Organic Value Chain Round Table

STRATEGIC PLAN

2013-2018

A Plan for Canada

ThinkCanadaOrganic

The Organic Value Chain Roundtable Strategic Plan 2013-2018 was commissioned by Agriculture and Agri-Food Canada (AAFC) on behalf of the OVCRT, an industry-government forum, for guidance purposes only. The conclusions and recommendations do not necessarily reflect the views and opinions of AAFC, or any industry and government members of the OVCRT, nor are they binding on any participant of the Roundtable.

MESSAGE FROM THE MINISTER

As national and global consumer demand for organically grown food has increased dramatically in recent years, Canada's organic agriculture sector is flourishing. Following the introduction of the *Organic Products Regulations* in 2009, sales of organic products in Canada increased from $2 billion in 2008 to $3 billion in 2012, fueled by expanding Canadian production. The Organic Value Chain Roundtable (OVCRT) is helping to drive that success and your five-year Strategic Plan lays the foundation for continued future growth. By bringing together members from different levels of government and industry, you are using your expertise to help address challenges facing the sector. Our Government is proud to help the OVCRT achieve your mission to strengthen the sector in Canada and abroad, boost our farmers' and processors' bottom line, create jobs and drive the Canadian economy. Under *Growing Forward 2*, we will continue investing in strategic initiatives for innovation, competitiveness and market development. Congratulations on your good work, and best wishes to the OVCRT for prosperous years ahead!

Agriculture Minister Gerry Ritz, PC, MP

Organic Agriculture: Focused on Strong Sustainable Growth

We are happy to report that organic agriculture in Canada continues to expand and prosper. This growth derives largely from an increase in consumer demand influenced by the public's more holistic understanding of the origins of food. To help support this growth, and improve the competitiveness and profitability of the sector, the Organic Value Chain Roundtable (OVCRT) was created in 2006. It brings together a cross section of organic producers, processors, distributors, retailers and exporters. Collaborating with federal and provincial government officials, the Roundtable helps align the interests of the entire sector through mutual understanding of respective needs and market trends. It also provides leadership and input on policies and programs, from regulatory to marketing, research, innovation, and increasing Canadian capacity.

OVCRT members believe that it is imperative to have a strategic plan in place to guide the work of the OVCRT that will help all stakeholders manage this growth in an organized, fair and equitable way - a way that will encourage investment, innovation, stability and predictability.

The five-year strategic plan that follows is the result of many months of deliberation and consultation with the broader organic sector and lays out a vision for the continued success of organic agriculture and agri-business based on self-sufficiency and the basic tenets on which organic agriculture is founded: protection of the environment and human health, and the promotion of animal welfare.

This report highlights the key issues and challenges facing organic agriculture in Canada as well as the objectives and actions the OVCRT will undertake over the next five years. We look forward to working on behalf of the sector to ensure that it continues to grow and thrive in a sustainable way.

Sincerely,

Gunta Vitins
Industry Co-Chair,
OVCRT

Jaspinder Komal
Government Co-Chair,
OVCRT

www.tableronde.agr.gc.ca

GROWTH

The Organic Sector in Canada is Healthy and Growing

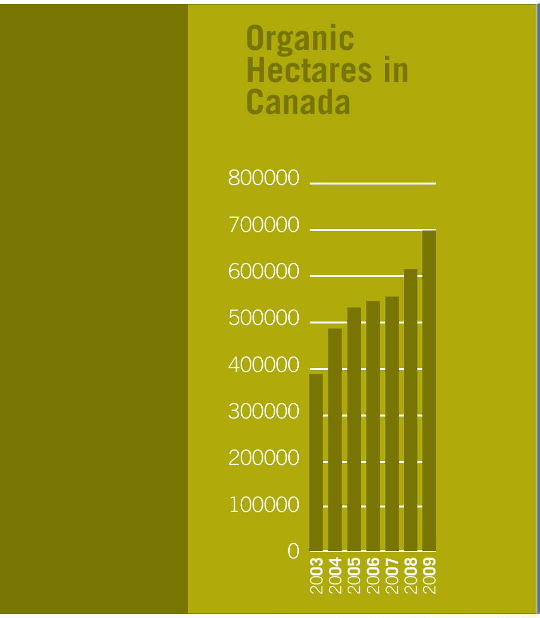
Canada enjoys one of the strongest organic markets in the world. Between 2006 and 2012, sales of organic products in Canada increased from $1 billion to $3 billion. Canada ranks as the 5th largest organic market worldwide. Through organic equivalency arrangements with the U.S. and the E.U., Canada now has access to 96% of the current global market, valued at $US63 billion annually.

