rural footprint and to highlight its linkages and contribution to urban Canada. This can be input into a policy framework for rural Canada that recognizes the importance of rural Canada in the Canadian economy.

- **Canada's agri-food sector, built on strengths, and capitalizing on comparative and natural advantages**
  The purpose of this project is to identify and highlight Canada's natural and comparative advantages affecting agri-food, its strengths, and to indicate how advantages can be created based on natural factors and based on investment in specific areas. This project can outline which advantages should be leveraged for competitive positioning, and the results should also influence areas of investment based on comparative and natural advantages.

The following principles will guide each of the action areas being addressed by CAPI:

- A core work team will be assembled by topic/action area;
- A multi-disciplinary steering committee will provide guidance to the project;
- A collaborative project with other organizations (excluding some short-term projects);
- Integrate findings from other groups and countries;
- Use of subject matter experts and business leaders;
- Commission papers to address specific issues, where required;
- Consensus building processes;
- Find best practices and examples in other countries and sectors, where applicable;
- Link into on-going processes, where feasible, (e.g., APF review); and
- Communicate findings through a variety of communication vehicles (website, conferences, media, newsletters, etc.)

1.0 Introduction

On February 13 and 14, 2006 the Canadian Agri-Food Policy Institute (CAPI) held a Forum "*Working Towards a New Direction for the Agri-Food Sector*" in Toronto. This report provides a summary of the Forum, the messages taken away by CAPI, and outlines the action steps that CAPI is planning on pursuing.

The Canadian Agri-Food Policy Institute (CAPI) is a non-profit corporation, operating at arms length from government, and is Canada's independent voice on agri-food policy issues[1]. In this role, CAPI has a longer-term view, in contrast to governments which are often required to focus on shorter term-issues. For example, solutions to immediate farm income issues are part of governments' day-to-day agendas, with government attention devoted to the issue; in contrast, CAPI's focus is on the intermediate and longer term issues that will affect farm income and supply chain competitiveness.

As an independent body, CAPI focuses on synthesis and dissemination of existing policy research and analysis, and brings an understanding of the issues to all players in the policy debate, through which CAPI can serve as a catalyst for change. CAPI's goal is to provide independent and credible input to enhance Canadian agriculture policy development that will help keep the sector at the leading edge in the global marketplace. As a policy institute, this input on policy development includes suggestions to industry and government on policy direction for farming, agri-business, and the agri-food sector.

1.1 Background to the February 2006 Forum

The aggregate farm income situation in Canada has not improved for 2005, with government payments allowing for a positive aggregate net farm income, as has been the case since 2001. This February 2006 Forum was a follow-up to CAPI's June 2005 Forum on "*Understanding the Factors Affecting Current and Future Farm Income Prospects in Canada*". The June 2005 Forum focused on a situational assessment that CAPI conducted on the farm income situation and competitiveness of the agri-food sector[2]. A number of factors affect farm income prospects, with the resulting key issues summarized around three themes[3]:

- Canada is a price taker, and low cost suppliers affect this price;
- The commercial business focused farmer should be the main focus of agricultural policy; and
- Regulatory reform is critical, as well as government support for R&D and innovation.

[1] A short backgrounder on CAPI and its mandate is provided in Annex I.
[2] Seventy participants were invited to the June 2005 Forum to review preliminary findings from some of the twenty CAPI commissioned papers that were part of the study, to solicit their input, and to facilitate dialogue among these stakeholders. The findings and key issues that were identified as part of the first phase of this project are summarized in a Synthesis Report titled *"Factors Affecting Current and Future Farm Income Prospects"*, which is available on CAPI's website at www.capi-icpa.ca.. The commissioned papers are also available on the website.
[3] More detail around these themes and the key issues are provided in the report noted in the above footnote.

The June 2005 Forum laid the foundation for further discussion and future action. Based on this situational assessment, a number of policy implications were identified and assessed. These were summarized in the February 2006 CAPI report[4] "*Working Towards a New Direction for the Agri-Food Sector*" using the following categories:

- Focus of government policy;
- Access to markets;
- Policy, farm incomes and support;
- Innovation; and
- Regulations.

The outcome of our situational analysis was that some repositioning might be required for the agri-food sector. This was further reinforced through the process of identifying the implications of the situational analysis on farm income prospects and competitiveness of the agri-food sector. The associated report "*Working Towards a New Direction for the Agri-Food Sector*" also started the process of developing a vision for the agri-food sector and associated strategies to implement the vision. A vision provides for destination and guides action.

1.2 Working Towards a New Direction for the Agri-Food Sector

The February 2006 CAPI Forum "*Working Towards a New Direction for the Agri-Food Sector*" was designed to be a continuation of the process CAPI undertook regarding farm income prospects and sector competitiveness. The objectives of the Forum were to:

- outline potential policy implications associated with the findings from the first phase of the farm income project;
- engage in dialogue with stakeholders on major themes associated with these potential policy implications;
- obtain feedback from stakeholders on potential policy implications; and
- gather insight on opportunities and strategic directions for the agri-food sector.

Over 160 invited guests, which represented the many dimensions of the agri-food sector across Canada, attended this conference[5]. The participants of our June 2005 Forum were also in attendance. Prior to the conference, participants were provided details on the conference and its objectives. As well, attendee's were provided with a copy of the report "*Working Towards a New Direction for the Agri-Food Sector*" which identified implications and started the discussion on vision and associated strategies. They were also informed of the availability of information on the CAPI website associated with the June 2005 Forum.

The Forum title, *"Working Towards a New Direction for the Agri-Food Sector"*, was specifically designed to convey the message that input was required from industry stakeholders on moving forward with policy development. The Forum was organized around eight sessions. The first session was designed to open the forum, provide some

[4] This report is also available on the CAPi website.
[5] The list of attendees is provided in Annex II.

context, and to share the working list of policy implications. The next five sessions focused on important areas of policy implication areas[6]:

- Canadian Competitiveness in a Global Environment;
- Domestic Regulations and Agri-Food Competitiveness;
- Capturing More Value Through Strategic Alliances by Farmers;
- Processing: A Cornerstone of Agricultural Policy and Rural Policy; and
- Science and Innovation – Can It Become the Canadian Advantage?

The seventh session covered the topic of "Strategic Directions and Enhancing Sector Competitiveness". This was followed by a facilitated session where participants were briefly asked to provide input on a vision for the sector, with the major portion of the session designed to receive input on necessary action areas (for the sector and how CAPI can assist). The Forum was closed by the inaugural speech of the new federal Minister of Agriculture and Agri-food, the Hon. Chuck Strahl. A copy of the Minister's speech and a copy of Senator Hugh Segal's after dinner address[7] are posted on CAPI's website.

Participants were requested to provide feedback after session two through seven by answering two questions;

- *In your opinion, what are the key implications that were presented and/or discussed?*
- *What are your suggestions on strategic direction and follow-up action?*

After the last Forum session, participants were asked to provide their comments on the following four questions:

- *In your opinion, what are elements of a vision for the agri-food sector?*
- *In your opinion, what are the one or two strategies for the agri-food sector that can build profitability, growth, and sustainability for the agri-food sector?*
- *What are your recommendations for specific policies, follow-up actions, and/or pilot projects (to test and/or implement elements of the vision)?*
- *Any other comments you would like to share with us?*

Unedited responses to each of these questions are provided in separate Annexes[8]. Comments from the floor received during the open Forum session on (1) word or phrases that should be in a vision statement and (2) action items were also captured[9].

The following section (2.0) provides highlights of what was said at the Forum. In section 3.0, we move further on the development of a vision for the agri-food sector. Moving into action, section 4.0 highlights the resulting proposed action areas that CAPI proposes to act on in the short term and in the intermediate term. It also includes an overview of the process that CAPI proposes to use, which is collaborative with other organizations and in tandem with the agri-food sector across Canada. A number of Annexes are attached, including those that provide non-attributed comments by participants to questions posed at the Forum.

[6] An overview of the program and summaries for each of the sessions is appended as Annex III.
[7] Senator Hugh Segal provided inspiration in an after dinner address *"Re-Shaping the Role of Agriculture: Can Canadian Politicians Accommodate a New Vision*?"
[8] Please see Annexes IV to Annex X for responses to the two questions for each of these sessions.
[9] These are provided in Annex X, without any organizational attribution to the comments.

2.0 Highlights of What Was Said

The Forum provided much dialogue and feedback to CAPI, and the written comments are provided in Annexes IV to X. Highlights of some of the major and important messages heard at the Forum on the question posed "*What are your suggestions on strategic direction and follow-up action"* are provided in this section using the categories of[10];

- Market access;
- Innovation;
- Regulations;
- Farming, Processing and Rural Canada; and
- Policy, farm income, and support.

2.1 Market Access

In the session on Canadian competitiveness in a global context, the responses to the request for suggestions on strategic direction and follow-up actions were catalogued according to some common identified themes. The results show overwhelming support for (1) an integrated trade policy strategy, followed by (2) finding solutions to trade disputes and trade obstacles, (3) Canada being a world leader on the trade front, and (4) establishing priorities and being proactive. The frequency of response by theme is shown in Table 2.1.

Table 2.1 Frequency of Response by Theme – Session II

Theme	Frequency of Mention
Focused and integrated trade policy strategy	32
Find solutions to trade disputes and trade obstacles	11
Canada a world leader in trade policy	11
Establish priorities and be proactive	11
Take action on bilateral trade agreements	10
Have a unified agriculture sector voice on trade	8
Improve support or equal support as other exporters	8
Pursue trade through the WTO	7
Seek stakeholder input on trade policy	6
Follow-up action by CAPI	6
Value added focus versus commodity focus for exports	5
Treatment of sensitive products	5
Need a better understanding	4
WTO not a solution	4
Canada US harmonization	4
Better access	2
Export Canada's advantage	1

Source: Tabulation by themes of responses to the Question "*What are your suggestions on strategic direction and follow-up action?"* after the session on Canadian Competitiveness in a Global Environment

[10] These comments are taken directly from the corresponding Annexes.

To provide some flavour of the many comments we received in this session, the following are offered:

- Canada should refocus its direction to identify our priority markets and use them as our focus for WTO ambitions;
- Get Canada's trade strategy focused and well defined;
- Concentrate less on protectionist policies and more on what it takes for Canadian farmers to compete effectively in the long run;
- Considering the presence of emerging countries (India, China);
- Market access should be easier to get through bilaterals but need to also use WTO;
- WTO is not the answer to the farm income problem in Canada;
- Trade policy should be part of APF II;
- Canada is the worlds 3rd largest agri-food exporter in the world – we need to take on a leadership role at the WTO to bring down subsidies and tariff on a worldwide basis; and
- Help government develop a comprehensive trade negotiation strategy, which includes both WTO and bilateral/regional Free Trade Agreements.

Market access also occurs through strategic alliances, which was the focus of Session IV. The responses by general theme to the follow-up actions questions are provided in Table 2.2. The most frequent response was the need to explore and better understand alliances and identify opportunities, this was followed by the importance of involvement by producers in strategic alliances.

Table 2.2 Frequency of Response by Theme – Session IV

Theme	Frequency of Mention
Explore and understand alliances and opportunities	19
Involvement of producers and linkages between producers	11
Strategic alliances are a way for improved producer returns	7
Build capacity of strategic alliances	6
Ensure policies and regulations support formation of alliances	6
Strategic alliances are a way to address market needs	6
Strategic alliances require a mindset change	5
Better communication and understanding required	4
Trust and mutual need are critical	4
Create incentives for strategic alliances	4
Effectiveness of strategic alliances questioned	4
Strategic alliances are essential for success	3

Source: Tabulation by themes of responses to the Question "*What are your suggestions on strategic direction and follow-up action?*" after the session on Capturing More Value Through Strategic Alliances by Farmers

Some written comments we received at the end of the session on strategic alliances include:

- Explore strategic alliances between the sectors of the value chain, not just at a company-specific level, but also at an industry-wide level through industry associations;

- Growers need to work together to achieve success in strategic alliances. Perhaps through “new generation cooperatives”;
- Build capacity to establish strategic alliances;
- Provide levers and incentives for farmers to engage or build strategic alliances or processes to facilitate value chain activity;
- The focus should be the whole value chain and how we can encourage strategic alliances to ensure that all members gain true benefits from the value chain;
- We have to facilitate the process by showing all members of the value chain that it is to their benefit to enter into strategic alliances;
- Vision must include the “care and feeding” of strategic alliances; and
- Education of our sector relative to strategic alliances.

2.2 Innovation

In the session on science and innovation, and whether it can be a Canadian advantage, a number of interesting comments were provided. The response to the request for insight on follow-up action indicated that science and innovation was seen as part of the solution for a healthy Canada. Respondents also wanted CAPI to provide a vision and/or articulate a new paradigm regarding science and innovation, and equally that innovation must be part of the farm sector strategy and provide income solutions to the farm sector.

Table 2.3 Frequency of Response by Theme – Session VI

Theme	Frequency of Mention
A solution for a healthy Canada	11
CAPI provide a vision or new paradigm regarding innovation	10
Innovation is part of a strategy and solution for the farm sector	10
Allocate more funding and incentives for innovation	8
Canada must capture the gains from innovation	6
Innovation required as part of the bio-fuels and bio-products	6
Science & innovation is critical and required for sustainability	6
Priorities and focus is required	6
A culture of risk taking required for innovation	4
Property rights need to be protected for innovation	4
Mindset change is essential	3
Innovation can help capitalize on natural advantages	3
Critical mass and networking is critical for R&D and innovation	2

Source: Tabulation by themes of responses to the Question “*What are your suggestions on strategic direction and follow-up action?”* after the session on Science and Innovation – Can It Become the Canadian Advantage?

A few of the direct responses provided by participants to this question include:

- Government does basic R&D – but let the industry do the rest. When government-industry work together – let the industry work the results – they alone can value that Research & Development;
- Spend more on research and development, at the processing level;

- Government policy can facilitate innovation through providing protection of intellectual property;
- Innovation needs to help farmers produce higher value products;
- How do we create investment in Science and innovation which will be the real driver of progress?;
- The science and innovation strategic direction needs to be much more focused on innovation and capturing the benefits from innovation;
- Innovate in health promotions foods ingredients. Oats are definitely health promotions and so is milk. Use more GMO to develop health, promoting foods; and
- We must define our natural advantages and capitalize on them – Water? Energy? Science?

2.3 Regulations

The most written responses provided by participants were received after the session on regulations and competitiveness. The most frequent response was for harmonization with major trading partners, particularly the U.S. This was followed by; a concern over the impact of regulations on competitiveness; having an efficient, flexible, and friendly regulatory system; and the cost of regulations on primary producers. The frequency of mention by some common identified themes is provided in Table 2.4.

Table 2.4 Frequency of Response by Theme – Session II

Theme	Frequency of Mention
Harmonization of regulations with major trading partners	22
Impact of regulations on competitiveness	15
Efficient, flexible, and friendly regulatory system	15
Cost of regulations on producers	12
Improve overall system and process of regulation	10
Establish process for priorities	10
Regulations can provide for marketplace differentiation	9
Same standards apply to imports as domestic products	8
Sharing of data (for products) between countries	7
Implement SMART regulations	6
Involvement of industry in establishment of regulations	5
Sufficient resources provided to regulators	5
Action on the pesticide front	4
Communicate why regulations are in place	3
Establish a regulatory watch dog	3
Commitment and leadership in Ottawa on regulations	2

Source: Tabulation by themes of responses to the Question "*What are your suggestions on strategic direction and follow-up action?"* after the session on Domestic Regulations and Agri-Food Competitiveness

Some of the direct comments received on this question in the session on regulations and competitiveness include:

- Consider harmonization with U.S. access in all key input areas – pesticide regulations, phytosanitary regulations, etc.;
- Focus should be competitiveness not harmonization;
- For harmonization with the U.S. we should be careful but definitely act rapidly;'
- Regulations should be intelligent, oriented towards solutions that allow differentiation for our agricultural and agri-food products;
- Need to place higher priority on the SMART regulation objectives, focused on which regulations are working and which are not;
- Establish a regulatory watchdog to ensure "smart" regulatory approaches are considered;
- Make "REGULATORY MODERNIZATION" a key pillar in an Agriculture Policy Framework III. This is a complex initiative that will require considerable resources from all levels of government;
- Regulators need also to have enhancing competitiveness as a goal, not only safety;
- Need for government policy direction that treats imported products with the same standards as we apply to domestic production, and enforce it;
- Find a way to get the cost of regulations reconciled for producers;
- On the regulation of crop protection and animal health we need to look at reducing the amount of duplication being done to get a product already registered for use in the U.S. and minimize the cost of registration;
- Communications to the consumer to help them understand that Canadian food is the best and the safest. Marketing can be done by every agriculture stakeholder;
- The issue of regulation is a key component for consumer confidence and protection;
- Need a process to improve the regulatory process;
- New product types (e.g. nutraceuticals) require a new approach; and
- Regulations are needed for competitiveness and differentiation. But too many regulations may slow down the industries.

2.4 Farming, Processing, and Rural Canada

In the session on processing, a cornerstone of agricultural policy and rural policy, the comments received to the request for strategic direction and follow-up actions provided comments along the themes as noted in Table 2.5. The top three areas of comments were (1) strengthen the links in the agri-food value chain, (2) assist rural municipalities as an attractive place to do business, and (3) highlight the relevance of rural Canada.

Table 2.5 Frequency of Response by Theme – Session V

Theme	Frequency of Mention
Strengthen links in the value chain	12
Make rural municipalities an attractive place to do business	11
Highlight relevance of rural Canada, seek broader engagement	9
Grow the processing sector	6
Have a rural policy that is separate from agricultural policy	5
Rural requires a broader scope than just agri-food	3
Research and development can create new markets	2
Land is important in the rural context	2

Source: Tabulation by themes of responses to the Question "*What are your suggestions on strategic direction and follow-up action?*" after the session on Processing: A Cornerstone of Agricultural Policy and Rural Policy

A few of the direct comments on this topic included:

- The key to raising rural/farming profile to urban Canada is relevance. What can we do for urban Canada and why is that worthy of support? Health, environment, and water are all key.
- R & D is necessary to create new demand for products that can be processed in rural areas, and to create new demand for primary producers to fill, and income for rural Canada.
- Incentives for building infrastructure for processing in rural areas.
- Access to capital for farmers to build processing infrastructure.
- Find ways to assist rural municipalities to make conditions attractive, to encourage processing establishments to locate there,
- Make rural areas more desirable to attract skilled, educated people to build solid company infrastructure, good rural hospitals, schools, and recreational activities,
- Agriculture policy has basically been about keeping people on the farm; move to focus on agri-food sector competitiveness, with rural policy focusing on keeping people in rural areas.
- Design agriculture policy that has economic development components.

2.5 Policy, Farm Income, and Support

In the session on strategic directions and enhancing sector competitiveness, responses were provided by participants under a few common themes. The frequency of response by theme is shown in Table 2.6. The most frequent response was that action is required to implement changes. This was followed by suggestions that CAPI be involved in providing input into the APF II, and that input is required from a broader community.

Table 2.6 Frequency of Response by Theme – Session VII

Theme	Frequency of Mention
Action required to implement change	8
CAPI provide input into APFII	6
Input from a broader community is required	6
Farming treated as a business	4
Profitable farming requires income from the market	3
Take costs out of the system (for producer benefit)	3
Industry input required on future direction	3
Trade and regulatory friendly operating environment required	2

Source: Tabulation by themes of responses to the Question "*What are your suggestions on strategic direction and follow-up action?"* after the session on Strategic Directions and Enhancing Sector Competitiveness

Some of the written comments received included:

- Need a fresh vision which focuses public dollars to enhance competitiveness as opposed to income support;
- Shift farm income subsidy funding to greater investment in research innovation, and domestic market over time – 10-15 year readjustment of spending;
- Set goals for markets to get commodities to produce and improve transformation of food (value added products);
- Develop a strategy that will focus on federal and provincial opportunities in supporting bio-fuels/bio-products;
- Look at how agriculture can play a role in being the "solution provider" to health community: human health, environmental health, and commercial health;
- Grain and oilseeds sector – U.S. not as important, rather WTO much more important;
- Trade should be part of agriculture policy framework;
- What strategy will provide profitability for the grain and oilseed sector in Canada;
- We need a directive to help producers move up the value change;
- Costs to support health care need to be a focus for solutions from agriculture;
- The strategic direction developed by CAPI should be fed into any initiatives developed by outside organizations; and
- Status quo of (being a) low cost commodity producer will not transform agriculture, Canadian government needs to make the tough decisions and take tough actions to re-invent agriculture.

2.6 Other Comments

Some other noteworthy comments that were received include:

- Canada should vigorously pursue being a global leader in health food-agriculture integrated systems;
- There simply has to be a PCO commitment to engage to help industry fight the silo approach that exists in Ottawa;

- Time has come for CAPI to be the platform of discussion to elaborate a true Canadian food policy including farmers, processors, and all of the ministries that impact our future;
- Need to find a new message to engage broader Cabinet focus on agriculture and agri-food;
- Possibly ask retailers what they want supplied. If possible, farmers will respond. Tell them what is wanted and needed. Farmers will adapt;
- Need to look at other models. E.g., Sobey's, McCain's, Irving's in N.S. and N.B. How to create entrepreneurs;
- CAPI should play a key role in helping to develop a comprehensive research strategy for agriculture and agri-food in Canada which addresses the optimal balance between public and private research basic in applied and maintenance innovations; and
- CAPI needs to make "pro-active resolve" a guiding principal; too often governments, especially bureaucrats, are paralyzed by fear of being the one responsible for change. Show where we need to go and why and ensure the impetus for change is clear, so government and public have comfort when the status quo is removed.

The current sector-wide, farm-income situation reinforces the necessity of long-term thinking. The majority of comments received by CAPI from participants also underscores the importance of taking longer term approaches on agricultural policy.

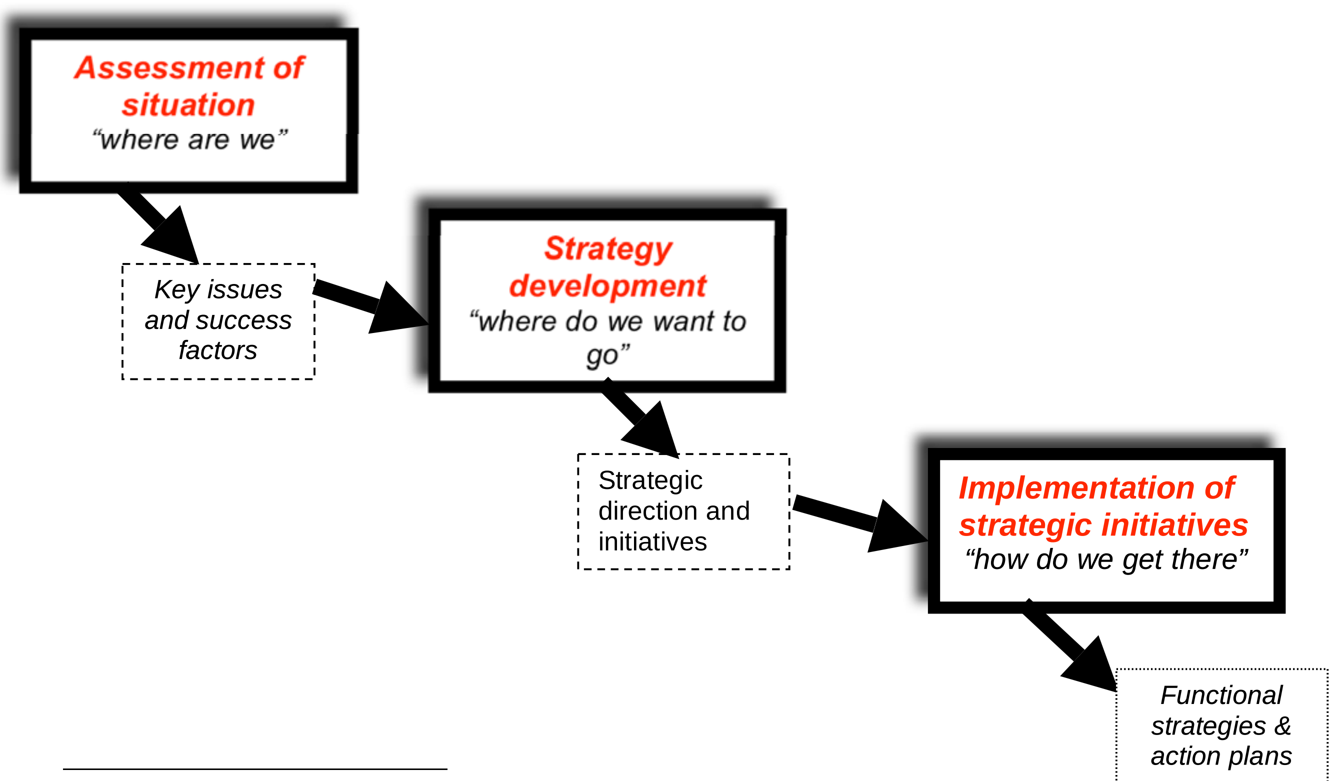
3.0 Vision to Guide and Align Action

CAPI started a journey with stakeholders in early 2005 by addressing farm income prospects and competitiveness of the agri-food sector. This journey started with the situational analysis, which was the phase I of the CAPI farm income project, and answering the question *"Where are we"?*

Based on this understanding of where the agri-food sector stands and the key issues affecting, the next part of the journey is the strategy development phase. This is the same as answering the question "*Where do we want to go"?* A vision and the associated strategies provides the direction of where the agri-food sector is headed. Working with the agri-food sector, CAPI has started this process by assuming a leadership role to assist the industry in the necessary repositioning starting to develop a vision and associated strategies, given the reality of the operating environment in which the sector competes. These are highlighted in following subsections of this report.

Since a strategy is only is good as its execution, and leadership requires action on key issues, implementation through action is required[11]. As a result, CAPI's current activities include integrating stakeholder feedback, fine-tuning the vision, and being a catalyst for change by working with others on actions items identified to be critical for the sector. These proposed action areas are discussed in Section 4.0. The overall process that CAPI has been following is summarized in Figure 3.1.

Figure 3.1 CAPI Farm Income Project in A Strategic Context



[11] Or moving from contemplation to implementation.

