



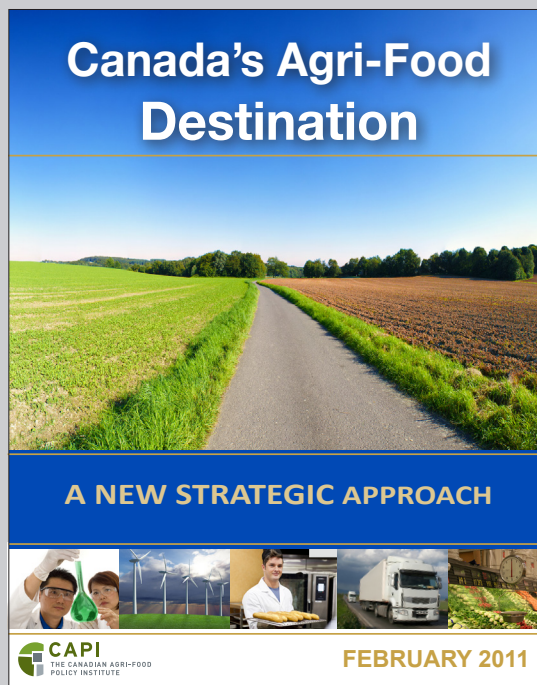
# Canada's Agri-Food Destination

**UPDATE**

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## Frequently Asked Questions and Answers

An Addendum to the Update





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## **Frequently Asked Questions and Answers**

During CAPI's many discussions across the country (outreach that continues), several themes emerged. Below is a summary of what CAPI sees as the "top 12" questions posed by stakeholders. While not a definitive list, it reasonably captures the areas of greatest interest. CAPI also provides responses to the questions.

### **1. WHAT'S A "FOOD SYSTEM"?**

Food systems are about profitably producing and supplying food that meets growing societal expectations for how that food must be provided (e.g., ecological impact, health benefits, and impact on local economies). Food systems are highly collaborative operating environments that include supply/value chains and non-traditional players from other sectors as well as governments. Each partner is motivated by mutual self-interest, which creates economic opportunities and can deliver broader common benefits to society, such as in the domain of health and the environment. Food systems are industry-led and depend on leadership from non-food partners and governments.

Food systems are to be distinguished from "value chain roundtables." Such roundtables were set up to largely address public policy issues, where government facilitates information-sharing and collaborative actions in partnership with industry in order to advance common matters across a specific commodity or sectoral group. Such roundtables are technically not value chains, given that they are not the exclusive domain of one firm that uses its supply/value chain to differentiate and execute a corporate strategy. Roundtables and food systems can share some commonalities. Just like a roundtable, a food system can include a number of supply chains or value chains (e.g., an organic beef food system and an export focused beef food system) as they both focus on common outcomes. However, there is a significant amount of mutual economic self-interest among all participants in a food system, which does not always occur in a sectoral roundtable. This mutual self-interest (which, for food systems, can result in setting common objectives and performance targets) drives how these participants collaborate and innovate and do so by engaging a broad number of non-food partners.

### **2. WHAT'S "GOOD FOOD"?**

Good food consists not only of high-quality food, but choice, affordability, safety, and food options. In Canada, we have "good" food now. Our farmers produce good food. Our processors ensure we have good food all year round. Our grocery stores or restaurants offer a diverse array of good food. However, given the epidemic of obesity and the rise of chronic disease — and the contributing role of food and diet to our health — a disconnect exists between the "food we provide" and the "food we consume."

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In the context of our work, “good food” goes well beyond producing and supplying healthy food options. Of course, reliable production and supply remain vital but a “good food” mindset shifts the focus to what the sector can do collectively to add value for the consumer. This mindset is the basis for enhancing consumer demand for Canadian food both here and abroad. The new mindset has the following drivers/characteristics:

- a. To start, it is about improving consumers’ capacity to choose healthier foods; this is about education, good food skills and informing consumers of their responsibilities to choose and eat well; it relates to how consumers understand their diet needs and how they shop for and consume food; it relates to how companies advertise and promote their product (e.g., improving the clarity of product labeling).
  - b. Diet and health are innovation drivers. Understanding population nutrition needs present opportunities, such as targeting ethnic markets, serving populations with specific disease-related diet requirements (e.g., diabetes), and satisfying new market opportunities as consumers come to desire better-for-you foods. Collaboration and innovation are intimately linked. A “good food” strategy requires, for instance, having a responsive regulatory framework; it is about systematically linking health and agri-food R&D efforts. This builds on current work to conduct clinical trials about the disease-fighting compounds in certain foods which can yield novel food innovations.
  - c. Health considerations call for reducing unhealthy ingredients (such as sodium and trans-fats), in response to the increasing focus on disease prevention. Good food thinking sees these priorities as opportunities to create differentiated products. It is also about how governments coordinate their policies and programs to support companies wishing to adapt.
  - d. Food safety is a priority now; traceability is a tool used to identify the source of foods and to target recalls. The Destination Report suggested the need for traceability for all foods, provided that a well-structured traceability program can be devised (the report emphasized certain pre-requisites). Traceability data can yield information about the marketplace that can be used by suppliers and retailers to better understand consumer food trends and increase efficiencies.
  - e. Responsible use of inputs and minimizing ecosystem impacts is also part of good food. In part, these priorities are behind consumers’ interest in 100-mile diets and global supply chain efforts. For the food sector, it is also about increasing productivity. Consumers are making food choices on the basis of environmental impacts. Good food is about minimizing the environmental footprint.
  - f. Many Canadians cannot afford, or do not have access to, healthy foods. These are important issues that the report did not delve into. Improving access to good food and “food security” issues are largely in the domain of social or population health policy.
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### **3. WHAT ARE “GOOD FOOD CITIZENSHIP CENTRES”?**

It is a place or places to share and encourage best practices that promote better food habits, share research, and foster creative responses to improve food, diets and health.

The term “citizenship” does not mean it is “up to government” to sanction behavior or direct the work. It does imply that all involved (from consumers to companies) have a responsibility to change the way they relate to food: how they shop, learn, and develop products. It relates to how they develop ways to address or resolve tough food issues, such as how to reduce unhealthy ingredients and improve product labeling.

Improving how we collectively relate to food is at issue worldwide. Many jurisdictions, including those in Canada, have adopted a broad variety of practices to address a full slate of consumer-food issues. How can we systematically evaluate best practices so we can adopt and adapt practices here? Such a Centre (or centres) would help expedite our understanding of needs and responses. For the agri-food sector, the concept is a means to learn about consumer trends, jurisdictional responses, industry best practices, and innovative actions relating to food, diet and the consumer.

### **4. HOW ARE THE “INNOVATION CENTRES” DIFFERENT THAN TODAY’S INNOVATION CLUSTERS?**

The Destination Report took a long-term strategic view of the agri-food sector’s prospects. As a result, the report did not assess each and every program currently in practice today. The future is defined as one where the consumer is truly driving the market. As a consequence, food systems are increasingly concerned with delivering value that enhances environmental sustainability and health/nutrition quality. Innovation Centres would focus on systematically creating opportunities in these areas. Since the Centres would increasingly define the consumer end-market, value chains could use the Centres as partners in innovation. “Food System Smart Innovation Centres” must be industry-driven and can be arranged for each food system.

Innovation Centres would focus on shortening the innovation development/adoption timeline. This could include greater use of pre-competitive arrangements among the value chain players; this is also a means to mitigate innovation risk. The Centres would focus on what is needed for each value chain within the food system; needs could be different for long-, short-, and closed-value chains.

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Government could play a role in these Centres as co-funders, as well as by providing regulatory expertise and minimizing regulatory barriers. Moreover, as part of an overall review of how Canada innovates, these Centres would benefit from greater coordination among government research and innovation bodies. Such coordination is often seen as fragmented. Only clear mandates will engage government with such enabling roles.

Basic R&D, which is largely the domain of government-supported programs and academia, continues to play a vital role over the long-term and should be engaged with these Centres.

## **5. HOW DOES CAPI'S WORK FIT WITH THE OTHER DEVELOPING FOOD STRATEGIES OR INITIATIVES?**

A variety of initiatives are underway across the country to develop food strategies. For example, the Canadian Federation of Agriculture is advancing ideas for a national food strategy. Sustain Ontario has issued a report on the subject for a food plan. Governments, too, are taking a longer view, as exemplified by the Nova Scotia Department of Agriculture's recently-released 10-year plan for the sector. A Golden Horseshoe Agriculture & Agri-food Strategy is underway to serve the regions from Toronto to Niagara. The Conference Board of Canada is conducting a series of food research projects and exploring ideas for a national food strategy. As the expression goes, "a rising tide lifts all boats."

