

Supporting Canadian Agri-Food to Meet Global Demand

Issue

Targeted and coordinated support between the federal government, Canadian provinces and the private sector is required for optimal productivity across the Canadian agri-food industry.

Background

A February 2017 report from the Advisory Council on Economic Growth¹ and a subsequent April 2017 document from the Canadian Agri-Food Policy Institute/Public Policy Forum² both recognized significant short and long-term prospects for the national agri-food sector.

The Advisory Council believes that while public policy should promote growth in all areas of the economy, certain sectors possess “untapped potential” that require specific actions to address on-going barriers. These obstacles generally include excessive regulations, unnecessary interprovincial trade barriers, inefficient subsidies, inadequate trade-enabling infrastructure, and skilled labour shortages.

The Canadian agri-food sector has immense global economic potential originating from leading domestic research facilities, stable private sector organizations, a growing global middle class, and changing consumer trends to higher-value foods. These factors provide the potential for Canada to become a global leader in safe and sustainable food production into the 21st century.

Canadian agri-food, defined broadly, is one of Canada’s largest employers and economic engines contributing 2.1 million jobs and 6.7 percent of GDP. Exports have averaged annual growth of 9.5 percent during the past five years and Canadian companies operate in relatively favourable domestic business and economic conditions. Organizations have access to capital, inputs, and strong research/ development capabilities in a network of institutions across Canada.

According to the Advisory Council on Economic Growth, global food demand is expected to increase 70 percent by 2050. The world needs to produce as much food in the next 45 years as the previous 10,000. A significant share of this increasing demand will originate from emerging markets where some three billion people are expected to enter the middle class from 2010 to 2030 and consume considerably more protein.

Global markets are looking for food produced through safe and environmentally sustainable methods. Land degradation, water scarcity, urban sprawl, climate change and political/economic instability could present challenges for many countries to produce food for domestic requirements and importing from nations such as Canada becomes a necessity.

In March of 2017, the Public Policy Forum and The Canadian Agri-Food Policy Institute conducted a series of meetings across Canada to formulate recommendations for making the national agri-food sector a global leader. The April 2017 report from these meetings recommended that:

- a) The federal government should establish an Agri-Food Growth Council to move the highly diverse industry from its many silos and galvanize around a growth agenda;
- b) A regulatory system should be constructed to formulate science-based, risk-based and balanced regulations. Current rules are out of date and unnecessarily impede investment, innovation and competitiveness;
- c) Improved alignment and modernized regulations are required for increased innovation and research capacity;
- d) Canada must pursue preferential trade agreements with high-potential markets in Asia. Currently, we lack deals with three of our five highest potential markets – China, India and Japan.

¹ Unleashing The Growth Potential of Key Sectors. Advisory Council on Economic Growth. February 2017

² Canada as an Agri-Food Powerhouse. Strengthening our Competitiveness and Leveraging our Potential. The Canadian Agri-Food Policy Institute and Public Policy Forum. April 2017

The Advisory Council on Economic Growth has also proposed that:

- a) The Federal government should establish nation and sector-wide goals for growth;
- b) Canada's share of global agricultural exports should increase from 5.7 percent to 8 percent and food exports from 2.8 percent to 5.6 percent;
- c) Exports of technology/equipment should be increased from \$3 billion to \$5 billion over ten years. The increase would be achieved by transferring the advanced manufacturing expertise of other domestic economic sectors;
- d) R&D efforts should be focused on areas with promising commercial applications.

Recommendations

That the federal government:

1. In cooperation with the provinces/territories, construct a science-based, risk-based and balanced regulatory regime across the national agri-food sector;
2. Establish an Agri-Food Economic Growth Council to formulate a national agenda for economic growth with representation from the provinces and territories;
3. Ensure alignment with the provinces, post-secondary institutions and other related agencies to optimize research capabilities and maintain consistency with domestic and global priorities;
4. Increase exports of food processing technology through advanced manufacturing processes applied in other sectors of the Canadian economy;
5. Adopt the recommendation of the Advisory Council on Economic Growth that the Canadian agri-food sector work to become a global leader in providing trusted safe, nutritious food to the world while minimizing impact on national capital;
6. Establish a mechanism to facilitate private sector leadership and align it in support of this vision;
7. Conduct a review of the regulatory process of the Canadian Food Inspection Agency and Health Canada with a view to improving timeliness of reviews of new products without compromising health and safety of citizens.