3.1 Examples of Vision for the Agri-Food Sector

At the Forum, CAPI provided an example of a vision statement for the broad agri-food sector, which represented a consolidation of input received by CAPI[12] could be:

"Producing and providing food, feed, fibre, renewable energy, and solutions ………

for the health and well-being of Canadians ……..

in a profitable and sustainable manner through developed and natural advantages".

This vision provides direction and clarity and can be used to align sector wide activities and policies.

Another example comes from a visioning process held at the University of Guelph in 2004. The vision statement is simply:

Agriculture: A fundamental pillar for a healthy Canada[13].

Statements supporting the vision included: *"in the year 2015 Canada is a world leader in the enhancement of human, animal and environmental health through the application of research, technology, and social innovations in agriculture and the bioscience industry. As a solution provider to society, agriculture can help reduce the burgeoning health deficit, improve quality of life, and embrace environmental sustainability".*

Participants provided feedback at the Forum on what word or phrases should be part of the guiding vision. Responses from the floor suggested that the following elements should be included in the vision[14]:

- (Agri-food is a) Solutions provider;
- Trust (within the supply chain);
- World leader in exports;
- Profitability at all levels in the supply chain;
- Competitiveness (of the sector);
- Profitable innovation and support for innovation;
- Core competencies (should be in the vision statement);
- Foreign trade policies consistent with overall trade policies;
- Environmental stewardship;
- (Focus on the) Long term;
- Responsive and efficient regulatory process;
- Leadership (by the sector) and Canada is a leader (in the global community);
- Sustainability (of each element in the supply chain);
- Healthy people and healthy economy;
- (The vision and the sector) Embraces change; and
- (The scope of the sector is) More than agri-food, it's agri-business.

[12] This input came from CAPI Directors, members of the CAPI Advisory Committee, and other agri-food sector representatives who were part of a working committee on highlighting policy implications of phase I findings.
[13] This statement was developed at a University of Guelph hosted visioning process in 2004.
[14] The bracketed portion is designed to clarify the response.

In a question asked on the written feedback forums[15], some notable response on elements of the vision included.

- Agribusiness growth;
- Global mandates;
- Agriculture as a solution provider for health, environment, and bio-economy;
- Agriculture as a driver of economy in CDA;
- Include profitability at the farm level in all plans for the future. Otherwise forget it;
- Encourage entrepreneurial spirit and innovation (what is impeding it or is it merely cultural);
- Informed innovative solutions to sustain and strengthen Canada's agricultural industry that enhances our health and economy;
- Broaden our focus for our products, more than just food, include energy, health, environment, etc.;
- Two visions – short term to allow survival of the industry, long term to accomplish the above (increase demand through energy, health products, industrial products);
- What is required is leadership (CAPI) to pull together a vision of what we should aspire to the be/have/have done… with 1st, 2nd, & 3rd priorities (tough pill for some to swallow)…and start the process of getting everyone behind it; and
- We have the info, and even the will… Let's just do it!!!... and incorporate our learning along the way.

3.2 Suggestions on Strategies

Vision is translated into action through strategies. Strategies proposed by CAPI that could be used to implement its suggested working vision were reported in the report "Working Towards a New Direction for the Agri-Food Sector" and highlighted at the Forum. These strategies include:

1. Create a business, regulatory, and innovation climate that makes Canada an attractive place to invest in the processing and manufacturing of value added products which are based on agriculture products, and which increases the share of food products manufactured in Canada;
2. Create a business and regulatory environment that allows the commercial farm sector to profitably respond to market opportunities;
3. Build value chains and integrated supply chains that connect end-users with producers, and provide specified product attributes to end-users and consumers;
4. Differentiate Canadian food products through new product development, innovation, assurance systems, and unique contribution to health and well-being;
5. Align research and development activities, innovation, and adaptation of existing technologies with value chains needs in areas that will build a Canadian advantage and reinforce natural advantages;
6. Develop government sponsored and supported innovation initiatives which provides the necessary expertise for scientific discovery and adaptation and capital for the application of new and adapted technologies and processes by companies

[15] See Annex IX, question 1.

transforming agricultural products to meet the health and well-being needs of Canadians;
7. Facilitate development of Canadian markets for farm products, which reduces the dependency of the farm sector on commodity exports;
8. Provide for 10% of Canada's energy needs through wind and biomass;
9. Develop sustainable advantage in a number of farm products (crop and livestock) through Canada's natural advantages (climate, density of production, segregation of production, location relative to population density, etc.); and
10. Establish new world standards for crop health, animal health, employee conditions, supply assurance systems, and the environmental footprint which creates an advantage for Canada and higher cost production for many exporters.

Strategies suggested by Forum participants are highlighted in Annex IX, Question 2. These responses were grouped by some common themes, with a frequency of response provided in Table 3.1 for those responses where there was more than one response[16].

Table 3.1 Frequency of Response by Theme – Session VIII – Strategies

Theme	Frequency of Mention
Strategy based on research, science, and innovation	12
Build on comparative advantages, develop core competencies	7
Business climate for Canada as an attractive place to invest	6
Support bio-products	5
Focus on long term solutions versus the short term	5
Focus on profitability for the farm sector	4
Deal with the short term financial crisis first	3
Support strategic alliances and cooperation in the supply chain	3
Analysis and removal of barriers to trade	3
Agriculture as a solution provider	3
Focus on rural areas and economic development	3

Source: Tabulation by themes, of responses to the Question "*In your opinion, what are the one or two strategies for the agri-food sector that can build profitability, growth and sustainability for the agri-food sector?"* as part of the open session on future directions.

Some of the suggestions offered on strategy include:
- Directions are clear: bio-products, environmental. What are the short term objectives? What are the long term objectives?;
- Focus on core competency and comparative advantage;
- Strategy development for investment in Innovation and research to allow the industry to leap forward;
- Research and innovation focus on the health and energy production;
- Research and development of new products that will increase demand for primary producers;
- Build in elements of regional economic development. Programs to provide real capital to investors (production);

[16] The other responses are less than a handful, which had their singular theme..

- More cooperation in "supply chains" to ensure all are adequately compensated for their efforts (profit);
- Don't over regulate – keep an eye on competitiveness yet strive to be world leaders; and
- Regulatory review to ensure regulations enhance, not impede, sector advancement and profitability.

Actions in support of the above strategies are suggested in the next section. Even though a formal consensus was not solicited on the above vision and strategies, it is clear that there is support for movement in the direction suggested by the vision and the strategies. The suggested actions in the next section (4.0) reflect the direction and spirit of the above inferred strategic direction.

Participants were also asked to prepare written suggestions on specific polices and follow-up actions. Their response, based on grouping comments under some common themes, is highlighted in Table 3.2. The most frequent response concerned regulations, whether a review, or a system that provides advantage to the sector. This was followed by innovation, funding of science and innovation, and linkage of food, health, and improved producer incomes.

Table 3.2 Frequency of Response by Theme – Session VIII – Follow-up Actions

Theme	Frequency of Mention
Regulatory review, a regulatory system that provides advantage	12
Promote and pilot innovation	5
Role and funding of public and private science & innovation	5
Food products, healthy Canadians, and producer incomes	5
Improve trade opportunities	4
Common focus through the supply chain	4
An animal health strategy for Canada	3
Farm management skills required for commercial farms	3
Cost reduction/better support for farming	3
Identify new opportunities	3
Image of agriculture and agriculture as a career destination	3
Address farm income problem	2
Ensure that producers are engaged	2
More competition required in the supply chain	1
Share ideas/communicate outside of the sector	1
Check-off system for innovation	1
Focus of income support	1
Impact of bio-economy on farming	1
Funding of environmental and public goods generated	1

Source: Tabulation by themes of responses to the Question "*What are your recommendations for specific policies, follow-up actions, and/or pilot projects (to test and/or implement the vision)?*" as part of the open session on future directions.

These responses are supportive of the strategies suggested by CAPI at the Forum, and are listed above at the beginning of section 3.2. The suggestions, received by CAPI at the Forum, from participants, are used to develop action areas being considered by CAPI. These are highlighted in the following section.

4.0 Action Areas Under Consideration

The following proposed actions are under consideration by CAPI. These action areas flow from the messages heard at the February 2006 Forum. By design, the proposed action areas are not specifically focused on critical short-term issues in the agri-food sector that are currently being addressed through programs.

Some of these considered action areas are short term in nature, and will be completed by the fall of 2006. All of the actions areas being considered by CAPI can contribute to the APF review process, which allows for fine-tuning of the current APF or developing the APF II, to be established in 2008.

Shorter Term Activities – Completed by Fall 2006

1. <u>CAPI commentary on proposed directions for APF II</u>

This project is designed to lend support to those initiatives in the APF panel report that CAPI believes are essential to the prosperity and sustainability of the agri-food sector, to provide a relative ranking to assist in resource allocation and decision making, and to indicate which proposed initiatives, if any, that CAPI believes may not be in the best interest of Canada.

2. <u>Economics and impacts of bio-energy and renewable fuels</u>

This project will provide information to investors, policy makers, regulators, utilities and energy companies, and the farm community on the impact of Canada adopting a strategy of renewable fuels from primary agricultural production. The project will look at the feasibility of many sources of biomass based energy, and how biomass is transformed into energy. Such information can lead to appropriate investment decisions.

Intermediate Term Activities – Completed by Fall 2007

3. <u>Vision for the agri-food sector</u>

The purpose of this project is to have a vision for the agri-food sector that can be used by CAPI and other stakeholders in the sector that provides clarity on direction and guides investment and decision making in the sector.

4. <u>A smarter, and competitiveness enhancing regulatory framework that inspires innovation in the agri-food chain</u>

The purpose of this project is to help design a more flexible and competitiveness enhancing regulatory framework for the Canadian agri-food system that facilitates innovation, and which can be practically implemented.

5. <u>Develop long-term trade strategies for the agri-food sector</u>

The purpose of this project is to develop a trade strategy that is endorsed by the agri-food sector and that can be used by the government of Canada.

6. **Canada, a place to innovate and commercialize innovation**

This project is designed to provide policy makers with a road map of what needs to be done to allow for more innovation in Canada, and most importantly the commercialization of such innovation within Canada, that will create more value for the entire agri-food supply chain.

7. **Partnerships through the value chain (pulses)**

The purpose is to work with the Pulse industry to show how strategic alliances can allow development of value chains and focus innovation, research, regulatory modernization for the benefit of the value chain and the economy. Through a value chain, the entire supply chain understands what the market wants and line up the value chain to deliver these requirements, through processing, genetics, etc., and increased prosperity for Canada. The goal is to help develop a value chain and strategic alliances in the Pulse sector.

Longer Term Activities – Completed by Spring 2008

8. **Canada's rural footprint and its linkages and contribution to urban Canada**

The primary purpose of this project is to profile Canada's rural footprint and to highlight its linkages and contribution to urban Canada. This can be input into a policy framework for rural Canada that recognizes the importance of rural Canada in the Canadian economy.

9. **Canada's agri-food sector, built on strengths, and capitalizing on comparative advantage and natural advantages**

The purpose of this project is to identify and highlight Canada's natural and comparative advantages affecting agri-food, its strengths, and to indicate how advantages can be created based on natural factors and based on investment in specific areas. This project can outline what advantages should be leveraged for competitive positioning, and the results should also influence areas of investment based on comparative and natural advantage. In the area of water, for example, this can lead to water management strategies and investments that provide economic advantage to the agri-food sector.

The following principles will guide each of the actions areas being addressed by CAPI:

- A core work team will be assembled by topic/action area;
- A multi-disciplinary steering committee will provide guidance to the project;
- A collaborative project with other organizations (excluding some short-term projects);
- Integrate findings from other groups and countries;
- Use of subject matter experts and business leaders;
- Commission papers to address specific issues, where required;
- Consensus building processes;
- Find best practices and examples in other countries and sectors, where applicable;
- Link into on-going processes, where feasible, (e.g., APF review); and
- Communicate findings through a variety of CAPI communication vehicles (website, conferences, press releases, newsletters, etc.).

Annex I – Canadian Agri-Food Policy Institute Backgrounder

What is CAPI?
CAPI is a non-profit corporation, operating at arms length from government, intended to be an independent voice on agri-food policy issues. CAPI was created to fill a void in Canadian agri-food policy development as a third party voice on the issues – separate from industry and government. In that role, CAPI's goal is to provide independent and credible input to enhance Canadian agriculture policy development that will help keep the sector at the leading edge in the global marketplace.

Mandate and Expectations
The Charter of CAPI states that "The object of the Corporation is to function as an agri-food industry policy forum focused on promoting dialogue by:

- *(a) Gathering intelligence and sharing results;*
- *(b) Identifying emerging issues in the agricultural sector that should be coordinated and addressed on a national basis;*
- *(c) Bringing together a wide range of expertise and new voices to examine existing and emerging issues in the agricultural sector;*
- *(d) Discussing alternative solutions to issues before they become polarized;*
- *(e) Providing balance when polarization within the agricultural sector is unavoidable; and*
- (f) *Providing advice and a third-party perspective when agricultural policy decisions are made.*"

The execution of these activities requires, among other things, that CAPI synthesize research from other groups, partner with think tanks outside of agriculture, leverage existing investments in policy research, enhance the profile and use of existing agricultural policy research, and help shape the policy research agenda through dialogue and determination of policy research priorities. CAPI is expected to host conferences and workshops, commission research projects, publish papers and, in general, foster better two-way communications and information sharing between researchers, policy makers, individuals, and organizations throughout the food supply chain.

In performing these functions, CAPI is expected to pursue the longer term view in contrast to governments which are often required to focus on shorter term-issues. By inference, CAPI is expected to act as an independent body that will act as a catalyst for change in the synthesis and dissemination of existing policy research and analysis, and bring an understanding of the issues to all players in the policy debate.

CAPI is governed by a Board of Directors and an Advisory Committee, which is appointed by the Board and drawn from industry groups, non-governmental organizations, policy research networks, and other organizations. For a complete list of these individuals, please refer to CAPI's website (www.capi-icpa.ca).

Annex II – Program Participants

Academia

Brinkman, George L.	University of Guelph
Coffin, Garth*	CAPI Board of Directors
Dube, Laurette	McGill University
Dunlop, Diane	Nova Scotia Agricultural College
Gervais, Jean-Philppe	Université Laval
Gray, Richard	University of Saskatchewan
Laforest, Jean-Paul **	Université Laval
Larue, Bruno	FSAA Université Laval
Meilke, Karl	University of Guelph
Olfert, (Margaret) Rose	University of Saskatchewan
Sparling, David	Institute of Agri-Food Policy Innovation
Tyrschniewicz, Ed	University of Manitoba
Untershcultz, Jim	University of Alberta
Yada, Rickey	University of Guelph, Department of Food Science

Biotech/Life Science

McLaughlin, Murray	McLaughlin Consultants Inc.
Oliver, John **	Maple Leaf Bio-Concepts
O'Sullivan, Ashley	AgWest BIO Inc.
Sullivan, Kathleen	Animal Nutrition Association of Canada

Consultant/Project Manager

Chapman, Laura	Isuma Consulting Inc.
Groenewegen, John	JRG Consulting Group

Consumers

Cran, Bruce	Consumers Association of Canada
Fruitman, Mel **	Consumers Association of Canada
Ireland, Margaret	Consumers Association of Canada

Distributors

Flanagan, Daniel	Flanagan Foodservice Inc.
Jennery, Nick **	Canadian Council of Grocery Distributers
Scott, John	Canadian Federation of Independent Grocers
Stewart, Doug	CAPI Board of Directors

Environment/Sustainability

Dewar, Denise	CropLife Canada
Flint, Jason	Pest Management Regulatory Agency

Federal

Bélanger, Paul	L'Institut de la nutrition, du métabolisme et du diabète
DiEmanuele, Ezio	Agriculture and Agri-Food Canada
Edwards, Leonard J.**	Agriculture and Agri-Food Canada
Fortin, Marc	Agriculture et agro-alimentaire Canada
Froment, Gilles	Canadian Dairy Commission
Gartley, Clair	Agriculture and Agri-Food Canada
Harrison, Carl	Canadian Dairy Commission
Hayward, Terry	National Farm Products Council

Hunter, Laurie	Agriculture and Agri-Food Canada
Jones, Sheila	Agriculture and Agri-Food Canada
Martel, Yvon	Agriculture et agro-alimentaire Canada
Martin, Paul J.	Agriculture and Agri-Food Canada
Ouimet, Christiane	Agriculture et agro-alimentaire Canada
Pinard, Alain	Canadian Young Farmers Forum
Richards, Mark	Canadian Young Farmers Forum
Semaan, Nada	Agriculture and Agri-Food Canada
Shenstone, Tom	Agriculture and Agri-Food Canada
Vinet, Suzanne	Agriculture et agro-alimentaire Canada
Yildirim, Tulay	Agriculture and Agri-Food Canada

International/Integration

Dempster, Dan	Canadian Produce Marketing Association

Manufacturers/Processors/Industrial

Bjornson, Tyler	Canola Council of Canada
Chorniak, Marlene	Food Processors of Canada
Croitoru, Nancy **	Food and Consumer Products of Canada
Fleischmann, George*	CAPI Board of Directors
Fridfinnson, Eric	Flax Council of Canada
Johnson, Brian	Johnson Seed
King, Annalisa	Maple Leaf
Kyte, Chris	Food Processors of Canada
Leier, D. James	Tisdale Alfalfa Dehy Ltd.
McAlpine, Rory	Maple Leaf Foods Inc.
Rolland, Jacques	Agropur Cooperative Agro-Alimentaire
Smith, Rick	Dow AgroSciences Canada Inc.

Primary Agriculture

Aylward, Frankie	Newfoundland and Labrador Federation of Agriculture
Beaven, Mark	Canadian Egg Marketing Agency
Bonnett, Ron	Ontario Federation of Agriculture
Brown, Ryan	Ontario Corn Producers' Association
Church, Bob*	CAPI Board of Directors
Coté, John D.	Lumec Farms Inc.
Densmore, Beth	Nova Scotia Federation of Agriculture
Dungate, Mike	Chicken Farmers of Canada
Dykerman, Eddy	Prince Edward Island Federation of Agriculture
Friesen, Bob **	Canadian Federation of Agriculture
Kikkert, John	Christian Farmers Federation of Ontario
Laforge, Jacques	Dairy Farmers of Canada
Lavoie, Gilbert	Union des producteurs agricoles
McAuley, Owen*	CAPI Board of Directors
McBride, Ken	Agriculture Producers Association of Saskatchewan
Mills, Don	National Farmers Union
Pellerin, Laurent **	Union des producteurs agricoles
Rice, Martin	Canadian Pork Council
Rivoire, Brigid	Canadian Federation of Agriculture
Rolfe, David	Keystone Agricultural Products
Saunders, Bruce	Dairy Farmers of Canada
Scarlett, Rod	Wild Rose Agriculture Producers
Shauf, Marvin	Canadian Federation of Agriculture
Sheldon, John	Canadian Turkey Marketing Agency

Singh, Sateesh	Canadian Turkey Marketing Agency
Smolik, Jim	Grain Growers of Canada
Thomson, Steve	British Columbia Agriculture Council
To, Justin	Canadian Federation of Agriculture
Troup, Len	Ontario Fruit & Vegetable Growers' Association
Wiseman, Merv	Newfoundland and Labrador Federation of Agriculture

Provincial

Archibald, Bruce	Ontario Ministry of Agriculture, Food and Rural Affairs
Burton, Rick	Government of Saskatchewan
Cumming, John	Ontario Ministry of Agriculture, Food and Rural Affairs
Dion, Marc	Gouvernement du Québec
Dolberg, Andreas	Government of British Columbia
Douglas, Brian	Government of Prince Edward Island
Eley, Ron	Government of Saskatchewan
Kennedy, Nancy	Government of Ontario
Martin, Lorne	Government of Manitoba
Matthies, Doug	Government of Saskatchewan
McCaw, George	Ontario Ministry of Agriculture, Food and Rural Affairs
McKendy, Kevin	Government of New Brunswick
Porozoni, Greg	Alberta Grain Commission
Poulin, Laval	Ministère de l'Agriculture, des Pêcheries et de l'Alimentation
Rosario, Joe	Alberta Ministry of Agriculture, Food and Rural Development
Saunders, Bruce	Government of Newfoundland and Labrador
Smith, G. Brian	Government of Nova Scotia
Tobin, Pierre	Government of Newfoundland and Labrador
Todd, Barry	Government of Manitoba
Wheeler, Jim	Ontario Ministry of Agriculture, Food and Rural Affairs

Research/Technology Transfer

Knox, Kenneth W.*	Innovation Institute of Ontario
Surgeoner, Gordon	Ontario Agri-Food Technologies

Rural

Apedaile, Peter	Consultant
Dumais, Mario	Consultant
Matlock, Bill	Mid-Sask CFDC/REDA
van Donkersgoed, Elbert	The Ontario Rural Council

Services/Input

Segal, Hugh **	Institute for Research on Public Policy
Anderson, Mary	Canadian Association of Importer/Exporters
Beaudin, Yvan	Banque Nationale du Canada
Bedggood, Bob	Agriculture Adaptation Council
Betker, Terry	Meyers Norris Penny
Burt, Michael	Conference Board of Canada
Carrier, Marjolaine	Fédération des caisses Desjardins du Québec
Clark, Peter	Grey Clark Shih and Associates Limited
Cloutier, Sylvie	CPAQ/Aliments du Québec
Culhane, Carol	International Food Focus Ltd
Davison, Chris	Quarry Integrated Communications
Doan, Shelley	Canadian Livestock Genetics Association
Fowlie, Anne	Canadian Horticultural Council
Frosst, Myles	Canadian Agrifood Marketing Council
Goodwin, Jarett	Canadian Grain Commission

Gullacher, David	Western Beef Development Centre
Hallick, Jim	Saskatchewan Association of Rural Municipalities
House, Jim	SeCan
Légaré, Jacques	CTAC
McCreery, Liam	Canadian Agri-Food Trade Alliance
McLean-Wile, Elspeth	AgraPoint International
Mussell, Al	George Morris Centre
O, Karmin	Canadian Centre for Agri-Food Research
Pelland, Adele	Quarry Integrated Communications
Reaman, Ron	Canadian Restaurant and Food Services Association
Schlegel, Clare	Canadian Pork Council
Schwartz, David	Quality Meat Packers / Chair, Pork Value Chain Roundtable
Shaver, Jr. Donald	The Shaver Group
Thompson, Shelley	SJT Solutions
Vaddapalli, Nalini	Option Consommateurs - Québec
Wilson, Jim	Canada Grains Council
Lussier, Gaëtan*	L'Institut canadien des politiques agro-alimentaire

Supply Chain

Zenobio, C.A., Joe	Electronic Commerce Council of Canada

Value Chain

Bacon, Gordon	Pulse Canada / Chair, Special Crops Value Chain Roundtable
Baribeau, Leo	Star Produce / Chair, Horticulture Value Chain Roundtable
Dauk, Germain	Pulse Canada
Erith, Dela	Canadian Cattlemen's Association
Gillespie, John	Canadian Cattlemen's Association
Lee, Ryder	Canadian Cattlemen's Association

Moderator

Lindsay, David	Strategic Win Consulting

Assistant Moderator

Lévesque, Dawn	Agriculture and Agri-Food Canada

Canadian Agri-Food Policy Institute (CAPI) Staff

Beauchamp, Pat	Canadian Agri-Food Policy Institute
Jacques, Yvan	L'Institut canadien des politiques agro-alimentaire

* Board of Directors
** Advisory Committee

Annex III – Summary of the Program
"Working Towards a New Direction for the Agri-Food Sector"

February 13 and 14, 2006 – Hilton Toronto Airport Hotel

Day 1 - February 13, 2006

Session I – Setting the Scene and Context Building

- 13:00 – 14:00

- "*Fundamental Repositioning*" – Opening Remarks:
  Gaëtan Lussier, Chair CAPI
  Opening remarks were provided by the Chair of CAPI's Board providing context for the Forum and expectations of the Forum.

- "*Policy Implications and CAPI's Farm Income Project"*
  John Groenewegen, CAPI Farm Income Project Manager
  The key issues raised in CAPI's farm income project were presented, along with a working list of associated policy implications. These implications were in the areas of focus of government policy; access to markets; policy, farm incomes and support; innovation; and regulations. These areas then set the stage for the subsequent six sessions.

- "*Farmers and Global Forces in the Food Industry*"
  Mary Anderson, President, Canada Association of Importers and Exporters.
  Mary provided her perspective on international forces and trends affecting the agri-food sector. These forces included the importance of imports and exports for prosperity; the consolidation of trends in processing and retailing; the shifting location of production; and the emergence of low cost exporting countries. This presentation provided additional context for the global forces and trends affecting Canadian farmers.

Session II – Canadian Competitiveness in a Global Environment

- 14:00 – 15:15

- Moderator: **Gaëtan Lussier**, Chair CAPI

"Farm Trade Liberalization Prospects for Canada: Doha Round and Bilateral FTAs"

- **Peter Clark**, Grey, Clark and Shih Associates
  Peter Clark, who has been involved in trade issues and represents agri-food clients on trade issues, reviewed the state of play in the Doha round of talks, the reasons for the lack of greater progress and potential benefits to Canada. Peter explored the difficulties facing Canadian agriculture as well as several important root causes, including unnecessary intra-industry frictions and the lack of an effective common front by groups with government, and strategic positioning and re-focusing of priorities and

efforts. The potential for bilateral and multilateral initiatives was contrasted. Goals for Canadian agricultural stakeholders and governments were identified and discussed, including the need to restore Canadian influence in the international trade fora and to develop more targeted negotiating strategies.

- Discussants:
  Mike Dungate, General Manager of Chicken Farmers of Canada, provided his perspective on the WTO negotiations and their implications for the Canadian agri-food sector. Mike emphasized that trade strategy must be consistent with marketing strategy.

  Karl Meilke, University of Guelph and leader of the N.A. agriculture trade network, provided his perspective on the emergence of bilateral agreements and their economic impacts on Canadian agriculture. He also emphasized the need to remedy aspects of trade law.

- Questions and answers

Break 15:15 – 15:30

Session III – Domestic Regulations and Agri-Food Competitiveness

- 15:30 – 16:45

- Moderator: **Doug Stewart**, CAPI Director

- "*Regulations and Competitiveness of the Agri-food Sector*"
  David Sparling, University of Guelph and Institute of Agri-Food Policy Innovation.
  The agri-food sector is bound by many regulations, some regulations can create value while other regulations can destroy value. Dave provided insight on how regulations in the Canadian agri-food sector can impact the competitiveness of the agri-food sector. He highlighted some of the differences in the regulatory process between countries and provided insight on how the regulatory systems should adapt to enhance competitiveness.

