

SUMMARY

Government regulations can facilitate competitiveness along the agri-food supply chain. Regulations have many purposes, including ensuring food safety and quality. The focus also needs to be on a regulatory environment that positions and accelerates competitive success.

Traceability initiatives (some of which are mandatory), food safety regulations, and quality standards provide quality assurance to buyers and can further the competitive positioning of Canadian agri-food products in export markets. Regulations can provide successful risk management processes in response to a food safety crisis. Canadian meat inspection, food safety, and product risk regulations have helped reposition the supply chain and respond to a food safety-risk emergency. While these types of events can reoccur, the system seems capable of responding to such an emergency.

Food labelling regulations provide necessary information to help consumers make informed choices. Improvements can be made in labelling regulations and enforcement to help consumers identify healthy Canadian food products and ensure imported food products are properly labelled.

In the area of productivity improvement, regulations provide incentives for private investment, such as in plant and animal genetics, to respond to market demands. In niche and emerging industries, such as functional foods and nutraceutical products, regulations help establish and guide the industry, which helps attract capital, skilled workers and resources. The canola industry's supply chain model illustrates how regulations that provide private-sector flexibility can accelerate initial development toward international growth.

Regulatory standards also help the competitive positioning of food companies as they compete with other suppliers. This ranges from exporters

of genetic material and organic soybeans to suppliers of branded processed food products. The success of export-focused industries is based in part on a supportive regulatory environment throughout the supply chain, including the input supply sector, primary production, and processed and manufactured food products. The Canadian VQA brand, as a symbol of quality supported by regulated standards, has helped transform the wine industry. It facilitated the development of regional clusters and increased sales in domestic and international markets. Some wineries have even won international awards.

In his 1991 report, *Canada at the Crossroads*, Michael Porter indicated that: "Strict anticipatory regulatory standards can be a potent force for spurring upgrading in industry, provided they are designed and administered effectively. Strict product quality and safety standards pressure firms to improve products in ways that are eventually demanded by international markets." This statement is highly relevant today.

Regulations can improve the competitive positioning of the agri-food sector. Porter's ideas on industry clusters – which enable policies and regulations and focus on strong input suppliers and factor conditions – are sound. Regulation design should consider more transformational ideas, in order to encourage industry participants to harness and adapt technological solutions, build regional clusters, and foster innovations to better serve the agri-food industry and consumers. Not enough is being done relative to the innovative efforts of other countries. Accordingly, companies both in Canada and abroad should assess how to become involved as investors and developers in more value-added products and services, using these high-quality agriculture sector inputs for world demand. To seek out appropriate markets, strategic companies should build on the Canadian brand attributes, which include sound and healthy agriculture products, the use of science, and leading technology deployment.