CAPI
THE CANADIAN AGRI-FOOD POLICY INSTITUTE

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Agri-Food Risk Report Phase 1

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The Canadian Agri-Food Policy Institute's mission is to lead policy development, collaborate with partners and advance policy solutions within agriculture and food.

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Survey data and report provided by the Angus Reid Institute.

Risks & Prospects: Survey of Agriculture Sector finds policy environment, extreme weather, protectionism atop agenda

Most are optimistic, but government and private sector generate little confidence to overcome challenges

July 16, 2024 – Canada's federal, provincial, and territorial minsters of agriculture will convene this week in Whitehorse, Yukon with no shortage of topics to discuss.

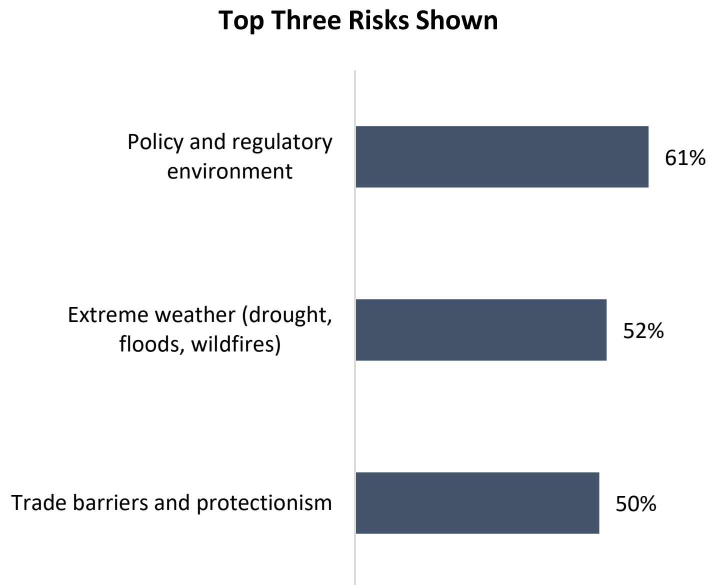
The agriculture industry has faced a cascade of challenges in recent years. Climate change, market volatility, supply chain disruptions, and evolving regulations have disrupted planting and harvesting schedules, and challenged those employed across the sector. The ripple effects throughout the supply chain, affecting civil society and government efforts to ensure food security are perhaps overlooked by many Canadians, but nonetheless affect millions.

In partnership with the Canadian Agri-Food Policy Institute (CAPI), and supported by the Global Institute for Food Security (GIFS) at the University of Saskatchewan, Angus Reid Institute engaged more than 500 stakeholders in the Canadian agriculture sector, including farmers, those in civil society organizations, government workers and others, to ascertain the biggest risks and opportunities facing the sector.

What we find are three core concerns – the policy and regulatory environment, extreme weather, and trade barriers and protectionism, that rise above other issues to a place of prominence across the industry. These three issues are viewed as largely already causing challenges, and not easily overcome. Fewer than 15 per cent of those in the sector have confidence in government to solve any of the three, while fewer than 22 per cent say they have confidence in private sector solutions. Thus, the uphill battle will evidently persist for years to come. Despite this, optimism in the industry is relatively high. Consider that those in the sector are three-times as likely to say they're optimistic (62%) about the direction of Canadian agriculture than pessimistic (21%).

While confidence in problem solving is low, the prevailing view appears to be that many opportunities are to be had, including accessing international markets and expanding on domestic potential. Half (47%) say

From the different risks you selected as significant threats to Canadian agri-food this decade, please now choose the eight that you consider to be the most important risks.



METHODOLOGY:

The Angus Reid Institute in partnership with the Canadian Agri-Food Policy Institute conducted an online survey from April 30 – May 28, 2024 among a sample of 549 Canadian adults who are members of Angus Reid Forum (201) or surveyed online by CAPI (348). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 4 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

Canada is well-positioned to take advantage of rising incomes globally and the subsequent expansion in demand. Another one-in-three (32%) say Canadian agriculture is in a "fair" position, while one-in-five take a negative view.

Key Findings:

- Asked what the top priorities should be for government, trade policy, climate change adaptation, and research and development take the first three spots. For the private sector, research and development, productivity growth, and business investment are the top three.
- The markets most chosen as "massive" opportunities for the agriculture sector are India (41%) and the rest of Asia outside of China and India (41%). One-in-five say both the domestic Canadian market (21%) and the US/Mexico (20%) are massive opportunities.
- Beyond the top three threats to the sector already mentioned, input affordability, farm income and debt, human resources, and climate change were all chosen by at least one-in-three survey participants, making up a secondary tier of risks.
- Opinions among famers, government workers, civil society, and others in the farming industry diverge in some areas. While no group is overly confident that solutions to the top three challenges will be easily discovered, those in government are more confident in government problem solving and less confident in the private sector.

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Part One: Top Tier Concerns

Some may picture red barns and white fences when they think of it, but the Canadian agriculture sector is a vast, modern, and complex cornerstone of the nation's economy. The sector has endured challenges over the past half-decade. Labour shortages during COVID-19 have proven to be chronic in the years since. Climate change and extreme weather like droughts and wildfires have challenged farmers, and tense political dynamics have created supply chain headaches.

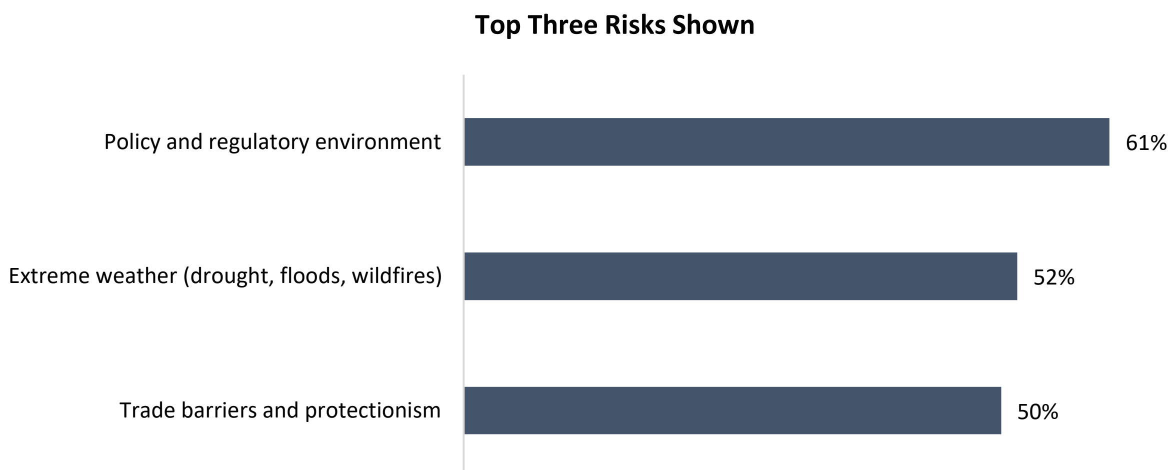
In order to understand the challenges and opportunities going forward, Angus Reid Institute and the Canadian Agri-Food Policy Institute conducted a survey of 549 individuals working in the agriculture sector. This includes 200 farmers and more than 50 members of government, as well as others across the industry. Note that in some cases smaller sample sizes are valuable but should be interpreted with caution.

In order to establish tiers of risk, given the robust nature of the industry in Canada, respondents were given lists separated into five distinct categories:

- Environmental
- Financial/Economic
- Domestic
- Production
- International

From a list of 35 different potential risks, three stand out as clearly important among others. The policy and regulatory environment, extreme weather, and trade barriers/protectionism. Each of these was chosen as a top concern by at least half of those participating in the survey. Challenges in the policy and regulatory environment were chosen by three-in-five.