- Discussants:
  Bob Church, of Lochend Luing Ranch, a CAPI Director is Professor Emeritus, Faculty of Medicine, University of Calgary with 25 years of experience in medical research, biotechnology, and new product development.
  Bob provided his perspective on how current regulations prevent development of new products that could add significant value to primary production and to the agri-food sector.

  Annalisa King, Senior Vice-President, Maple Leaf Foods Inc. responsible for supply chain coordination, highlighted how some of the regulations affecting food products can help to create value for marketers and producers. Her presentation illustrated how regulations could help differentiate products in the global marketplace.

- Questions and answers

Session IV – Capturing More Value Through Strategic Alliances by Farmers

- 16:45 – 18:00

- Moderator: **George Fleischmann**, CAPI Director

- "*Strategic Alliances Through the Supply Chain*"
  Shelley Thompson, SJT Solutions
  Strategic alliances are one of the ways that more marketplace value can be captured by farmers. Shelley highlighted some recent findings on the nature and extent of strategic alliances in the Canadian horticulture sector and how these can enhance competitiveness. Her presentation indicated that strategic alliances involving farmers could allow them to capture more marketplace value.

- Discussants:
  Nick Jennery, President of Canadian Council of Grocery Distributors provided his retail perspective on strategic alliances between farmers and retailers.

  Leo Baribeau, President of Star Produce highlighted his use of strategic alliances and how they differed when supplying food service versus the food retail business. He stressed that strategic alliances are required to remain competitive.

- Questions and answers

Dinner

- After Dinner Keynote Speaker
  Senator Hugh Segal
  "*Re-Shaping the Role of Agriculture: Can Politicians Accommodate A New Vision?*"

Senator Segal provided an inspiring perspective on the role and contribution of agriculture to a healthy Canada. His speech is posted on the CAPI website.

Day 2 – February 14, 2006

What Have We Learned

- Introductory remarks, **Gaëtan Lussier**, Chair of CAPI

Session V – Processing: A Cornerstone of Agricultural Policy and Rural Policy

- 8:00 – 9:00

- Moderator: **Garth Coffin**, CAPI Director

- *"Changing Role of Agriculture in Rural Canada"*
  Rose Olfert, Associate Professor, University of Saskatchewan.
  Agriculture policy can be viewed as distinct from rural policy. Rose illustrated how the rural landscape has been changing and how few rural jobs are due to primary agriculture. Farm households are dependent on the non-farm rural economy for income and employment, rather than the other way around. The part of the rural economy in Canada that is dependent on agriculture has been shrinking since about 1931 due to labour saving technological change and to the movement of the resulting excess labour into other sectors in the rural economy and into urban Canada. In rural areas, as in urban, the services sector makes up about two-thirds of the economy. Rose indicated that it is possible to design agriculture policy to benefit the rural economy but very often agriculture policies are detrimental to the rural policy. A strong vibrant rural economy will be primarily based on sectors other than agriculture. Rural Canada has a number of positioning elements in today's economy. Food processing is one area of opportunity for rural Canada.

- Discussants:
  James Leier, Chief Business Development Officer with Tisdale Alfalfa Dehy Ltd.provided his perspective on rural Canada and the agri-food sector in rural Canada. James argued that agriculture should be considered as a complementary means to inject more export generating revenue into Rural Canada. Agriculture is more than just a source of food. He argued that different measures must be adopted to involve producers in to a broader variety of agri-products, otherwise the current dependency on income support programs will intensify. A broader approach to agriculture must be relevant to major national and provincial priorities to justify and encourage a reinvigorated commitment to agricultural and rural policy.

  George Fleischmann, CAPI Director, provided his view on the dynamics in the food-processing sector across North America and the globe, and how these dynamics must be considered with the view of having a healthy food-processing sector and a vibrant agri-food sector.

- Questions and answers

Session VI – Science and Innovation – Can It Become The Canadian Advantage?

- 9:00 – 10:10

- Moderator: **Ken Knox**, CAPI Director

- *“Can Science and Innovation be Canada’s Core Competency?”*
  John Oliver, Maple Leaf Bio-Concepts.
  Innovation is fundamental for the Canadian agri-food sector to compete in commodity markets and to develop new products and markets for Canada’s advantage. John has been an ambassador for the absolute requirement for continuous innovation linked with fresh thinking to allow Canada to enjoy a sustained advantage based on unique, natural conditions. The Canadian agricultural industry has long been a leader in agricultural research. In the future, John indicated that we must decide to lead in creating value by focusing our efforts on providing health solutions from research targeted to natural advantage. Canada can make science and innovation a core competency in a world searching for better health solutions as the new bio-economy unfolds early in the 21st century. To do so may require mindset changes in parts of the sector.

- Discussants:
  Murray McLaughlin, a former Deputy Minister and President of an agri-food focused venture capital fund, provided his perspective on the state and nature of innovation in Canada, referencing international comparisons. Murray indicated that the reality is that agriculture will be a major force in 21st century industry and it needs the support of science and innovation to ensure Canada is a leader. The future will likely be based on a convergence of health, energy, environment, and agriculture leading to healthy people and a range of new products. Murray argued that we need to be aware of other countries such as China and understand that we are dealing with agri-business in these countries. Seeking out opportunities is an ongoing exercise and we need to continually find them to be leaders. Murray stated that with a some effort, we can adjust mindsets and move agriculture into the 21st century.

  Richard Gray, University of Saskatchewan and an innovation network leader, provided his views on the state of innovation and productivity growth in Canada, and how innovation and change are required to have a competitive, renewable bio-fuels program in western Canada. He challenged the distribution of benefits back to the farm sector for some types of innovation, and suggested that there exist more economic approaches to energy from bio-mass.

- Questions and answers

Break 10:10 – 10:30

Session VII – Strategic Directions and Enhancing Sector Competitiveness

- 10:30 – 11:15

- Moderator: **Owen McAuley**, CAPI Director

- "*APF II – Industry Driving the Agenda*
  Justin To, Farm Policy Analyst Canadian Federation of Agriculture.
  The current Agri-food Policy Framework (APF) has been described as a collage of funding programs with no overall strategy. The CFA proposed 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.

- *"Enhancing Canadian Farm Income: Opportunities for the Future"*
  Ed Tyrchniewicz, University of Manitoba.
  Ed provided highlights from a discussion paper, which he co-authored for CAPI, on vision and strategic directions for the Canadian agriculture sector. Ed suggested that Canadian farm income issues should be viewed, not from the "numbers" perspective, but from the perspective of how we need a different mindset to take advantage of opportunities that are available to Canadian the agricultural value-chain. He offered an alternative vision for Canadian agriculture, namely, "Agriculture, a Foundation for a Healthy and Sustainable Society in Canada and Globally".
- Questions and answers

Session VIII – Open Forum

- 11:15 – 12:45

- "*Some Working Visions for the Agri-Food Sector"*
  John Groenewegen, CAPI Farm Income Project Manager
  A working example of a vision statement and supporting strategies that were in CAPI document "*Working Towards a New Direction for the Agri-Food Sector"* were highlighted for consideration and feedback in the session.

- "*What have we learned, implications, what needs to be done"*
  Facilitator: **David Lindsay**
  An hour and one-half was set aside for participants to discuss the issues raised through the conference and to provide feedback to CAPI on policy implications and the future direction of the Canadian agri-food sector. Written comments at the end of this session are in Annex IX, and comments received from the floor are provided in Annex X.

- *"Remarks by the Minister"*
  Hon. Chuck Strahl, Federal Minister of Agriculture and Agri-Food Canada
  The Honourable Chuck Strahl, Canada's newly appointed minister of Agriculture and Food provided his inaugural comments at the end of the Forum. He looked forward to seeing the results of the conference. His speech is posted on CAPI's website.

- Closing Remarks:
  Gaëtan Lussier, CAPI Chair

Annex IV –
Session II - Canadian Competitiveness in a Global Environment

Comments Received by CAPI on Participants Feedback Forums

Question 1: *In your opinion, what are the key implications that were presented and/or discussed?*

- Domestic policy and international policy are interrelated.
- Need to choose priorities for action – need a focus for action.
- Free trade agreements limitation and the risks it represents.
- Targeted country for growth mainly for beef and pork.
- Our agri-food ministry has no focus on what to do.
- We have lost leverage in Geneva and NAFTA where other countries made substantial gains.
- Tariffs are higher in agri-food than manufacturing.
- Market-access-solidarity.
- World trade organization.
- We are stuck with the U.S. as major trade partner, we need to focus getting a better deal from the U.S.
- The federal government is doing a poor job in trade negotiations – it's because of split between east/west, supply management in export commodities (government's to oilseeds sector (G+O)).
- Focus.
- Regulation, necessary but to what extent?
- Harmonization.
- Get our act together among ourselves.
- Must be strategic in what we sell.
- Select those goods/products where we have advantages.
- Setting the rules for trade.
- Canada's weak position in regards to trade negotiations.
- Lack of focus.
- Lack of alignment with domestic policy.
- Understand clearly what helps Canadian Trade and what hurts when it comes to WTO strategy.
- We need to develop agreement on a common aggressive strategy.
- We are letting access to our main NAFTA MTT to be eroded when we need to focus on getting and maintaining MTT advantage and focusing in target markets with bilateral arrangements.
- Well done.
- Consensus is not there.
- Have a ruled domestic strategy.
- Producers and their role: Are our commodity organizations organized and funded adequately to provide a producer voice and input required as part of the value chain affecting competitiveness?
- Do they have the tools (legislative) to raise funds (levies)? to have an impact on promotion, research and input to trade policy?
- Review what Canada has and what other countries (U.S., Australia, New Zealand and others) have as legislative support to commodity producers.
- World markets are affecting and will continue to have a tremendous effect on our agriculture.
- We are badly organized because we don't have common goals and strategies.
- We need to get focus on working together.
- Need for agri-food industry to work together.
- Canada will always produce more than we can consume! Therefore we must be export-focused as an 'industry'.
- We cannot wait for perfection in our trade agreements.

- Need for strong leadership politically or global stage – and agriculture industry needs to support the direction collectively. Otherwise we limit the ability of negotiations.
- Trade internationally will continue to be a problem.
- No comments on supply management – benefit or problem.
- Domestic trade – province to province – can we get it improved?
- Challenge of access to all markets – bilateral trade is not an operating room – especially when dealing with the U.S.
- We are too nice when dealing with other jurisdictions…let's play hardball in our trade discussions with Japan, China, European Union etc. – how do we access those Chinese supermarkets?
- The lack of an agreed upon and understood negotiating position at the WTO has minimized Canada's participation and influence.
- Not making progress in the international arena.
- We don't have the respect of other countries or truly a 'place' in the process.
- That market access via WTO might not really mean it due to sanitary/phyto sanitary measures not being on the table.
- Canada has not decided what its priorities are with regards to trade issues.
- Canada does not take an aggressive stance on various trade issues.
- Without clear objectives, we will always be the "taker" in international negotiations.
- An interesting point was the need to address SPS barriers at the same time as market access.
- Supply chain segments cannot make business decisions in isolation of each other.
- Canada cannot afford to lose out on trade liberalization and new export opportunities by not having a sound trade policy strategy.
- Emerging competitors with cheaper labour structures. Loosen regulatory regimes.
- Canada will need to put a great emphasis on value added products to remain competitive.
- Need to tailor products to the global consumer.
- Not standing up for our products.
- Giving more than we get.
- Focus on population, and, what is happening with them. i.e., – growing, increasing in level of income.
- Look a bit deeper as to what the market drives are in those populations (India, China, Russia).
- Gains or perceived gains at WTO will not necessarily translate into real benefits for farm income or access for Canadian producers.
- Focus – no scatter gun approach.
- Solidarity – farmers have to decide what they want.
- International trade should be in APF 2.
- International trade policy needs to dovetail with Canada domestic policy.
- Pursue more bilateral agreements.
- Canada needs to be more aggressive.
- Market access and treatment of sensitive products.
- Domestic support reductions especially U.S. and E.U.
- More trade disputes in agriculture than in manufacturing.
- U.S. very aggressive in bilateral trade agreements.
- Canada's inability to negotiate at the WTO due to it's protections and attitudes has put it alone (G-1).
- Every country has sensitive products, need to negotiate with that in mind, but market access is key.
- Farm income decline due to foreign subsidies.
- NAFTA has had successes, but in agriculture it has not contained the American ability to subsidize producers – that mechanism is the WTO.

- Indeed, NAFTA, like other bi-laterals and regional agreements, have had relatively little success in agriculture, especially in market access (tariffs) and subsidies.
- Canada's agriculture industry lives in a global environment but thinks domestically.
- WTO vs bilaterals.
- Priorities needed.
- Regulatory over-kill are a serious impediment to agriculture if we are ever to compete.
- Canada cannot continue to be behind our competition.
- All kinds of regulation – pesticide, bureaucratic, environmental, are killing us.
- The key in this area, in my humble opinion, is that Canadian producers and industry need to come to consensus as to what we want and need from trade agreements whether they are multilateral or bilateral in nature. When (or if) that happens (I will not hold my breath), we as an industry can definitively convey to the government what we are not willing to "trade away" and what areas we can afford to negotiate on
- It was clearly presented that we have a poorly defined trade policy.
- Little was presented discussing our impact on other farmers worldwide. To me, we should look at ourselves (agriculture) in context of the larger global picture.
- Need for an aggressive bi-lateral trade agenda to maintain pace with U.S. trade agenda being aggressive on bilateral trade.
- More defined, more aggressive approach at WTO.
- Canada needs a focused trade negotiating strategy in trade negotiation.
- Overall comments: very good comments on consumer needs/focus, that being aware of global competitiveness, but this seems to get thrown aside with "focus income", issues and industry calls for more payments to keep doing the same thing. If payments or transition programs are needed, we need to talk about what conditions we should apply to ensure change happens.
- The key implication is that the WTO will not provide the gains that the industry needs to move the industry forward in the way that is needed.
- A transition policy will be required for adjustment of the sectors.
- The other question is: should we focus on a more aggressive approach to bilaterals? (a more focused approach).
- Forget WTO get into bilateral agreements and use window of NAFTA.
- Canada respects the spirit and the letter of its WTO and NAFTA commitments while its trade partners are not? Come on…
- The U.S. is smart by using SPS to keep Brazilian chicken out. How long will the U.S. be allowed to do this? Given chicken prices, how much chicken would enter the U.S.?
- Why isn't anybody challenging the supply management policy as anti-competitive?
- Need to re-think our trade negotiating approach.
- Canada got shortchanged on WTO (on market access).
- WTO is not the answer; U.S. is going rapidly in bilateral free trade agreements.
- International trade policy should be consistent with domestic policy.
- Protectionism will never disappear – need to minimize.
- There are stats and into which would more aggressively challenge attendees to be open to change.
- CAPI is a little too timid. Be true to your mission.
- Harmonization of domestic and international agricultural policy.
- Focus on NAFTA.
- Canada has traded away leverage.
- Fragmented voice of farmers.
- Government looks at linkages to other trade issues. i.e., – afford lumber.
- Non-tariff trade barriers.
- NAFTA benefits eroded by U.S. bilateral agreements.
- Great comments Peter Clark and Mike Dungate.

- What do we want in negotiations? – Canada does not understand this.
- International Trade Agenda needs to be integrated into domestic policy.
- Gaining market access, how do we address non-tariff barriers?
- E.U./U.S./Japan don't play fair, how do we get them to live up to their agreements?
- Agri-food policy does not exist in a vaccuum, we have other leverage from other industries that we can focus on.
- We have a lack of focus in our trade policy.
- Unity of agriculture groups.
- Get our domestic issue in order then deal with the Global Environments.
- Role of government: in implementing industry direction importance of bilaterals.
- TRQ vs. market access of issue of SPS – to take off blinders – be realistic on what will be achieved.
- Need to dovetail international trade policy of domestic.
- Industry – unified voice.
- We need to focus in areas of international trade and trade agreements.
- Trade needs to be part of agricultural policy.
- Bring in principle based negotiations at WTO.
- Producers and agriculture industry need to work together and have a common position.
- Canada should pursue bilateral agreements.
- The U.S. market has grown rapidly since the ETA for Canadian agriculture. It still must be the focus.
- We did not do well at Uruguay and we need to do better in the Doha round.
- Canada is too honest?
- Canada should add trade as an APF pillar.
- Need for Canada to have clear trade objectives.
- To improve Canada's competitive position and related issue of farm incomes changes in strategic direction are required on the part of all players – government/producers/processors
- Selective consumers/ health conscious consumers/ educated consumers → Canada will need: quality products, safe products.
- Innovation and technology will be key – science will be important.
- Processing will be needed to access export markets.
- Harmonizing processing nationally.
- E.U. is ahead of us.
- Doha talks were a disappointment.
- Other exporting nations are cheating on subsidies.
- Farm groups are divided.
- Minister must take responsibility.
- Can't be one trade policy for manufacturing and one for agriculture.
- WTO versus bilateral negotiation.
- There is a need to align domestic agricultural policy and trade policy.
- Canada should lobby for a more rules based WTO rather then a power based system.
- Many trade barriers are non-tariff.
- Canada has given a lot at the WTO VR, we should be careful not to give up too much.
- Canada has not done a good job of defending our rights.
- Canada needs to regain our influence – not part of trade blocks down to G-1.
- Need to identify our potential markets and problems to deal with those.
- Regulations are in many sectors are negatively impacting competitiveness in terms of cost, and access to technology.
- Issue of solidarity is a nice objective, however, the issue of special status for sensitive sectors is problematic.

- For market access objectives, our trading partners may see our exports as a threat to their "sensitive" sectors.
- Key message is in negotiation, we have focused more on access from a "tariff" basis, and achieve reductions in economic barriers, only to have other instruments such as SPS, politics, and other barriers keep us out of export markets.
- Canada has become bogged down in its trade policy development by trying to be everything to everyone and making "undeliverable" commitments to some sectors (e.g., supply management) at expense of exporting sectors.
- Canada is trade dependent.
- Must increase coordination/integration of domestic agriculture. policy and trade policy.
- International Trade Policy not in the APF. Need to get focus and improve market for high quality product.
- U.S. stops all (almost) due to sanitary measures (i.e., chicken).
- Industry does not pressure government to use non-tariff barriers.
- Price pressure on commodities.
- Need to be strategic to gain market access.
- Canada's international agriculture trade policy must become an integral component of Canada's overall agriculture policy in the renewed APF.
- Canada needs to focus on export subsidy elimination and trade distorting domestic support reduction at the WTO. Market access is better addressed through a targeted approach through bilateral and regional trade agreements.
- We don't try to understand OUR INDUSTRY components to determine specific sector risks.
- Grains and oilseed have different competitive issues than do the rest of our productions because of subsidies in U.S.
- We must re-examine our whole farm agriculture mentality. Each link in the value chain has different issues.
- Grains and oilseeds are an individual link not a shared link with livestock feeders etc.
- It is important to establish a strategy.
- Being more thorough – having approaches that are adapted to different realities (multilateral)
- Establish priorities, finding allies, being focused.
- Peter Clark's conference was really good.
- More competition, but more market opportunity as well.
- Keeping track of relationships between past negotiations and their results.
- Different points of view relating to negotiation strategies.
- Is Canada not in the market/lost its place/doesn't belong to the game anymore?
- The idea that agricultural performance depends on a higher control and their preferences makes me think that we have to find current, updated ways to address each sector's weak points, such as added production costs and the need for strategic alliances, which would allow us to differentiate ourselves and to consolidate our needs to fulfill consumer's preferences.
- The problem at hand is market access – we are currently not seeing good results. The example that was given about chicken in the U.S. was very interesting. We need to develop bilateral strategies.
- The importance and difficulty of bilateral agreements.
- Lack of direction (vision) of the Canadian position in the WTO.
- WTO Discussion was very interesting; good fit with know your market opportunities and push bilaterals in those areas, interesting comments regarding signing the same bilateral the U.S. does with anyone else, and don't try to be all things, do a deal on those strategic items you can
- Solid introduction of Canadian products in international markets is a challenge itself.
- From the point of view of a consumer association, we look at the challenge in an inverted way – there is a need to perform efforts to apply higher values to Canadian products and local products, to favour our agriculture.

Question 2 *What are your suggestions on strategic direction and follow-up action?*

- Examine the U.S. agriculture strategy and understand how they have connected their production to a strategy.
- The U.S. have stimulated production for objectives and economic strategy.
- The notion that we must focus on commodity export is something we must abandon.
- We must focus on processing and value adding for the marketplace.
- Redesign Canada's international agriculture trade policy based on our current markets so that we can maintain our current advantages and lever them to future opportunities.
- We need to have the guts to make the decision in Canada, rather than hiding behind the WTO to force our hand.
- Industry stakeholders need to be heard and adjustments taken.
- Viable understanding from food to table in Canada as well as other countries.
- Start at the "grass roots" of agriculture, and continue along that road.
- Look at how Canada's position overall can be improved; rather then how to protect/serve the interests of specific policies and programs. For example, we cannot say there will be NO change to supple management at all cost – must be balanced off with what can be achieved for export-based commodities.
- Need to strengthen "dispute resolution" mechanisms.
- Need to develop a list of export barriers by sector.
- Need CAPI to do an overview of "sensitive sectors" those that have huge import tariffs, versus "sensitive" sectors with no protection; and see how these also match up with export access issues for these sectors.
- Need to influence future policies or programs to "commercial" agriculture, and "small farm" – way of life, should be dealt with in a different way – don't combine both – it doesn't work.
- The entire jurisdictional issue of feds and provinces role in agriculture is antiquated, and out of touch with the new global reality. We still behave as many countries as opposed to one country, we do not need II policy departments, and we cannot regulate industry on this basis as well.
- Canada should refocus its direction to identify our priority markets and use them as our focus for WTO ambitions.
- Canada has to also identify the problem areas and work on addressing them at the WTO.
- Canada is an export nation and we can't afford to walk away from the WTO. But we have to obtain real gains, particularly in market access and level playing field.
- Minister of Agriculture should be made aware of need to work with colleagues in other departments such as trade.
- There should be parallel tracks to address both tariff issues and non-tariff (SPS).
- Excluding the U.S., what great export markets exist for Canadian Food?
- We continue to import large amounts of food. It is my belief that this percentage is steadily increasing.
- Do we have to export simply to off-set impact of imports?
- Government must rethink approach to international trade; and negotiation and ensure industry is on side.
- Industry (producers and producer organizations) must overcome differences as well.
- Concentrate less on protectionist policies and more on what it takes for Canadian farmers to compete effectively in the long run.
- Dealing a Canadian position on trade negotiation based on clear objectives.
- Pursue bilateral agreements.
- Align WTO strategy with poverty strategy.

- Aggression in the domestic market and stronger bilateral trade initiatives should be well though out before the next policy framework is created i.e., is “Brand Canada” still the right approach? If yes, how do we move it faster?
- How do we engage to achieve this? (e.g., More CAPI sessions?)
- How do we overcome the grain and oilseed on-going farm income issue?
- Serious work needs to be achieved on regulations and competitiveness.
- Have government’s help support one voice for farmers, encourage discussions with only selective groups rather than all.
- Adopt trade in agricultural policy.
- Look at CRA APFII – strategic growth towards integration.
- I agree with what everyone was saying. But I didn’t fear a lot of solutions. I was looking for direction on these issues.
- How do we enforce our agreements with other countries, what recourse do we have in others do not live up to their agreements?
- Must regain influence on the international stage, if we have nothing (or little) barter we need to shift focus to advocating rules that will benefit us and others against E.U./U.S.
- Policy makers need to target key products/markets where market access is a problem and work towards eliminating the barriers, working through multinational organizations is not working.
- Set priorities on both trade and policy to make sure we are obtaining what we want.
- We need to understand the impact of these priorities.
- Need focus and priority selling.
- Need unified voice.
- Concentrate on major market (i.e., SE Asia) in future.
- Bilateral trade agreements offer some hope.
- Trade policy should be included in APF II.
- Be bold.
- Winner and loser sectors need to be identified – today’s discussion should leave all sectors hopeful.
- Market access should be easier to get through bilaterals but need to also use WTO.
- Keep strategy to get large players to bilateral table.
- WTO is <u>not</u> the answer to the farm income problem in Canada.
- Be less politically correct.
- Canadian policy in Agriculture export must be well developed, not fragmented.
- I agreed with comments that domestic and international trade policy needs to be integrated. Canada needs a more focused approach on developing true market access.
- Need to look at how the U.S. strategically focus its support that grows the industry and builds the added value.
- WTO will not address the current farm income issues in Canada.
- Get Canada’s trade strategy focused and well defined.
- Identification of friendly market areas and work to ensure federal government puts adequate resources towards achieving these goals.
- Make trade policy fit to strategic vision of sector.
- Observe and realize the longer-term times of the effects of trade policy.
- A good direction to head would be to consolidate the trade policy of the industry. As was mentioned during presentations and discussion – we need to be offensive, not defensive, we need to pursue more bilateral trade deals to get into the market ahead of the pack, we need to evaluate what areas we <u>need</u> to protect and determine where we can make gains by challenging the historical position.
- A North American Pesticide Registration System.
- All imports must be required to meet the same standards as Canadian supplies.