Recognition of the need to address food issues is growing. While each organization has its respective mandate and perspectives, they are reaching out to stakeholders. We are keeping one another informed, and exploring ways to work together.

CAPI's mandate is to help create a national dialogue on the issues and opportunities. The Destination Report offers an approach to create a new plan. But our view is that industry — and each food system — must drive this process forward, with government playing a leadership role.

## **6. HOW DID YOU ESTABLISH THE TARGETS?**

The targets offered in his report are, admittedly, stretch goals. The targets can always be refined. The hope is that they serve as catalysts for strategic change. Targets can have limitations. Some targets are pronounced but not easily attainable, such as the suggestion to eat 5 to 10 servings of fruits and vegetables daily. Such targets appear to be used to inspire change, not drive hard actions to achieve them. Other targets do drive performance. Canada set and surpassed the target of doubling agri-food exports over the 1990s, while the Canola Council also has a target of doubling canola production (from 7 million tonnes to 15 million by 2015). Bold targets can be achieved.

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## **7. HOW CAN WE ACHIEVE EACH TARGET?**

The Destination Report did not outline the precise steps to achieve the report's targets because the intent behind this report was to first establish a framework for a long-term strategic plan.

National targets — such as doubling exports — can signal the country's priorities. This can drive (from government's standpoint) regulatory changes, funding priorities, and new policies and programs designed to support the targets (such as shaping R&D priorities).

But it is up to each food system to determine its own respective targets and define how it proposes to achieve them. The Destination Report suggests approaches to do so.

## **8. DID YOU COST OUT THE IDEAS?**

No. The intent of the report was to establish a framework for strategic change; it did not dive deep into specific program cost scenarios.

In some places, the report noted the importance of undertaking cost-benefit assessments, such as for traceability and the delivery of ecological goods and services.

The exception was the report's approach to innovation. It outlined the cost-benefit of spending money on innovation. The net benefit justified the proposal to shift a portion of BRM (business risk management) funding to innovation as outlined in Chapter Three: Managing Risks Across Food Systems. Moreover, given the importance of income support programs, which occupy nearly 60% of government agri-food spending, this was the one area where the report delved into the cost elements. The report made concrete suggestions to adjust Agri-Stability, such as refining program design and premiums. It also outlined specific ideas to adjust the funding ratio of that program.

## **9. WHO SHOULD CHAMPION THE IDEAS?**

The call for strategic change needs to come from the agri-food sector. Government, too, has a responsibility. CAPI can continue to act as a catalyst of ideas. Adjacent sectors, too, need to articulate how they will work with the agri-food sector. Associations, organizations and academics can contribute by developing the case for change.

Government could identify the overarching long-term targets much like it did in the early 1990s, when it called for the doubling of food exports. Government would also need to take the lead on areas falling under its domain, such as regulation. But it would be up to each food system to develop its respective plans and targets to get there.

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## 10. WHY THE FOCUS ON LOCAL FOOD?

The report wants to see Canada's agri-food sector fulfill its potential by driving demand for Canadian food, domestically and abroad. It included a target for each. One target suggested that Canada can double its exports by 2025, which recognizes Canada's export success and potential. Given that Canada exports 50% of what it produces, the export focus is vital. Another target suggested that Canada can produce and supply 75% of its own food. These targets are key to fulfilling the sector's potential.

"Local" food is a term sometimes derided as being insignificant. For some, "local" implies a narrow view of the food supply chain. It may be seen as being about farmers' markets, consisting of small-scale and seasonal direct sales. "Local" and "organic" are sometimes used interchangeably, but incorrectly. For some, "local" food is marginalized, as it is regarded as a niche market that can't drive substantial economic activity. "Local" can also be widely defined, such as being "from the province."

Niche markets are, indeed, common. But the Destination Report sees a bigger opportunity. Cities, and their institutions, are redefining their relationship to food and are developing food strategies. Opportunities abound for entrepreneurial endeavours, new collaborations, product innovation, new markets, and new supply and procurement relationships to take shape. Consider the massive market in the Toronto-to-Niagara region (the Golden Horseshoe), where an effort is now underway to create an integrated food system strategy; it recognizes that employment in agricultural production and processing industries in Ontario now exceeds that of the automotive industry.<sup>8</sup> This sector serves both domestic and export markets; food in this region is big business.

Local food strategies will vary across the country, and come with both limitations and opportunities. But given that 80% of Canadians live in urban areas, "local" food is an increasingly relevant economic driver.