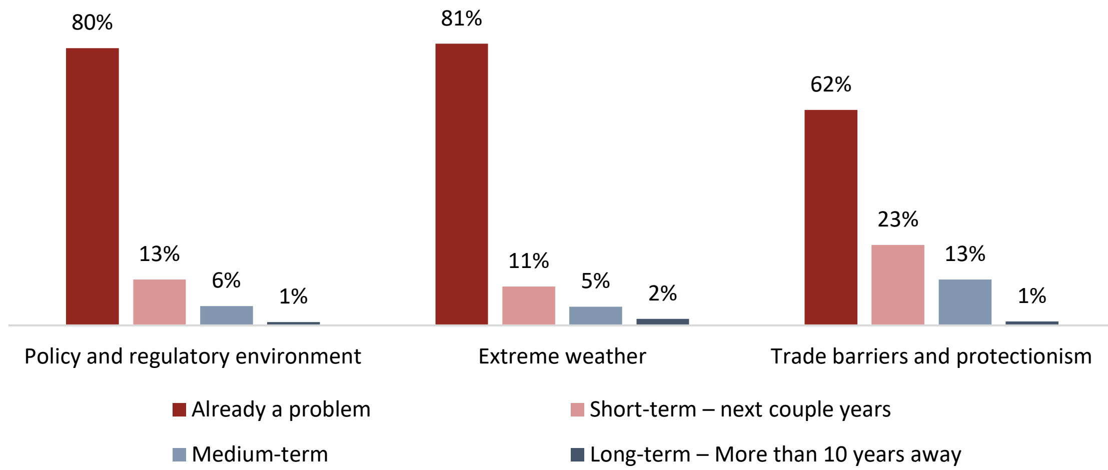
From the different risks you selected as significant threats to Canadian agri-food this decade, please now choose the eight that you consider to be the most important risks.



Risk timeline

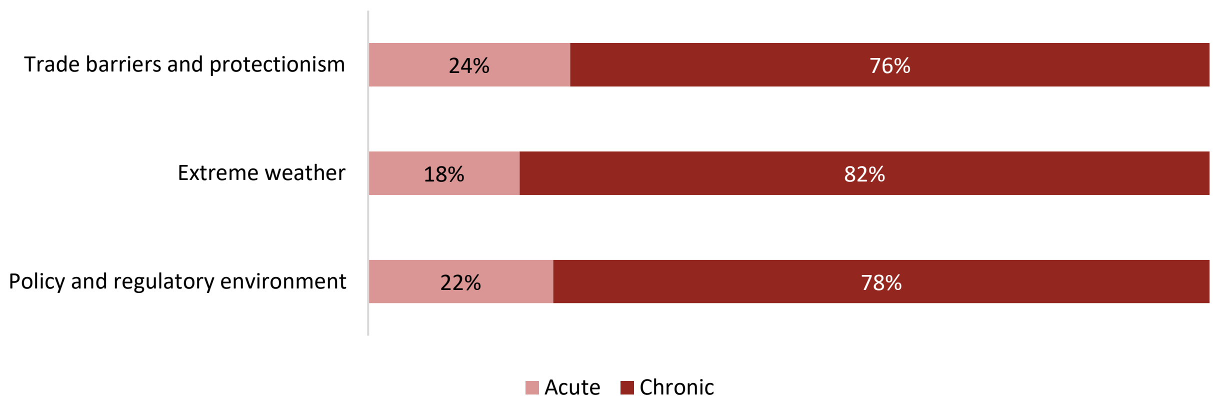
At least three-in-five of those who choose these core risks say that they're already challenging the sector. There is a sense, however, among some that challenges will arise in the coming years, if they have not already:

For each of those issues you chose as a threat to Canadian agri-food in the coming decade, which time horizon do you think it will be an issue in?



When forecasting the ability to overcome these threats, some feel that they will be acute and will pass. Some may be anticipating changes in both the federal governments of Canada and the United States, which both hold elections over the next 18 months. The vast majority, however, perceive these as chronic and persistent challenges that the industry will need to take on over a long period of time:

And for those same issues, do you believe they will be acute (intense but brief) or chronic (persistent over a long period)?

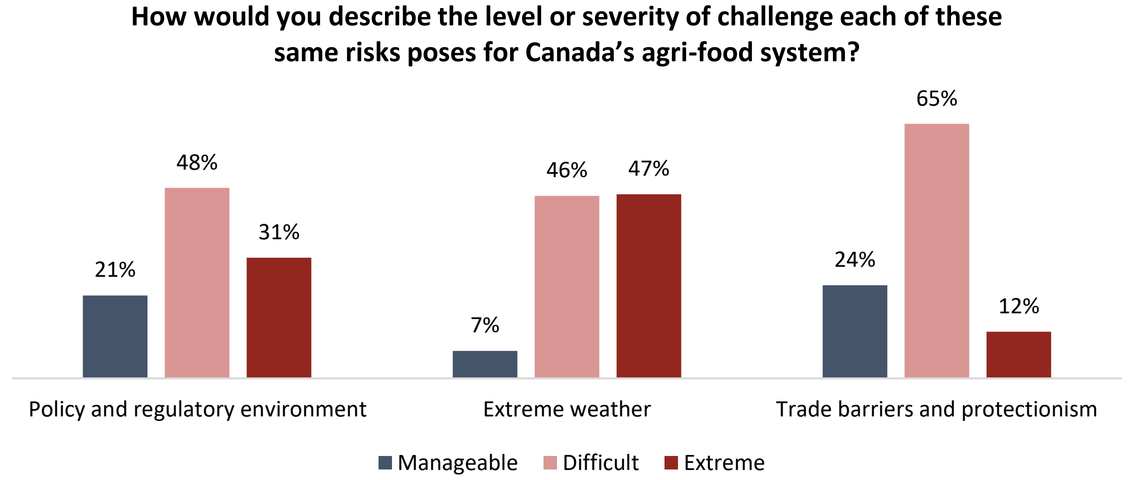


Severity of challenges

Each risk has its own perceived intensity. The most extreme of these is the growing threat of extreme weather. Nearly half (47%) say this is going to present an extremely difficult challenge. Canadians faced the worst wildfire season on record in 2023, with numerous provinces hampered by burning and smoke. Flooding, too, has become more common in recent years. In Abbotsford, B.C., in 2021, more than

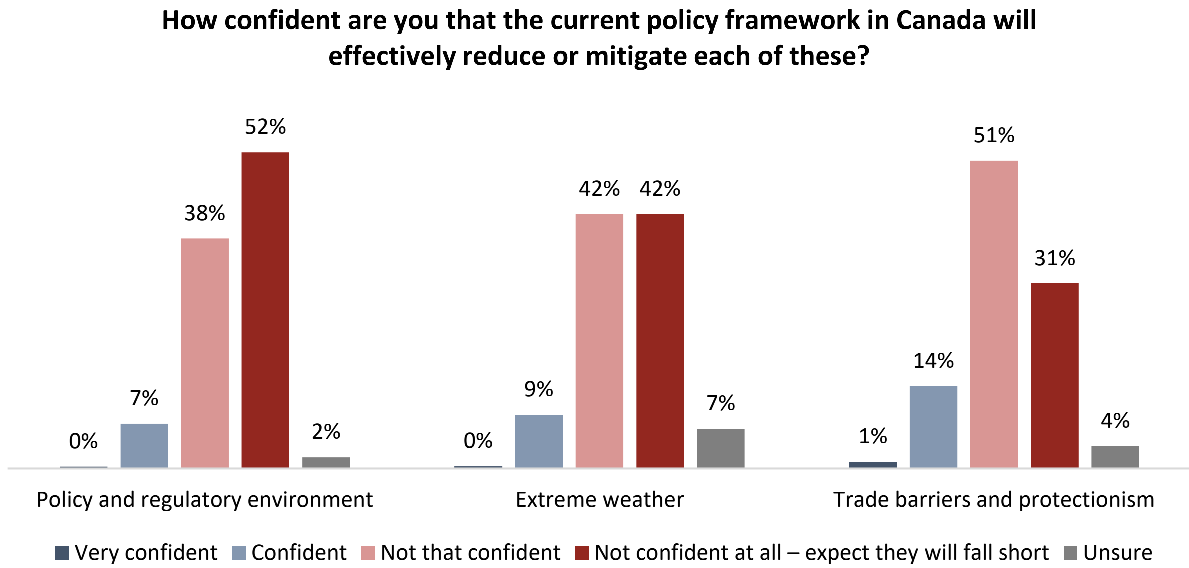
630,000 chickens and turkeys, more than 12,000 pigs, and 458 cows died amid flooding. On the other end of the spectrum, drought has hampered farmers who suffer from low water supply.