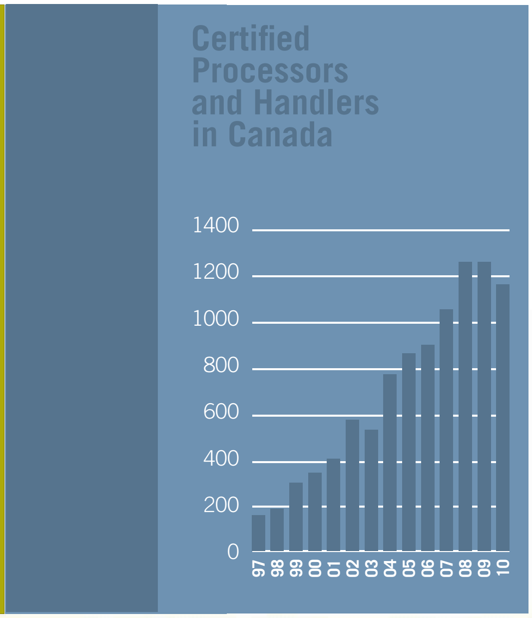
The Fastest Growing Segment of Canadian Agriculture

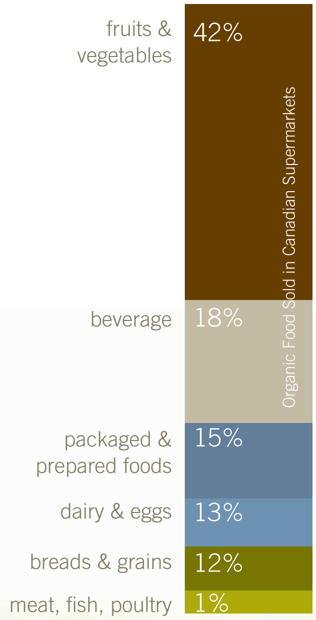
With an estimated 900,000 hectares of land in organic production, Canada is home to 3,732 organic farms, 870 organic processors and 245 organic handlers. Between 2001 and 2011, the Census of Agriculture shows Canadian organic operations increased by 66.5% and the number of certified organic processors and handlers increased by 194%.

Booming but Still Plenty of Room to Grow

While organic sales in Canada are growing much faster than food sales in general, they still account for only a 1.7% share of total food sales.







> “A solid foundation built around strong representation and shared values and beliefs”

Our Mandate

The OVCRT consists of balanced representation from across the food production continuum, including all facets of organic production, processing, distribution, retail and foodservices, in addition to a number of research institutions. Its diverse membership also includes provincial government officials and senior representatives from Agriculture and Agri-Food Canada as well as other federal government departments and agencies (such as the Canadian Food Inspection Agency, Health Canada, Environment Canada and Transport Canada). It also enjoys open, constructive dialogue with associated groups such as the Pest Management Regulatory Agency (PMRA).

The OVCRT brings stakeholders together to share information, and work collaboratively on strategies to address regulations, increase Canadian organic capacity, support development of markets, and help guide research and innovation. The OVCRT has created four Working Groups and a Steering Committee to achieve objectives in these areas:

The Regulatory Working Group (RWG) was developed to respond to emerging or systemic regulatory issues limiting the Canadian organic sector's ability to grow and thrive, or otherwise meet its social contract with consumers.

The Market Development Working Group (MDWG) came together to identify issues and potential solutions, develop projects and action plans in support of the branding and promotion of Canadian organic products in domestic and export markets.

The Research and Innovation Working Group (RIWG) was established to define Canada's organic research agenda, identify sector research priorities, and facilitate investment in organic science and innovation.

The Increasing Canadian Capacity Working Group (ICCWG) was created to increase the capacity of the organic sector value chain to respond competitively to market demand with quality Canadian organic primary and processed products.

The main focus of the **OVCRT Steering Committee** is to manage and oversee the various Working Groups as they address their respective priorities and collaborative efforts.