- We need support equal to our competition.
- Need to have clearer vision and goals for the industry.
- By commodity.
- Canada is the worlds 3rd largest agri-food exporter in the world – we need to take on a leadership role at the WTO to bring down subsidies and tariff on a worldwide basis
- We need to also pursue bilaterals and Regional Agreements that include material improvements for Ag. Sector.
- Do not enter into bilateral agreements until after negotiations have finished at the WTO, as the WTO "can" ultimately make the best deal overall.
- Canada must know how to deal with their own treatment of sensitive products and then negotiate with the rest of the world.
- 90% of Canadian farmers had low tariffs and market access.
- Bilateral trade agreements take time and we are only 30 million people – must prioritize and deal with countries like CHINA.
- Ag. to set specific priorities and focus need to open up the markets.
- We need to work on domestic issues.
- More thorough analysis of the results from the current directions of Canada's WTO policy.
- Dissemination of those results with an aim to develop trade policy that delivers real results to Canadian producers.
- Need analysis of those countries – what Canadian agri-food products do they need? What is required to acquire volume sales in those countries? Deal with it – be it regulations, strategic alliances, etc.
- The U.S. and E.U. will never reduce their export subsidies and domestic support.
- The U.S. to claim their value added industry and the E.U. to ensure food security. We must continue to work towards free trade, but also work very aggressively on bilateral free trade.
- I am not sure we can develop a common Canadian point of views between the supply managed commodities and the rest of us.
- Farmers want an end to government subsidies.
- Welfare subsidy checks are NOT THE ANSWER.
- Get our rewards from consumer.
- Shifting farm income subsidy funding to greater investment in research innovation, and domestic market over time – 10-15 year readjustment of spending.
- Greater adoption of international regulatory standards in labeling, and for health/environmental standards = harmonization.
- Incorporate international trade in APF2.
- Help government develop a comprehensive trade negotiation strategy which includes both WTO and bilateral/regional FTAs.
- Interesting point was made about the need for industry to work together to develop a common trade objective. How do we make that happen.
- Need to develop a definite strategy on trade issues.
- Need to identify a true "champion" on trade issues.
- Take in real objectives that are flexible to trade agreements and provide real benefits.
- Two streams WTO and bilaterals need to have a conscious focus.
- Need to be more aggressive as a country as an industry.
- APF needs to include domestic and international policy to ensure linkage.
- As an industry we need work together, focus on attention, and remain focused.
- Export industries need real improvement in world trading issues around export subsidies, domestic support and market access. Canada's "sensitive product" industries must be willing to give something up if we expect our government to be able to make "real" enhancement through negotiation for the export industries.
- Agree in principle with need to remove/reduce trade tariffs – if set make all equal.

- When dealing with bullies (aka U.S.) consider energy access dependent on fairness in other sectors. Solve the softwood lumber issue once and for all and let it be a catalyst for other sectors.
- Consider harmonization with U.S. access all key input areas (i.e.,, pesticide regulations, phytosanitary regulations, etc.).
- Standardize Federal and Provincial regulations domestically – is it an internal trade barrier? Cost may go up slightly for provincial processors, therefore may need to provide a plan in support.
- Need an agriculture policy that has an export focus (primary and processed).
- Canadian agriculture needs to resolve their trade dichotomy, find a solution that is workable for all, so we can move forward on international staff focus on their priorities, instead of diluting limited capabilities.
- Place our agriculture within a large international picture.
- Set goals for markets to get, commodities to produce and improve transformation of food (value added products).
- Review our legislation to ensure producer commodity groups have the ability to fully participate in marketing production and trade developments.
- Focus on international export outside U.S. for processed "food".
- Identify what products are our Canadian advantages.
- Build domestic bench strength; accordingly, markets and use this as a hammer to strengthen export focus on results.
- Follow Mike's (Dungate) proposal to change the negotiating process by stop giving away everything and start defining a level playing field.
- Get Inter-provincial barriers tackled to develop that Corporate Canada approach.
- Deal up front with sensitive products.
- Canada becomes focus in regards to trade.
- Develop good trade rules – get acceptance in the world trade arenas.
- Agriculture to get a collaborative position, unified so negotiators can use it.
- Pursue bilaterals!
- CAPI should make some plans as short-term goal and long-term goals.
- Need to focus on U.S./Canada trade relation.
- Grain Oilseeds sector, U.S. not as important, WTO much more important.
- As long as supply management continues to be impatient in Ont./Que. – Canada will continue to have a weak trade position on the federal government, won't give up supply management to help the G+O sector.
- There is a need for the GOVERNMENT to implement an agri-food policy including farmers and processors that would involve the different ministry that impact the industry.
- We need to position the industry on the largest worldwide market.
- Trade should be part of agriculture policy framework.
- Establishing priorities requires establishing criteria – need a process to do this.
- Focus – request Canadian government only report to industry as a whole – force co-operation.
- Make sure we do not give up more then we (Canada) get back.
- We need to have a clear vision about what we can do for agriculture and agri-food in Canada. The problem is that we don't have control of instant price changes in products like cabbage. The "politically correct" attitude doesn't have its place anymore, we need to define our path and be intolerant about the little building that keeps making claims but lacks to present durable solutions.
- We need to stop believing in efficiency improvements, I believe that what we can do is already done in this aspect. I really believe that we should seek inspiration from the European Union and the United States, which means investing in the commerce, creating larger sales volume, which would allow our producers to remain competitive.

- Have a plan, working the different pillars rapidly (avoid the Silos).
- Changing the current attitude towards the WTO – being more thorough and having better strategies for our agricultural policies.
- Establishing alliances with countries that are similar to us, to fortify our position regarding negotiations and influence.
- Pursuing the necessary efforts to establish bilateral strategies.
- Considering the presence of emerging countries (India, China).
- Gaining our place in the table of negotiations (WTO).
- Adjusting agricultural policy to favour the fast development of new strategies to benefit each sector
- Maintaining a firm position to defend our sensible products: offer management. It's an unique tool that allows a better revenue distribution to producers.
- Eliminating the misunderstanding with this principle: "Regulating the issue about dairy ingredients (dairy protein that comes into this country without any verification).

Annex V –
Session III - Domestic Regulations and Agri-Food Competitiveness

Comments Received by CAPI on Participants Feedback Forums

Question I *In your opinion, what are the key implications that were presented and/or discussed*?

- Competitiveness needs to be considered.
- Concern regarding provincial/federal/industry prioritization.
- Slow to innovation.
- Regulations are important for consumer safety but need to update criteria for safety on regular basis.
- Need a process to improve the regulatory process.
- New product types (e.g., nutraceuticals) require a new approach.
- Focus should be competitiveness not harmonization.
- Should solve problem in Canada too.
- Need to set priorities for action.
- Representing a consumer organization, the issue of regulation is a key component for consumer confidence and protection. However, the issue regarding imports having their own regulation and standards makes it an eye opening preoccupation for consumer confidence.
- That rules and regulations are in fact concerns that slow the growth pace of the industry.
- Marketing stereotypes may overcome such a concern but still harmonization within Canada is a must.
- For harmonization with the U.S. we should be careful but definitely act rapidly.
- Regulations are needed for competitiveness and differentiation. But too many regulations may slow down the industries.
- Regulation can be good or can be bad, if inadequate, or can't be enforced.
- Must keep in mind Canadian Sovereignty.
- Harm regulations between provinces/territories.
- Federal inspection and provincial inspection – can provincial inspection system be integral and standard by all provincial's governments.
- Let's have good regulations.
- We are lagging in our process of approving regulations.
- Let us improve the process.
- We need a transparent, accountable, smart regulations process – this process has to involve key industry players.
- Regulatory issues are a huge problem for most industries.
- It was obvious that feedback on regulation demonstrated that some folks do not have a good comprehension of the extremely complex regulations impacting upon the industry as a whole.
- Provinces are a problem; people are poorly informed on overall food safety – everyone is trying to be holier than the Pope.
- People have a poor comprehension on just what CFIA is doing on imports.
- Regulations should protect the public and enhance competitiveness.
- Regulations should not restrict ability to produce products nor increase the costs of products.
- Regulations should enable us to distinguish, preserve, and profit from superior brands.
- We should not compromise we should "innovise" (innovate) and create a higher common denominator as opposed to racing to the lowest common denominator.
- Regulation is a bottle neck for innovation and better products for consumers.
- Need for action on a commodity by commodity and multi-commodity basis to address real or perceived regulatory problems.
- Most get over a "one size fits all approach" to regulation.

- Regulations could be good if used properly: make sure the process is acceptable.
- Important to be flexible and stop reinventing the when (look at what is done elsewhere).
- Regulation should not impair innovation.
- N.A. approach to regulations. Why are Canadian regulations different?
- Competitiveness in agri-food in the future will be limited by regulations to keep up – Canada will not have enough money to resource in country therefore we need outside of the box reform.
- Many regulations are historical and have not evolved.
- How can we use regulations to allow market differentiation.
- Regulations must enhance Canadian brand.
- Regulation can create a fact-base for exporters.
- Responsiveness to new products, categories and life cycles.
- Regulation today is biggest impediment to start-up businesses (except capital).
- Current regulatory system for natural products is not capable of handling the issue.____
- Regulations vary dramatically depending on what you regulate?
- It is a real determinant to industry.
- Cost ineffective.
- Harmonization within Canada first, but also need better coordination and harmonization internationally as well.
- Regulations have a place the issue is the process.
- Canadian brands need to be defended.
- The way regulations are changed needs to be changed so risk averse politicians and bureaucrats will make decisions that benefit more than future risk might damage.
- Regulators need to change to "How do I help Canadian business while protecting the public?" from just "PROTECT AT ALL COSTS TO ZERO RISK".
- Need to work on regulatory process rather then defining/or refining regulations.
- Backlog of approval is an impediment to innovations and competitiveness.
- Canada is risk adverse regarding regulatory approval.
- We need to take account of market realities in the regulations and standards that governments implement and enforce.
- Lack of national/international harmonization.
- Need to adopt risk based approach to regulations.
- Great session.
- David Sparling's presentation: a bit too unrealitistic, in need of examples to support many of his statements, risks leaving audience with impression that Canadian regulations are all wrong, while those of other jurisdictions are superior, would have appreciated seeing a multi-jurisdictional analysis before he left the podium.
- Regulation provides opportunity, as well as barriers.
- Regulation needs to be inserted for public good as a primary reason.
- Regulation as a facilitator of competitiveness could be an erosion of the public good face and of regulations.
- Harmonization is a big issue for the horticulture industry – a level playing field is required – domestically and internationally.
- Canadians should be able to expect that imported products meet the same standards of food safety that is provided by Canadian products.
- Too many regulations stifle innovation – implementation and maintenance of regulations costs the rower money – money which he does not get back from the marketplace – this adds to the farm income issue – e.g., On farm food safety. Government and society benefits from OFFS not the grower, society wants it, so society should pay for it through the marketplace.
- Why? – protect society and enhance competitiveness.
- Constraints to develop new products.
- Canadian regulations differ from major trading partners.

- Over regulation puts us at unfair trading disadvantages.
- Inter-provincial trade barriers are cost prohibitive.
- Value can be destroyed when regulations are not adequate or not enforced.
- Need to have provincial harmonization first.
- Effective producers, processors different.
- Regulations cost and consumer needs to pay.
- Society wants (and “needs”) regulations to ensure food safety.
- We must meet society’s needs while not hindering our ability to compete internationally.
- Harmonize within Canada first and then study international harmonization possibilities.
- Process is more the issue than content.
- Lot of discontent with current system.
- Canadian over-regulation is obvious.
- We cannot be expected to compete with lower costs or other country’s subsidies.
- Regulations are really screwed up!
- Are they being used as non-tariff barrier and barrier to entry?
- Why does the regulatory system take so long to change?
- Need for regulatory harmonization, joint review and recognition of assessment of other regulatory authorities (countries of similar development is OECD) to ensure Canadian competitiveness.
- Recognize that regulatory environment can delay innovation, delay introduction of new reduced risk crop protection products to Canada (3% global vs U.S. accounting for 30% of crop protection use) because of cost of registration versus ability to recoup costs.
- Regulations are important for food safety etc. but the current regulation in Canada and in particular the processes, may not be that flexible. This is creating issues in competitiveness etc.
- Key issue was the fact that regulations can farm the basis for market advantages.
- Process of regulation needs to use scientific data from anywhere for presentation with regulation data.
- R&D requires significantly more support.
- Expanding inspection and enforcement of regulations.
- Harmonize to highest standard not lowest common denominator.
- Inter-provincial harmonization.
- Import equivalences.
- Need more flexible approach to regulation to accommodate new products, new mats, and volume.
- Need to try for harmonization with U.S. and across provinces, but look carefully.
- Many regulations beneficial and should not be thrown out.
- Don’t throw out the baby with the bath water.
- A. King masterfully made the case for regulations.
- Sometimes there are real impediments (nutraceutical labeling) but often commonly held misconceptions about regulatory imports prevail.
- Regulations improve constraints on flexibility.
- Regulations are one size fits all too often.
- The problems with regulatory environment are largely in the process.
- Regulation is necessary but needs to be designed to be efficient and encourage trade and competitiveness.
- Need to deal with inter-provincial trade barriers through regulation.
- Regulations should not go to the lowest common denominator.
- Regulation can be both good and bad. However, there was no mention that regulation can be used to drive out competitors.
- Meat inspection – more stringent driven and smaller firms.

- No mention of how regulations arise from rent seeking behaviour → regulation introduced by government in section for support a farm or an industry.
- Harmonizing to other countries is problematic, especially when they are always changing.
- Need to understand the regulation and performance by food sector.
- What are the issues – is it the regulation or the process? – There are benefits of regulation.
- Need to understand what regulation is doing in the domestic market.
- Regulation can protect from good product as well as bad.
- Regulation can be part of our Canada "brand" if they add to a perception of quality.
- At present, resources to make approvals are not in synch with the amount/type of regulation.
- We are a small market, volume problems and variances across regions are both limiting the availability of new products here (true of inputs into industry as well as competing products for agri/food companies).
- Interesting presentation and enjoyed different opinions.
- Regulations are important to keep our products strong and marketable, and safe.
- Harmonization very important.
- Rep – objectives.
- Harmonization – careful – define to do what?
- Can't be a race to the bottom.
- Identify what we need to keep.
- Cost of regulations to producers is real.
- There is a need to create a regulatory regime that will deal with the backlog & approve products in a timely, Canadian manner.
- Harmonization within Canada and with U.S. and perhaps other trading partners is still a challenge.
- Regulations directly impact COPs.
- Regulations are needed to promote what we do.
- We should regulate around what we do best.
- Harmonization vs. competitive advantage?
- Role of Government vs. market place isn't defined.
- Inter-provincial harmonization is as important as international harmonization.
- Public protection and regulation – Public trust.
- Regulatory environment has to help make our industry competitive, not impede it, while taking into full account food safety and quality.
- Regulations need to be targeted.
- Regulations can help on income.
- Who pays? – There is a cost – (farmers) cannot seem to recover the cost.
- Regulations in all farms have become a liability for farmers and will continue to be so until farmers can find a way to recover the cost.
- No understanding that (with exception of government support) Canadian farmers are price takers, and do not control the cash register – cannot charge for food safety programs!
- A major Canadian retailer is asking fruit/vegetable producers to prove food safety at farms by end of '06 – will not request same of imports until '07 & beyond.
- Re pesticides process – not acceptable to take 20+ years to harmonize 'process'.
- Increased regulation gives consumers a greater sense of food safety.
- An increased regulation gives Canada access to greater markets.
- The discussion noted both benefits to regulation of outputs and costs to limited access through regulation of inputs. There were a significant number of comments that focused on regulatory harmonization but there did not seem to be a common understanding of what that would mean.
- Regulations themselves are an issue that must be both reviewed to ensure that they do either enhance competitiveness or protect the public in ways that are not unduly onerous.
- Regulatory process itself can be a bigger issue than regulations themselves.

- Our regulatory framework is very complex and does not have “easy fix” answers.
- If looking at de-regulation, must be very careful to take full consideration of the initial need of the regulatory framework that is in place.
- Harmonization between provinces needs to be fired before worry about exports out of country.
- Regulations differ from country to country. Study others to see if we can use and incorporate and use their data.
- Red tape reduces innovation.
- Strange Canadian approaches reduce competitiveness.
- Do not reduce regulations to the lowest common denominator as appropriate regulations can be a value creator for Canadian agriculture and agri-food products.
- There needs to be a good process to change/review/consult on regulations.
- Imports must meet the exact same regulations as Canadian producers and processors.
- Regulation has some value. We could use it to our advantage. We have let it become a bureaucratic haven and frequently it serves little to our purpose than to create competitive disadvantage and cost in our system.
- Key on producer side is the over-regulation of input products that are used to reduce commodities in other countries which are imported for less because the net effect is that the cost of production is usually less when a better, more effective and often less costly product is used. Another area of concern for producers is the amount of environmental and safe water regulation we need to deal with, while costing us money. Yet again we can import the same products from other countries that have less regard for environmental issues, by allowing this product in, we allow our consumers to be hypocrites based on price, because it is cheaper to produce some food when environmental accountability is not required and it may not impact our environment however we should be concerned about the effect where even to us, it shouldn’t.
- Regulations can be an advantage for differentiating our products. Is should also protect our markets, imposing high standards,
- Current regulations do better for markets than for the producers themselves: we can’t forget the impacts over costs for the producers.
- The harmonization shouldn’t be a way to bring quality down. Instead, it should allow greater differentiation. Food quality and safety play two different roles when it comes to differentiation.
- There are currently two approaches when it comes to regulations. One is seeing it as an additional cost in the industry, and the other is seeing it as an opportunity to differentiate our products. Those who take the first approach would like for us to simply adopt the United States’ regulations, and those who take the second approach are interested in having our own regulations, given the opportunity they give us to be differentiated.
- The harmonization (Canada/U.S. and between Canadian provinces).
- Are regulations an obstacle for growth and innovation?
- Are regulations really what distinguishes us and makes us unique?
- Systems and regulations involving attributes are necessary as the world globalizes. At the same time, it is also necessary to make efforts in order to simplify and harmonize, but avoiding bringing the overall level of quality down.
- I think the most important thing we discussed was the way that the E.U. has to protect their market. They rely on their regulations as a way to keep some products from entering their market.
- Regulations are both an advantage and a disadvantage. Advantage: Quality, product strength, etc.; Disadvantage: High administration costs.

Question 2 *What are your suggestions on strategic direction and follow-up action?*

- Harmonization, use similar data, agree to use data.
- Align our approval process with "like" nations (U.S., Australia, New Zealand).
- Suggest process for determining priorities across the federal/provincial/industry continuum.
- Need a process to set priorities for action – what are the criteria that should be used.
- Need to establish new processes to support agricultural competitiveness – including having industry take more responsibility.
- Actions must be made so that competitiveness on the market for domestic food and imports are on the same "platform" to assure that the consumer is making an informed choice and can have confidence in all foods he chose to buy.
- For importation we should IMPOSE the same rules that Canadian companies have to honour.
- Collect opinions from different levels and reach some strategic suggestions.
- Use "regulation" to support agriculture and act on opportunities.
- Develop regulations that importers must follow, namely same food safety traceability of Canadian produced products.
- Harmonize regulations on foods; harmonize Federal and Provincial (regulations); NAFTA is integrating markets, it should integrate the harmonization.
- This process has to involve key industry players.
- There simply has to be a PCO commitment to engage to help industry fight the silo approach that exists in Ottawa.
- Work vigorously on generating a higher standard premium image for Canadian products to enhance profitability and overall market capture.
- Remove restrictions or limits on access to technology and inputs that help back our agri-potential.
- Regulations should be based on good science done in Canada or elsewhere.
- Data should not have to be repeated in Canada only for "independent country"
- Agri-food regulatory action plan be developed by Government (federal, provincial), industry (producers and processors, plus others in this value chain) advisory group.
- Make sure the organization responsible for regulations knows why regulations have to be in place, make sure the potential role in competitiveness is well understood.
- More exchanges between producers, consumers, and organizations – regulatory bodies to harmonize the expectations of regulation.
- For agriculture to reach its vision, regulations must enhance competitiveness.
- Must have a North American approach to regulations.
- Problem is in the system, not the process. So improve the systems, minimize time and costs of regulation.
- Regulators need also to have enhancing competitiveness as a goal, not only safety. Regulation is slowing down innovation and access of new producers for Canadians.
- Harmonize our regulations with U.S. in competition and labeling standards.
- Ensure that regulation actions in Canada are focused on differentiation.
- Implement SMART regulations proposals NOW.
- Make the system USA-friendly.
- Harmonize WTO requirements for international products.
- Be first to market entry with solid, professional efficient and friendly regulations.
- We need leadership on this issue, the Government needs to make this a priority within Canada and with other countries.
- Regulations have a place, they should enhance competitiveness and not impede competitiveness.
- "Smart" regulation – industry-driven.
- One size does not fit all.
- Pesticide regulation is an issue - limit on options. A comparison should be done.

- Products coming into our country should have to adhere to the same standards we apply to our products.
- Harmonization between provinces.
- Smart regulation needs to advance and be successful.
- Need to get CFIA/HC and the provincial regulators into the same room to discuss commonalities & differences along with various industry groups.
- Need better communication among regulators.
- Similar on the trade side, we need to establish a common objective for regulations (i.e., food safety). Some regulations are still product/customer-based.
- Un-focused or inappropriately-focused regulations do impede innovation and also result in substandard products hefting the market beyond content of regulations, culture within regulatory authorities is also critical. We need to move from a resource intensive "police" model to a collaborative approach where food safety responsibility is shared between industry and government.
- Provide regulations with opportunities to become the business operating environment the industries which they are involved with regulating.
- Establish a Federal/Provincial/Territorial commission on regulatory reforms, this could be led by the Federal minister or PA, with representation from each Province/Territory. End result should be a comprehensive review of agri-food regulations – resulting in simultaneous federal/provincial legislation/regulations (a "good government bill" for the agri-food sector).
- Establish a regulatory watchdog to ensure "smart" regulatory approaches are considered.
- Leave it to the panel.
- We need to ensure the regulations we have make sense, do not duplicate and do not make our producers and processors less competitive. For example: Our plants with travel traits regulation goes beyond any other country. This regulation lumps together all novel traits and it treats as equals a bean that is grown in Montana for 40 years and genetically altered wheat and subjects both to rigorous and expensive testing. Companies should be able to use data from other countries to register products.
- Indicated that changing just one piece of regulation without thorough review, can have unforeseen negative consequences
- Not having harmonized regulations in many cases is a competitive advantage. All in all, we received "the good and the bad" of our regulations, which is a positive outcome.
- Identify where opportunities and barriers are.
- Determine what greater successful desires are, form regulatory success and key on that.
- Get PMRA moving, this issue has been ongoing for the past 30 years. PMRA has to work in a "timely manner", they are threatening Canadian competitiveness and ability to innovate.
- Ensure that CFIA has the resources allocated to cross border inspection to uphold the pesticide regulations.
- Harmonization of regulations both domestically and in the U.S. must fill gaps to be competitive.
- Expedite SMART regulation process.
- Speaker presentation reveals inherent confliction operation of Canadian regulatory system – Need to develop and promote products and product differentiation on consumer protection. CFIA can NOT continue to serve two masters – has to be split into two foundations.
- Another problem is current focus is on regulatory process rather than results in what do we want to accomplish rather than how.
- Blurry between "regulation" and "standards".
- Acceptance of other countries' regulations may make sense, however, concern over whether or not acceptance by other country may have been politically influenced.
- Imported products offered for sale in Canada MUST meet Canadian regulations/standards. However, such regulations must be true consumer protection - have a back door means of providing industry protection against competition or be a NTB (non-tariff barrier).

- North American regulatory systems wherever possible.
- Canadian producers must have support to match U.S. and European levels.
- A good regulatory environment is essential.
- Need to standardize regulations (provincial/federal and international).
- Use regulation for competitive advantage.
- To take advantage of many new innovations in agri-food we will need well thought out regulations but we will have to be careful to make sure that those regulations are not so burdensome that it takes excess profits out of the system.
- Identify priority “test areas” for harmonization, joint review, and ways to make those changes.
- Clear views on where regulations and processes fit in overall agri-food policy objectives.
- Likely system may be inflexible.
- Likely under resourced.
- Need to maintain standards but improve the process.
- Need to place higher priority on the SMART regulation objectives, focused on what regulations are working and which are not.
- Need for government policy direction that treats imported products with the same standards as we apply to domestic production, and enforce it.
- If regulations form basis for market opportunity / there must be a financial reward to producers for meeting the requirements. Value must flow back to producers.
- Policy MUST include transportation and financial issues – not just environment, consumer safety.
- We have suffered severely from government cut-backs, they have not been meeting the highest standards of protecting the food supply (i.e., *E. coli* in hamburger, and imported white fish from Asia).
- Canadian consumers are under the false impression that all food imports are inspected, and all of them meet Canadian standards.
- Examine and challenge the basis of regulation in Canada to see if they are still relevant
- Examine feasibility of harmonization, CAREFULLY.
- Regulatory data should be more transferable.
- Need user-friendlier attitude by the regulators.
- Clarify inter-provincial barriers – They are nowhere near the barriers suggested.
- PMRA – Other countries have a right to have more permissive pesticide regulations if they have lower environmental and applicator safety standards.
- When it comes to the final products and residue levels, they do have to meet the same standard.
- Need to work towards international/product flexibility.
- Regulations need to focus on what is good for the public interest, need to get away from rent seeking regulations, which is why regulations are introduced in a lot of instances.
- We need to have flexibility.
- Need to do a cost/benefit analysis when looking at regulation.
- A closer look at the regulation in Canada and the performance indicators.
- Determine and prioritize the general type of regulation – Apply the concept in specific terms to each sector – not all sectors are the same in terms of regulations.
- Determine the solutions.
- Determine if existing regulations have a purpose or are a legacy of a previous environment.
- Idea of a product approved in two or more “approved” countries (those that we recognize as OK) we should okay (approve) the product is a great one; this could help to alleviate other timing and cost issues by using the other countries’ resources.
- It is important that regulation outlines the objectives and allows industry to find the best means to achieve those objectives. Regulation should not prescribe business practices, as regulators will never know the business environment as well as those they regulate.

