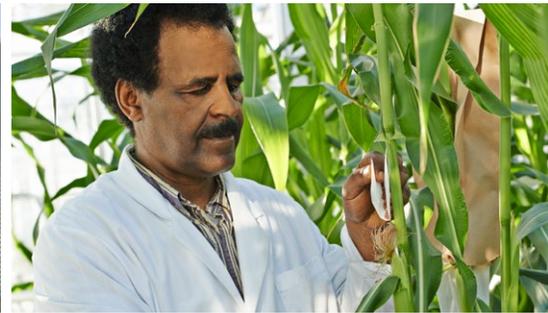


Towards the Next Agricultural Policy Framework



Calgary Statement

JULY 22, 2016



Introduction

State of the Sector

Canada's agriculture, agri-food and agri-based products sector (hereafter referred to as the "sector") is a cornerstone of the Canadian economy. Today, this highly entrepreneurial sector, and the people whose livelihoods depend on it, impacts every Canadian through an agricultural and agri-food value chain that stretches from the farm gate to the consumer's plate.

The sector generates over \$100 billion for the Canadian economy – or close to seven per cent of Canada's GDP – and one in eight jobs. Canada is the world's fifth-largest exporter of agriculture and agri-food products. In 2015, the total value of Canadian agricultural exports reached an all-time high exceeding \$60 billion, with products exported to almost 200 countries. Canadian farm incomes also continue to hit new records. Net cash income is expected to close out 2015 at a record \$15 billion and remain strong in 2016.

In the medium term, economic growth in the developing world is expected to improve, supporting the expansion of the world's middle class and likely resulting in increased global demand for Canadian agricultural products abroad. The Canadian agriculture and agri-food industry needs to be ready and well-positioned to take advantage of new and emerging opportunities both internationally and domestically.

Despite the strong performance of the sector, volatility and risk remain a key challenge. Global commodity prices fluctuate while extreme weather and climate change alter landscapes and interrupt production. The preferences of Canadian consumers and international buyers are changing and the sector must adapt to higher expectations for transparency and product attributes.

Developing a New Policy Framework

For nearly 15 years, federal, provincial and territorial (FPT) governments have relied on agriculture policy frameworks to ensure a collaborative approach that encourages investment, adaptation and sustainable growth in the sector. With the current framework set to expire in March 2018, FPT Ministers are committed to maintaining the coordinated approach and build on past successes in the development of a new agricultural policy framework.

Past frameworks focused on building a competitive, profitable, innovative and environmentally sustainable sector. Over time, framework policy priorities and program delivery approaches have evolved. FPT governments recognize that flexibility across Canada and collaboration with industry have enabled FPT governments to meet diverse regional needs while supporting common national outcomes.

Building on the lessons of past frameworks, the Next Policy Framework (NPF) will further enhance policy and regulatory coherence and set clear FPT objectives across the country in support of the sector.

Overarching Objectives of the Framework

FPT governments and industry share a collective vision of creating the most modern, sustainable and prosperous sector in the world. Through the NPF, FPT governments will collaborate with industry to drive the sustainable growth, innovation and competitiveness of the sector.

This will be achieved by:

- Expanding domestic and international markets and trading opportunities for the sector;

- Enhancing competitiveness and strengthening competitive advantages by advancing science and innovation capacity and encouraging the adoption of products, practices and processes;
- Anticipating, mitigating and responding to risks in a manner that supports the sustainable growth of the sector;
- Supporting the resiliency and environmental sustainability of the sector to ensure long term adaptation and growth;
- Improving the growth of the value-added agriculture and agri-food processing sector; and
- Securing and growing public trust in the sector.

The framework will enhance coherence across FPT governments including flexible and transparent policies and program approaches with clearly defined, measurable targets and outcomes for the sector and Canadians.

Principles

In developing the NPF, Ministers expect that the following broad principles will be respected and incorporated into draft agreements:

- Policy and program priorities will be measurable and coherent and will demonstrably contribute to clearly defined FPT outcomes.
- Governments will work to ensure stability and continuity between frameworks, reduce disruption and improve efficiency and program results for industry, sector stakeholders and Canadians.
- To respond to changing needs for growth and innovations in agriculture, food production and processing, provinces and territories will have flexibility in the use of the funds and programs in the next agriculture policy framework.
- Collaboration among stakeholders is a key factor in achieving success. All parts of the sector have a role to play in contributing to the sustainable growth, adaptability and prosperity of the sector.

- Policies and programs will not distort comparative advantages among provinces and territories.
- Programs will be designed to respect Canada's international trade obligations, seek to reduce trade and production distorting support and minimize the risks of adverse trade action, including countervail.
- Shared jurisdiction for agriculture will be respected as well as the roles of federal, provincial and territorial governments.
- Governments will establish mechanisms to manage costs and sustain program affordability for FPT partners over the duration of the framework.
- The current 60:40 federal/provincial and territorial cost-share ratio will be respected by governments.
- FPT governments commit to transparent approaches that enable information sharing on program performance.