The OVCRT has undertaken and contributed to several key initiatives since its inception. Work is ongoing on many projects including the following: the creation of a Canada Organic Brand strategy to differentiate Canadian organic products from imports and competing labels; the development of strategies to reduce the impact of GMO contamination on organic production; the identification of research priorities and the provision of input to the Organic Science Cluster Program; the identification of opportunities to increase domestic production and processing to meet national demand; and many others. For a list of OVCRT achievements, please refer to Appendix A on pages 12 and 13. Roundtable members have completed this strategic plan to chart the OVCRT's course over the next five years.

OUR VISION & MISSION

The OVCRT's Vision Statement visualizes the prosperous future that the Roundtable foresees for the Canadian organic sector. Our Mission Statement defines the Roundtable's role in the sector's growth and evolution.

Vision Statement:

Organic agriculture and food production thrives in Canada

Mission Statement:

To facilitate the growth of a competitive,innovative and profitable Canadian organic sector

“A clearly defined road map to the future”

OPPORTUNITIES

"Converting challenges into opportunities"

In the current climate of economic restraint, the continued growth of the organic sector, in Canada and around the world, is an indicator that consumers will continue to buy organic products. This strong foundation is attributable to heightened public awareness and concern about health and the environmental implications of synthetic chemical use. Ensuring continued growth that benefits the Canadian organic sector (as opposed to foreign competitors), requires a coordinated effort that addresses challenges head on. Effective communication of the benefits and advantages of organic agriculture, ensuring that supply is matched with demand, favourable regulatory frameworks, and greater access to investment capital are among the factors that will help the sector to address challenges and capture opportunities. With access to the world's two largest organic markets through organic equivalency arrangements with the United States and the European Union, Canada is well positioned to increase its organic exports.

Opportunities

In reviewing the major issues facing the sector, Roundtable members identified opportunities in six priority areas. These opportunities will form the basis of the Roundtable's strategic initiatives over the next five years:

1 Visibility and awareness of the Canadian organic sector

Canadians do not fully understand the tangible health and environmental benefits of organic agriculture and certified organic products. Consumer confusion over ambiguous marketing claims (i.e. "natural," "pure," "green," "locally-grown") further complicates the issue.

A strategy to improve visibility and awareness of the organic sector will require Roundtable leadership in the development of clear, unifying, fact-based messages and communications campaigns for both domestic and international markets. It will also require the willingness of government to regulate product marketing claims and labels in order to reduce confusion in the marketplace.

2 Capacity, scale and financial depth

In discussing demand potential for organic products, Roundtable members agreed to a target of increasing the organic share of domestic retail sales from a current level of approximately 1.7 percent to 5 percent by 2018. (The United States is currently at 5% while 8% of foods consumed in Germany are now organic.)

To realize 5% market share will require increased production, improved production efficiencies, and greater economies of scale, all impacted by the investment support of Canada's financial institutions.

Increased production will require a substantial transition of conventionally-farmed lands to organic practices. Producers must first recognize the tangible returns possible through organic farming in order to justify their transition and certification costs. This can be achieved through outreach strategies that clearly define investment requirements and returns, assist with cooperative marketing initiatives, and provide ongoing support through the availability of trained extension specialists and forums.

Organic producers have identified the lack of capital as a barrier to growth. However, as organic producers reach out to potential investors and other sources of capital, a more focused communication approach highlighting the strengths of the sector is required, as well as delivery of support programs to provide skills development and training in business planning and management.

3 Science, innovation and training

Science, innovation, education and extension are needed to maintain the profitability, credibility and competitiveness of the sector for both domestic and international markets. Investment in science and innovation is key and Canada is fortunate to have a vibrant organic research program known as the "Organic Science Cluster" which is funded by the Agriculture and Agri-Food Canada and the private sector. The goals of the Organic Science Cluster (OSC) are to facilitate a national strategic approach to organic science in Canada, link scientists across the country and disseminate the knowledge generated to organic stakeholders. The OSC strengthens the capacity and market for domestic organic production while supporting ecologically sound farming practices. Over \$8.6 million was invested in organic research for the first OSC (2010 –2013) and the sector is well-positioned for OSCII (2013 - 2018).

The OSC is a collaboration between the Organic Agriculture Centre of Canada at Dalhousie University (facilitator and administrator), the Organic Federation of Canada (applicant), and the Organic Value Chain Roundtable, as a strategic contributor.

