CAPI President makes presentation to House of Commons Standing Committee

OTTAWA, April 17, 2012 — In a presentation to the House of Commons Standing Committee on Agriculture and Agri-Food March 28, CAPI President and CEO David McInnes laid out a vision for creating jobs and improving profitability in the agri-food sector. His remarks drew on the possibilities presented by embracing a "food systems" approach that ensures supply chain partners work together to meet consumers' food needs.

Following are Mr. McInnes' remarks.

Good afternoon. I represent the Canadian Agri-Food Policy Institute, an independent, non-partisan forum. Our task is to create a dialogue on issues and alternative solutions so that the agri-food sector can become more prosperous.

What are the essential conditions to create jobs and profitability across the agri-food sector?

Our consultations revealed that achieving "a great food future" requires:

- Transforming how we collaborate;
- Linking economic success, people's health and sustainability to create opportunities; and
- Integrating policies & strategies to support these shifts.

Pursuing all three is essential to Canada and the "Canada" food brand. These ideas are based on a report we published in 2011, entitled *Canada's Agri-Food Destination: A New Strategic Approach*.

In short, our work is about taking a "food systems" approach. The "food system" includes supply chains players and how they work together.

It is also about how supply chains depend on or are impacted by so many others who are essential to their success: such as, all three levels of governments, information and technology providers, researchers and scientists, innovators and financial advisors, nutritionists and educators, human and animal health sectors, environmental services, transport, ports and logistics sectors, among many others.

Taking a food system approach is about how these players work better together so that we can be the best at meeting consumers' food needs.

This **diagram** (submitted for the record) offers one perspective. It is a representation of how "food" links government and supply chains. On the right hand side of the diagram are likely policy priorities of governments. On the left, are suggested agri-food priorities.

I'll briefly walk through this starting with "health":

Health
For governments, a major goal is reducing healthcare costs. Doing so will increasing require focusing on "prevention". Some 40% of healthcare costs are driven by chronic diseases.

Diet is a key to preventing disease. Up to 90% of Type 2 diabetes and 80% of heart diseases could be prevented by improved diets, among other lifestyle changes.

Satisfying the growing interest in nutrition and "what we eat" is the opportunity for the agri-food sector. Agri-food and health priorities can be linked. Pulse Canada, for instance, wants to create greater market pull for pulses as an "ingredient", such as adding pulses to pasta which can double the fiber and increases the protein content by 25%. They are working with researchers, culinary schools & health professionals to nurture consumer interest in pulses.

Metro-Vancouver has a food system strategy. It is linking farm viability and the availability of fruits and vegetables to its residents. We need to identify how Growing Forward 2 and Canada's health strategies can build on this potential.

Trade:
Canada is expanding market access for exports. "Access" opens the door. Fostering "demand" is crucial for our commodities and value-added foods.

To compete against low-cost exporting countries and premium exporters, we need foreign consumers to want "Canadian" even more. Distinguishing Canadian food is imperative.

Price, quality, safety and supply-reliability will remain important. But, consumers, retailers and processors are increasingly looking to "how food is being produced" – from environmental footprints to hormone-free attributes.

Export success will likely depend on delivering upon such attributes. Traceability is an effective tool that can demonstrate these value propositions.

Bio-Economy:
The bio-economy is surely going to be an innovation engine of the future. Creating business opportunities is the priority. This is a platform for generating new revenues, reducing inputs and lowering operating costs. For example, a Manitoba potato processor diverts its potato waste to a bio-technology company to create biodegradable plastic resins used for packaging and injection mouldings. It's a win-win.

In the livestock sector, bio-digesters can generate bio-gas and electricity from manure thus reducing energy costs and generating new revenues by selling the electricity to the local grid.

Research is a catalyst here. The University of Saskatchewan has discovered a bio-pesticide originating from mustard seed. We need to systematically look at food compounds for their potential bio-applications.

Improving the viability of producers — in part by deploying bio-solutions — may also help to render certain producer-directed risk programs less necessary (such as Agri-Stability). Along with some improvements to the efficiency of such programs, the "savings" can help expand funding for such innovation. We see this as a proactive investment in one of Canada's strategic sectors: the agri-food sector.

