

# THE CAPI CONNECTION



Elise Bigley | Editor

Photo by Myra Altwasser

## Celebrating One Year of The CAPI Connection

The Canadian Agri-Food Policy Institute's monthly newsletter, **The CAPI Connection**, is celebrating its one-year anniversary. Drawing upon the past twelve issues of the publication, we have identified the Canadian agri-food policy topics CAPI's network engaged with the most and consider what they may signal for the year ahead.

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## What We're Reading

A recent paper by Jayson Lusk and Ahmad Wahdat, **The Achilles heel of the U.S. food industries: exposure to labor and upstream industries in the supply chain** develop a model and data dashboard for determining where supply chain vulnerabilities exist in the food industry from exposure to labor and input from upstream industries in the supply chain.



**THE ACHILLES HEEL OF THE U.S. FOOD INDUSTRIES: EXPOSURE TO LABOR AND UPSTREAM INDUSTRIES IN THE SUPPLY CHAIN**

November 9, 2021

This is the title of a **new paper** co-authored with Ahmad Wahdat, in which we attempt to quantify potential vulnerabilities of different food processing sectors to disruptions in the upstream input supplies.

Here is the abstract:

"The modern day food industries are part of a complex agri-food supply chain, where food production has become efficient, yet potentially vulnerable to supply chain risks. The COVID-19 pandemic is a testament to that end. This article measures and identifies the U.S. food manufacturing industries' vulnerability to upstream

The results of the report found that the meat processing industry is relatively vulnerable to production labor. During the Covid-19 pandemic, North America saw several disruptions to the meat packing sector with much of the cause being labor shortage issues. CAPI has also explored these issues in the animal processing industry, most recently in a Perspective Report **Managing Surge Capacity and Boosting Resilience in Meat Supply Chains**.

## What's New at CAPI

**Looking Ahead: Reflecting on 2021 and what will drive ag policy in 2022**

Webinar Recording



**Supply Chain Efficiencies from the Perspective of the Former UK Groceries Code Adjudicator**

Perspective Report  
by Christine Tacon



## Upcoming Events

**Agricultural Soils: The Link to Climate Change**

Webinar with Susan Wood-Bohm and Marie-Élise Samson  
Register Today!



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The most downloaded version of the newsletter was the **special edition** released in September before the Federal Election. Elections bring with them a broader interest in policy. The engagement and reaction to the newsletter drove home that there is significant interest in looking at issues that do not always make it to the front page - issues such as the need for a renewed approach to mental health, the challenges facing young farmers and productivity in agri-food.

The special edition was also a way for CAPI to highlight the network of thought leaders on its Board and Staff. The call to action from **Kim McConnell** and contributions from **Deb Stark** and **John Weekes** highlighted the diversity and experience that exists within our team.

As CAPI continues to evolve, expanding that network through engaging more thought leaders in its work is a major priority for 2022. Inviting outside contributions to The CAPI Connection is one way this will be accomplished.

CAPI's most downloaded report from the last year was the **Perspective Report** written by **Douglas Hedley** on **Federal-Provincial-Territorial (FPT) Relations**. The report was an opportunity for Dr. Hedley to overview the history that led to the current approach to FPT relations in agriculture, the pressures facing the system today and opportunities to improve how governments work together.

The report was followed later in the year by a **webinar**, looking at FPT relations from multiple perspectives. Once again, the participation in the webinar was very positive, and the accompanying video continues to be watched on **CAPI's YouTube channel**. A short **What We Heard Report** was also published following the webinar.

The engagement with content related to FPT relations underscores the interest from the agri-food community in better understanding the existing policy framework and the opportunities to improve it. As governments ratchet up consultations for the next five-year policy framework, CAPI will continue to focus on the development of one that enables the agri-food system to meet the critical need to produce more and better with less.

The **Big Solutions Forum report** CAPI released last spring offers some critical insights on what is needed to deliver on that enabling policy framework. The four simple solutions highlighted in the report - system approaches; strategic thinking; public-private partnerships; and aspirational leadership - should be the foundation for that framework.

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Finally, the **April Newsletter** highlighted the joint CAPI-Farm Foundation **virtual conference on Trade and Climate Change**. The discussions that took place over those two days in April are increasingly relevant as governments explore integrating sustainability into international trade. The **dialogue around Border Carbon Adjustments (BCA)**, underscored the challenges in striving for equity in climate actions across countries in agriculture and food.