4 Regulatory environment

Organic agriculture is highly regulated and its horizontal supply and value chain raises the challenge of potential regulatory gaps, technical barriers, or other issues that can impede a specific commodity, value-chain player, or the sector at large.

The constantly changing regulatory environment and continued growth of the sector mean new challenges are encountered regularly. The OVCRT is engaged in the federal government's regulatory modernization initiative, and is addressing an ever-growing list of regulatory issues impacting the organic sector ranging from provincial regulatory gaps, standards maintenance, as well as domestic and international market access impediments.

5 Risk management

As the Canadian organic sector grows, diversifies and expands into new markets, it will be increasingly exposed to risks similar to those of the non-organic sector - food safety risks, economic risks due to market loss, competition, trade barriers, and other risks such as contamination by genetically engineered (GE) crop varieties, negative publicity, myths, and unsubstantiated claims. To overcome the administrative and communication challenges of a sector that is represented by a multitude of provincial and national organizations, the OVCRT will spearhead a coordinated risk management approach to protect the sector. This will include the establishment of various industry-led rapid response teams focused on emergency planning, crisis management, and communications strategies.

6 Communications program of the Organic Value Chain Roundtable

The activities and mandate of the OVCRT are not widely understood by the Canadian organic sector. An emphasis on communications (both internal and external) will result in greater cohesion around sector priorities and messaging, and allow for industry feedback. Messaging from the various organizations that represent the organic sector nationally and regionally has not always been consistent. Therefore, an emphasis on coordination amongst stakeholders is required.

WORKING GROUPS

Working Group Priorities

To achieve their goal of improving the competitiveness of the Canadian organic sector, the Roundtable members first identified and prioritized the most pressing issues facing the sector. Each working group then created specific objectives, strategies and action plans designed to achieve tangible and meaningful progress that can be measured over the next five years.

Regulatory Working Group (RWG)

1 Intraprovincial Regulations

The top medium- to long-term priority for the RWG is to address the regulatory gap that exists for organic products sold intra-provincially. Organic regulations for organic products traded between provinces and internationally require certification to the Canada Organic Regime and are enforced by the Canadian Food Inspection Agency (CFIA). However, organic products that are sold in the province in which they are produced are not required to comply with this national regulation (with the exception of Quebec which has mandatory provincial regulations). This dual system may lead to cases of erroneous and confusing organic claims which risk undermining consumer confidence in organic products. To resolve this disparity, the RWG will undertake the following:

- Monitor the status of provincial regulatory regimes
- Complete a needs assessment for provincial regulations
- Advocate for complementary intra-provincial regulations across the country
- Establish a strategy for working with CFIA and provincial governments to enact regulations that will create common standards and a level playing field for all organic operators

2 Organic Data Collection

The OVCRT has identified the need for a comprehensive, accurate, and up-to-date database for organics as a top priority for substantiation of organic claims. This will also facilitate informed decision-making and support promotion and education initiatives. To achieve this goal, the RWG will:

- Establish the parameters for a national informatics database that will track supply and demand, import and export by organic commodity (as well as farm inputs and other production and related data)
- Identify an organization to host and maintain the database including the collection, aggregation and dissemination of organic statistics
- Identify a strategy for securing ongoing resources for the maintenance of the database

3 Natural vs. Organic Claims

To help resolve public confusion over ambiguous food advertising and labeling claims (particularly "natural" claims that are negatively impacting the organic sector), the RWG will advocate and work towards the development of government advertising and labeling regulations and standards that will clarify definitions and allowable claims concerning the word "natural."

4 Genetically Engineered Organisms

As concluded in a recent research study for the OVCRT, the proliferation of biotechnology and genetically engineered (GE) organisms poses serious threats to organic agriculture in Canada and elsewhere. The RWG will keep OVCRT members apprised of recommended industry approaches to address GE issues.

