

Creating Prosperity from Chaos

BIG SOLUTIONS FORUM SYNTHESIS REPORT EXECUTIVE SUMMARY

2021

Executive Summary

In early 2020, the Canadian Agri-Food Policy Institute (CAPI) launched a research program under the theme *Creating Prosperity from Chaos*. Initially, the chaos referred to disruptions in global trade, the sustainability of agri-food systems, and food security. However, chaos took on a new meaning when the pandemic began, impacting the health and wellbeing of all and bringing a chaotic “new normal” to our daily lives.

The *Creating Prosperity from Chaos* program culminated with The Big Solutions Forum (BSF) in May 2021. The first day of the BSF was an invite-only pre-Dialogue with participants from industry, academia and government. The Dialogue included a presentation from Professor Christopher Barrett on bundling innovations to transform food systems and from CAPI that outlined the conclusions reached from the year-long program and challenged participants to think of creative solutions.

A narrative summary of the full CAPI pre-Dialogue presentation can be found below. On May 20th, the final day of the BSF, we heard perspectives from five Deputy Ministers and five industry leaders on the future of Canada’s agri-food system in light of CAPI’s conclusions and findings from the pre-Dialogue. A full report of What We Heard from government and industry leaders can be found below.

CAPI presentation report
(component 2)

Pre-dialogue Summary Report
(component 3)

What We Heard May 20th report
(component 4)

CAPI’s conclusions were:

The Canadian agri-food system has great potential and the capacity to contribute to sustainable food production, global food security and climate change solutions while improving its competitive advantage.

The biggest and relatively untapped opportunity is in our ability to use multidisciplinary knowledge to create solutions.



Sustainable intensification is essential for future growth and food security.



Climate, animal and plant disease risks loom large for productivity, food security, human health and socio-economic health.



Adopting a “One-Health” approach to R&D, innovation, regulatory and policy development is critical to securing the future prospects of the sector.



Rule based trade is essential to growth of sustainable production and food security.



The current geo-political climate requires new approaches for **global solutions**.

- Alliances with like minded countries and/or adding or strengthening environmental chapters in regional and bilateral agreements;
- Being prepared for market based solutions, which will require public-private partnerships to build trust in standards and markets.



Sustainable agri-food supply chains are essential for resilience of all sector participants and domestic food security.



Growth in value-added capacity will require **the right business conditions** to attract investments & **the right sustainability standards and metrics**.



Canada’s past successes could be repeated for the **high value products** with characteristics demanded by markets.



Different country climate change policies have potential of further distorting global trade.



The conclusions underscore that Canada's agri-food system operates at the nexus of trade, climate change and food security and its future success depends on having the right policies in place.

While it is tempting to define the right policies through a laundry list of recommendations, CAPI has identified four key actions that are required to *Create Prosperity from Chaos*:

- 1 Systems Approaches**
Walls need to be torn down inside and across governments, industries and academia to recognize the agri-food system as an interconnected system that requires systems approaches to investments, strategies and policies in order to maximize environmental, social and economic outcomes.
- 2 Strategic Thinking**
Canada's agri-food system has a significant comparative advantage, but it is not being leveraged to maximize outcomes. Strategies need to be developed to leverage the assets the agri-food system has today and the advantages it will have in 20-30 years.
- 3 Public-Private Partnerships**
Public and private actors often work in silos or at odds, creating unnecessary friction and increasing opportunity costs. Both spheres need to realize that they cannot create a thriving, resilient and adaptable agri-food system on their own. The nature and complexity of current and future issues require meaningful public-private partnerships.
- 4 Aspirational Leadership**
Canada's agri-food system has become reactionary, responding to outside pressures rather than setting its own ambitious agenda. A changing environment, economy and society will make the future even more complicated and call for difficult choices. Aspirational leadership is imperative to maximize outcomes and to move the agri-food system forward successfully.



The pre-dialogue summary report provides more detail on the conclusions that underpin these four key actions, but here are examples of key learnings from CAPI dialogues in the past year and a half that demonstrate why change is needed for Canada's agri-food system to achieve its full potential.

