



COMMUNIQUÉ (Ottawa and Chicago, August 16, 2019)

For Immediate Release

**Canada's CAPI and the Farm Foundation Convene "*Dialogue on Trade and Sustainability of the North American Agriculture and Agri-food Sector*" in Chicago, Illinois, on July 31, 2019**

The July joint Farm Foundation-Canadian Agri-Food Policy Institute Chicago Dialogue on Trade and Sustainability covered the challenges in developing a greater understanding of how trade and sustainability are interconnected. The event brought together experts with diverse backgrounds from the educational, corporate, policy and grower segments of the food and agricultural sectors in the United States and Canada.

Speakers led three specific areas of discussion: The current status of global sustainability and agricultural trade, the implications of disruptions in agricultural trade flows and the future of agricultural trade and sustainability. The dialogue was wide-ranging, reflecting the complexity of issues within sustainability and trade, as well as the global nature of the concerns.

**Key Dialogue Take-Aways**

- Free trade generally encourages production to locate where the use of resources is most efficient and sustainable.
- Realistically, market failures from unpriced externalities, government intervention and a lack of key institutions ensuring secure land tenure and property rights, result in trade having ambiguous impacts on the environment and land use.
- Some nations appear to be heading back to a world of subsidies, protectionism and tariffs and environmental deregulation with implications for sustainability, including less efficient resource use and environmental degradation.
- WTO global trade rules since the 1990s have been successful at increasing market access and global economic growth. However, they only started to address environmental protection in Greenbox programs and the WTO Committee on Trade and the Environment.
- Local solutions are essential for addressing sustainability, and this has been acknowledged in recent trade deals, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the recently negotiated United States Mexico Canada Agreement (USMCA).
- The North American agri-food system has been successful at reducing system inputs and curbing negative externalities over the past three decades. But this has not been enough to prevent environmental degradation.

- Other international organizations are targeting environmental concerns, such as the Intergovernmental Panel on Climate Change (IPCCC), while analytical capacity and mechanisms to evaluate trade flows and environmental impacts are being strengthened.
- While farmers and ranchers have the most direct control over natural resources at the local level, there needs to be recognition that producers will require incentives, as well as the knowledge, tools and technologies, to implement more sustainable production practices.
- Recent trade disruptions, increased uncertainty, new global players, a changing climate and evolving global demands are impacting prospects for future sustainability.
- Hence, before aiming for more global solutions, Canada and the United States should begin at the regional level to develop new industry and government strategies and policies, based on multidisciplinary expertise, to improve sector capacity and resiliency in the face of unforeseen events arising from trade disruptions and climate change.
- But to do so will require more dynamic, multidisciplinary models and new data metrics and analysis that accurately reflect the links between trade and sustainability and key emerging drivers in this new global trading environment.
- Participants of the Dialogue agreed that sustainability is: i) a global issue that might best be addressed with solutions at the regional or local level, based on science, and harnessing the forces of liberalized trade and investment where possible ; and ii) a complex issue that requires immediate attention but will require more efforts to find solutions.

#### **Backgrounder and Other Key Insights from the Dialogue**

- CAPI and Farm Foundation were pleased with the sense of urgency of the topic and quality of dialogue that took place.
- The event brought together a diverse group of academic, industry and NGO experts to discuss how trade and sustainability are connected, and how best to tackle the resulting issues going forward.
- There was some discussion around the challenge of finding a common definition/understanding of what “sustainability” means in the context of the agri-food system. This included going beyond environmental protection and focusing on financial prosperity, rural viability and health.
- At the same time, the agricultural commodity cycle is likely about to enter a period of low prices, after recent peaks, creating challenges for North American producers and sustainability.
- Trade disruptions have huge economic costs, and changes in traditional trading patterns are threatening future sustainability. Global trade is critical to global food security and North America has a vital role to play in this context.
- Industry players are working together to encourage sustainable production practices and products through collaboration across value chains.
- Recognizing that some wealthy consumers are willing to pay for more sustainable products, private voluntary standards—that require segregation and certification of product—are being developed without government assistance or oversight. But segregating bulk commodities adds to producers' costs. Without government support or higher market prices, farmers lack incentives to take such actions.
- An important role for government is to facilitate open markets and trade, invest in public research and development and motivate industry players to deliver environmental goods and services.

- Programs that pay farmers for environmental performance and goods and services have had some success in the past and provide an opportunity to become a new revenue source for producers in the future.
- However, given the heterogeneity of soil ecosystems and localized farm practices, it becomes very challenging to target geo-spatial differences and individual farmer behaviour for positive environmental outcomes.

### **Suggestions for Next Steps for CAPI and Farm Foundation**

- Analysis that furthers our understanding of the complex relationship between trade and sustainability, and the measures needed to address them, will require a complex analysis, gridded up from a micro level to a global model. This may benefit from collaborative participatory modelling and research.
- CAPI and Farm Foundation have the unique ability and convening power to bring together the right group of experts with the knowledge, skills and insight to develop evidence-based analysis that can support the right strategies policies and business practices to generate questions not previously considered, and to develop solutions that address the important issues around trade and sustainability.

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### **About the Canadian Agri-Food Policy Institute**

As an independent, non-partisan policy catalyst, CAPI brings insight, evidence and balance to emerging issues. CAPI provides a neutral place to hold dialogues and generate perspectives among leaders across the food system. For more information, visit [www.capi-icpa.ca](http://www.capi-icpa.ca) or follow us on Twitter: [@CdnAgriFood](https://twitter.com/CdnAgriFood) and Facebook: [@CdnAgriFood](https://www.facebook.com/CdnAgriFood).

### **About Farm Foundation**

[Farm Foundation](#) is an agricultural policy institute cultivating dynamic non-partisan collaboration to meet society's needs for food, fiber, feed and energy. Since 1933, it has connected leaders in farming, business, academia, organizations and government through proactive, rigorous debate and objective issue analysis.