- Just like global competitiveness we need one strong vision – whether it be national or provincial harmonization, globally and nationally.
- Review process.
- Resource.
- Identify key regulations that are detrimental to growth (or expensive).
- Prioritize action.
- Note – moderator Doug Stewart – inappropriate in his comments – poor taste and unprofessional.
- Continue to promote own-use legislation.
- Transferability of data internationally, not the regulations.
- If food safety is the consumers' highest concern and if, as CAPI's report indicated, consumers won't pay, do we need to go to the lowest common denominator in order for producers to make a living?
- Canada should vigorously pursue the "metabonomics" and be a global leader in health food-agriculture integrated systems.
- Need to broaden engagement throughout value chain leading to development of next APF.
- Industry should present clear direction to government on regulatory action with priorities, timelines, anticipated outcomes, etc.
- Need to develop processes to better address regulatory issues.
- Develop regulatory environment to enhance competitiveness and differentiation.
- Don't deregulate for the sake of deregulation.
- Seek out opportunities for outcome-based standards rather (than) over increasing regulatory regimes – industry-driven and monitored – reduced bureaucratic cost of compliance.
- Find a way to get the cost of regulations reconciled for producers.
- Processors need to absorb more share of the cost – create levers that can make that happen.
- Action is difficult without understanding the issues, a political way to ensure change happens where/when it can.
- I disagree that increased regulation is the SILVER BULLET.
- It is unfriendly to the family farmers but I can see how it helps large processors.
- There needs to be further discussion on what harmonization could and should look like: Common data requirements, ability to share scientific reviews, mutual recognition of regulatory decision, unilateral recognition of U.S. decisions, and super national regulatory authorities. Without further analysis of the implications of the various options there can never be a satisfactory conclusion to any harmonization activities.
- We need to have good sense. As the earth is becoming more and more like a big city, we need to harmonize ourselves with other countries. The government has been losing track of this issue for a long time. We have to measure and fix unnecessary regulations. We also have to think about how far we should go in regards to GMO and labeling issues.
- We need to focus on streamlining regulations to ensure they meet their objectives as identified above.
- Also, streamlined regulatory process is critical to decrease backlogs and encourage innovation. This should include consideration of registering products based upon other countries' research.
- Make "REGULATORY MODERNIZATION" a key pillar in a Agriculture Policy Framework III. This is a complex initiative that will require considerable resources from all levels of government.
- Break the barriers between provinces government needs to enforce.
- Communications to the consumer to help them understand that Canadian food is the best and the safest. Marketing can be done by every agriculture stakeholder.
- Move to SMART regulations.
- Coherent and comprehensive animal health regulations are critical to the future prosperity of the Canadian livestock and poultry sectors. The ability to limit the introduction of disease, to

reduce the magnitude of an outbreak, and to ensure confidence in our control system, will be the key to maintaining access to foreign markets.

- Process to objectively evaluate purpose intended, application, and process.
- Evaluate whether we undermine the purpose through an implementation process. Domestic having a different standard than import for example. This means the consumer doesn't really know if they have any protection from the regulation. We do know we have a competitive disadvantage for Canadian agriculture.
- The strategic direction should be to look at what regulations can be harmonized, specifically in this case where Canadians are already consuming products which are produced using the products requiring duplicate-data for approval. Specifically, crop protection and animal health products should receive immediate attention. Not only are my competitors south of the border getting better subsidy programs, they also have access to less expensive and in some cases more effective products than I do, placing me in an uncompetitive position when producing like-products. On the plus side, that is regulation of our product, and then paperwork and effort involved with over increasing environmental regulation – we need to keep accountability and traceability in the process in order to maintain integrity. A closer look at simplification and lessening the paper involved would allow some of the smaller operations to continue to compete and maintain integrity because the paperwork would be simple and achievable. On yet another area in the discussion document, I think there could be a symbiotic relationship between "streamlining" regulatory reporting requirements and increasing the management capacity of the not-so-business oriented producers in the country.

  If you look at the majority of the environmental reporting requirements, they are directly linked to good record keeping at the production level. If we could get some sort of structure package to track all points of the farm operation that would spot out all the information needed to comply with Nutrient Management plans, or clean water wells, in a report that satisfied the regulations, at the same time it would force the producers to keep "better" records which could be used to increase their management capabilities.

  As a summary, I feel there are significant improvements to be made in the regulatory system. On the regulation of crop protection and animal health we need to look at reducing the amount of duplication being done to get a product already registered for use in the U.S. and minimize the cost of registration.

  On the issue of producers complying with regulations, let's look at opportunities to "sneak" other beneficial resources into the producers' hands while lessening the amounts of time and effort required to comply.
- Our provinces have the power to regulate - we can't change that.
- The federal government should improve their regulations – Health Canada for example, should only cover health regulations issues. Agriculture Canada on the other hand, should implement regulations from the commercial point of view – preventing fraud, and easing the complying process for the sake of commerce, while protecting the consumer.
- Regulations should be intelligent, oriented towards solutions that allow differentiation for our agricultural and agri-food products, and they should be "strong but not heavy", so that our markets don't lose their velocity and innovation. For our producers, regulations present a high cost, which some times are not compensated by the margins of profit. Now on the environmental side, regulations are put in place as fast as the financial resources of agricultural companies allow. Regulation costs should then be shared along the chain of production, and producers should therefore be aided financially (in the forms of fiscal benefits or subsides for conformation with environmental regulations and traceability). It will be up to the MTO to allow producers' costs to be diminished and therefore allowing our agriculture sector to regain strength and assign a higher value to regulations. This would speed up the changes required, and that speed is very important. Note: This also applies to simplifying the regulation process, not just implementing it.

- There needs to be a discussion about how the costs for the required processes are going to be shared, according to the priorities of each aspect, since cost seems to be the only major obstacle for changes to take place.
- Harmonization of rules and regulations between federal and provincial governments (margarine from Quebec, for example), and also between Canada and the USA (statements, labeling, etc.).
- The same rules and regulations should be applied to imported and competing products.
- Identify the means and processes to influence the decision process to achieve our growth goals, so that regulations become a useful tool other than a tedious task.
- I don't think we need to completely change/redesign our current system, but rather simply removing (or stop adding) unnecessary framework, and enforcing existing rules instead. For example: In dairy production, American producers are using hormones that are forbidden in Canada. Instead of having political battles over banning each other's products across the borders, we should use our quality food standards to approach this sort of problem.
- Strategy: (1) To conserve high standards in terms of quality regulations. (2) To be thorough in applying rules and regulations in order for them to become the standard in production and not a costly burden to be born by producers.

Annex VI –
Session IV- Capturing More Value Through Strategic Alliances by Farmers

Comments Received by CAPI on Participants Feedback Forums

Question 1 *In your opinion, what are the key implications that were presented and/or discussed?*

- Alliances can build strength and value in the industry. They can provide more power to the participants. It must be based on common need.
- Need to be strategic to gain market access. Multilateral strategic alliances can increase competitiveness.
- Implementation of strategic alliances for obtaining adequate market share.
- Producers, processors, and distributors should be aligned to obtain adequate return from the market.
- Mutual need; mutual understanding in the value chain.
- What is key to me from discussions is the lack of understanding of the primary producer. These people are vets, accountants, environment specialists, nutritionists, etc.
- Policy has to involve all government departments (Silos) which make alliances difficult due to different regulatory and policy differences (goals).
- Strategic alliances are probably the key to the future of agricultural marketing. The various players in the value chain are interdependent on one another and this will increasingly be recognized if players want to remain profitable in the long term.
- The producer has to engage in ownership of various parts of the value chain.
- Strategic alliance can work but only if they are based on trust.
- Alliance increases competitiveness. Without mutual need, strategic alliances won’t occur if trust is number one concern.
- Retailers want year-round supply, therefore importers must form strategic alliances to deliver year-round product. Strategic alliances are here to stay.
- Strategic alliances are critical for producers in an environment where increased consolidation at the retail level continues to occur. This is particularly so for smaller producers who are geographically dispersed. Strategic alliances need to occur among producers themselves (e.g., cooperation) and in turn between that group and distributors/retailers.
- Developing trust; must have mutual dependence; Better net profit.
- There are good opportunities for strategic supply chain alliances.
- Strategic alliances are an option, but only in certain circumstances with certain products.
- Must have mutual need for successful Strategic alliances.
- Marketing boards are not strategic because not voluntary.
- I would also like to see a discussion of marketing boards, CWB, Canadian Dairy commission, etc.
- There is a demand for strategic alliances. It is a way for businesses to increase profits and returns to scale.
- There are success stories, across borders, of developing strategic alliances.
- There are problems between parties on profit share.
- Trust is a key factor.
- Risk management was a very good point brought up.
- Trust; Common interest.
- Key factors: Be aware of regulations that inhibit alliances – such as where marketing board regulations are designed so all producers are treated equally – but at the same time they inhibit individuals or groups of producers from satisfying a niche market need that would return greater profit.

- Strategic alliances can be (a) useful technique for managing (the) supply chain and improve(ing) competitiveness.
- Many strategic alliances exist in horticulture and 96% indicate that competitiveness is enhanced.
- Mutual need and trust are (a) critical need for success.
- Strategic alliances are here to stay.
- Need greater trust between producers/processors – emphasis on mutual need and gain.
- Regulations can prevent strategic alliances (e.g., because of contract length).
- Strategic alliances must be consumer-driven.
- Alliances seem to work but there did not seem to be clear guidelines in order to replicate success.
- Good format to have producers, processors, and distributors in the room at the same time.
- What is important: (1) Must be a mutual benefit (i.e., profit), (2) Requires trust, (3) Growers have trouble collaborating.
- Strategic alliances are a good way for farmers to retain value that they can give to the value chain.
- I do not dispute the fact that there are opportunities to gain income through strategic alliances. However, with consideration on the purchasing side of the equation, I think there is more of a trust issue between producers and buyers (retail or processing) than between the producers themselves as was intimated by one of the presenters. The biggest implication was that there is no guarantee of an increase to net income by participating in such a chain.
- Probably a very good technique. Trust and mutual need (form a) basis for relationship.
- Need to adapt to new environment.
- Lack of mention of “innovation”.
- Focus on “access”.
- Need to focus on demand! What consumers need and want.
- Strategic alliances relate to consumer. Customer and producer self interest are the only way to redress market power issues.
- Strategic alliances important for farmers to create cross-border. Strategic alliances can not only move change, but also ensure supply (12 month).
- Mutual need between many suppliers, negotiation information, common approach to market. Gain economies of scale and access to markets and address balance of power.
- Trust, and mutual need, in horticulture (over 100 commodities, price takers).
- Seasonal production requires critical mass to negotiate with retailers.
- Vertical and horizontal farms with far too many partners.
- Strategic alliances help to gain access to markets, perhaps increase profits.
- Allows growers to speak in one voice, helps to eliminate the retailers, and wholesalers using a ‘divide and conquer’ technique on growers to drive down what they pay for product.
- Opportunities exist to collaborate between the sectors of the agri-food chain for the benefit of all.
- There needs to be a balance of power between partners.
- The two factors which bring about and foster, a successful strategic alliance are: Mutual need and trust. Excellent summarization.
- Has not worked so far.
- Have to identify mutual need between supplier and producer/vendor/consumer based on trust and accountability.
- Grower-to-grower distrust (is an issue).
- Strategic alliances are important and necessary in today’s environment.
- Strategic alliances/business relationships work under specific circumstances, dependent upon the partners.
- Strategic alliances work, but are not easy. They take trust and working together.

- Mutual need, trust and mutual relationship are keys to a successful strategic alliance.
- Strategic alliances need to be consumer-driven and ensure profits for both partners.
- Partners need to focus on core competencies
- Need trust, accountability, and good chemistry between partners.
- Growers need to work together to achieve success in strategic alliances. Perhaps through “new generation cooperatives”.
- Good idea but very hard to implement
- There seems to be little trust among producers in any particular field
- Value chains and strategic alliances must be nurtured – must involve producers
- Producers need to learn how to collaborate among themselves.
- Role of consumer in producer and value chain decisions.
- There is a need to do more to make it successful
- Both parties have to profit and it must be consumer driven
- Critical mass/volume size of supply is required for relevance – mutual need and trust.
- Better product development and connection through stronger working relationships
- Can make more money (for) longer (by) doing this
- Growers must be able to trust fellow growers.
- To be successful, suppliers need to focus on bringing the consumer category performance on a sustainable basis
- Given consolidation in Canada and elsewhere, grower/shippers need more horizontal alliances prior to vertical alliances with potential customers
- Industry leaders are already out there building alliances – others are not.
- Growers need to “work” together.
- Need to think differently for fresh fruit and vegetable sector – need for year-round supplies, and size of supplies required, requires that we stop thinking of this industry as local or provincial if we want to sell to large retailers or food service customers.
- We need to explore new ways of accessing market produce a composition of how to succeed.
- Alliances are good.
- SA must find a way to better share profits.
- Must be based on mutual need. Must be with customer in mind.
- Trust is number one – do what you say.
- Problems are usually against the “sellers”, not between “sellers” and “buyers”.
- Mutual need, benefit, and trust between growers, suppliers, and retailers.
- Mutual need for trust. Common GOLD – consumer-driven.
- Solid information on success criteria to extent that you can extract them from intangibles.
- Strategic alliances don’t necessarily lead to innovation.
- A good alliance can mean constant readjustment to circumstances, so trust is key in horticulture.
- Need to help build capacity so producers (are) better able to enter alliances.
- Need to share risk (is) an important driver.
- If there is no mutual need, (an) alliance won’t work in the agricultural industry. Where there are many sellers but few buyers, there is no mutual need.
- This is an opportunity at hand for producers. They should make a move on it before the window closes.
- Such alliances, sometimes hard to build, deserve to have an initial incentive to help communication. Communication between partners is essential for building two important aspects for the food consumer: quality (which is connected to customer loyalty and confidence) and price stability.
- Certain alliances, when efficient, can achieve higher competitiveness of a given sector. Key factor of success: common needs and trust.

- We have many alliances between suppliers and buyers. The problem is in the producer side – why isn't the co-op model good enough? We have forgotten about the co-ops, and supply management has destroyed them with producer syndicates not being efficient enough.
- Examples of vertical and horizontal strategic alliances.
- How to make a successful strategic alliance?
- Examples of alliances that have achieved success.
- The possibility of joining forces by joining producers into a group.

Question 2 *What are your suggestions on strategic direction and follow-up action?*

- Explore strategic alliances between the sectors of the value chain, not just at a company-specific level, but also at an industry-wide level through industry association.
- Build capacity to establish strategic alliances.
- Worrying about joining approaches.
- Collective organization of markets.
- To develop client approaching.
- Making sure that government policies are in favor of strategic alliances, and that the tools and resources offered display flexibility to adapt to different networks, in a regional point of view rather than just viewing the production sector as a whole.
- There has to be communication starting with the FARMER. There has been very little heard from the primary producer and when it was voiced, it was blown off! Bob Friesen asked a question that was never answered, so it was asked again, same response! I am concerned if you want all industry stakeholders, you need to care about the producer. Mr. Jennery stated "without consumers no agriculture", well farmers are consumers and without farmers there is no FOOD!
- Get "joint" common goal for government departments that all private sectors rally with all players – returns have to be set by tax policy which is favorable for alliance.
- How to encourage strategic alliances:
    - Look at what regulations could impede strategic alliances;
    - Build capacity for entire value chain to work together from consumer right to producer;
    - Innovative approach to address consumer needs; and
    - Education and awareness of potential of strategic alliances.
- Provide levers and incentives for farmers to engage or build strategic alliances or processes to facilitate value chain activity.
- The focus should be the whole value chain, and how we can encourage strategic alliances to ensure that all members gain true benefits from the value chain.
- We have to facilitate the process by showing all members of the value chain that it is to their benefit to enter into strategic alliances.
- There must be safe guards to protect producers.
- The Cargill and Tyson form of operations is not producer friendly.
- In order to invest resources towards the development of alliances, producers have to have confidence that distributors/retailers will ultimately support their efforts. Government incentive programs and regulations should encourage and facilitate the process.
- Develop and encourage Alliance forums – Example REPI.
- Better communication.
- Address regulations that impede relationships.
- Need analysis of the benefits of food safety investments vs. market return.
- Develop an inventory of opportunities that may exist and which products have potential.
- What legislative problems can strategic alliance face?

- Policy should help development of a strategic alliance. Policy should be geared towards making it efficient for the development.
- The objective needs to be geared towards consumer need.
- Big difference – you can have terrific strategic direction independent of alliances.
- Don't sell it as something new – it's not.
- Don't sell as the answer for all. Most grain and oilseed producers will never enter one.
- Don't start with the intent to provide sector-wide solutions. Individuals and small groups make most alliances work.
- Encourage farmers to study and understand the potential benefits and key elements of success for strategic alliances as a self-help action.
- Must be prepared to accept cultural change in the way of doing business.
- Could be effective way of exporting.
- Explore whether greater flexibility in supply management regime is warranted (e.g., Innovation, quotas, etc.).
- Leadership required through industry organization to help increase linkages within the value chain.
- How do we make linkages between partners?
- Build a policy mechanism that allows the producers to capture a greater share of the food money.
- There needs to be a continued emphasis on value chain processes that is building effective relationships.
- Increased education on consumer trends in cohesion with all parts of value chain.
- A lot of commodity produced in Canada in term of quantity. How much of the "quantity" can be moved into value-chains? I'm not convinced on how big an answer this will be in the grains, oilseed, beef, and pork industry.
- What wasn't addressed was value of strategic alliance in product innovation.
- Strategic alliances are in part commercial-business related, but alliances can take several other forms.
- Although I think this is an organic process, one has to wonder how it can be encouraged. I think part of the process is education. Farmers need to put a value on the service they can provide either up and down the value chain or across it. Part of this education can be done through a refocus on extension. Alliances are long-term and many producers are under short-term, financial or age restrictions (i.e., why does a farmer want to make an alliance when he is looking to retire?) This makes it more important for farmers being able to work together in order to make strategic alliances.
- Although not discussed during this session. I think there should be some thought put into strategic alliances between producers to maximize efficiencies of scale, improve management capacity, and allow for more affordable use of technology, etc. This could/would lead to opportunities for the groups to explore better marketing agreements, adding value to precuts etc.
- Growers must be assured of a fair return or it won't work. All trust must be earned – Need to start slowly and evolve. Possible registry for potential participants seeking partners.
- Vertical alliances can lead to reduced competition – increased prices and profitability but consumer and farmer may be disadvantaged. Power struggle. Best solution – horizontal alliances, which help equalize power, than working out vertical alliances (one or more) on a competitive basis.
- Potential for vertical alliances between small players – offers options to consumer (small markets)
- Foster the creation of strategic alliances to be agricultural policy creators, and eliminate barriers such as regulation, etc.

- Need to change Canadian wheat board control to allow strategic alliances between producers and processors (e.g., durum/pasta).
- Must be consumer driven through innovation. Innovation + product differentiation = profitability.
- Where can strategic operate alliances across a sector. (i.e., Primary production – facilitate alliances vertically.)
- Do we need mandatory structure (i.e., marketing board), to provide critical mass to balance power upstream and make vertical alliances possible?
- Recommendation that members of the agri-food chain be open to, and aware of situations in which others may share a mutual need. Perhaps a series of workshops on how to spot and build strategic alliances would be helpful. From this, Canadian farmers, especially, may realize that they can't "go it alone", and succeed, and that the process of give and take would have beneficial outcomes.
- Primary producers are usually the part of the strategic alliance that has the least power. How can the primary producer capture a better return from his efforts when he has the least clout?
- Stand firm, Toot own horn.
- Need to have more meetings like this to identify strategic alliances. There should be examples of business models for producers to access. The trust issue comes from ignorance of "how it might go" and that pre-empts starting down the road to strategic alliances in the first place.
- Education of our sector relative to strategic alliances. The individuality of our grain producer is going to be the challenge.
- Strategic alliances and other such business relationships need to be commercially driven, can't be forced by any industry or government.
- Need to build trust and work together to meet consumer needs – it will build markets for long term.
- Need to encourage value-added activities by producers and their strategic allies. Develop a mindset that allows producers to identify elements they can implement in their process and that is valued by the processors.
- Shelly Thompson's description of the benefits from strategic alliances in terms of competitiveness sounds a lot like the benefits that the Canadian Wheat Board brings to the table.
- For a lot of agriculture products – there is no mutual need, therefore strategic-alliances are not likely to be a big factor for these products. Therefore, strategic alliances won't be the "big savior" for farmers.
- You still have many sellers/fewer buyers, and the brands (branded companies) generally set the standards/production processes required.
- Improve knowledge transfer by making information on successful experiences available by commodity group. Provide opportunities for learning across commodity groups.
- Examine opportunities for producers to form strategic alliances with other countries. Need analysis of what products sell with other products and to share their information.
- Seminars and workshops are provided to people working in different sectors.
- Vision must include the "care and feeding" of strategic alliances.
- Provide for cross-boarder strategic alliances as we are a huge exporter.
- Tell us more about successful alliances.
- Identify joint strategic alliances in various parts of Canada.
- Educating growers/shippers on what alliances are, and what is being done.
- Not sure government should do more than that. Further to that, maybe we need to educate governments (provincial & federal) on what is being done.
- Not just strategic alliance – but also producer ownership up the value chain, and some broader assurances of producer participation in profitable supply relationships. Otherwise facets of agri-supply will continue to require farm gate subsidies as market prices will always be a reality.
- Need mechanisms to gain grower collaboration.

- Focus on one “purpose”. Alliance needs to focus on the future.
- ID impediments to consolidation at producers’ level – organizational impediments so they can effectively participate in value chains and strategic alliances.
- Redefine the goals of production: Not making money (or not “only” making money) but also developing markets and answering consumers’ needs.
- Encourage growers’ collaboration in the market.
- Build capacity of farmers to participate in strategic alliances.
- Supporting science and innovation is necessary to develop higher value products that can encourage alliance development to supply the market.
- Encourage associations working together to reduce competition between growers, and build a base of commonality on issues such as food safety.
- There are a thousand and one ways to build strategic alliances. The network model that is being observed in Quebec was in certain cases diminishing dialogue between the producer and the processor. We have to review and analyze it. We have to start establishing new models that will guarantee profit to update the current one.
- If we look at Quebec’s situation, we need to have specialized syndicates that would regulate the producers’ rights and stabilize markets. I seriously believe that the problem with strategic alliances is that even if there are anti-monopoly laws, we often find that a very large buyer (distributor) mass is not fit for creating real competition. For example, we often find a buyer that has over 90% of the market, which is a real situation happening with milk in Canada. Another commentary: I am very displeased with the quality of the translation. I often had the intention of switching to English so I’d be able to understand, even though I am not even close to full bilingual.
- The strategic alliances are essential to survival – and growth – of the agri-food industry. So there is a need to encourage such initiatives by putting into place a “council” / “centre of coordination-education”.
- (Priority to) review the cooperative system to give it advantages and strength, and to give the producers a better income – based on negotiations for the co-ops. Also to give the co-ops (producers) power to manage processing as well.
  - How can agricultural/political elements support alliances?
    - By pushing co-ops into the new concept;
    - By teaching the different possible models;
    - Verifying that the regulations don’t hold alliances back;
    - Helping the producers’ alliances in the aspects of management and marketing, market research, and all other areas with lower performance; and
    - Favoring other types of alliances. Example: There are co-ops for agricultural machinery: they are not supported by their organization, but are seen to be a good way of augmenting efficiency and reducing production costs.
- From the consumer’s point of view, the amount of control from players in the production chain is a matter to be discussed, but of course assuring that a representative from the consumers’ part can give their perspective as well.
- The underlined point of taking care of consumers’ needs as a premise to establish strategic partnerships is a strategy that will prove itself efficient.
- It’s a very notable approach. The governments can and have the power to encourage the unification of desires and efforts, as companies are under the same network.

Annex VII –

Session V – Processing: A Cornerstone of Agricultural Policy and Rural Policy

Comments Received by CAPI on Participants Feedback Forums

Question 1 *In your opinion, what are the key implications that were presented and/or discussed?*

- Canada needs to avail itself of economies of scale and larger markets than what our own country offers.
- Rural Canada is a highly diverse and changing demographic.
- Need to separate agricultural and rural policy initiatives. Agri-food policy needs to be established by the Ministry of Agriculture, Health, Environment, and Trade. Municipal/ Provincial governments need to make bids to attract value added processors.
- Agriculture is more than just food – moving beyond food will help ensure we have something for the urban agendas.
- Rural is not necessarily agriculture. Agricultural production needs to go beyond food.
- Primary producers need more demand to fill. There is a finite amount that people can eat or buy. New demand needs to be created that primary processors can produce for.
- Value added will buy greater returns to rural communities. Difficult times in the processing/manufacturing sector = global competition in all manufacturing sectors.
- Vertical Integration and control – not addressed, yet the trend is there and seen as the solutions is many supply drains, yet the speakers all talk about trust, blinded decision making, etc.
- All sectors (up and down the supply chain) are struggling as we compete.
- Irrelevant discussion on rural/agriculture – as the base of the economy in rural Canada is still agriculture and/or that the other jobs and industries generally disappear. Check out various communities in western Canada.
- Differentiation between agriculture policy and rural policy. Challenging idea that fixing agriculture will improve rural economies and increase rural population opportunity.
- That we have to review our thinking about the food industry in Canada. If we make a debate about urban vs. rural we will get no where.
- The change in the rural situation, the fact that agriculture no longer controls the rural economy is enlightening. Agri-food sector remains important, but, is no longer dominant.
- Rural and agricultural policy is separate, but complementary. We cannot ignore either. Most value added processing is foreign owned. This represents an opportunity to turn this around.
- The agricultural policy is not a fix for rural policy. There are linkages, but both policies need to be separated.
- Agricultural policy not effective in addressing rural issues; nor the needs of the commercial agricultural producers. Thinking that we can influence policy using the rural sectors as our key argument is perhaps futile – rural is no longer where agriculture is king. It is a North American market – we still think provincially.
- We need different policy streams – large commercial farms, medium size farms, rural Canada.
- Agriculture is no longer the “engine” of rural areas directly – but still an integral part of rural economy when everything taken into account – transportation, banking, etc. Move away from “agri-food” model to more of an agri-business model.
- Rural policy is needed.
- Only 5 % of farms can support two earners. Agricultural ≠ rural. Distribution system focused on setting volume rather than differentiating product. All agri-food sectors are in trouble.
- Increased concentration of manufacturing – losing to U.S.
- Supply chain partners need to know and understand each other. New food policy – integrated approach required.