Pre-dialogue Summary Report
(component 3)



Climate change is an existential threat to global agri-food systems and food security. Canada's climate change policies need to take into account Canadian agriculture's unique advantages in terms of its "environmental competitiveness", its potential role in providing climate change solutions and becoming a reliable and sustainable food producer that will be integral to global food security. However, instead of delivering true national action on climate change, Federal and Provincial Governments and the agri-food system, have often worked at cross purposes.

Implementing the key actions is essential to developing and achieving meaningful solutions to mitigating and adapting to climate change. The key actions can lead to: embracing agriculture's critical role as a nature-based climate solution; strategies that consider the impact of climate change policies on GHG emissions and soil-water-plant-animal health; policies that reward farmers for the actions they take to reduce emissions and sequester carbon; and protection of the soil, water and biodiversity that is critical to the natural capital that gives Canada a comparative advantage.

At some point in the future, maybe in the next 30 to 50 years, new technologies may change the role of soil-based agriculture. In the meantime, 9.7 billion people will need to be fed, and fed at a time when major food-producing regions are being impacted by climate change.

Continued productivity growth is a necessity for the global agri-food system. However, it must be done in a way that allows us to produce more and better with less.

Implementing the four key actions is essential to delivering the sustainable intensification needed to deliver that important objective. These key actions can lead to: increasing investments in research and innovation; new technologies to increase productivity without negative environmental impacts; sector strategies that promote interdisciplinary innovation bundles to take into account social, economic and environmental impacts of new technologies and practices and consumer preferences.

The recent pandemic has highlighted the fragile relationship between human, plant and animal health. A One Health lens is required to understand whether the policies being put in place increase or decrease the risk of the next global pandemic or economic crisis, as well as their long term impacts on ecosystem health; i.e. soil health, microbiome, water quality, etc. The risks from African Swine Fever or Chronic Wasting Disease are considerable and could have devastating impacts on Canada.

Implementing the four key actions is essential to delivering on the One Health approach required to protect Canada's environmental, human and socio-economic capital. The key actions can lead to: reduced risk of future pandemics; strategies that limit unintended consequences of government policies; policies that promote agriculture's critical role at the intersection of plant, animal and human health, and the shared environment in which they exist.



Canada's agri-food system faces increased risks in international markets as multilateral system has weakened and geopolitical conflicts continue to cause disruptions in trade. As an export dependent sector, access to export markets is critical for the sector. While Canada has been able to negotiate "preferential" market access, that access is sometimes not accessible to Canadian exporters. Multitudes of poorly aligned government and private standards can make finding value even more challenging.

Implementing the four key actions are essential to improving the value and reliability of export markets. The key actions can lead to: an increased understanding of the leverage that Canada has, including its position as a low GHG producer and a supplier of global food security; strategies that use that leverage to obtain and maintain market access; increased alliances with like-minded countries to improve outcomes of trade; leadership in international standard setting; improved relationships due to collaboration among governments and exporters; and policies that support market diversification.

The greatest, and most underappreciated, opportunity for market diversification remains to be the domestic market.

However, it appears to be increasingly difficult for Canadian food processors to compete in the domestic marketplace. The challenges food processors face are highlighted by the increasing presence of imported food on Canadian plates.

Implementing the four key actions are essential to increasing value-added processing in Canada. They key actions will lead to: efficient regulations that support

growth and innovation, investments in automation and efficiency in food processing, higher returns for high quality differentiated products, increased domestic food security, decreased risk from trade barriers and changing exchange rates, add significant value to the economy, increase high paying jobs and deliver improved environmental outcomes.

The conclusions and actions underscore an important reality: Canada's agri-food system has a comparative advantage due to its natural resources and human capital. However, silos, internal divisions, short-term thinking and acceptance of the status quo, fail to maximize the full potential of the agri-food system and put its future at risk.

Without transformational changes in Canada's agri-food system and in agri-food policy, Canadians will see significant change over the next 30 years, but it will not be change for the better.

Our grasslands will disappear, cropland soils will decline, value-added processing will move outside our borders and the likelihood of another pandemic will only increase.

The good news is that throughout the *Creating Prosperity from Chaos* program there was an intense amount of optimism due to the current performance and resilience of the sector, and the future potential of the industry. The question remains, is the agri-food system prepared to implement the key actions or is that optimism misplaced? Decisions made in the near future will reveal the answer.