5 Organic Products Regulations

In addition to ensuring Canadian organic production is carried out according to defined practices, the Organic Products Regulations (OPR) and the standards therein form the basis of important equivalency arrangements with the European Union and the United States. Ensuring the OPR remain compatible with those of Canada's major trading partners requires ongoing maintenance of these standards. To accomplish these aims, the RWG will undertake the following:

- Work to identify sustainable funding models for the ongoing maintenance of Canada's organic standards
- Create a strategic plan for implementation of an ongoing standards maintenance regime

“Prioritizing our actions”

Market Development Working Group (MDWG)

1 National Organic Sector Branding Campaign

The top priority for the MDWG is the creation and implementation of a multi-faceted national organic sector branding campaign by small, medium and large marketers to promote the Canadian organic sector and domestically-produced organic products. To achieve this, the MDWG will undertake the following:

- Finalize key messages, creative concepts and copy for the campaign
- Test concepts through consumer and stakeholder research/engagement such as surveys and/or focus groups
- Identify means and measures to engage marketers and promote the adoption and use of campaign materials
- Initiate a yearly or biannual tracking study to ensure the relevancy and effectiveness of all marketing materials
- Conduct research that will support the value proposition defined by the branding campaign and promote findings accordingly
- Track sales of Canadian organic products
- Define an information and education program for retailers and consumers as part of the larger organic marketing plan
- Track results and successes

2 Risk Management

Another major priority is to protect the Canadian organic sector and overall organic brand from risks and threats by creating and implementing a collaborative emergency/media plan with industry associations. To protect the sector from risk, the MDWG will undertake the following:

- Work with industry associations to map out responsibilities and knowledge sharing protocols
- Identify and train industry spokespersons
- Create media lines for key risks and threats

3 International Marketing

The MDWG will encourage the growth of Canadian organic exports by supporting the efforts of the industry and government in identifying, accessing and expanding international markets for Canadian organic products. The MDWG will work cooperatively on the following:

- Identify priority markets
- Support Canada organic brand visibility in export markets with an emphasis on supplying uniquely Canadian products in high-growth categories

Research and Innovation Working Group (RIWG)

The primary goal of the Research and Innovation Working Group (RIWG) is to promote science and innovation in the development of organic agriculture in Canada. With a focus on scientific research, training and education, the RIWG offers a national forum for the exchange of information and scientific advice on research priorities. The OVCRT identified 4 key objectives with related strategies:

1 Identify organic sector science

- Identify critical barriers and opportunities for organic agriculture in Canada
- Consult with other OVCRT working groups
- Consult with industry stakeholders to identify science and innovation priorities
- Assess priorities identified internationally
- Identify the impact of prioritized research
- Prioritize science and innovation projects

2 Invest in organic science and innovation

- Promote organic research priorities to granting agencies
- Encourage and facilitate industry and public support for organic research
- Encourage the development of scholarships for students studying organic agriculture

3 Support organic science and innovation programs

- Establish a Steering Committee for national strategic science initiatives
- Establish a strategic national science program for organic agriculture
- Establish a sub-committee focusing on improvement in animal welfare
- Promote professional and scientific human resource capacity for the organic sector
- Promote organic priorities to researchers

4 Ensure organic science and innovation have impact

- Identify strategies for the adoption of new scientific knowledge
- Coordinate national extension programs
- Evaluate the impact of organic science and innovation programs
- Consult targeted beneficiaries of the research throughout the entire science and innovation process
- Initiate and foster sector-based producer/researcher groups to discuss research and innovation

Increasing Canadian Capacity Working Group (ICCWG)

Despite significant growth in demand for organic products, supply/demand imbalances have contributed to a degree of market volatility in pricing as well as organic production and import levels. The main priority of the Increasing Canadian Capacity Working Group (ICCWG) is to increase the capacity of the organic sector value chain to respond competitively to market demand with quality Canadian organic primary and processed products in cooperation with the Market Development Working Group. The OVCRT identified 5 key objectives with related strategies for the group:

1 Enhance the ability of organic operators to access existing and new markets and to improve the financial viability of their operations

- Improve business skills
- Improve production/processing skills
- Customize government programs for organic operators
- Analyze existing international and national programs and design optimal support programs to facilitate expansion of specific organic commodities & develop models and supporting documentation to enable alignment between provincial conventional & organic commodities for the purpose of tracing organic commodities and managing/creating organic check-off fees
- Support the development of organic food value chains

2 Increase the number of operators transitioning from conventional production where there are untapped existing or new markets

- Subsidize certification costs for new and existing organic operators
- Persuade conventional operators to transition to organic crops/foods where there are strong market opportunities
- Train advisors/extension personnel
- Promote educational opportunities and extension

3 Improve Canada's self-sufficiency in organic seed production

- Develop a national or regional organic seed database
- Improve seed quality
- Support organic seed breeding programs