- Cannot have Agriculture = Rural = Farms. Change name of CAPI to reflect rural natural renewable resource. Great to have fiscal analysis provided by Gray.
- Relationship between rural economy and the agriculture sector employment. Steady decline in farms. Value-added are mostly foreign owned. Primary processing mostly Canadian owned. Price pressures from buyers.
- Agriculture Food or Agriculture Business? Need to refine and understand. Is this a profitable move or not? Is it just an act of faith or desperation?
- Less of rural Canada is actually involved in primary agriculture. Greater processing is exceptionally competitive. Global processing is extremely competitive. Canada's processing productivity is falling behind U.S. Food processing is our 2nd largest industry in Canada; it has a 20 billion dollar impact on our economy.
- Farm income will need to be managed. How do we add value to increase income?
- There's more product in agriculture than agri-food. There's more to rural Canada than agriculture. Fixing agriculture can't fix rural issues.
- Need a new agricultural policy that reaches into health, the environment, and energy. This would mean an integrated, public policy model for agriculture. This, however, should not be rural policy. Agricultural and rural policies have different objectives. However, there is an overlap between the two. Agriculture or rural policy needs to include this overlap.
- The concept of differentiating rural and agricultural policy was suggested. However, there was not enough of a linkage between the effect of good agriculture policy and the positive result on rural Canada. The statistics may show that farmers are only a small part of rural Canada. But I think we need to look at the non-farm rural residents and the main sources of income in these non-agricultural households. I suspect a majority are not dependent on agricultural incomes, but are earning a comfortable living in other sectors of the economy. I suspect I don't have the statistics that most of the rural issues are closer linked to agriculture, that Prof. Olfert's presentation suggested. The idea of treating the ag. industry as having multiply linkages to other areas of the economy (health, environment, energy) is crucial in the development of future agriculture Policy, and this diverse portfolio needs to deal with all issues around agriculture Policy, including trade and trade agreements. The inclusion or recognition of these other real sectors or agricultures also demands a significant amount of attention to regulation and smart efficient development and implementation of these regulations.
- Producers will not survive if revenue from marketplace does not increase, niche opportunities are minimal.
- It takes $250,000-$500,000 gross farm income to make $40,000/yr. It takes $500,000 Gross Farm income to make $75,000/yr. Need an agri-business model – health, environment, and energy. Primary processing, mostly Canadian owned – near source. Value-added – mostly Foreign-owned, packaged-brand foods. There are enormous Food processing pressures. Supply Chain partners need to know and understand each other.
- The shift over the last 40 years, rural farms population shifts. Agricultural Policy currently is not affective in addressing rural issues. Policy can have tremendous effect on the Processor industry and would have a tremendous impact on rural employment positive economic and social issues.
- Rural vs. agriculture policy. Foreign ownership and value-added industry.
- The agricultural processing sector is increasingly under financial pressure but they still are trying to purchase commodities at the lowest price.
- Agriculture, very small part of rural economy. Processing sector is representing small part of rural economy. Agriculture policy is not rural policy. Most of happening is urban areas – this will continue in the future. Food processing section not very good shape.
- This is a very complex topic. Obviously, many stakeholders have analyzed this situation, and proposed solutions.

- Population of agriculture in rural areas has declined. Primary and value-added food processing became more competitive. Questions: How can Canada become more competitive? What advantages do Canadians have?
- Rural policy ≠ (does not equal) agriculture, policy.
- Primary processing is always near producers' facilities and food processing which means the client-customer for economical reasons that will not change. Food processing cannot be established on farming land – illegal. Food industry requires high caliber employees – they live in cities not in rural communities – so food plants are located near big cities. It is very difficult to line plant managers of quality to manage a plant two hours away from a large city.
- Agriculture Policy and Rural Policy are interlinked but should not be the same. Agriculture process needs to be looked at as part of health/energy/environment industrial, not just food and feed. Canada needs to move to more processing of agriculture products vs. exporting raw product.
- Municipalities and Provinces in Canada are not pursuing business investment in the sector. Farmers need to participate in value-added and diverse food production. The agri-business model needs to be re-invented to include solutions for nutrition, health, energy, and bio-industrial. Agriculture can and should be the driver of the bio-economy in Canada.
- I believe there is a fundamental disconnect with primary and value-added processors, what are their needs and how can producers participate fully in this value-chain? What are the "drivers" for processors?
- It is essential to have a rural policy that does not rely only on agriculture. Processing has to be increased in Canada and could be used to reinforce rural areas. Aim for more cooperation within the supply chain.
- Agriculture ≠ (does not equal) rural, therefore, agriculture policy should not be used to address rural issues. Agriculture doesn't just have to be an input for food (it can also be an input for energy, health, and environmental people). No part of the food supply chain is making a lot of money.
- We need to develop an agriculture policy, which address rural issues. It shouldn't ever be called agriculture policy, but rural policy – keep them separate. Building trust and focus on a rural policy with a relationship to an agriculture policy.
- Agriculture does not equal rural. So solving the "farm" income problem will not solve the rural problems.
- Farmers' participation in the value chain for different realizations: food, health, bio-energy, industrial goods! This participation should be profitable and viable for the producer. The producer and processor receive pressure from the value chain and the consumer.
- Agricultural policy is different from policy of rural areas.
- It's important to recognize that agricultural policy has to be specific to agriculture. However, it is also important to realize that the agricultural policy has a significant impact on rural areas.

Question 2 *What are your suggestions on strategic direction and follow-up action?*

- Find ways to assist rural municipalities to make conditions as attractive as their situation permits, to encourage processing establishments to locate there. Not simply subsidies to construct a plant, but instead, providing the social infrastructure that accommodates labour forces needs, transportation links, etc.
- Involvement and integration of other sectors – health, environment, and energy. Think outside food.
- Agriculture producers need to engage research networks that examine food and non-food uses, e.g., Advanced Foods and Materials Network, based at the University of Guelph – this

may identify novel applications. CAPI needs to engage the Advanced Foods and Materials Networks.

- Governments cannot create value-added industries, but it can improve the climate in which value-added can grow. The climate includes regulations that make sense, appropriate infrastructures, marketing, and exporting expertise and science and innovation investment. Governments can coordinate regulations (i.e. Health Canada, PMRA, CFIA, Agriculture and Agri-food Canada.)
- R & D is necessary that can create new demand for products that can be processed in rural areas that will create new demand for primary producers to fill.
- Strengthen links between different players in the supply chain – create more network opportunities and formal education/train initiatives to help make the connections.
- Stop putting forward vertical integration as a solution.
- Processors will choose wisely where to locate primary and secondary facilities. When one looks at how the agri-food sector can attract business to rural areas, the transportation system will be key in the decisions matrix. If shippers can't get containers now, adding additional demand for container to move processed product would be ill-advised.
- We do need to separate agricultural policy from rural policy.
- The food processing industry in Canada is the second largest and generates 2 billion $ (net) to the Federal Government. Time has come for CAPI to be the platform of discussion to elaborate a true Canadian food policy including farmers, processors, and all of the ministries that impact our future.
- Food processing #2 processing industry. It makes good sense to grow the processing sector, but do so in the rural areas, and ships finished product toward population centers. "Lowest cost" suppliers, is usually an opportunity to go broke. Our ability to compete at this level is not a sensible goal.
- Synergies will ensure a more productive and competitive value chain. We serve the consumer better when we do this.
- Design agriculture policy that has economic development components. Incentives for building infrastructure for processing in rural areas. Access to capital for farmers to build processing infrastructure.
- In so doing, need federal and provincial policy analysts to sit down and look at global realities. I think of the industry at a Canadian level. Can't build the strategic alliances without a new cooperative vision of out policy and regulation makers. Need to find a new message to engage broader Cabinet focus on agriculture and agri-food.
- I would like what comes from CAPI to effectively guide government employees who are not necessarily connected to rural Canada. They need to understand how their actions or lack of affect Canadians outside of cities but more importantly, Canadians living outside cities earning a living from farming or ranching.
- The key to raising rural/farming profile to urban Canada is relevance. What can we do for urban Canada and why is that worthy of support? Health, environment, and water are all key.
- Very important that we do not use broad rural statistics in moving forward. Using "Canadian" statistics does not take into account regional differences. In BC, for example, 50 % of farms earn less than $10,000/yr. gross. These are important contributors to the rural economy. There is a much different situation in the prairies provinces. Cannot adopt the same policy framework for both situations.
- Land use is also important and needs to be addressed.
- Develop rural policy separately from agriculture, but with agriculture as important contributors.
- Address specific issues/problems access the entire value chain. Focus on full range of goals for agriculture in integrated strategy but recognize need to address each in specific way.
- Need to help governments to understand how to work with business to attract them to their location.

- Get broader engagement by think tanks, etc. in Canada in agriculture issues.
- Policy strategy must include fiscal, transportation product development etc. Including regulations – must have enabling policy.
- Cooperation in food chain. Possibly ask retailers what they want supplied. If possible farmers will respond. Tell them what is wanted and needed. Farmers will and can adapt.
- Need to look at other models. E.g., Sobeys, McCains, Irvings in N.S. and N.B. How to create entrepreneurs.
- Canada has been blessed that its largest export market – the U.S. – is so similar to us. More distant markets may require very different types of processing. Unless these can be identified as long-term markets it would be very high risk to develop specialized processing to a specific market.
- Create rural processing opportunities to drive income. Think rural as the opportunity.
- It sounds like value-added processing is mostly a multi-national game, can we attract them to rural? Likely not. So, therefore policy should focus on primary processing, for rural regions.
- Develop a new model for policy in Canada. Make sure that it is public in nature. No speaker discussed land use policy. This is so important for agriculture production in Canada.
- Back smart farm operators and transition in agriculture no status quo support programs. Push for health, environment, and energy development with agriculture. Ger producer ownership into the value chain. Determine what tax tools can address productivity and competitiveness and make changes to get investment.
- Incentives tax credits etc., entice. Further processing identity barriers, including regulations, cost competitiveness, transportation issues and focus on the changes that will bring positive change. We must make rural areas more desirable attractive to attract skilled, educated people to build solid company infrastructure, good rural hospitals, schools, recreational activities. Promote a positive rural life style, to attract the rural restructuring. Let us take a look at the U.S. rural agri-business and positive steps taken to build rural processing and infrastructure.
- Building trust and alliances in the market chain. Enhance processing capacity-investment R & D etc., generate Agricultural policy from rural policy. Design an investment pool for land processors.
- As for Mr. Fleischmann’s presentation and the discussion of cooperation within the supply chain, I have another area which I feel much to be better investigated. The consolidation in both the processing and retail level makes it difficult to build trust in the chain. To illustrate this I want you to envision how “chains” work. I am fairly mechanically inclined and when I think about chain, I see roller chain. On any machine that uses chain to operate a “system’ they all depend on every link to maintain the integrity of the system. End user determines speed of change, but must take into account the ability of all lines to perform at the speed. In a successful supply chain, the system becomes a closed system which relies on every link to stay intact for the system to work. In this system everyone has a vested interest in manufacturing all the links in the chain so they continue to “turn” out the product. Currently, due to the fact that there is so much concentration, the primary producer looks at a different, less attractive, “chain” model. Picture one of these aggressive “weed-eater” heads with emply chain to act as the “cutting” edge. In this more realistic model we have many supply chains linked to one buyer (end user). In this case the controller of the “speed” doesn’t have the same amount of concern about each and every ”link” in the system, but the end links (in this model, the primary producer) needs to trust all the links in the chain to hold on or they will go flying. Sure the controllers of the “speed” will need to add another link on to maintain balance could come detached, but there are generally many other “spare links” to fill the void. This example indicates part of the “problem” is the lack of access to different markets or buyers and the inability of Canadian producers to “work together” to improve their lot in life. Can policy

recommendations help this? I don't know, but I think these things need to be considered when development policy.

- Need to focus on rural policy, need to move away from the notion that Ag. policy is rural policy. Agriculture policy has basically been about keeping people on the farm; move to focus on agri-food sector competitiveness, with rural policy focusing on keeping people in rural areas. Land to fight urbanization.
- There (were) was no reference, though to, analysis of, the transportation variable/factor in food processing. That Saskatchewan has 46% of Canada's usable land, yet, only 2% of the food processing – that is not an accident, but, exists for reasons. Take a look at where Saskatchewan is located with respect to centers of industrial and consumer demand. To increase food processing in centers of lower population density, one must closely and carefully consider, how to economically address and manage the transportation component to centers of main demand. These processing companies will be designed to meet only regional demands, at a high cost-per-unit due to small manufacturing runs.
- Find suggestions as how to estimate economic growth in rural Canada. Canadians should be more "aggressive" in terms of attracting business to Canada/rural Canada.
- Ag. policy – focus on commercial producers. Rural policy – goes to Industry Canada and Human Resources Canada.
- Rural must stay rural. Get organized and stop fighting between themselves – create real co-ops. Food processors need farm products that will be sold to them competitively – ideally through co-ops, and federation of co-ops, but all farmers must unite in co-ops.
- Question for CAPI to look at: What policies and/or regulations will make processing of agriculture commodities competitive in Canada vs. other jurisdictions? Does farmer ownership of processing create added value to that farmers produce? Should policy be diverted to farmer ownership? Is there a difference in returns to the production sector from different ownership models? Therefore, should we be focused on the business, and not on ownership model?
- A strategy and policy is needed to address the increasing divide between rural and urban Canada. Help farmers with business management to marketing. Develop, promote and ensure integrity of Canadian agriculture brand. Help producers understand the vision and transform to meet the vision. Nationalization at primary production level is needed, it has occurred at all other points in the agriculture value chain.
- We need a forum for producers and processors to meet and discuss the state of this relationship – who needs what, discuss how to build-expand this value chain tail advantage of world class/orientated processor McCains, Maple Leaf etc.
- Set rural policy that is integrated but "separate" from agriculture policy. I have a concern that in Western Canada and in Alberta, there is no affordable labour for the agri-food strategy.
- Need to get segments of agri-food supply chain to work together to find ways to improve productivity. Why do we do so little processing here? Is it lack of capital? Entrepreneual spirit? Regulation restrictions? In essence we need to identify why we are shipping raw product as apposed to processed product and make changes to remove those impediments.
- To attract people, processors, etc., in rural areas you have to offer them what is needed for them to be "attracted"! Rural policy has to be part of a larger picture of uses of land resources in Canada. Many countries with less land (ex. The Netherlands) have policies of that type taking into account all the possible uses of land. Possibility of giving incentives (or using positive measures!) to encourage processing in Canada, and especially rural areas. For more cooperation within the chain, look at the "Table filiere" model in Quebec. If is far from perfect, but could represent a good starting point. Goals have to be set for each commodity in the supply chain.
- Make our processing plants, proud to be Canadian. Promote the Canadian way to the everyday consumer. Brand our agri-business as Canadian!! Help the agriculture food government sector make a difference and have a voice in the Canadian government.

- Eventual relative loss of productivity relative to the U.S.
- Put in place an agricultural policy that will: 1: Allow to have added value; 2: Gain in profitability for enterprises.
- To achieve this, it will be necessary to have a strategy for long-term but also an action plan for short-term, to assure revenue for the agricultural producer.
- The problem with certain provinces has been the dependence in sub-renting. An inter-provincial agreement should be formed. The goal should be to expand each place's strengths and work out their weak points, establishing a network, which would work as an incentive itself for changes to be made. However, for these incentives to be viable, certain infrastructural regimes have to be put in place.
- Implement infrastructures that would allow better profitability from the value chain. Apply Research & Development, allowing us to attain our goals.
- Implementing infrastructures of enterprises near large urban centers.
- Favour the co-operatives that integrate production/processing (allowing producers' participation into regaining value in the chain).
- How can rural areas change enterprises? They are the poor parents of the budgets… the fiscal instability has an increasingly worse effect over the rural areas.

Annex VIII –
Session VI – Science and Innovation – Can It Become The Canadian Advantage

Comments Received by CAPI on Participants Feedback Forums

Question 1 *In your opinion, what are the key implications that were presented and/or discussed?*

- We need to line our agriculture with other solutions, like health, to create a stronger economy. Build solution to build healthy citizens. Maintain our production and safety policies.
- Absolutely!! For a slice of farmers: the innovators but don't sell it as the answer to all.
- Future is in continuous knowledge and innovation in agri-food. These directions may be focused on health and environment.
- Need to identity core competency from the outside in. Innovation is based on dreams, not memories.
- Health is a big opportunity. That status quo is not an option, health costs are when all provincial based spending. We have all the ingredients – science, farmers, farmland, water, and energy.
- "Canadian Farm Bill" – CFA focus is primary producers the "Farm Bill" must partner with each other.
- Link agriculture and health. Work from our existing strengths (our brand and our products, like canola and flax). Public vs. private research. Our culture of "dithering".
- Agriculture needs a matrix approach to science and innovation including health.
- That traditional uses of grain and oilseed, while still of value, need to be utilized in bio-products that are beneficial to health/energy/environment.
- Importance for Canada to have a Science-Innovation based agriculture and agri-food policy: difficult to get because need to change mind sets. Aim at clearly linking agriculture and agri-food to healthy people.
- Problem that was not addressed is "man power". Decline in enrolment for agriculture in universities, colleges, etc. Less people for science and less people to transfer science to the users. How to reverse this?
- Lack of innovation in Canadian agriculture is related to inability to prioritize – we can't do it all, and the ability to attract innovative business and many it from R & D to commercial production in Canada. We must act more bravely beyond the status quo. Innovation is the drive of growth. Regulation needs to support innovation development, not deter it. Cola needs to afford protection of intellectual property in order to attract business investment of protect public sector knowledge development.
- Science and innovation needs to have an active and comprehensive education and learning plan behind it. Support systems needed to link producers and processors to pursue capitalize on our science and innovation capabilities capacity.
- Our strategy must be built on a healthy foundation of grains and oilseeds to ensure stable supply of low-priced commodities while keeping the producer financially healthy. We have no competitive strategy to deal with that from a Canadian perspective. New innovation in Canada (pulse crops) developed in Canada have been undermined by their inclusion in the U.S. Farm Bill.
- Canada has the ingredients to be successful, the question is do we have the will to change mindset both politically and as business people. We need to shift our thinking of agriculture production to solutions for health environment and energy.
- Seems to me as I listen to all presentations in all areas, that the issues and opportunities at hand all have general business underpinnings. But, primary agriculture for too long has not been managed as a business; both farmers being guilty and government as solutions have

rewarded farmers for the status quo. What's needed, is severe rationalization so that the collective mindset in the sector changes.

- Innovate or die!
- Agriculture is going through transformational change to a system where value is created in biological systems. In the new reality, it will help to address the major global economic drivers – energy sell-security; the wellness approach to the health crisis; the development of new renewable bio-industrial platforms; and the environment through greenhouse gas reduction and production systems with a reduced environmental footprint. The challenge for CAPI is the development of a robust policy, regulatory, trace and incentive, environment to make Canada the global leader.
- Unless we change our mindsets we won't become competitive.
- In my view, there was a lack of comparative statistics amongst the speakers. It's wonderful to claim we want Teda to be a leading, scientific innovator. We need to look at which countries are leading on this front, and why. With respect to processed food, the two leading countries in the world, are the U.K. and the U.S.; one in the lead one year, the other the next. The factors which strengthen.
- John good presentation. CAPI needs to learn how to run question period…bad, bad!
- To replace non-renewable resources with renewable resources. Agri-food is a solution to health core crises, healthy foods. Canada has natural resource to become power of bio-economy bio-fuel huge. Healthy focus, not need impact on farm income, social value needed. Bio-fuel may not be ethanol or low-energy but burning given. Distribution of benefits of R & D component. I disagree that food is the big health issue in solving the health crisis, the key is problem over lazy and lack of exercise culture. Food won't solve this. Problematic, it is the processing of food, not its production of it, that would have an effect on health.
- Science and innovation is not being promoted by governments or by a number of industry.
- Linkage with health, energy (bio-fuels), and bio economy.
- Agri-food, healthy alternatives, developed by good science and education. For the moment of Nutraceutical Foods, changing in the client.
- Must align and link science, water, and energy to capitalize on our natural advantage and stop trying to fight other countries advantages. We need to lead and implement the industry with health. Provide health solutions to mankind. Fill containers with products going the other direction (back to Asia). Don't just grow grain for flour and oilseeds for oil, instead grow for plastics, fuel, fibres, and medicine. Grain can replace natural gas.
- The question that needs to be answered from Murray's presentation – is there opportunity here? A lot of times when huge steps are made in the scientific innovations, the quantity of product needed is very small and will only benefit the drivers behind the innovation (usually a corporate giant with the resources to do research and development). As the situation stands now, farmers or primary producers do not have the necessary resources to participate in this scientific innovation area. What kind of policy would address this? None, in my opinion. But all that being said, this is an important area to discuss as it relates to my future agricultural policy. Why? It relates to topics in all discussions – again the regulatory framework must be designed to handle the production of new and innovative products without the cost of such a system "killing" the innovation in Canada.
- What are our core competencies? May I suggest that we not only produce food to eat but produce fiber, health, and bio-fiscals. Canada needs a mindset change. Government must protect patients (copyrights) with innovation. Technologies need to stay in Canada. Technologies need to be linked to Health Care benefits.
- The bio-economy is real. More innovation focus needed, not just science.
- Need to create a R &D program that will drive value. Health and Energy need core competency. Bio-fuels and bio-products need to be a future focus.

- Canada has all the advantages necessary to be a leader. Ample energy, ample water, ample resources, good science, good farmers, and ample farmland. Bio-crops can be burned now four times more efficiently than natural gas. Does not need the heavy investment into producing bio-fuel.
- Need to pick buy-opportunity areas to focus our research-prioritize opportunities.
- Changing mindsets. Need to be future oriented. Attracting investment, implement currently not done by Canadians. Farmers, governments, and retailers must work together. Currently no link.
- Policy must have payback defined. Health problem is a cost to society and challenge is to capture society value for food.
- Need to focus more on innovation than research, and understand all the levels that are required to improve the prospects for innovators to succeed or mitigate risk. Need to have transformation model also and policies that recognize this issue.
- Need to develop renewable resources to create higher value-added crops. Must have continuous innovation. Link science to our natural advantage – water, energy, and resources.
- Need to be sure what core competency is – health innovation. Need a future-oriented approach – 10-15 years. Health an important opportunity. Work has rewards from consumers to farmers. Need to find ways of getting more benefits from R & D to primary sector and processors.
- Our renewable capacity is small in relation to the world. Needs to make and access knowledge of the world.
- Many benefits are "non-market." Very difficult to get commercial drivers to capture full potential. Important that in "value-added" vs. transferred throughout food chain (fully). Must focus on how to capture our strengths: energy, water, science, farm land, and human resources.
- There are many opportunities, but we need to identify areas where we have a competitive advantage and focus on them. Invest in R & D to support opportunities. Mindset is key. Non-market health benefits, how can we transfer benefits back to farmers/processors? Can we ban grains?
- There needs to be a change in attitude in Canada.
- Stop defending the status quo; get outside of the box. Think of ourselves as solution providers. This message needs to go to the Cabinet in Ottawa, and prov. Capitals. Agri-food becomes a solution provider for health. Regulatory change. Biggest status quo problem is lack of cohesion between federal and provinces.
- We need good agriculture R & D policy. R & D will ensure stable industry in the future. Economies inventing agriculture is structurized by change, we need R & D to anticipate and facilitate new procedures in changing consumer trend.
- Key words – future orientated.
- The emphasis on growing agriculture products for purposes other than food is highlighted. The missing ingredient is how producers of raw agricultural products can benefit financially from this change. The cost of healthcare in the future is not sustainable. Farmers can be part of the solution, but must share in financial returns.
- A renewed commitment to science. R & D of the agri-food sector by the federal government is critical to continued competitiveness/growth of the sector. Further, a mechanism to commercialize opportunities emanating from basic research is a critical facet of this process.
- We learned a lot about what we need to do to change our mindset. But we didn't learn how we will do it.
- He didn't talk about science and innovation, rather political difficulties very poor presentation. No solutions really, only criticism. Regulatory issues were not addressed and the cost of playing and getting approvals in Canada.

- Without greater investment by government, industry, and producers we will not even be able to maintain status quo, but we will go backward.
- Focus Research.
- There are important opportunities for use of agriculturally produced biomass to create energy, that can serve as an opportunity to create rural based industry.
- Canadians should be able to capitalize on innovation by shifts from Ag. for food to Ag. for health and bio-fuels in the primary production. Innovation is the processing sector needs to build on challenges to create opportunity.
- Find something to focus on. More ahead!! Focus on the future.
- Bio-economy based on energy, water, good science, good farmers, and farmland – Canada is blessed. Canada must link our science to our natural advantage. Canadians reluctant to implement, but must believe it can be done. Believe in taking the lead. Must maintain competitiveness, make mindset change. Vision: Agriculture in 2015 – healthy people. 2020 – a bio-economy. Challenge: Benefits outside of mindset, little impact on farm income.
- Agriculture currently produces more than national food demand. Deliberate needs: health, energy, etc.
- The innovation will be the engine for growth.
- It's important to pass the process abilities (grains – oil) toward the new users.

<u>Question 2; *What are your suggestions on strategic direction and follow-up action?*</u>

- Support R & D and hopefully see results, maybe get one rural area more educated on research and development. Help change the Canadian way of thinking improperly and educating, the general population rural/urban. Prove that we can create a solution for a healthy population.
- Need critical mass in research.
- Need to focus on core competencies as it relates to research. I am highly skeptical of linear projections and the use of extreme differences in prices on which to base policy.
- Need to prioritize on which biological commodities we link to health. CAPI needs to engage the Advanced Foods & Materials Network (AFMNet) Canada's only federally funded research network that looks at foods and biomaterials. Use AFMNet as a primary science R & D source in Canada since it has an existing research infrastructure and is multi-disciplinary (e.g., basic science, social scientists) with a strong focus on food and health. Networks are sources of human capital (best and brightest).
- The health/bio-economy strategic is such a huge opportunity that resources to put to a strategy particularly for human health. Canada can lead the world in health promotion.
- We need a strategy for taking the farm community to 8-10 years down the road. I'd approach it as two pronged; (1) safety net strategy; and (2) on farm innovation support.
- The key to innovation is to instill a culture of risk taking, culturally we are not risk takers. How do we instill entrepreneur spirit in people so that they are willing to take risks and innovate?
- Science and innovation – maintain R & D for primary production in research so that we can have the healthiest citizens in the world in between 10-50 years – 2015. More farmers up the value chain. Keep the plant running today in order to get to the bio-economy.
- Develop a strategy that will focus on federal and provincial opportunities in supporting bio-fuels/bio-products.
- Government policy can facilitate innovation through providing protection of intellectual property. Must add this to CAPI brand ware.
- Costs to support health care need to be a focus for solutions from agriculture. Innovation needs to help farmers produce higher value products.
- Status quo of low cost commodity producer will not transform agriculture, Canadian government needs to make the tough decisions and take tough actions to re-invent agriculture.