Environment:
The environment is important. Managing water and carbon is a priority. With climate change, this is essential to being a reliable food supplier. Research is vital so farmers can remain adaptive, such as growing heat and drought resistant crops.

Retailers and processors are setting water and carbon-reduction targets. They are reaching right back through their chains to producers to help do so. Water and carbon will continue to shape environmental and competitiveness strategies.

Industry:
If being competitive is the goal, then fostering an attractive business climate is the priority. Regulations are a big part of this. Regulations have a "life-cycle". We need to continually ask: "Is regulation "x" still keeping Canada safe and competitive?"

Constantly harmonizing, updating and/or embracing best practices are key. Change is possible, such as the major step to improve the regulatory environment between Canada and the U.S.

R&D:
Commercializing R&D relies, in part, on well-functioning public-private partnerships. Doing so can mitigate "innovation risk". A "healthier mushroom" demonstrates this point: A large processor in Ontario worked with a mushroom grower and a publicly-funded innovation centre (Vineland Research and Innovation Centre) to create a more nutritious mushroom for use in sauces and soups.

The processor benefited because they delivered a desired product. The grower benefited because the consumer demand was already identified by a willing processor. The innovation centre benefited because they needed the supply chain to ultimately commercialize the "improved" mushroom. Collectively, they reduced each other's innovation risk.

Can flaxseed help to prevent heart disease? A clinical trial is being concluded to find out. This effort involves: Agriculture and Agri-Food Canada, St. Boniface Hospital, University of Manitoba, Health Canada and a processing company is keeping a close eye on this. A research priority could be to systematically examine all food compounds for new product ideas.

Tourism:
Many priorities could be flagged on this diagram. The point is that "food" creates common linkages. One final example is tourism. "Canadian food" helps to brand Canada. No surprise.

Given the season, harvesting maple syrup in Quebec is profiled on Tourism Canada's website. Promoting regionally-grown food is good for tourism, which is good for farmers, local processors, restaurants — and rural economies. The strategic question here is: "What is holding back local food from truly defining Canada as a food destination of choice?" I would think that every region of the country would have a view about that.

Conclusion:
Food issues span many policy domains. The players are connected. We can create economic opportunities, improve people's health and ensure sustainable eco-systems. Canada can be better at this than anywhere else: we're good at collaborating.

But, we need to make it happen. This is about creating a "food systems strategy". Developing targets — and metrics — will help to galvanize action. The Canola Council has done so. We're not suggesting that government dictate what supply chains do.

Each supply chain should create its own targets. Government can inspire change by laying out broad targets. It can also set targets for its own respective areas of responsibility. This is not about crafting "vision" statements — about what we would like to do.

We need a dialogue today about what should be our country's agri-food "destination" for tomorrow — about where we want to end up. We believe that we have a great food future. What do we want to achieve? Would it be to double the value of our exports by a certain date? Should we be supplying a certain percentage of our own food? If so, what would it take to do so?

This is the conversation that is needed so that policy and practice can be even better aligned to drive performance.

Thank-you.

A Food Systems Strategy for Canada

A partial representation of how "food" creates win-win outcomes for priorities across government departments, and by working with highly collaborative supply chains and other food stakeholders to meet goals.

- Goals -

Sector viability, competitiveness, profitability

- Priorities -

				- Goals -
Agri-food	New market and supply opportunities	Focus on "prevention": improved diets	Health	**Reduced healthcare costs**
Agri-food	Consumer demand-pull for Canadian-grown food	Market access	Trade	**Increase exports**
Agri-food	Reduce need for BRMs; direct "savings" to innovation	Generate new business opportunities	Bio-economy	**Innovation platform of the future**
Agri-food	Adaptability; lowering costs of production	Manage water & carbon impacts	Environ-ment	**Conserve natural heritage**
Agri-food	Regulatory change facilitates opportunities	Attractive business climate	Industry	**Improved competitiveness**
Agri-food	Supply chains & others collaborate to mitigate innovation risk	Private-public partnerships	R & D	**Commercialize publicly-funded R&D**
Agri-food	Support vibrant rural communities	"Food" helps to brand Canada	Tourism	**Be the travel destination of choice**

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