The policy and regulatory environment includes numerous potential challenging factors, from supply management to the temporary foreign workers program, to interprovincial trade obstacles. Just one-in-five (21%) feel these will be manageable to overcome.



Confidence in government and private sector to mitigate

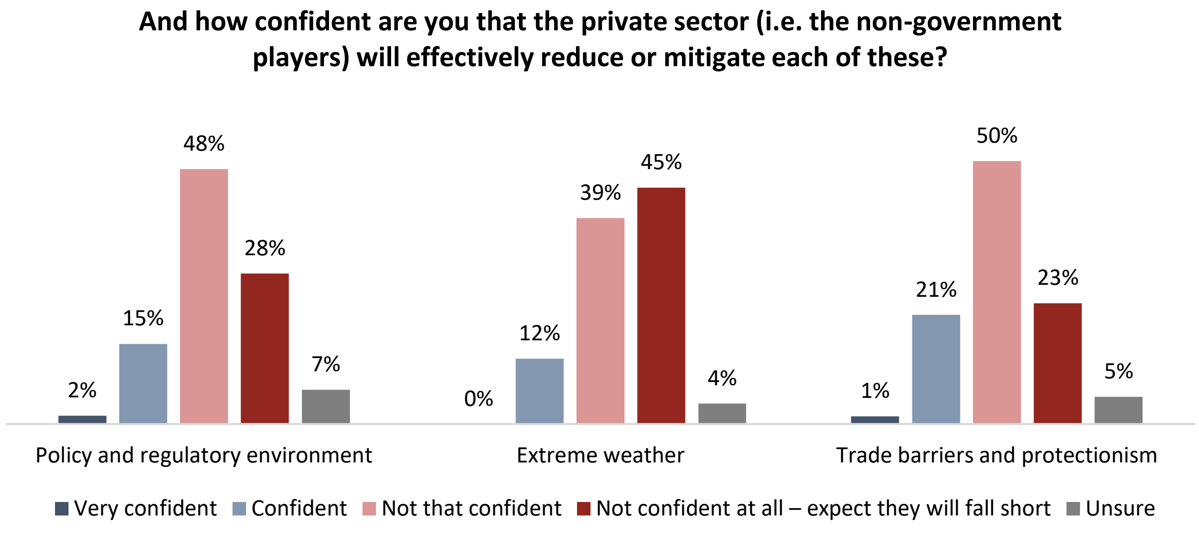
These issues present a unique array of challenges to those in the industry, and confidence is low that either government or private sector are up to the task of mitigating each. Considering each of the top three issues identified by stakeholders, at least 82 per cent say they lack confidence in the current policy framework in place to overcome or mitigate them.



Those in government offer higher levels of confidence in the ability of the current policy framework to address challenges on each issue, but in no area does confidence reach even three-in-10 respondents:

How confident are you that the current policy framework in Canada will effectively reduce or mitigate each of these? Top Risks shown in order						
	Total	Agriculture Sector				
		Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Policy and regulatory environment	8%	5%	6%	27%	11%	8%
Extreme weather (drought, floods, wildfires)	9%	10%	7%	19%	11%	3%
Trade barriers and protectionism	15%	8%	13%	26%	30%	8%

Confidence in the private sector is slightly higher, but still low, with extreme weather generating the most pessimism.



Notably, here the perspectives shift slightly, with farmers and other industry workers voicing more confidence in the private sector than government, and those who work in government sharing the opposite views:

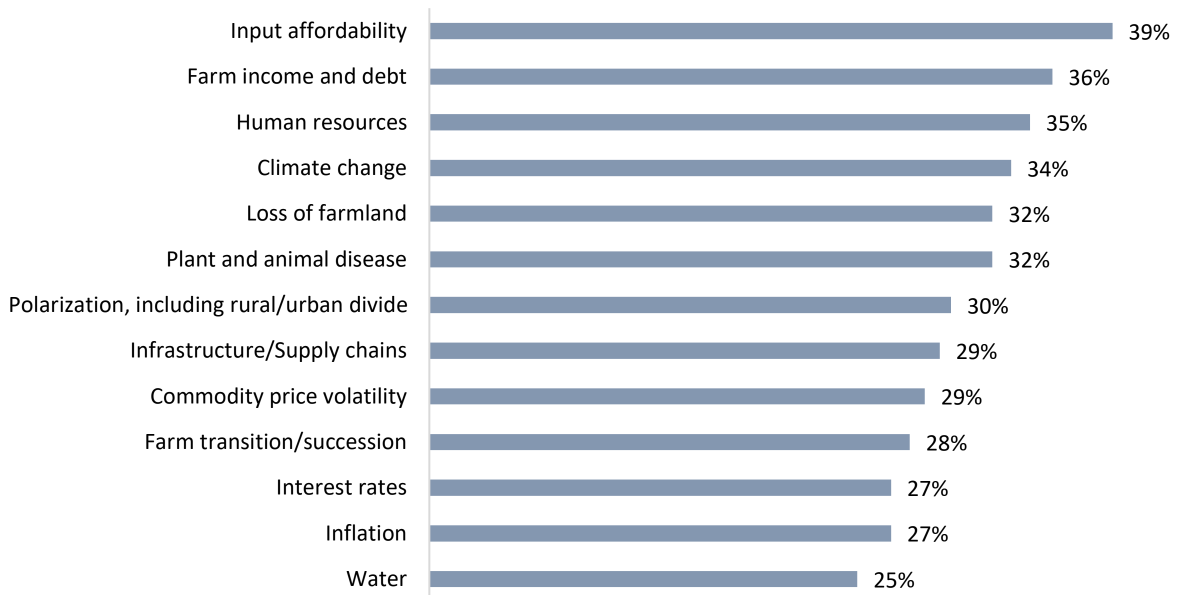
How confident are you that the private sector (non-government players) in Canada will effectively reduce or mitigate each of these? Top Risks shown in order						
	Total	Agriculture Sector				
		Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Policy and regulatory environment	17%	17%	20%	7%	9%	22%
Extreme weather (drought, floods, wildfires)	12%	11%	10%	12%	11%	20%
Trade barriers and protectionism	22%	20%	22%	9%	28%	29%

Part Two: Secondary Concerns

While policy, extreme weather, and trade barriers are top of mind, there are myriad issues that generate consternation in the agriculture sector. We'll focus on those above one-third to see just how manageable this next suite of issues is perceived to be:

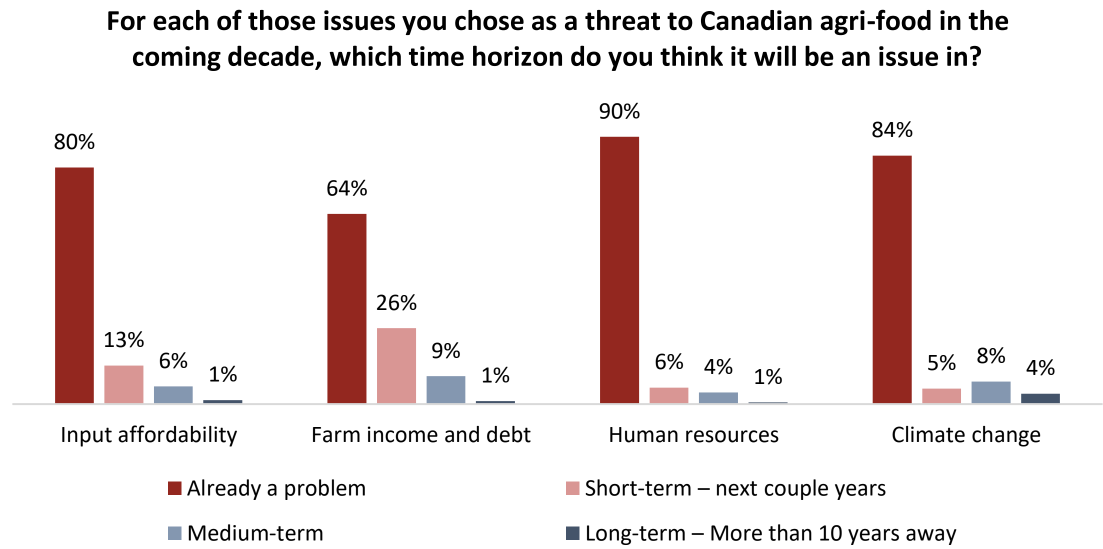
From the different risks you selected as significant threats to Canadian agri-food this decade, please now choose the eight that you consider to be the most important risks.

Secondary Tier Risks Shown (chosen by 25% or higher)



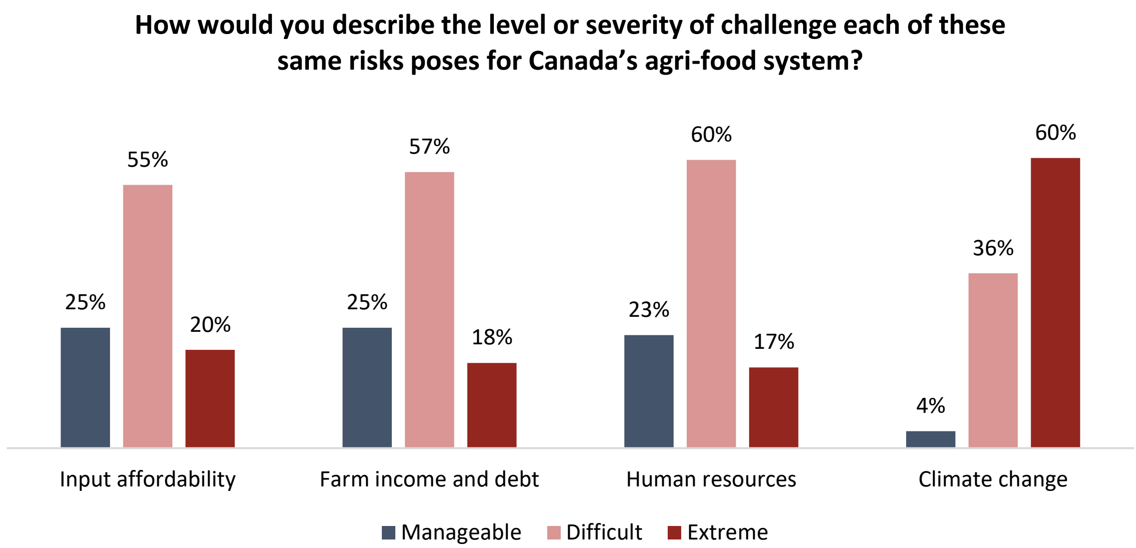
Risk timeline

Two massive production issues, the price and affordability of inputs, and the human resources available to the industry, are largely already seen as a problem. Inflation and deteriorating farmland have driven rising input costs in recent years, and a persistent labour challenge are among the most likely of all issues to be viewed as "already a problem". Climate change overlaps with extreme weather, placing the natural environmental conditions for farmers as paramount:



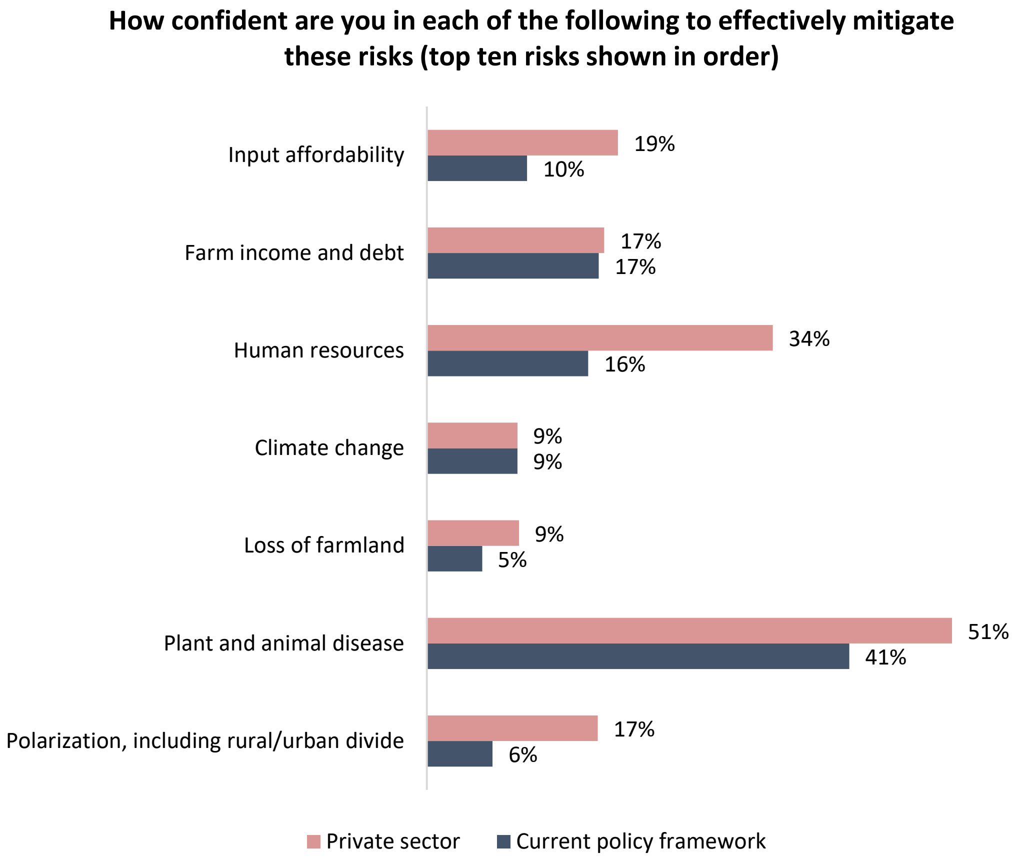
Severity of challenges

Climate change is viewed as an extreme challenge by three-in-five (60%) and difficult by 36 per cent. Production, fiscal, and employment challenges are viewed as difficult but much more manageable in comparison:



Confidence in government and private sector to mitigate risks

The private sector is viewed as more capable of mitigating most of these risks, but confidence in both that sector and the current policy framework are low, as we saw with the top three concerns as well. There is a higher sense of ability to overcome labour challenges and address plant and animal diseases, perhaps reflecting the framework in place for these issues. Provinces and the federal government have regulations in place for disease reporting and mitigation, which many believe will help to reduce the risk posed going forward:



Confidence higher within government, but still low

The same pattern of confidence in the policy framework from those in government is evident on this secondary issue list. The intensity of confidence is reflected in the following table:

How confident are you that the current policy framework in Canada will effectively reduce or mitigate each of these? Top Risks shown in order						
	Total	Agriculture Sector				
		Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Input affordability	10%	7%	10%	27%	4%	17%
Farm income and debt	17%	11%	18%	36%	15%	30%
Human resources	16%	8%	10%	44%	20%	16%
Climate change	9%	5%	7%	15%	12%	6%
Loss of farmland	5%	4%	3%	6%	3%	17%
Plant and animal disease	41%	33%	50%	73%	35%	35%
Polarization, including rural/urban divide	6%	7%	6%	0%	18%	0%