## 11. BY PROMOTING CANADIAN FOOD, IS THE REPORT AGAINST FOOD IMPORTS AND BEING PROTECTIONIST?

No. Today, Canadians consume about 68% of their food from Canadian produced and supplied sources, down from 71% in 2004. This demand supports producers and the Canadian food industry. There are limitations to what we can do given our northern climate. As well, we thrive in an open, trading economy. We are a major food exporter and importer. Food and ingredient imports are essential to the food processing and retail sector. Consumers drive demand for foods from around the world. This is a hotly competitive marketplace where price, quality, supply reliability, and many other attributes determine what products make it to the shelf and what consumers choose. We strongly support a marketplace that responds to the consumer's needs and expectations.

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Our proposed target to increase the percentage of food production and supply from Canada reflects the sector's potential to drive demand for Canadian food. This is not new. Governments have long promoted programs to increase awareness of Canadian foods.

CAPI identified the fact that food imports have risen over 50% between 1999 and 2008. This statistic raises a question: is our domestic industry competitive enough? This is not about being protectionist or anti-imports. We need to understand whether this is a "red flag" about our country's performance.

As one producer stakeholder put it: "Being a local food supplier requires being globally competitive." The implication is that consumers will choose on the basis of price, quality, availability, nutrition, etc. If Canadian producers can't compete domestically, they will be hard-pressed to successfully market their products at home or abroad. Consumers tend to choose the best product, wherever it comes from.

## **12. WHAT DOES THE BIOSOLUTIONS TARGET MEAN?**

The report suggests that a significant percentage (75%) of the agri-food sector should aim to utilize biomaterials and biofuels to generate revenues and improve efficiencies.

"Biosolutions" refer to the benefits of focusing on the bioeconomy. In part, the bioeconomy is the business of replacing the use of petroleum products in our economy with products from living organisms (i.e., plants, animals, and algae). The problem with petroleum is that it is in limited supply and is made up of carbon that was sequestered underground some 50 million years ago. Burning petroleum returns that carbon to the atmosphere far faster than the global ecosystem can recycle it, threatening dramatic and rapid climate change.

Agriculture is based on plants that take in carbon dioxide (CO<sub>2</sub>) and water (H<sub>2</sub>O) and produce carbohydrates. Most of the carbohydrates grown on farms are used as food. But we can also make other products from them, including industrial chemicals, plastics, and fuels that are all climate-neutral.

These options provide a new market for producers that is evolving rapidly. If and when these options become competitive with similar fossil-fuel-derived products, opportunities for farmers will change in fundamental ways.

"Biotechnology" involves modifying living organisms to suit human purposes, often by inserting genes from one species into another. It is a method of genetic improvement that will boost the economy by producing plants better suited to bioeconomy products.

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Given the breadth of possibilities for the bioeconomy, this topic deserved being a standalone “target” for a number of reasons.

“Food systems thinking” is required to meet marketplace and consumer expectations and create profitable opportunities across the agri-food sector. In this regard, consumers want to purchase and consume food that does not, at the same time, degrade the environment or jeopardize environmental sustainability. (McDonald’s restaurants have, for instance, established sustainable certifications to reduce the environmental impact of their beef and poultry suppliers, among others. Some supermarket chains now sell seafood only from sustainably-sourced suppliers.) The bioeconomy can play a meaningful role in support of such solutions. For example, in animal agriculture, byproducts and waste (e.g., manure) can be diverted to create biogas. Similarly, plant stems and leaves can be used for biomaterials, while other plant parts can be used for a wide range of foams, insulations, chemicals, and other products. The report provided examples of these innovations.

These applications are supported by genetic adaptation, which is vital to food production and animal and crop agriculture. Genetic adaptation has always been part of agriculture, and will only intensify as the world copes with a changing climate. For example, more drought-resistant or heat-tolerant seeds and crops will be needed to sustain and improve yields.

Biotechnology will present Canada with important opportunities in functional foods and nutraceuticals, among other areas. It will provide a means to develop new products and new markets for value-added foods and their compounds.

The bioeconomy is essential to ensuring primary producers can supply food reliably. It is also essential to managing risks and creating economic viability; it is a vital innovation tool that will allow the entire sector to improve health and the environment.

The proposed target is designed to acknowledge the pervasive and fundamental role of bio-solutions and these potential new products to the sector. It is designed to foster systems-wide thinking on ways to leverage the benefits to the agri-food sector of this fundamental shift.

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