Results

Ministers are committed to supporting the sustainable growth, adaptability and prosperity of the sector in a manner that also demonstrates the value of investments to Canadians.

In this context, the NPF will include a strengthened focus on results by:

- Clearly defining the objectives and anticipated results, outcomes and reporting mechanisms for policies and programs;
- Ensuring that data/information collection activities are robust and that data sharing among FPT governments contributes to developing meaningful performance and results information;
- Emphasizing openness and transparency in communicating performance, information and results that enable governments and industry stakeholders to understand the successes and lessons learned in order to make informed decisions and take action; and

- Focusing on continuous improvement of policies and program delivery and ensuring governments are committed to sharing the performance information and results needed to meet the needs of stakeholders.

Priority Areas

To support the sector's long-term prosperity and enhance FPT government policy and program coherence, the NPF will focus on the following priority areas:

Markets and Trade

Today's globalized marketplace creates both new opportunities and challenges for the performance and sustainable growth of the sector. To achieve growth both in domestic and international markets over the long-term, the sector must adapt to this changing global environment and stay ahead of its competitors.

While Canada continues to open new prospects through trade agreements and works effectively to maintain and enhance market access, there remain obstacles to capitalizing on market opportunities such as non-tariff trade barriers and the need for adapting products for international markets. Overcoming these obstacles requires an ability to build on domestic strengths, create the conditions to attract investment in the sector, enable internal and foreign trade and pursue domestic and global regulatory cooperation, while continuing to preserve the integrity of the supply management system. Strong FPT collaboration, with stakeholders, underpins success and growth in all of these areas.

The NPF will facilitate the maintenance and expansion of domestic and international markets and enhance the ability of the sector to seize and diversify market opportunities by:

- Facilitating industry's capacity to develop market opportunities, at home and abroad, by providing support and tools needed to bring products to market and promoting/leveraging Canada's reputation for quality and safety;

- Recognizing the importance of business development activities and opportunities;
- Addressing market access challenges to pursue and capitalize on new opportunities and maintain access to existing markets; and
- Strengthening relationships multilaterally and bilaterally to advance priorities for Canada including a stable global marketplace supported by predictable, science based international standards and trade rules.

Science, Research and Innovation

In an increasingly globalized industry, where Canadian farmers, food processing and agri-based companies rely on Canadian and global value chains, innovation is key to the sector's competitive advantage and economic prosperity.

Governments, industry and academia have a role to play in identifying innovation priorities and contributing to the research, development and knowledge transfer activities that are instrumental in enhancing sector resiliency, improving sector productivity and accelerating the commercialization of products with new and improved attributes.

The NPF will commit to continued support of agriculture, agri-food and agri-based products research and science, research and innovation at all stages of production and processing, including research-supporting regulatory systems. These efforts will contribute to continued productivity growth, position the sector for greater domestic and international competitiveness, and support the ability of the sector to adapt to environmental challenges.

The NPF will focus on accelerating science, research and innovation to support the sector by:

- Strengthening science, research and innovation capacity to address fundamental challenges such as environmental and market pressures;
- Enhancing knowledge and technology transfer activities to help farmers, food processors and agri-businesses commercialize and adopt innovative products and practices;

- Supporting research activities in areas that require sustained commitment, while ensuring flexibility for governments to respond to emerging priorities and sectors; and
- Continuing to encourage industry leadership and participation in collaborative research, development and knowledge transfer activities.

Risk Management

The sector faces significant risks such as extreme weather events, disease/pests and market volatility. These risks can cause severe losses and threaten the viability of businesses. Effective risk management, mitigation and adaptation includes surveillance activities, early identification of emerging risks; fostering solutions through science and innovation; growing and diversifying markets; effective assurance systems; strong regulatory approaches; and effective business management practices including the use of private and public-sector financial instruments. Together, these approaches enable growth and stability, stimulate investment and ensure confidence in the Canadian agriculture supply-chain.

Producers, processors, and all industry participants need to implement proactive strategies to help prevent and mitigate against events that impact sustainability and competitiveness in the sector. Governments have a role in helping industry coordinate and integrate prevention and mitigation, preparedness, response and recovery activities to maximize the resilience of the sector.

The NPF will continue to focus on enabling risk management actions and facilitate a resilient sector by:

- Ensuring that producers continue to have a suite of Business Risk Management (BRM) programs that are comprehensive in scope and effective in helping manage the impacts of production losses, severe market volatility, extreme events and disasters while seeking to improve participation, timeliness, simplicity and predictability;
- Promoting development of private sector risk management tools;
- Recognizing that for some sectors, supply management can be considered a business risk management tool;

- Supporting collaborative emergency management initiatives and risk assessment activities; and
- Ensuring FPT governments monitor risk management programs to ensure they are working as intended and are contributing to the vision of a sector that is competitive, innovative and adaptable.