There are heightened levels of confidence in the private sector across all groups surveyed, though some issues still appear intractable for most:

How confident are you that the private sector (non-government players) in Canada will effectively reduce or mitigate each of these? Top Risks shown in order						
	Total	Agriculture Sector				
		Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Input affordability	19%	14%	27%	33%	16%	13%
Farm income and debt	17%	10%	29%	45%	11%	15%
Human resources	34%	29%	48%	44%	23%	32%
Climate change	9%	2%	26%	8%	7%	6%
Loss of farmland	9%	7%	9%	6%	6%	22%
Plant and animal disease	51%	49%	64%	40%	48%	47%
Polarization, including rural/urban divide	17%	21%	14%	7%	18%	11%

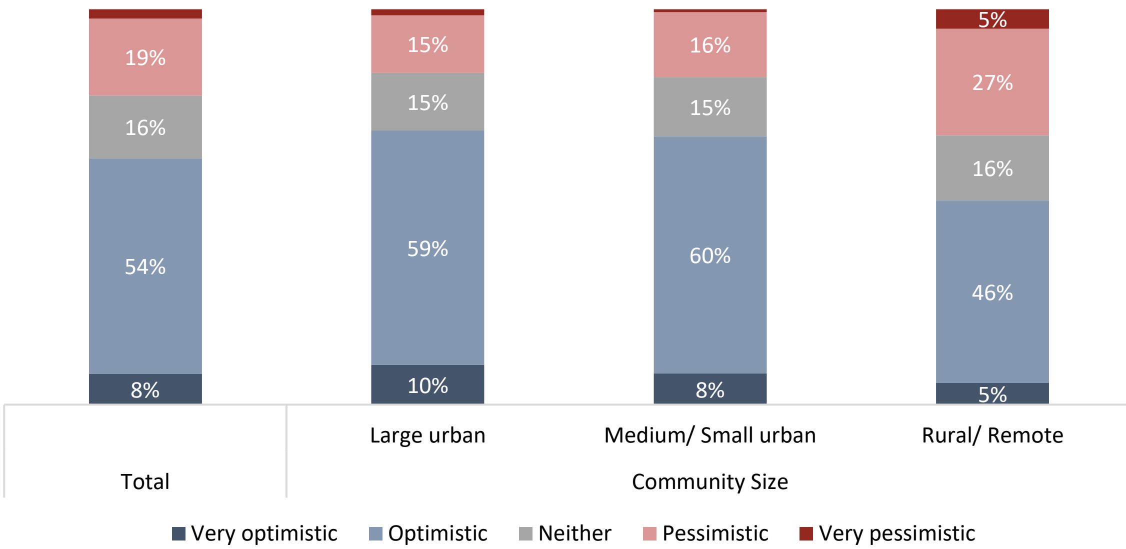
Part Three: The Mood of the Agriculture Sector

While challenges may appear daunting, they're not new to a sector with the legacy of agriculture in Canada. Perhaps for this reason, across the sector, optimism is not hard to find.

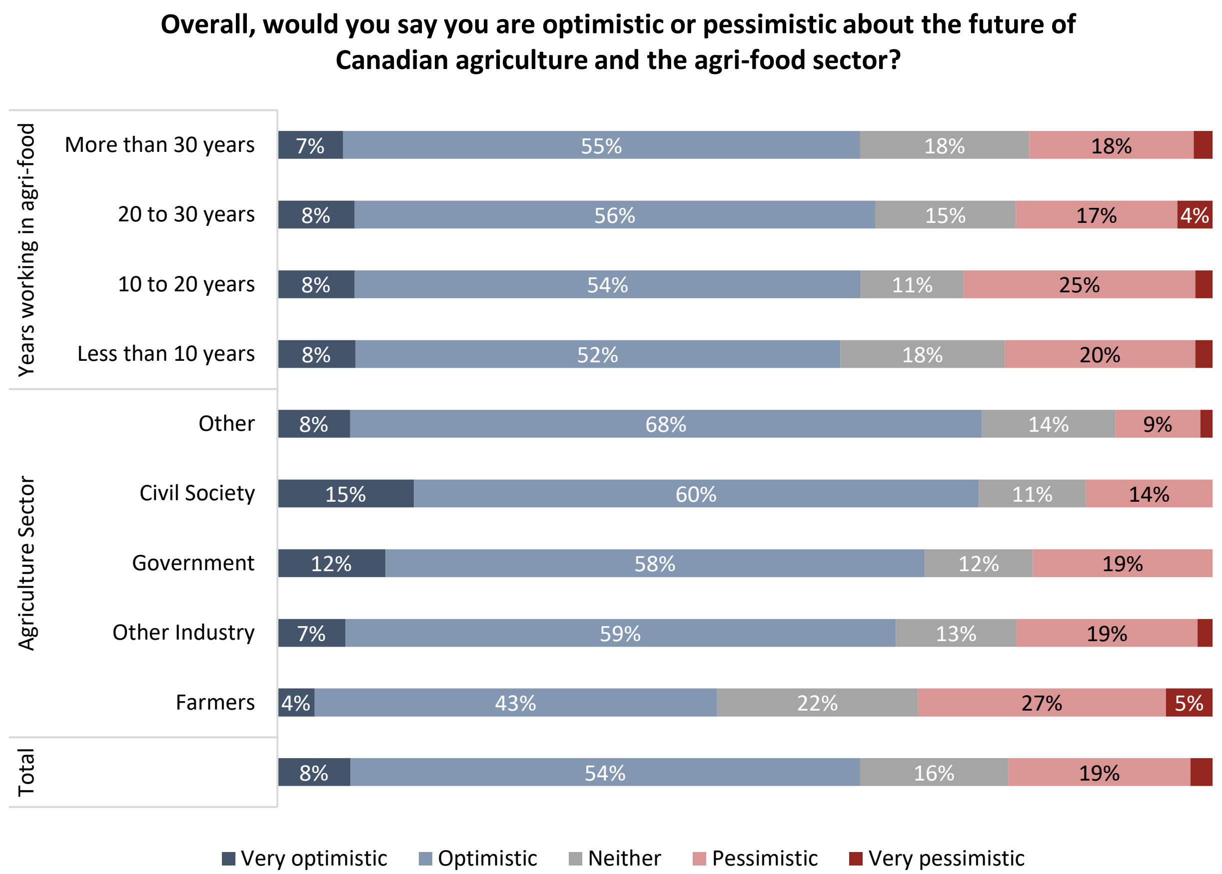
Optimism among most

Across the country, the proportion of survey respondents who are optimistic is approximately triple the number who are pessimistic. Three-in-five (62%) have a positive view of the future. The proportion of pessimistic Canadian agriculture workers rises in more rural and remote areas, which suggests higher levels of angst among farmers:

Overall, would you say you are optimistic or pessimistic about the future of Canadian agriculture and the agri-food sector?