The need and opportunity for equity in approaches were highlighted in two other sessions at the conference. **Three former trade negotiators** spoke about the potential for a more coordinated, North American approach to trade and climate change policy. **Multiple speakers highlighted** the potential for the Canada-US-Mexico Agreement (CUSMA) to serve as a tool to build that more integrated approach. There is a need for global solutions to this global challenge, and North America could develop a coordinated approach. That coordination is essential to maintaining a level playing field between producers and processors that compete in markets in North America and around the world while still delivering meaningful climate action.

**The presentation from Robert Bonnie**, recently confirmed as USDA Under Secretary for Farm Production and Conservation, was pivotal in understanding how the US Administration is approaching climate change policies and how different that is from the approach taken in Canada. While both governments have made it a priority, the policies and programs highlighted by Bonnie are different from the approach Canada is taking.

It is essential that Canada's trade-dependent agricultural sector better understand how these differences are impacting the agri-food system's competitiveness and its need to deliver meaningful action on sustainability. Understanding these differences should also help inform the ongoing work on the FPT policy framework.

These are a few of the highlights from The CAPI Connection over its first twelve issues. The team at CAPI is always interested in hearing more about how to better connect and engage with the community surrounding agri-food policy in Canada. If you have ideas for making The CAPI Connection better or would like to contribute to it over the upcoming 12 months, please reach out.

As CAPI Director Kim McConnell likes to say, "The journey continues," CAPI looks forward to continuing it with you.