Environmental Sustainability and Climate Change

Collaborative FPT action related to environmental sustainability and climate change adaptation and mitigation improves the sector's ability to manage risks, enhances productivity and contributes to economic growth. It also builds public confidence in the environmental performance of the sector.

Support for environmental sustainability initiatives under the NPF will help the sector to address agriculture's impacts on Canada's natural resources, reduce greenhouse gas emissions, and mitigate and adapt to the anticipated impacts of climate change (e.g., changing growing conditions, extreme weather events, reduced water availability/quality, soil degradation and new and increased pests and disease outbreaks).

The NPF will facilitate clean growth while achieving progress on environmental sustainability and climate change mitigation and adaptation. The NPF will help address diverse regional, provincial, territorial and national agri-environmental priorities and support efforts to capitalize on possible opportunities including:

- Enabling the sector's capacity to mitigate greenhouse gas emissions and adapt to climate change;
- Encouraging innovative approaches to address agri-environmental issues and knowledge transfer;
- Addressing persistent provincial, territorial and regional agri-environmental issues;
- Supporting the sector's ability to demonstrate sustainability in a changing domestic and global context; and

- Strengthening information collection, measurement and communication among FPT governments on environmental actions taken by the sector and resulting impacts on sustainability.

Value-Added Agriculture and Agri-Food Processing

Canada is well positioned to take advantage of new market opportunities resulting from growing global demand for food and other agriculture products, the access offered by trade agreements and shifting consumer preferences.

The food processing sector is Canada's second largest manufacturing industry, the largest manufacturing employer, and a major buyer of Canadian primary agriculture production. As a key component of the Canadian economy, the growth of the value-added agriculture and agri-food processing activities will be important in supporting the sector.

The NPF will support the continued growth of the value-added agriculture and agri-food processing sector and work to capture opportunities and address challenges by:

- Supporting targeted actions that leverage industry investments to increase productivity and competitiveness;
- Continuing to support the development and adoption of assurance systems;
- Enhancing public and private innovation capacity to increase the industry's development and adoption of new technologies, processes and products to improve sustainability and efficiency and meet evolving global consumer demand; and
- Providing market access and development support for companies pursuing domestic and export markets and new growth areas.

Public Trust

Canada's agricultural sector is one of the most respected in the world. An efficient and effective regulatory framework, assurance systems, government programming and value-chain collaboration work to support the sector's ability to produce food and agri-food

products in a responsible and sustainable manner. This has helped to build public confidence in Canada's agriculture and agri-food system and contributed to the long-term resilience of the sector.

Canada's reputation cannot be taken for granted as citizens and consumers are increasingly conscious of the environmental, animal welfare, health and safety considerations related to agriculture agri-food products. To continue to support competitiveness, while meeting expectations both in Canada and abroad, industry has to examine new and effective mechanisms to engage and respond to domestic and international consumers and citizens.

The NPF will continue to encourage and support collaborative sector efforts to enhance public trust by:

- Examining how government programming can help reinforce confidence and public trust in the sector;
- Ensuring the quality of Canadian and imported products (reciprocity of standards) and the strict controls to which all foods are subject;
- Supporting industry's ability to adapt and improve practices;
- Supporting the capacity of the sector effectively to anticipate and respond to evolving public demands and manage emerging risks; and
- Sharing the story of the importance of the sector and the modern, responsible and sustainable practices it uses.

Consultation and Engagement

Ministers commit to undertaking open, accountable and transparent engagement and consultation activities throughout the development and duration of the NPF. Consultation and engagement activities will ensure Canadians can share their experiences with the current GF2 framework and help FPT governments identify priorities and objectives for the NPF.

This approach will ensure that stakeholders from all parts of the agriculture and agri-food value chain, consumers, and Canadian citizens are able to provide their perspectives on the policies and programming that enable our sector's success, as well as the emerging challenges that the sector may face.

By ensuring that a wide variety of views are heard and taken into account, FPT Ministers will be able to position the NPF to build on the success of the agricultural sector and contribute to broader economic prosperity for Canadians.

Conclusion

Federal, provincial, and territorial Ministers of Agriculture commit to working together to enhance the sector's ability to compete, innovate, capture new opportunities, cultivate public trust, respond to new consumer demands and grow sustainably. These efforts will ensure that Canada's agricultural sector advances, grows and prospers and continues to be a cornerstone for the economy and for Canadians.

Ministers expect that the directions laid out in this document will lead to the development of a new framework that will build on the longstanding, successful and collaborative relationship between governments and industry.

Ministers ask officials to return with a draft multilateral agreement that will articulate in greater detail how governments will work together to achieve the objectives set out in this document.