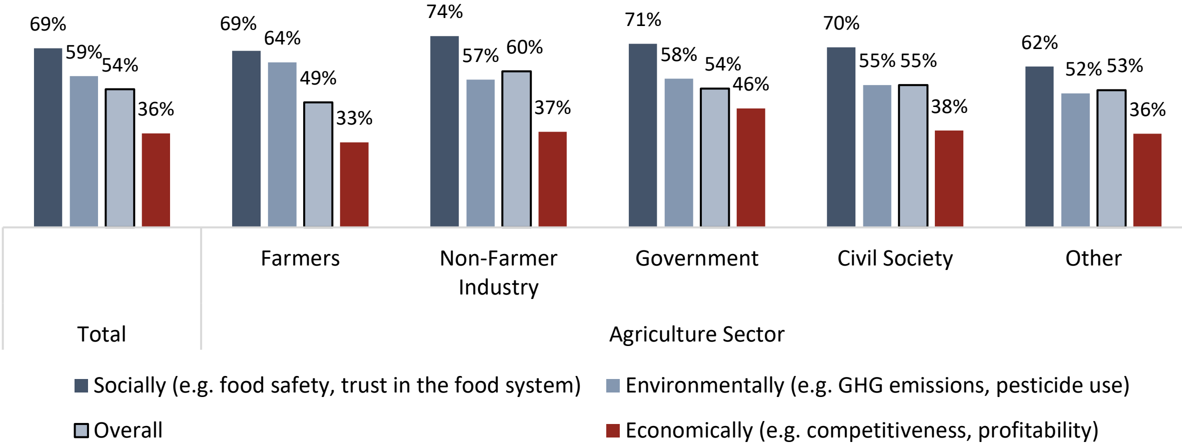
These primary producers are, indeed, more pessimistic. Among farmers one-third (32%) are pessimistic, compared to 19 per cent in government and 14 per cent in civil society. Across all lengths of tenure in the field, at least three-in-five say the future is bright:



Canada "ahead" of other countries, but economic challenges top of mind

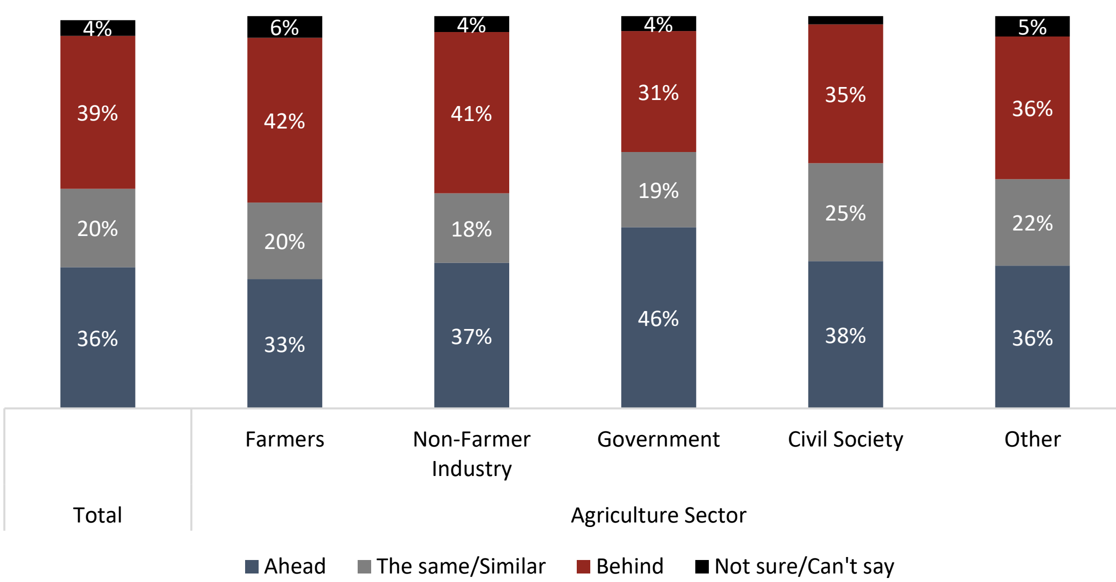
The sense among the sector is that Canada is ahead of other nations when it comes to key aspects of agriculture. In terms of social aspects like food safety and trust among the public, seven-in-10 (69%) say Canada is ahead of other nations. Three-in-five (59%) say this from an environmental perspective. The one area where stakeholders voice concern is economic competitiveness. Here, just one-in-three say Canada is ahead (36%):

From your own perspective, how does Canada's agri-food sector performance compare to other countries in each of the following areas? Percentage who say "ahead" of other countries



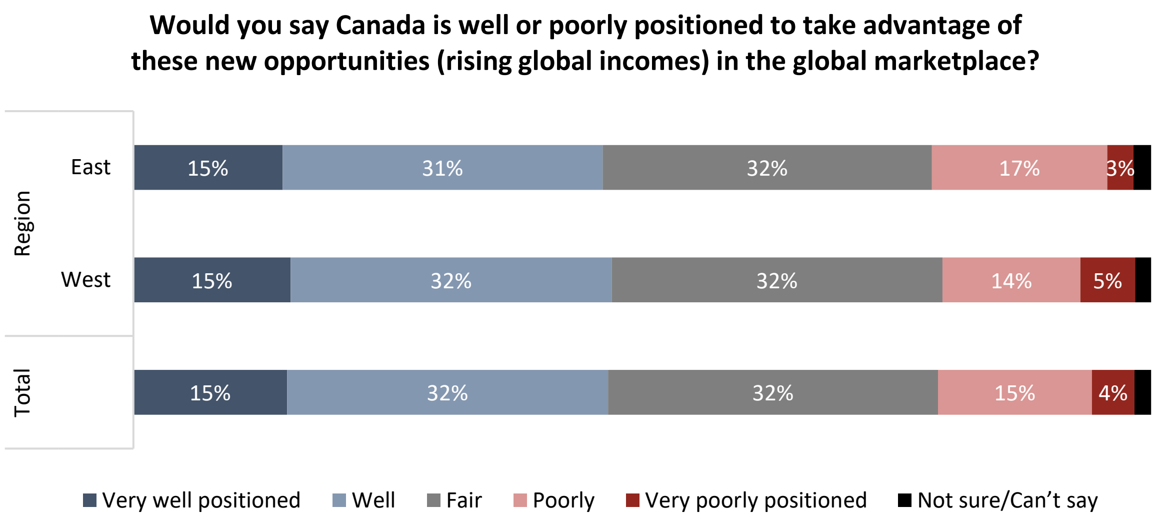
The sense that Canada has more to do to compete economically is widespread. Among farmers, one-in-three say Canada is ahead (33%) while 42 per cent say the country is behind. Government employees are most positive, while those in civil society and other areas are divided:

From your own perspective, how does Canada's agri-food sector performance compare to other countries in each of the following areas? Economically (competitiveness, profitability)



Half say Canada "well-positioned" to take advantage of growth opportunities

Canada's agri-food sector already accounts for a significant portion of the nation's economy. In 2022, the system employed 2.3 million Canadians and generated seven per cent of gross domestic product. The sense among those in agriculture is that Canada is well-positioned, or at least in a fair position, to increase this productivity by taking advantage of burgeoning markets. In both the eastern (Ontario and east) and western (Manitoba and west) portions of the country, just one-in-five sector workers say Canada is poorly positioned:

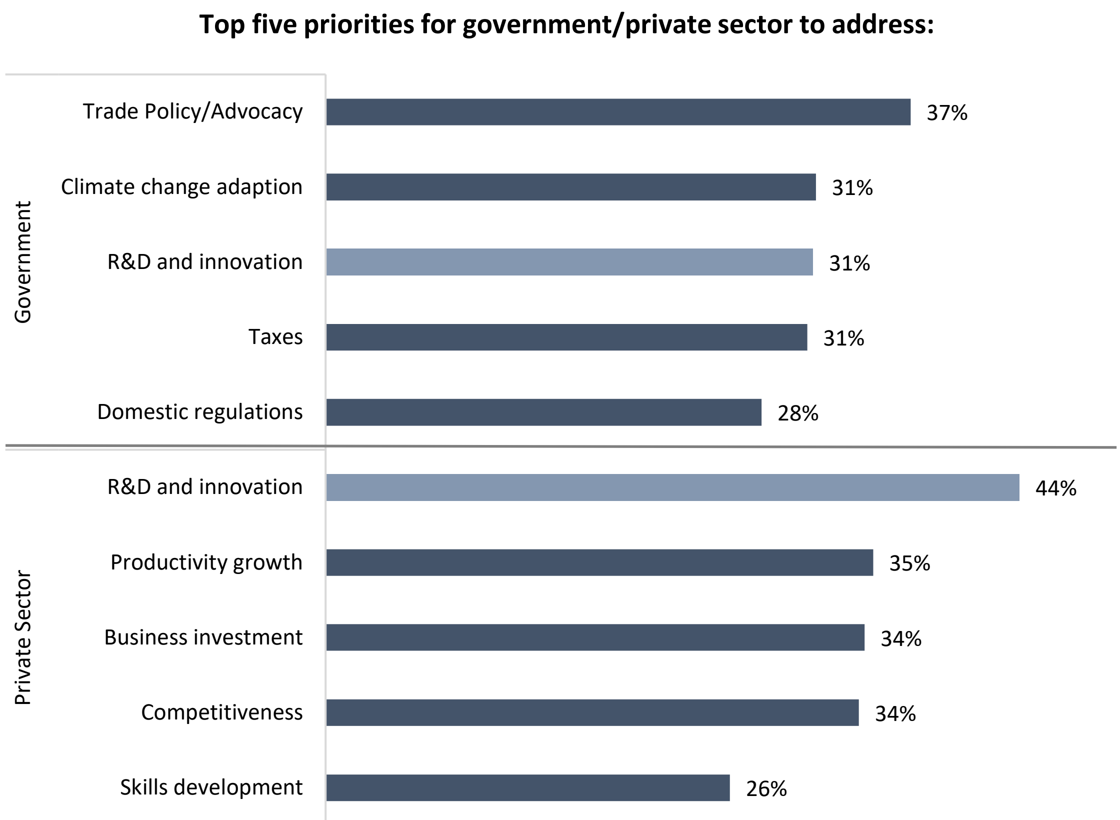


Part Four: Priorities and Opportunities

Turning our attention to the top problem-solving priorities for the sector, we see similar themes emerging, with productivity and regulation featuring high on the list for Canadian agriculture workers.

Government vs. Private Sector priorities

Asked what they would prefer the government to focus on, trade policy and advocacy tops the list. This relates significantly to the level of risk discussed previously – protectionism and barriers. Climate change adaptation, research and development, taxes, and domestic regulations round out the top five. On the private sector side of the discussion research and development also features highly, in fact, as by far the top priority. The top four priorities all address productivity, including through investment:



Priorities across the industry vary widely. For farmers the top governmental issue is taxation, whereas for those in civil society it's research and development or climate change adaptation. Myriad issues are chosen by at least one-quarter across the sector:

Top priorities for Government to address, by Agriculture Sector							
	Total	Agriculture Sector				
		Farmers	Other Industry	Govt.	Civil Society	Other
Trade Policy/Advocacy	37%	37%	46%	21%	38%	34%
Climate change adaption	31%	23%	20%	40%	47%	45%
R&D and innovation	31%	20%	30%	29%	51%	38%
Taxes	31%	46%	35%	17%	11%	18%
Domestic regulations	28%	31%	36%	23%	20%	19%
Natural resources (soil, water, biodiversity)	25%	22%	16%	38%	32%	29%
Competitiveness	25%	21%	33%	33%	24%	16%
Infrastructure	25%	22%	24%	37%	24%	25%
Labour supply	23%	19%	24%	13%	24%	36%
Farm succession	19%	24%	14%	23%	17%	19%
BRM (Business Risk Management) programs	19%	20%	16%	19%	18%	22%
Governance/Federal-Provincial-Territorial relations	18%	22%	23%	12%	10%	18%
Productivity growth	18%	12%	22%	27%	22%	17%
Domestic value-added	17%	17%	19%	19%	17%	12%
Interprovincial trade	15%	14%	15%	13%	16%	19%
GHG mitigation and sequestration	15%	8%	8%	21%	29%	22%

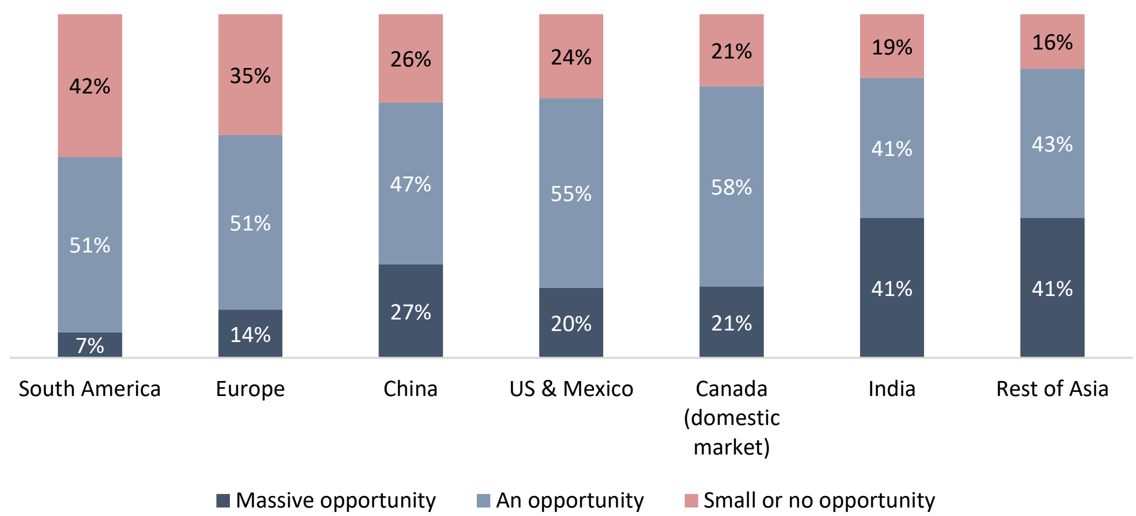
The preference for a focus on innovation and productivity is evident across different facets of the agriculture sector. Notably, farmers show the least preference for any one aspect of this, suggesting a wide diversity of opinion:

Top priorities for Private Sector to address, by Agriculture Sector						
	Total	Agriculture Sector				
		Farmers	Other Industry	Farmers	Civil Society	Farmers
R&D and innovation	44%	33%	44%	40%	65%	49%
Productivity growth	35%	31%	35%	33%	43%	36%
Business investment	34%	30%	39%	37%	36%	35%
Competitiveness	34%	31%	36%	33%	32%	40%
Skills development	26%	24%	23%	21%	34%	27%
Domestic value-added	25%	27%	30%	17%	24%	21%
Public trust	25%	24%	30%	23%	20%	27%
Climate change adaption	23%	16%	21%	27%	32%	30%
Automation	21%	18%	23%	33%	24%	18%
International market access	18%	19%	25%	12%	18%	13%
Farm succession	18%	19%	16%	23%	15%	22%
Labour supply	17%	18%	16%	25%	10%	21%
Infrastructure	16%	19%	19%	12%	14%	13%
Natural resources (soil, water, biodiversity)	15%	19%	9%	13%	13%	18%

Which markets offer the most growth potential?