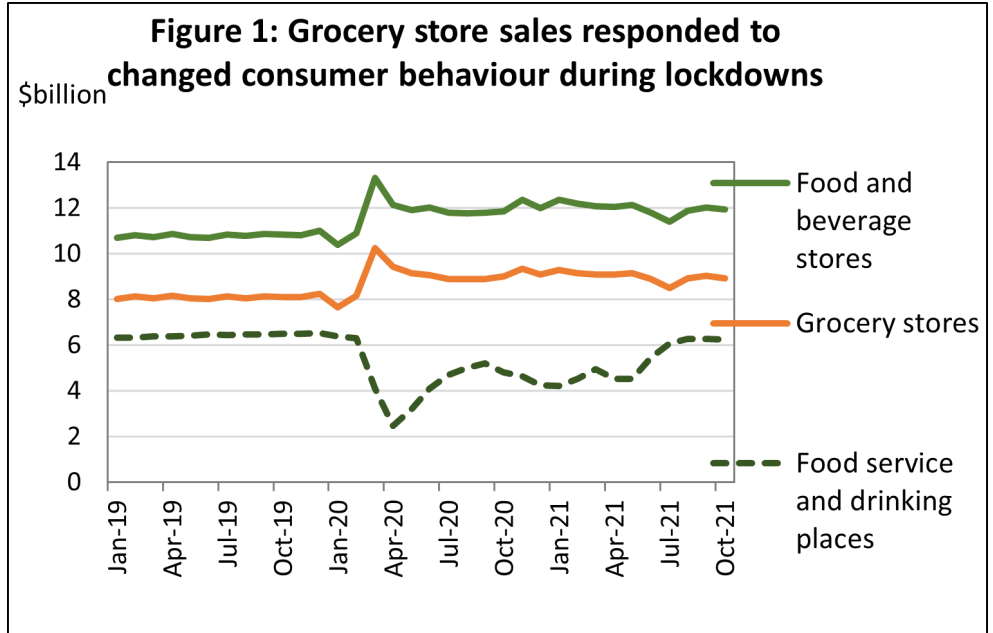
Tyler McCann, Managing Director

# One Great Graphic

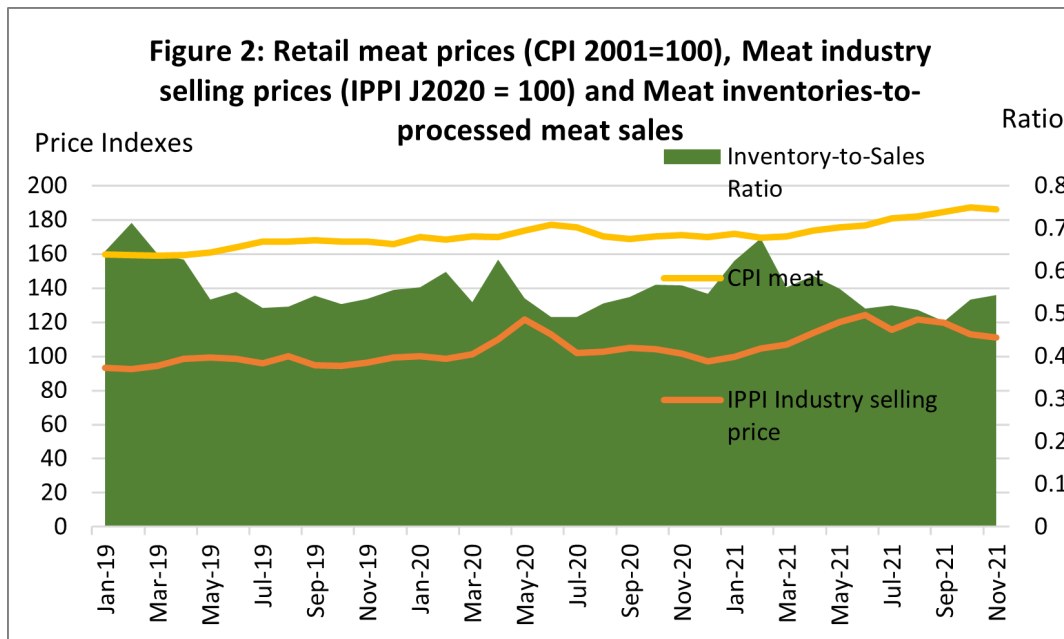
## Supply Chain Bottlenecks and the Canadian Agri-food Sector

Supply chain bottlenecks have been a major concern since the pandemic began. More recently, trucking and shipping disruptions, labour shortages and increased worker absences due to the Omicron strain are testing the resilience of Canada’s agri-food supply chain. Bottlenecks are being blamed for everything from empty store shelves to higher inflation.

Bottlenecks take place on the supply side but often originate from sudden changes in consumer behaviour. Agriculture and food industry players have had to adjust to dramatic changes in consumer demand when lockdowns forced consumers away from restaurants to grocery stores (Figure 1). Food manufacturers suddenly had to boost production with increased shifts (e.g. **Kraft dinner**), reduced product lines and quicker turnaround. Suddenly “just in time” inventory management was unreliable and “**just in case**” became the preferred model. Meat processing exemplified where increased demand and supply shortages due to illness and plant closures resulted in swings in inventories and price volatility (Figure 2). This is called the “**bullwhip**” effect, when sudden increases in demand lead to shortages followed by an overshoot in supply, dramatic swings in inventory and price volatility. Other industries faced more dramatic shocks, supply shortages and price volatility than food did (e.g. cars, semi-conductors). This was aggravated by shipping disruptions as containers and **ports**



became stranded in the wrong direction. Luckily the food industry has seen less volatility than other industries due to shorter supply chains, increased collaboration between buyers and suppliers and government policies and regulations that addressed some of the supply side issues (e.g. temporary foreign workers). See recent CAPI publications on **Supply Chain Efficiencies** and **Surge Capacity in Meat Processing**.



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**New mandate letter suggests a busy time ahead for Bibeau**

## *i*POLITICS

**indurham**

**The Sprout: Bibeau given new marching orders**

**Clarington agricultural visionary Kenneth Knox named to Order of Canada**



**Soil health commentary underscores need for public review**

**CountryGuide**  
STRATEGIC. BUSINESS. THINKING.

**Missing the market**

Farmers like the Thatchers are succeeding, but what happened to the promise that industry would make us a world leader value-adding?

# Partnership Opportunities at CAPI

## Thank you to our many sponsors and supporters!

In celebrating the one-year anniversary of The CAPI Connection, we want to take the opportunity to thank all our sponsors and supporters highlighted in these past twelve issues. From supporting CAPI webinars, projects, and large-scale initiatives we thank you for joining CAPI in working towards a more resilient agri-food system that produces more and better with less, environmentally sustainably, and profitably, to meet the growing needs and wants of consumers in Canada and around the world.

We invite you to reach out to us to explore the different opportunities to contribute to CAPI as an institution where Canada's agri-food system comes together to create bold, innovative, strategic policy thinking. Together we can find new ways to drive growth, through innovation, creative thinking, and ideas rooted in science and good policy.



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## Support CAPI

You can make a difference! Become a partner or supporter of our work through the Canadian Agri-Food Foundation, a registered charity. Your commitment is vital as it is urgent to intensify our efforts as agriculture and agri-food can be essential solution providers for the economy, environment, health, food and global security but creative policy changes are essential. Click [here](#) to learn more.

**CAPI acknowledges the overall support of its many partners particularly Agriculture and Agri-Food Canada.**