- Major effort needed to establish a science and innovation network for those in the agri-food/fibre/products businesses.
- What strategy will provide profitability for the grain and oilseed sector in Canada? Without their strategy piece Canada will continue to donate value in agriculture to the U.S. This is the foundation for the industry for the future. Any link in the value chain that is not profitable will go away. It is grain and oilseed that cannot achieve profitability? We will have a very low value agriculture sector in Canada.
- Question for CAPI: How do we enhance the business knowledge level to create a mindset change necessary to make the adjustment? How do we create investment in Science and innovation, which will be the real driver of progress?
- So, CAPI needs to run economic and business models in different scenarios of a rationalized primary sector.
- We must develop new markets, not the U.S. Innovate in health promotions, foods. ingredients. Oat is definitely health promotions and so is milk. Use more GMO to develop health, and promoting foods. GMO has been helping farmers - make GMO's to the advantage of the population. For example, we need a plant oil rich in DHA omega 3 to replace fish oils.
- Provide assistance with commercialization. Encourage innovation.
- One issue not adequately addressed is the need to develop a material strategy around the protection and exploration of publicly-funded intellectual property.
- It has been suggested that research/innovation is important in bringing Canada to be competitive in the world. Follow-up action: How can we facilitate/support these types of research? To identify research areas that farmers and Canada will benefit the rest. How to increase funding to support nutraceutical result in Canada?
- More money on R & D and how we fund it, need to become more priority focused. Need to use R & D from other processes and use interventions for Canadian content.
- Need to develop two strategies, one short-term, one long-term. Once again, it is very important to remember that unless the farmer receives an income benefit, innovation only improves the corporate bottom line, often multi-national.
- R & D in areas of health, functional foods, nutrition energy issues: burners, alternate fuels; increase public and private investment in R&D; privacy protection and regulation.
- Focus public research for the Canadian gain. Move farmers up the value chain – funding and financing; education.
- Refocus extension to innovation both in the farm and beyond farm gate. Expand beyond traditional agriculture network.
- Mindset change. Maintain competitiveness and innovation. Be sure CAPI is a facilitator to universities and the whole educational sector to convey that we have an educated work force to tackle the challenges ahead. We have to be sure the positive attitude that John Oliver brings is passing on.
- We must define our natural advantages and capitalize on them – Water, energy, science? Create tax advantages for investment in R & D and commercial applications for a healthy and wealthy agri-sector. Learn what stops containers from being available for loading on the prairies – what is wrong with our distribution system? A grain-based energy strategy makes sense.
- We need a directive to help producers move up the value change. We need a funding pool to help make sure that our process is practical.
- SC & IN – is one must for sustainability. CAPI could lead the exploration of SC & IN intro. all aspects of the strategy (health, bio-energy, bio-products). Because, this crosses department boundaries and industries.
- National AVAl type of program-managed inside of government. Short-term and long-term strategy need to be developed and tied together.

- We need not to be all things to everyone. Should prioritize and implement. What are Canada's greatest assets? How can we capitalize on our own strengths? We should encourage burning of grains.
- Need further analysis on comparing the opportunities of using biomass grains for bio-desired IS ethanol vs. replacement of natural gas.
- Trade-off between public and private research and understand where to use each model to ensure investment in research, but also ensure producers get some of the benefits.
- Farmers will adapt if there is investment from the entire industry and a strong willingness to cooperate. John Oliver stated that success has many fathers, failure has orphans. Many key industry stakeholders will help us all to succeed.
- "Health Return" on investment is a public policy nightmare. Refocus policy to include fiscal policy, and to facilitate new innovation/enterprises with "royalty return" look at Alberta Value Added Corp.
- CAPI should play a key role in helping to develop a comprehensive research strategy for agriculture and agri-food in Canada which addresses the optimal balance between public and private research basic in applied and maintenance innovations. Opportunities to give Canada the competitive edge – i.e. not soybean seeds used in Brazil – appropriate for our farm structure and adoption rates.
- Maintain competitiveness in existing areas. Harness the full potential by applying advances in R & D.
- Lobby federal government to harmonize tax incentives equal to the U.S. to initiate development in ethanol and bio-diesel production. Also, harmonize how new gen co-ops are investing in the ethanol facilities in the U.S.
- Set criteria for deciding where to focus, even through it will mean choosing winners and losers. Goal should be to contribute to creating the healthiest people in the world. Look more serious by investing in energy production from agricultural policy – including development of new institutions.
- Research priorities should reflect Canada's needs. Encourage placement of funding/or meeting regulatory requirements as well as new for research.
- Make sure there is a "balance".
- Innovation can be taught, but we don't really do it well. Add it to education programs and business training and development. After we identify national advantages.
- CAPI needs to make "pro-active resolve" a guiding principal; too often governments, especially bureaucrats, are paralyzed by fear of being the one responsible for change. Show where we need to go and why and ensure the impetus for change is clear so government and public have comfort when the status quo is removed.
- Look at how agriculture can play a role in being the "solution provider" to health community: human health, environmental health, and commercial health. This would require more engagement with the health community – REPRESENTATIVES – from this community should been enlisted to make more direct input to the forum (too late now, but need to become more engaged in future.
- Regarding agri-food and health – need CAPI to facilitate this discussion ASAP. Our sector (fresh produce) has been able to raise this objective with B.C. and Ontario governments; through Quebec association; Quebec governments. But we cannot even get on the radar screen with Health Canada. CAPI can help by reaching out to Canada.
- Governments create long term policy and R & D. Build infrastructure, create incentives for producers and processors to engage in R & D. Create focus on growth acres and conduct R & D to build on advantages.
- Prepare work plan on how to move the industry from traditional model to the new paradigm.
- The science and innovation strategic direction needs to be much more focused on innovation and capturing the benefits from it. Agree with John Oliver's three steps.

- Regulatory and business climate in Canada needs to be attractive to make things happen here. Money can be made up through loans (not growth) and Venture Capital tax arrangements. Alliances may be a way to bring real returns to farmers feeding this innovation.
- Need for dual strategies: Short-term to keep industry alive in the present. Long-term to allow agriculture to support itself in the future.
- There is lots of input and energy for discussing this in other topics. What is required is leadership (CAPI) to pull together a vision of what we should aspire to the be/have/have done – with 1st, 2nd, & 3rd priorities (tough pill for some to swallow) – and start the process of getting everyone behind it. We have the info, and even the will. Let's just do it! And incorporate our learning along the way.
- Opportunities at the regional and provincial level for Federal/Provincial/ industry setting for research and innovation priorities.
- CAPI should prepare an action plan to bring to life all these good ideas. Put together a task force for it.
- Encourage and push for federal government to take a major leadership role in primary research. Need for partnerships, etc. However, government must restore and enhance work and commitment to primary research, this will feed innovation. I would like to see CAPI look at ideal models for funding research: 1) Federal responsibility, 2) producer responsibility, and 3) private sector responsibility.
- CAPI needs to recommend/develop a research strategy for the agriculture sector based on the ideas and visions presented. The industry needs an on-going presence in working with governments in decisions on allocation of research funds (i.e., GRDC model in Australia) and a body that coordinates at least a portion of the grower money invented in as a culture a new frontier: health. A commodity by commodity approach is not an efficient way for the Federal government to make funding decisions. Canadian agriculture would benefit from a mandatory non-refundable levy to fund research. Eliminate innovation free riders and eliminate duplications in levy collection. Decision making in allocation of public sector investments in research, and the portions of grower investments in research, and the portion of grower investments allocated to public sector priorities should be handled by a national management body to endure focus is on priority areas. Body consists of Federal and Provincial government research and policy interests, growers, other Federal departments like Health Canada, growers, processors, medical and health community, etc. AAPC will always struggle being a policy leader and research service provider when the new priorities may suggest the best investment will be a non-ADFC facility. Develop a business plan – a vision and action plan to support the Min. of Ag. in approaching cabinet to gain support for re-investment in Ag. research and the new-industry vision. No Plan = No money. This business plan will identify how decisions will be made in allocation of scarce resources.
- Grain for energy should not be encouraged. Sustainable energy must be based on sustainability technology such as wind and sun, not a system that requires greater energy to create it. Innovation is important but this session did not deal with concrete suggestions at all. Innovation is partly at least the responsibility of Entrepreneurs and companies and government positioning needs to support this through taxation incentives, incentives to locate, etc.
- Farm income would benefit from development of cost efficient process of turning cellulose (hopefully from legumes or grasses) into ethanol and other forms of energy. Such a cost efficient process would buy acres away from other crops, and could be at benefit to all commodity producers. New markets for primary products may reduce production of other crops which would in turn boost prices of those commodities.
- We require a Canadian research strategy which would include the producers' industry (processors exporters) government, universities, CAPI, value chain roundtables, etc. This strategy would help each of the stakeholders define their rules. It would ensure that there are no gaps in research. All stakeholders must increase their investment in research. The return is

high – 1600% returns on investment in research by Saskatchewan Pulse growers from a study done by Richard Gray – University of Saskatchewan.

- Identify who benefits from research, and how does this translate to the farm gate? Productivity gains must accrue to the primary producer.
- Research a least cost bio-based energy production (i.e., wheat feedstock's are the best).
- Get the industry to think in terms of "health" and what that may mean – how do we shift the mindset? Introduce the concept at up-coming conferences, encourage conference organizers to invite health, environment, and energy to "traditional" agriculture. Discussion papers on "health solutions to mankind" to form the debate- AIC. Need media on side – need to plant the seed.
- Align goals of agriculture and health. Work on how to change, the mindset to think about growing plastics, fuel, and medicine. Develop strategy to link agriculture and health. Grain-based energy strategy, and burning wheat cheaper than natural gas. Address the impact of public vs. private research and where the benefits go. Need to address the protection of intellectual property.
- Setting priorities for development and we try to support every type of commodity. Realize that "subsidies" are not a positive way for governments to "invest" money in Canadian agriculture. Science and innovation allows us to stay ahead of the pack which is necessary for us. Work on cooperation and linkages among research producers. Government has invested quite extensively in equipment and facilities (especially CFI program) problem is that there is lack of investment in research and doing research. Funding to encourage industries to invest in science (ex. Public-private research grants; tax incentives). Increase funding to basic research: essential if we want to stay ahead. Most of the solutions put forward rely on two aspects: 1) grains bio-products. 2) nutraceuticals. The first aspect is quite interesting for agriculture in the Western provinces but what does it give to agriculture and agri-food elsewhere in Canada? The second aspect applies more to all agricultural sectors throughout Canada, but it will have a very small impact on production and processing (on a large scale). Many small industries will have interesting outputs with compounds helping health. However, to produce those compounds, very little "agriculture" will be needed! What will be the effect on rural areas?
- After listening to Mr. Gray and gleaming interesting info. from his talk, what is perhaps needed is more concentration on the direct conversion of grains to energy (burn the grain with/without further processing). Also an admittedly limited market, but one which the average producer could wrap their mind around rather easily. As was brought forward in numerous question/comments from the floor. CAPI needs to look at policy which encourages R & D that will accrue benefits back to the farmer and rural Canada. That means encouraging more development of processes and products that have real dollars in agriculture. If we are going to develop policy that injects more social investments in this area, it needs to be "sold" correctly. As per all the presenters – the main beneficiary of such investment will be the general public. So when there is so much discussion around how agriculture policy relates directly to the dismal bottom line of most producers in the country, we don't need to add another social benefit to agriculture's portfolio with little or no compensation to producers who are already struggling. I don't want you to think that I am downplaying the importance of R & D in agriculture, but the way things stand currently, money spent in this area will be used by the companies to offset their cost to perform the R & D needed for innovation. The CAPI must, when considering policy in this area should ensure they include mechanisms to ensure the governments money is not simply being used to earn the multinational companies more money.
- With respect to processed food, the two leading countries in the world are the U.K. and the U.S. The factors which bring this about are known major lucrative markets (290 million USA and 60 million U.K.). A close understanding of market needs; a very well timed competitive spirit. Does Canada have these attributes? I've heard it said repeatedly that AAFC

wants/would like Canada to see the leader in excellence in functional foods….without any knowledge of, or awareness of, which countries are in first place already, and why, and how Canada plans to replace these leaders from their leading positing and put Canada there.

- Assure control of demand.
- Create an environment for innovation.
- Create incentives for motivation.
- Make technology affordable/accessible to producers.
- Create incentives for novelty production.
- Increase spending on Research & Development in areas of specific benefits to various regions. More investment is required in science and innovation at all points on the continuum from basic research to commercialization.
- Increase focus on farm management and productivity.
- Spend more on research and development, at the processing level.
- The government R&D levels do basic R&D – but let the industry do the rest. When government-industry work together – let the industry own the results – they alone can value that Research & Development.
- Obtain help from other governmental spheres for developing rural areas for health, energy, etc.
- Targeting Research & Development toward new market characteristics.
- Increasing budgets for public research and stop waiting that research gets done by itself somewhere else – we need to adapt and transfer this responsibility to us – currently this is too slow and inefficient.
- With a population of 30 million, we should position ourselves as a leader in feeding and health. Be the Ferrari of national food supply. We have all the advantages to perform a rapid alignment and become the leaders in this issue!
- Innovation can be taught but we don't really do it well. Add it to education programs, business training and development. How do we identify natural advantages?
- CAPI needs to make proactive resolve a guiding principle too often governments and especially bureaucrats are paralyzed by fear of being the one responsible for change. Show where we need to go, why and ensure the impetus for change is clear so government and public comfort with the status quo is removed.

Annex VIII –
Session VII – Strategic Directions and Enhancing Sector Competitiveness

Comments Received by CAPI on Participants Feedback Forums

Question 1 *In your opinion, what are the key implications that were presented and/or discussed?*

- Need to have an integrated system in which one sector does not benefit at the expense of another.
- CFA. The mindset of the CFA has not changed much. This is a reworking of the old approach. It does not appear to add much to providing solutions to farm income problem. The policy appears to leave out major stakeholders (consumer, energy, etc.).
- Support the winners, the risk takers, those willing to invest. Reject entitlement at every turn.
- To develop a new APF, which starts to benefit the primary producers, and follow up the agriculture chain. Learn from to past APL. Improving our images. Change mindset on how we view agriculture.
- Many current products are mature or in decline, need for new products. Policy makers are disconnected with agriculture, we need to educate them/challenge them as to what the role of agriculture is in our society.
- Farm income – many sources. One vision does not suit all. Need to be more than growers of food. Need to improve image of agriculture. Need a change in mindset, agriculture is a solution to health problem.
- This is not the venue for CFA to present its document or solicit support! This document clearly does not reflect the views the majority of agriculture.
- Agriculture policies should not be entirely supported by agricultural sector. Importance to involve the whole society.
- Profitability at producer level. May be other market revenue from other societal benefit other than just food.
- All members of the agriculture value chain need to be profitable. Investments in manufacture to facilitate commercial development of innovation that is value-added. Facilitate development of strategic alliances. Prepare markets for value-added innovation coming in agriculture. Government needs to be a champion for innovation in agriculture.
- Despite what the CFA talked about strategic direction it boiled down to a collage of programs and form of payments to farmers. It is not business orientated! If farmers do not want to be seen as a drain on society – why are we including Business Risk Management as a pillar?
- Ed gave the best vision – more realistic. Agriculture provides food, but also health and must be a member of the chain.
- CFA – unacceptable policy is a producer-push policy.
- Need for all parts of value chain to participate in investment and returns.
- Agriculture is not an isolated entity. It's an integral part of the whole society.
- Reference was made to the term "knowledge-based Economy". The term Knowledge Based Industries (KBI) was commonly heard ten years ago. In my view, it is a mis-named. Are not all industries knowledge based? What does the term imply about the industries not regarded as "KBI" – that they are with and a knowledge and actual foundation? Perhaps a stating point is to acknowledge that all industries, especially agriculture – both primary and value-added – are knowledge-based. Note: Ed-landslide-he made an appeal for a change in mindset as to how we view agriculture.
- APFI – not a real agriculture strategy, ecological governments, public good, and hard to use market to pay for it. Farmers no longer drive agriculture policy in isolation.
- Agriculture policy must embrace entire food chain. Biggest challenge to moving forward is need to achieve CHANGE IN MINDSET about agriculture.

- New policies must focus on primary producers.
- Agriculture Policy for all farms is not productive. The issue involves other stakeholders. Also, deriving farm income from public research. Develop a strategy that industry has developed and built into.
- All segments of the agriculture industry driven to work in unity.
- Strength, growth, and profitability. (public goods and services Pillar; Business risk management, strategic growth pillar). Strategic investment will be value-added, new and fledgling industry. Farm income-primary, value-added, bio-economy, ecological goals and services. Value-added support programs have been good – unclear if real benefits for producers. We need a sustainable society – this includes agriculture.
- Need for policy framework to change. More focus on making support dollars work for industry. Cannot develop policy isolated from other stakeholders. Need to shift the view of agriculture. Need to include environmental, health, and industry at table for discussions.
- Ed's presentation – great points how do we (collectively) change that mindset?
- Two diverse presentations in what agriculture policy should be. However, they both have similar components: food, safety-production, and enhancing value.
- A partner in the value chain. Get more assertive in value in role in the value chain.
- Agriculture policy must embrace public goods/services, Business Risk Management and strategic growth. We need an entirely different mindset as to how we view agriculture.
- AFPI not a good starter since CAIS is a terrible program. Ed T brought forward the right question.
- Need to focus on both health, and environmental opportunities.
- Excellent forward-looking initiative put forward by CFA.
- CAPI's role is in the strategic growth pillar. I like the idea of environment benefits and analysis of how to compensate agriculture as environmental stewards.
- As CAPI goes ahead, the overhauling nature of government's agriculture needs to be addressed. Every time farmers and ranchers are required to perform activities for the environment, or public safety, or health, public money needs to flow. We know Canadian producers are efficient, stay out of their way on their farms and when government gets involved money needs to follow.
- Who has input on the APF? Just the CFA – it may be industry driven, but it appears producer driven with some down stream support. Some parts of agriculture are in the mature or decline state – absolutely– how do you tackle this group versus winners in agriculture policy? One policy approach is unlikely to fit all. Primary production sector can't drive the policy agenda alone.
- You need vision, you need strategy and implementation.
- Agriculture Policy development cannot be done without the substantive input of broader society.
- Primary producers have to have the means to capitalize on the diverse goals and objectives imposed on the agriculture and agri-food sector, i.e., environmental goals and health goals. Primary producers cannot absorb the cost of broader societal goals with not associated compensation.
- Action oriented. Best sessions.
- Will one agriculture policy work for the whole country? There may be needs to allow enough technology to reflect regional differences based on the advantages of the various commodities across the country.
- Vision: agriculture – growing healthy people, healthy animals, and a healthy environment. Or agriculture – producing solutions for healthy Canadians and a healthy environment?
- Strategic APFII is needed. Helpful to see distribution across size of farm and distribution of farm income from Family Farm Income.
- Capital Investments.

- APFII-society needs to understand agriculture. There is an image problem.

Question 2 *What are your suggestions on strategic direction and follow-up action?*

- Need to have/invite regulators (Health Canada, CFIA) and Industry Canada to these meetings.
- Bring a broader community to the policy development as it relates to agriculture and related sectors.
- Don't even think of being distributed on issues like the age of farmers or the need to get more young folks into farming. We are no where near having a shortage of farmers. There are two incomes: 1) for the retiring farmer through capitalized land and quota values; and 2) for the new farmer through taxpayers funded beginning farmer programs.
- Follow-up on changing farm and farmers' images. Study APFII and work together on making it work. Even though it is broad-based.
- Don't talk about multiple policies for multiple farm models, the role of policy makers is not to support lifestyle and other non-business farm formats. If the large/very-large farms are able to make money with the given framework, we should focus on encouraging more large farms as well as on how to enhance profitability for these large farms. Farming needs to be viewed as a business, not a lifestyle choice.
- Talk to the other government departments (make strategic alliances inter-departmentally) agriculture should not be working in isolation. Society needs to pay to support the costs of food safety and environmental protecting and stewardship (ecological goods and services). We do not necessarily need a "cheap food policy."
- Farm income - growers need to get their income from the market, pays directly from the consumer to the grower, do not like it so through the retail system. Thus get more of what the consumer pays directly from the consumer to the growth do not let it go through the retail system. Facilitate development of Canadian markets for Canadian farm products.
- WTO – we need market access and low tariffs to the manufacturing sector to be competitive. CWB – a voluntary CWB to enhance investment and innovation like we have with canola in wheat. Less regulations especially in grains, ie. to develop a high yielding high starch wheat without KVD for ethanol. Innovation and investment in research to remain competitive.
- No real suggestion but it is clear that we have to find ways of "encouraging" producers in what they are doing. We really have to move away from an "income support system" and move toward supporting actions taken by producers that improve their competitiveness (ex. Adherence to a "traceability" pronoun, introduction of new systems on farm to improve environment, etc.).
- Take cost out. Build value. Mechanisms to share producer value. Build domestic consumption. Investment to build strategic infrastructure.
- A need for new products to approaches – to regulation, and intellectual property protection. Because Canada is a small market, we must make investment in agri-food innovation MORE attractive in Canada than U.S. (Equals better/faster regulations, better IP protection, faster conversion from R & D to commercial, and better tax policies.) Government policy for agriculture needs to prioritize and support profitability sectors of agriculture.
- What interrelationships are there between CAPI initiatives and the CFA farm bill?
- The strategic direction developed by CAPI should be fed into any initiatives developed by outside organizations. Can the CAPI process be used as a model for AFPII rather than piecemeal approach by individual organizations?
- To not be only "wishful thinking" those visions must be interpreted by actions.
- Wrapping agriculture in the cloak of health and nutrition is a nice buzz phrase but does nothing for health – sub primary production doesn't fix health issues.
- Combine some of the efforts such as ADF and CAPI and individual organization vision. Where are the commonalities and where are the differences?

- We've heard a lot on innovation and research in the area of agri-food. We know this is an important issue. But we need to now how agriculture innovation and research can be promoted.
- The APFII appears to be well-researched, and comprehensive in terms of incorporating all aspects of agriculture. Need to know what the implementation plan is for APF, to the point where it has become an action plan.
- CFA/APF sounds like U.S. farm bill; Canada can't afford it. They will eventually result in transfer of tax dollars to foreign consumers, and Canada will export a higher percentage of production. Unlike U.S. and EU which export only a small part of production. Pay farmers for goods and services rather than for production.
- CAPI can help influence CFA to ensure "Farm Bill" has received input from all representatives of the value chain. Need to include health and environment in any and all discussions to begin the creation of relationships. APF II review process is exclusive (CFA government only). CAPI can ensure those that make up the review process are more representative – where is livestock, horticulture, research, and health?
- With respect to BRM – the proposal for self directed production Insurance formerly SDRM must be given more serious consideration and not disconnected out of hand by officials. Horticulture in particular, has long advocated this unanimous, support-signal Canada-wide to ministers, and a proven track record in Ontario. This is a reliable solution to production which is not available to most horticulture. Current APF commitment to provide two programs (CAIS + PI) has not been honoured.
- Develop an inventory on how the producer can benefit.
- Involve and demonstrate agriculture value to all society. Build in the concerns and issues of society. Develop an industry strategy that has been brought by industry. Build an identified strengths and alliances.
- Communicate the results and suggestions, from this meeting, so there is consistency in the message through all sectors of government, industry, and education (i.e., university.) Changing mindset, government policy must be unified provincially and federally.
- Let us separate producer support for disaster (weather, growing problems, and farm income problems, if the yield and quality are off. If the income is off and you are well managed and made returns on some agriculture products, diversity, other holdings, why penalize good management and disproportionately support margin operators? Bring forward equity matching for producers to own processing (e.g., Ethanol), or allow the continual escape of value added earning from the growers.
- The first presentation was about producer-driven solutions, the second pointed out considerations we must make when pushing forward these policy "suggestions." We have had representation from many segments of the agri-food industry – from input supply to grocery retailers. As per the last presentation, when talking about the health benefits we should pursue in the future, we need some participants from this sector (health). While on the same point is the process we need to take the holistic approach, I feel rather strongly that the smaller, more focused groups (input suppliers, primary producers, processors, and retailers need to formulate their view on policy and then get the different concrete positions on the table negotiate over differences, come to consensus on an overall policy direction as a larger group and as an industry drive this policy forward.)
- Need to see, hear, and feel the commitment to change from the very highest levels across departments.
- Need a fresh vision which focuses public dollars to enhance competitiveness as opposed to income support.
- Need governments (federal and provincial) to revisit a new vision for extension.
- Need visionaries, and bold people to make this happen.

- We should have a single policy framework. CFA's proposal does move us forward producing food to final consumer.
- First, move away from the "Paternal" framework of the past and insist on a "Partner" framework for the future. As industry must bring investment for the discussion, and must get together for farm a single vision, or split up the industry intel the sectors do have a single voice and strategy.
- Perhaps greater profitability may lie in giving consumers what they want, not what they need. Too often we only produce what consumers need (i.e., food, instead of what they want - environment ecology).
- Policy of quality and safe food production must reward primary producer for their social society benefits, such as benefit for healthy Canadians and environmental stewardship.
- Integrate the wide range of initiatives out there: CFA APFII; George Morris; CAPI integration.
- Directions are clear: bio-products, environmental. What are the short-term objectives, and what are the long term objectives?
- Some good stuff in CFA presentation but can't see a future in any commodity specific support; need to focus and rely on strategic and innovation methods to improve the sector. Need to focus programs, large commercial farms, and offer alternatives to profitable commercial farms. Needs to encourage public investment in infrastructure, science and innovation, and create the investment and business climate to promote value-added.
- CAPI could take CFA suggestions and validate across other producer organizations and downstream associations. CAPI should identify other stakeholders to help the sector drive policy issues.
- Put together a national panel to elaborate a nation agri-food policy.
- The implementation strategy of any policy must be evaluated to see that it works equally well across the country.
- To incorporate all the vision ideas perhaps the message should be: agriculture – message for Big Bumpers.
- CAPI's focus? Business farms or lifestyle farmer?
- We need national, fiscal policies that create a climate that increases capital investment, and provides an appropriate return on investment.
- The policy development process must have key consultations with all stakeholders including those outside agriculture industry.
- CAPI needs to support APFII and add input to make this strong. Agriculture awareness is the very key to social understanding. Suggest Mock Border Closure. Society would then understand where their food comes from and government push for innovation to supply food for our own country.
- A way and means to bringing more return back to the farmers. Farmers are not getting a fair share on the consumer dollar. Create all the value-added you like – take all the new opportunities and make good on them but if more money do not return to the producer we will not succeed in agriculture.