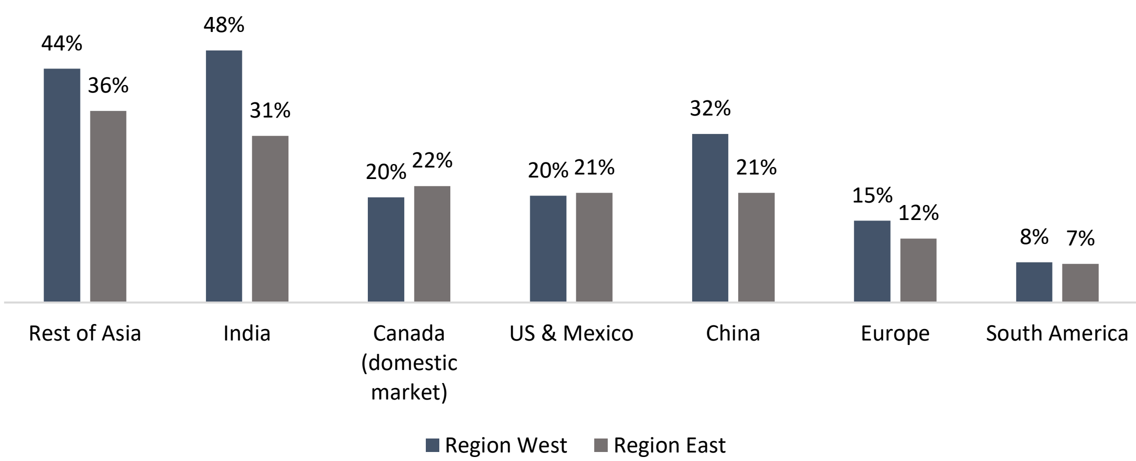
One way to expand growth and market share without these productivity and innovation improvements is to take advantage of opportunities in emerging markets. Agriculture sector workers are most bullish about India and the rest of Asia outside of India and China as to what each market offers. Two-in-five say each is a massive opportunity. One-quarter say China represents this level of opportunity (27%), while South America is seen as the least likely region to generate strong returns:

How much of a growth opportunity do these markets/regions represent for Canadian agriculture and agri-food over the next 10 years?

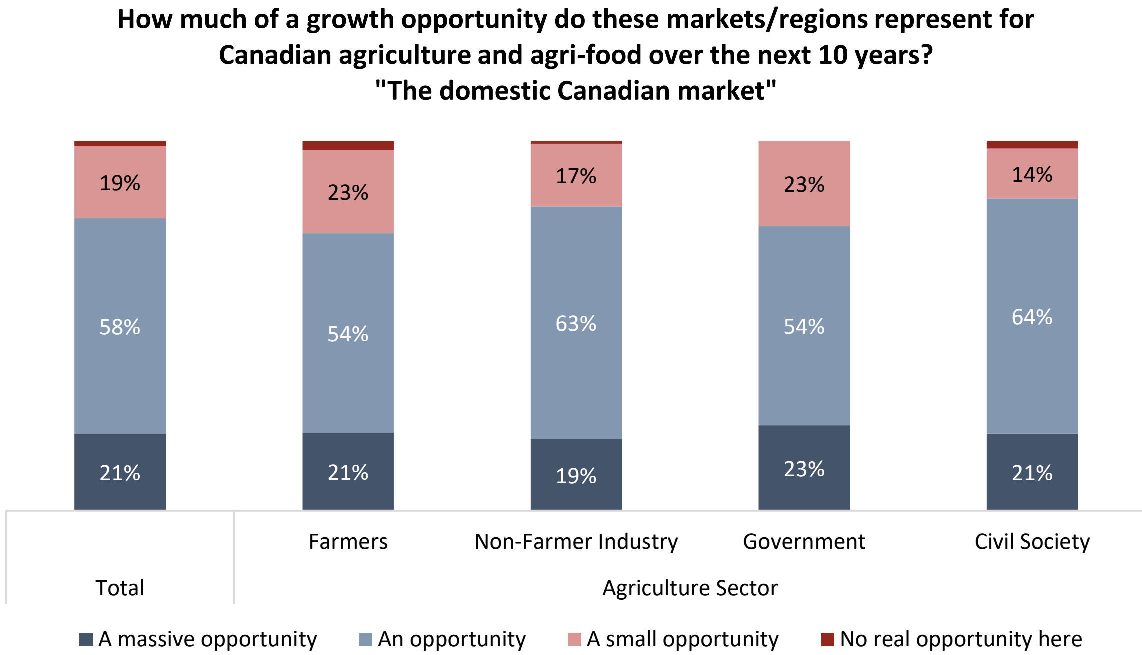


Regional perspectives differ. Generally, those in Manitoba and west are more optimistic about the growth potential in a variety of different markets:

Percentage saying there is a "massive" opportunity for Canadian agriculture and agri-food over the next 10 years in each market



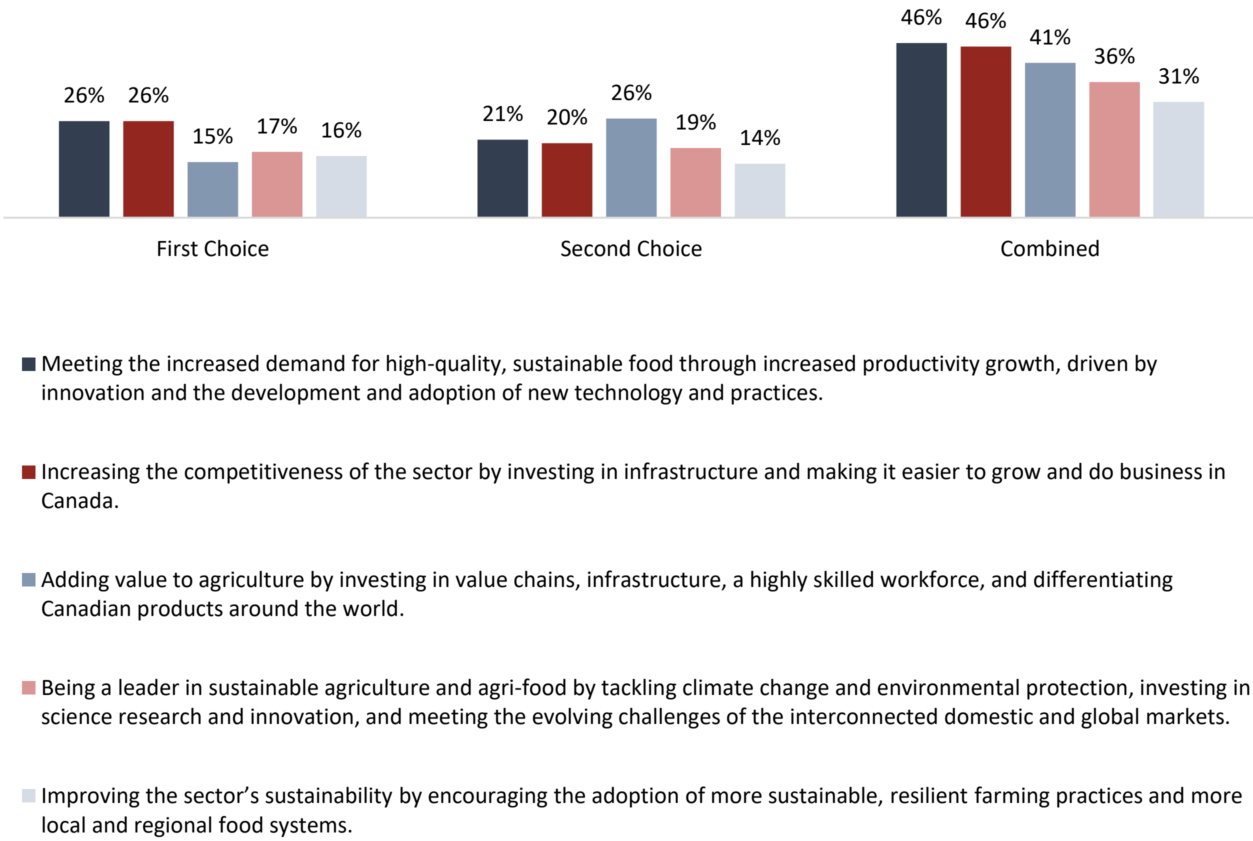
The picture at home is one that generates optimism. One-in-five (21%) across all areas of the sector say the domestic market is a massive opportunity, while three-in-five (58%) saying it is an opportunity. Much of this evidently hinges on addressing the outstanding challenges that stakeholders perceive:



Ten-year focus for the industry

Wrapping up, respondents were asked which statement from five they found to be the most enticing focus for the coming decade. While each of the five statements is chosen by a large number, two lead the way, with close to half putting each in their top two ranked choices:

Over the next 10 years, Canadian agriculture policy should focus on:



For Detailed Demographic Data Tables, click here.

For Detailed Data Tables based on Industry and other Demographics, click here.