Annex IX –
Session VIII – Open Forum Comments

Comments Received by CAPI on Participants Feedback Forums

Question 1 *In your opinion, what are elements of a vision for the agri-food sector?*

- Value-added with returns back to the primary producers.
- One that does not strive to deliver on the view of the majority of farmers that they are entitled to continue farming just because they have in the past. The tax payers don't owe that to farmers.
- Broaden our focus for our product, more than food, include energy, health, environment, etc.
- Encourage entrepreneurial spirit and innovation (what is impeding it or is it merely cultural?)
- Protectionism simply delays pain, how do we get rid of institutions such as the Canadian dairy commission that obstructs innovation and competition in the name of stability?
- Holding our trading partners accountable, if people do not live up to their commitments don't be afraid to retaliate.
- We need "balance" between the present and the future; "future policy will not be viable unless the farm income issues are solved now". Get the basic elements of agriculture. Production paid for instead of ignoring it by thinking that developing a "future" strategic policy will solve the problems in agriculture.
- Profitability, sustainability, and environmentally responsive agri-food industry.
- Agriculture < > health – durability – rural
- Based on science and innovation.
- World leader.
- Working together on common goals.
- Leadership.
- Economic and environmental sustainability.
- Agri-business growth.
- Agriculture as a solution provider for health, environment, and bio-economy.
- Agriculture as a driver of economy in CDA.
- Build an evidence-based, consumer-driven, Canadian agriculture industry that provides opportunities for profitable and innovative growth for all stakeholders.
- Profitability.
- Sustainability.
- Solutions to health, environment, and energy issues.
- If our farm productions compete with imported, low-cost commodity items, then our products must have more to offer. Better quality, health advantages, processing advantage, and composition advantage – when buyer pays more he gets more.
- Provide direction and advice for the agri-food sector.
- Identification of domestic and international market opportunities.
- Global mandates – do we grow brussel sprouts, potatoes, wild rice, whatever better than any other country, to the point where buyers come to Canada to buy, rather than us having to travel abroad, to sell?
- Vision statements are very overrated, they are a matter novel statements that mean nothing
- Public and society focused.
- Prosperity.
- Sustainability.
- Creating a value-added Ag. Industry.
- The agri-business sector grows nutritious food, life products, renewable energy, and industrial materials for a stronger, healthier, cleaner and safer Canada.

- This is more than food – it is products, business, profits, and producers with no value-added and other chain ownership will not profit.
- The agri-food (may not be inclusive enough) sector needs to worth together to ensure all parts of the supply chain are profitable and successful in using science and innovation to continue to produce healthy, environmentally friendly food and energy products within a practical regulatory system with the freedom to trade these products with other nations freely.
- Work leaders of agri-food products.
- Health and environmentally enhanced meat.
- Trade policies consistent with other agri-food policies.
- Sustainable production and food sector.
- Responsive to change. Reduce barriers to trade between provinces.
- Agri-business, not agriculture.
- Partner not paternal.
- Asserting negotiation with stakeholders – don't just give the benefits, negotiate, exchange for them. International trade healthy food, safe food, and environment.
- Trust.
- Future.
- Healthy people.
- Healthy economy.
- Farmers must have several revenue sources. Not all need to be food production only. One revenue stream can be providing our consuming public with what they want, not what they need. Consumers spend large amounts on recreation gladly. Environmental stewardship and involvements by consumers could be quite rewarding.
- Competitive.
- Leader/innovation.
- Promote "on-going" competition not only long-term.
- Profitability, building on strengths, use of rural resources to meet needs of all Canadians
- Self-renewal of the industry with average ages as high as they are at primary producer level, renewal needs to be addressed.
- Economically, socially, and environmentally sustainable – provide fair returns to resources in the value chains, especially producers.
- Health, goods, and services.
- Ag. as a solution provider, rather than a burden.
- Must include: profitable, sustainable, food, fiber, etc.
- Profitability must be brought back to basic producers in agriculture. Currently everyone else makes money, but farmers at the bottom of the food chain are squashed out.
- Sustainability, increased self-reliance, profitability, and contributing to the public good.
- Diversification of issues to increase demand – energy, health products, and industrial products.
- Two visions – short-term to allow survival of the industry, long-term to accomplish the above.
- Consumers' opinions. Need awareness.
- Regulations – standard across provinces as well as U.S.
- Innovation/Science and Research – farmers will adapt.
- Profitable throughout the value chain.
- Able to compete throughout the world.
- Constant innovation / changes / improvement.
- Environmentally sustainable.
- The vision for Canadian agriculture has to reach beyond our borders. This allows for us to frame goals bus also will serve as our "Brand" internationally.
- Vision statement *Canadian Agriculture/food making the world better through health, environment, and development.
- CAPI vision does not include environmental stewardship.

- Informed innovative solutions to sustain and strengthen Canada's agricultural industry that enhances our health and economy.
- Liked Ed T's "Bumper Sticker".
- It's important that agriculture (agricultural companies) capture the value that it deserves (traceability, environmental, and quality).
- This question of sharing is the most important to direct to the CAPI.
- It's important to have a good approach towards added value.

<u>Question 2 *In your opinion, what are the one or two strategies for the agri-food sector that can build profitability, growth, and sustainability for the agri-food sector?*</u>

- Comparative advantage.
- Focus on care competency .
- Don't over regulate – keep an eye on competitiveness yet strive to be world leaders.
- Objective analysis of barriers to exporting agricultural products.
- Deal with agriculture policy separate from rural policy.
- Agree with CAPI #1 goal.
- Regulatory issues must include fiscal and other areas (transportation).
- Need to stress to all sectors that each and everyone (sector) has value.
- Promote long-term solutions rather than short-term.
- Identify what we do well and build on it. Identify what we are not doing well and find out how to fix it or transition away from that area (maintain diversity).
- Help develop a reliable, dependable, fair and sustainable disaster program.
- Take the lead to bring stakeholders together to develop a research/science/innovation strategy.
- Research and innovation focus on the health and energy production.
- Deal first with Ag's immediate financial crisis.
- Include profitability at the farm level in all plans for the future. Otherwise forget it.
- Need to address the short-term farm, financial income problems and the long-term financial income issues. Clear need to project the poor returns of the last few years on consolidation and people leaving on the long-term strategy
- Linkage with health – innovation focus is key.
- Ag. as a solution to health challenges.
- U.S. barriers must be brought down. Canada has to stand up and play hard ball at WTO and with NAFTA.
- Research and Development of new products that will increase demand for primary producers.
- Build in elements of regional economic development. Programs to provide real capital to investors (production).
- Re-tooling policy and government money to public good. Initiatives that move agriculture. Off the problem table and onto the answer table.
- Connect food on health.
- Connect Ag. and bio-products. Focus/Focus – pick key areas and focus research, development, value chain activities on being the best.
- Innovation – policy, make or access from allied countries. Develop strategy to find what major discoveries will be made in next 5 to 10 years.
- More focus on innovation and the adaptation of science.
- We need less monoculture and more mixing.
- Build a value-added organization, which is well funded – to support national opportunities AVAC model is possible system.

- In the west, more marketing competency will lead to marketing strength. Must also create as wide an array of products and uses as economically possible. The end part of this is to enable us to walk away from any particular commodity trade table.
- Develop value-added products, used in agriculture and non-agricultural products. Create an opportunity for outside investments into agriculture that support value-added and bio-fuels, etc.
- Farm income – must strive to find ways to match those in other countries.
- More cooperation in "supply chains" to ensure all are adequately compensated for their efforts (profit).
- Examine and explore new and innovative ideas – only adopting the ones that make sense and are profitable.
- Provide or change income support program measures to enable and push producers to participate in the ownership of the value chain (processing, buying groups, marketing groups).
- Develop energy, environment, health and other industrial non-food agri-sectors but ensure producers have equity otherwise they will continue to be treated as a source of cheap feedstock and non-viable.
- Focus on change.
- Reform on R & D efforts.
- Encourage innovation and implementation of new knowledge.
- Publicly funded research.
- R & D is important and so is the distribution of benefits. We need more public money in R & D and less in producers support. Need a separate rural policy from our agricultural policy.
- Primary producers need to be taken off welfare and get paid for our farm production from the consumer.
- Strategic alliances – we must export value-added products, prepared from raw material (for the most part) produced in Canada. This requires strategic alliances comprised of several members/links of the agri-food chain. See SJTO presentation.
- Research must be aimed to improve processing quality. Wheat gives better bread, flax gives more oil or more omega 3. Research may be aimed at identifying these advantages or creating them. Start by talking to processing industry and clearly identify what they want for better quality.
- Regulatory review to ensure regulations enhance not impede sector advancement and profitability. Strategy development for investment in innovation and research, to allow the industry to leap forward. Market Development.
- Focus on growth and value-added, strategic "growth and productivity" rather than old commodity models. Focus on our core competencies. Commitment to change the mindset. Leapfrog in order to meet demand pull of consumers in Canada and key global markets.
- Define clear goals and priority for development stop trying to do everything.
- Work on increasing and improving our involvement in processing.
- WTO – must have an aggressive position at the table to reduce tariffs and increase market access.
- Bio-fuels – Harmonization of tax incentives with ethanol and bio-diesel with the U.S.
- Streamline regulations, make them less cumbersome, less restrictive and smarter. CFIA needs to function for Canadians to get government to actually listen to the industry rather than pay lip service to the consultative process.
- Encourage the movement from non-business farms to business focused farms. Large business focused farms benefit from economics of scale, better access to capital and better management practices.
- Focus your lobbying efforts, there are far too many fragmented agri-food industry associations each with too small a voice to make a difference; in aggregate you have a voice. Use it.
- Perpetuating the approach of supporting rural Canada through agriculture support would be misguided.

- Develop rural programs to bring new agri-food jobs to rural Canada or you will perpetuate rural poverty as even more of AGR production will be done by fewer and fewer farm businesses.
- Need to have a meeting with people from outside of agriculture – a great multidisciplinary think tank.
- Need to think outside the box.
- Supporting agricultural companies on their role in environmental traceability (allow programs such as anticipated payments planned for times of high interest rates).
- Taking part in rapid development of environmental solutions.
- Carefully study the issue of a guaranteed revenue from commercial agricultural enterprises.
- Finding means for innovation and added value to allow achieving good net income for all network members.
- Not focusing only on growth but also (and mostly) on profitability.
- We need to encourage efficiency. In every industry efficiency is a "bonus". Why not do the same in agriculture? At the same time we need to be supplied with the right tools that are required to attain this efficiency. Certain programs should be revised or removed, because they encourage the inefficient farmer to stay in the sector.

<u>Question 3 *What are your recommendations for specific polices, follow-on actions, and/or pilot projects (to test and/or implement elements of the vision)?*</u>

- Demonstration of impacts of changes in consumer behavior towards healthier choices on the primary producers.
- Identify 1-3 priority products to develop a holistic strategy to advance them.
- Trade, regulation, and marketing.
- Use regulatory system to Canadian advantage.
- CAPI should focus on producing objective economic analysis to support the need for regulatory change, trade negotiations, support for innovation.
- Pilot project – health benefits labeling on food.
- F/P/T Regulatory review panel – head by PA with final report on concrete recommendation on regulations to change National Animal Health Strategy. Would include federal money and allow provinces to increase protective measures.
- Tax incentives (exemptions from PST/GST) on agricultural inputs for electricity productions.
- The regulatory framework must be re-built. It must be pro-business, pro-Canadian and sensible. In its current form it is too complex and out of control.
- Review of growing management requirement for the size of the farms that are here now and will continue to grow into the future. No longer milking cows you will manage the people who will milk the cows and do the cropping.
- Share innovation and health concepts with broader audience.
- Develop a plan, a results based plan on how we generate discuss, achieve buy in.
- Focus on two commodities and focus energy on piloting their innovation and share that works, e.g., Pulse Innovation project, Energy (not ethanol) Functional foods.
- I believe that unless the farm income problem is addressed any initiatives are doomed to ultimate failure.
- Position the industry as a career destination. With all the marketing finesse you can muster to profile the high value, high tech, and highly challenging (but profitable) industry.
- Enhanced fed. Government. Finding program, better utilization of FIMCLA – Let's build on FIMCLA – Get the banks out and get industry in FIMCLA decision marketing.
- Study how far we can go in environmental and public goods programs under budget restrictions.

- Regulatory reform – pick a pilot area to begin the process of regulatory reform. Develop a regulatory reform process that we can use in other areas to make changing regulation easier.
- Discuss public vs. private role in science for benefits of Canadians.
- Do analysis of bio-economy on "farming".
- Implement "smart" regulations.
- Focus regulations on economic development.
- Check off systems for innovation.
- Try some high-profile regulatory test cases to show how process should work.
- Research – that identify opportunities. Land use policies as a national policy – this would be implemented at provincial level. We see where farm is not as important in rural communities – what land are they buying?
- Food safety policies that meet world standards not above this level. Research on regulatory framework and make sure that we have the right objectives.
- Producers feel disengaged and an unimportant piece of all of this.
- I think to make any progress, we need to agree as an entire industry to work towards a result. I think that each segment of industry has their own concerns. I think that the "shotgun" approach needs to be changed to a rifle approach. By that I mean we need the different sectors to meet separately, give them a framework or outline which is common, have each sector fill in the policy that best suits that segment. Realizing that there will be some contrary ideas.
- Provide equity matches for producer owned businesses such as bio-energy (heating, ethanol, and bio-diesel) - this was done to address BSE with the Ag. and Agri-Food Ruminant Slaughter Equity Assistance Program.
- Change income support programs to support smart operators, not hobbyists.
- Give producers participation in new production tech measures.
- Implement action plan based on the vision.
- ID regulatory barriers and address them.
- ID trade barriers and address them.
- ID Image problem of agriculture and address them.
- ID opportunities for agriculture and communicate them.
- Brand Canada idea, never liked the idea – needs to be explained and developed.
- Does the business of farming attract farmers for the future, if not, why not.
- Increase public investment in R & D.
- Need to increase competition in the supply chain, especially sectors that directly affect the farm level.
- Get money to primary producers NOW so we can still be around in the long-term.
- Workshops in building strategic alliances. Profile case studies. I know there are several Canadian examples. No one entrepreneur can do this alone. They must learn to identify their mutual needs and learn how to develop trust.
- Follow-up actions support for nutraceutical research. Partnership between industries and National / Provincial funding agencies (i.e. CFIA, etc.).
  Do study on impact of "embracing health issues" as a solution for agriculture.
- Networking between processing and producers. Innovation in staple modifications.
- Analyze trade barriers impeding Canadian agri-food products trade in world markets.
- Regulatory modernization review.
- Development of business management skills for production-sector coordination of sector enhancement across agriculture, health, environment, and government portfolio.
- Animal health strategy.
- Improve intellectual property protection for research and value added.
- Canada needs to take a leadership role on the global stage for promoting innovation in agriculture.

- Create a regulatory environment that assures safety BUT also improves competitiveness – Key.
- Not agricultural policy but an interrelation between land used policy – health policy – import-export policies. We should stop seeing agriculture as being outside "society" and self sufficient.
- A pilot would be to study how the new-gen co-ops are structured in the U.S. regarding ethanol production.
- Don't move too fast – CAPI needs to engage a different group (another group) vision does not just appear after one or two sessions.
- It is my opinion that CAPI has a responsibility to include in future policy sound recommendations on how to uphold current production especially in the areas of primary production research. Without the basic product we cannot move into the value added life sciences.
- Build on your paper – Agriculture policy should focus on commercial farms.
- Don't confuse social (lifestyle farms) environmental and economic needs and policy responses.
- We need to establish a common policy objective for over regulatory framework (e.g., Is it food safety or product effectiveness?) many of our regulations were written decades ago to achieve different purposes. We are twisting ourselves into knots to make substandard tools work to achieve modern objectives. Even then, though we don't really know what those objectives are. E.g., Harmonization with the U.S. or others, food safety, and consumer protection?
- Meet with the scientific directors of the networks of centers of excellence to get views of the agri-food sector on innovative research and opportunities. Also as a resource for the next generation of researchers.
- World standard and keep ahead. Role of the government and Industry changing. We need to get ahead and find common frontier. Now government and industry is not aligned. This must change so scarce resources can be allocated strategically.
- Animal health – FAD preparedness and corresponding regulations.
- National Animal Health Strategy.

<u>Question 4 *Any other comments you would like to share with us?*</u>

- Prioritize policy and scarce resources. Across Government (federal and provincial) and supply chain up and down.
- Support 2 track solutions with a clear and crossover point to bring status quo to new world and focus on transition and strategies for all parts of the agri-food chain.
- Look into new name for CAPI which reflects the broader context of who is involved.
- Very prompt. No milk or cheese product (interesting).
- Very interesting evening and 2nd day. The only problem is the lack of interest for completion of questionnaire, in order to have a complete thought process and respond in writing.
- Requires a science of innovation strategy involving all stakeholders including producers. The stakeholders' role includes investment which will ensure ownership.
- There is not enough money in either the federal or provincial treasuries to make farming profitable for all.
- We need to focus on the areas we do well, and where the market indicates we can be competitive in the future.
- Some great brainstorming. Carry on! But deal first with today's mess in agriculture.
- We need to work at how we move from producer-driven industry to consumer-driven industry.
- Need to examine ideal model for research, funds, and relationship of government, producer, and processor, etc. What is the sight mix/share of findings?

- You are making great progress – however we usually do okay up to this point. But next step is the proof of our ability to implement/execute – we need to engage others to help.
- Too many comments have promoted a "radical restructuring" of agriculture. CAPI policy papers steering towards a decoupling of agri-food and farming could lead to a large backlash in the farming community.
- Second on export-dominated economy, transportation is a vital link between buyer and seller. The country needs a transportation vision that accounts for global changes. Specifically, growth in container movement from Asia to North America is part of the vision that has to be part of Canada's plan to capitalize on to our benefit.
- CAPI to review, support the development of, recommend… the tools that provide all sectors within the supply chain with a better understanding of what (emerging) markets want… consumers' value etc. Then maybe we can be more efficient in growing ourselves to what I will sell!
- More outreach: Some system that lets other regions share in the development of CAPI policy.
- Be careful in assuming you have a policy that works for everyone.
- It has become clear to me the large farms and very big farms are CAPI's main interest and concern. For all the rest, it is fend for yourself. This is indeed unfortunate.
- Let's get going.
- We need to embrace the business realities of agriculture and use them to build the foundations for our new agri-industry.
- Research on regulatory framework and make sure that we have the right objectives.
- Check out Sustainable Agriculture Initiative website and papers – some good points, particularly with respect to including profitability.
- HR issues/solutions important. So, one offs have workers in Canada to deal with the issues and responsibilities.
- Regarding HR – many issues: There are skilled opportunities – need good people – however, production seasonality (for horticulture in particular) – very difficult. And, we do not need HR offices telling people to get real jobs when they are between seasons and generally discouraging people from working in agriculture.
- Competitive issue – Canada needs an equivalent to the U.S. Perishable Agriculture Commodities Act. Information will be sent to CAPI. Important that Canadian producers have available to them the same instruments as their counterparts in the U.S. This will NOT COST the government of Canada anything!
- How will this new direction work without producer linkages plus short sustainability support?
- I agree, we need to get to a consumer focus.
- Marketing connects the consumer with the supply chain.
- We need to answer the question "Why should the public support agriculture?"
- Don't lose the momentum and optimism of this convention.
- There was very little consideration of short-term solutions for the primary producers.
- Cut through all the bull and deal now with the evident issues, the long-term will only matter if we primary producers are still in business.
- It is important that CFIA plays a positive role in helping industry and acts as police in finding guilty guys.
- Future workshops need to include government representatives from health, environment industry innovation, and economic development. From both Federal and Provincial levels.
- Human resources are essential for the growth and health of the sector. Important to think about how to attract and keep not only more people but also best people.
- The process was good, however, CAPI is weighed towards CFA and supply management. They represent 9% of the farms in Canada. There also needs to be more emphasis on industry and processing areas where farmers must become business partners to complete the value chain.

- Do not just follow the "flavour of the month", we have strengths in agriculture which need to be built-on.
- Look at what is happening to primary producers due to consolidation (i.e., retailers) – producers are being choked out of business.
- Pay for ecological goods and services.
- Growing food needs to be profitable for the primary producer.
- Where we are "leading" should be further developed (not changed for the sake of change – status quo, in some cases, is very acceptable).
- Don't always defer to the export markets. Growers on domestic market. Canadians need to be encouraged to "buy Canadian".
- Catering to the masses of farmers, who are not commercial farms, will be a disservice to the future of the economic side of the industry.
- To make substandard tools work to achieve modern objectives. Even then, though, we don't really know what those objectives are (e.g., harmonization with U.S. and others, food safety, consumer protection)?
- We can't re-estimate the effects of these strategies over farmers' net income. Meanwhile, we will have to fight against the negative effects of policies in support of the U.S. and Europe, otherwise there won't be any more producers producing grains, or agri-food products of high added value.
- In the short-term, we need to re-invest in agriculture to help reduce its costs and defend a position, especially pertaining the WTO.

Annex X

Session VIII – Open Forum Reponses Provided to the Facilitator

Open floor requested phrases or words for a vision

- Solution provider
- Trust
- Standards
- World leader in agri-food exports
- Underlying principle for profitability for all levels
- Profitable innovation and support
- Core competencies
- Foreign trade policies consistent with overall trade policies
- Environmental stewardship
- Long-term
- Responsive and efficient regulatory system
- Leaders
- Sustainability
- Healthy people, healthy economy
- Vision to embrace change
- More than agri-food, it's agri-business

Open floor suggested Action Items

1) Missing components – primary producer sector with incomes three times higher than they are now. We need to address issues of levels of capitalization happening in agriculture. Responsible lending and borrowing. Farm sector with less than 2 to 3 times the income level than now. Double government assistance.

2) Commitment to making a change – there is too much effort in trying to fix what is broken. Break out of our mindset. Talk agri-policy, not agri-food. Supply-push versus demand-pull. Develop products that consumers want and will pay for. Profit filters down to farm level.

3) Objective analysis on what real barriers we face. Why no job creation being developed in Canada? Help develop an agri-food industry.

4) Health – proactive about discussion on health. Not health but marketing. Marketing is a problematic identification. "I love the status quo." It has been our success, build on what we are strong at doing, preserve good systems and research, find the problem, problem is on competitiveness, provide best and cheapest food basket in the world. Problem – you cannot pay me what it is costing me to produce the food. Match what is being done in North America. Our government needs to be competitive with other governments.

5) We need to start with architecture of policy framework that we currently have. As we try to work with it, we have to deal with compromises. We need to recognize the differences across the country. Food should be dealt with as a success in agri-food. Environmental issues and social development dealt with as separate issues. Regulatory modernization – set policy. Human resources development. Healthy eating and food – missing element.

6) Attracting young people into agriculture is an issue. We need the best and the brightest people to provide new technologies and ideas and enthusiasm. We need to attract more people into our educational systems and project the right image for farming and agriculture.

7) We need a clear objective for our regulatory framework. Regulations are just tools to use. Current ones were written ages ago and need to be updated.

8) We can't get to the future by driving through the present. We need to separate the two. We need a farm plan for the next 8 to 10 years.

9) We need to consider leading economic or business models (scenario planning). A model we need to consider would secure rationalization at the producer level.

10) We should be connecting food to health and deal with regulatory reform and we need a process to make this happen. A case study to work with plant health and functional foods. Do a pilot study. Improve health opportunities.

11) We need to increase profitability through (1) getting consumers engaged – on the food side, purchasing patterns can reflect this; (2) energy and industrial opportunities – market potential is huge, infrastructure, profitability, concept to the market; (3) regulations – modernization and duplication is an issue. Streamlining regulatory framework, who do we deal with (federal, provincial, municipal government)?

12) Focus, priorities, trust – help re-thinking on alignment of priorities with limited resources. Redefine our decision-making process. We need to sit together ahead of time to move before these issues; focus our resources; what are our roles and responsibilities to make this happen.

13) Human resources – look at training and needs for the sector.

14) Vision process itself – what is a desirable vision rather than a functional one? Food as health – Food Secure Canada conference; made-up of a group of women employed in health services field; different views of what food as health means. Put together some real experts of food as health. Engage a much broader group in this debate with respect to health care.

15) Do statistical analysis on trade injury for grain industry. Need an export market – drill down on trade issues.

16) Overall strategy with trade, evidence-based (where are our markets now and are we building on them)? Build on our strengths in agriculture and don't build on the trend of the day. Build on the strength of our diversity. Need the data to support our direction.

17) Look at competition policy in Canada and market innovation transaction services – look at supply value chain and from consumer to the least flexible organizations. Look at public finance policy for public goods – public goods and services; producers for public and private goods. Capture value back to farmers and producers that will produce health goods. We have an immediate issue with the farm income problems. Land has capitalized a lot of the value from public goods but not private goods. User-pay model can be realized.

18) Partnership is not talked about – everyone has a partnership with the public in general. Changes to regulations moving forward with new and unique products. Find a way to develop these partnerships. Value-adding industry (agri-food) partnerships – pass on the costs upwards to consumers rather than the producers. Government partnerships – between governments and primary producers. CAPI could facilitate the development of these partnerships.

19) How to attract young farmers into the industry. Put policy in place to thrive in primary production level. Broader scope in science and innovation. How do we get the message across about the health benefits? – get it back to the producer. All links depend on each other. Build trust and cooperation in the system. Over-capitalization in the industry makes it tough for young people to get into the industry. How can we make it easier to get into farming? Economic benefit; capital tied up in land – there needs to be respect on both ends.

20) Food is health. Change the demand, create demand. Change the way people eat right now (i.e., salt consumption). The processors need to reformulate their foods. Innovation. People want to be leaders. Look at the architecture and objective analysis of who is there now. Global mandate. People come to Canada to buy products. Put resources behind what we are doing well now.

21) CAPI to continue what you are doing. Dedicate some resources towards sharing resources. More integration.

22) Understand the impact of loan deficiency programs in the U.S. It puts our value-adding opportunities into the U.S. We are losing value into the U.S. – policy is as important as the money.

23) Innovation. Bring it to Canada and to the agri-food sector. Canada is a small market and not seen as a big player. What do we have to do to bring business here? We need to make our regulatory system faster and more efficient. Have better intellectual property and tax policies. Have incentives to innovate.

24) Raising the $10,000 level for farming to qualify as a farm. Implement developing strategic forecasting for farm income level.

25) Outreach initiatives. Regional diversity. There are a lot of people in the room to provide their views. There is a lot of risk in the agriculture industry as indicated in the Wayne Easter report. Pay attention to back-end of the report which will be supported at the Fed/Prov/Terr meeting.