4 Identify and overcome processing bottlenecks where lack of processing impedes the growth of Canadian organic production

- Develop materials and an outreach program for abattoirs
- Support the establishment of food product incubators
- Help the organic sector to connect with private capital sources to invest in new products and markets, increase production and improve productivity

5 Collect information to enable the organic sector to track industry development

- Collect organic operator data (by commoity and acreage) on an annual basis
- Collect sales and consumer intelligence data at least every 5 years

STEERING COMMITTEE

Steering Committee

Communications
The role of the OVCRT Steering Committee is to ensure progress on the various priorities of the working groups and the roundtable as a whole. For this reason, clear and effective internal communication between the working groups and the Roundtable members, and external communication with the sector at large is essential. Whether the information relates to the national branding strategy, the development of the risk strategy or the internal Roundtable agenda, the Steering Committee will reach out to OVCRT members and the greater industry to gather input and feedback on its many ongoing initiatives.

Internal Communications
Steps to enhance the OVCRT internal communications include the following:

- Establishing a mechanism for discussion of ideas, issues and concerns between full roundtable meetings
- Providing members with regular status reports on action items
- Ensuring member input into Roundtable agenda development in advance of meetings
- Clarifying OVCRT goals and objectives and the roles of its members and working groups

External Communications
The OVCRT will communicate Roundtable priorities, actions and results to the broader organic sector through the following:

- Distribution of Roundtable meeting bulletins to key associations and stakeholders
- Identification of opportunities to enhance communication and collaboration with key agricultural commodity/sector organizations and other Value Chain Roundtables
- Communicating meeting, research, and strategic plan accomplishments through its web pages at www.roundtable.agr.gc.ca.

Working Groups and Task Forces

The Roundtable draws its strength from the sum of its parts, building on the vast experience and expertise of its diverse members. The key to the Roundtable's success is to continue to have the right people at the table, to ensure clear and achievable goals, to prioritize objectives and to formulate realistic timelines. The adoption of national branding and risk strategies will require cohesion, cooperation and buy-in from the organic sector and all levels of government. To this end, the role of the Steering Committee is to provide clarity, seek feedback and coordinate the efforts of its working groups and task forces.

APPENDIX A

Organic Value Chain Roundtable Achievements & Successes

Canada Organic Retailing Practices Manual (CORP)
This guide provides a road map for retailers to develop voluntary in-house training programs and Standard Operating Procedures for maintaining the organic integrity of organic food from delivery to sale. The manual fills an important educational gap because retailers that sell organic food products in Canada are not required to be certified.

The manual is available in hard copy or free download, has been presented at retail conferences and was covered in Canadian retailer magazine.

Canadian Organic Promotional Opportunities Project
This report compares the promotion of organic foods in Europe, the USA and within the provinces of Canada, and the linkages and cooperative efforts that organic producers have with mainstream commodity and other organizations in these jurisdictions for the development of organic production capacity and markets. In line with recommendations of the report, the Canadian organic sector is building bridges with mainstream agriculture organizations, leveraging areas of commonality especially with respect to regulatory issues, marketing and market access, research, and increasing Canadian capacity.

Marketing Board Project
This report integrates information from each province with respect to how organic products are treated by marketing boards.

Benchmarking Study for Organic Tomatoes
This report measures the performance of Canadian exporters of organic tomatoes in relation to their principal competitors.

Organic Beef Benchmarking Study
This report measures the performance of Canadian exporters of organic beef in relation to their principal competitors.

Challenges and Approaches in Mitigating Risks Associated with the Adventitious Presence of GM products in Organic Crop Production in Canada
This report assesses the risk for contamination by five genetically engineered crops currently or potentially grown in Canada (includes wheat and alfalfa which are not yet grown commercially in Canada), quantifies the cost of this contamination to the organic sector and provides recommended strategies to prevent contamination.

Supporting Organic Agriculture with Credible Science
Through the RIWG, the OVCRT has been leading the process for identifying research priorities for the organic sector, promoting these priorities to funding agencies, and using the priorities to support development of national initiatives like the Organic Science Cluster.

Funding to Ensure Ongoing Maintenance of the Canadian Organic Standards
The Canadian Organic Standards have not been updated since June 2011 and there is no current mechanism to update or review the standards. This report assesses non-government sources of funding to maintain the standards.

Canada Organic Sector Brand Strategy
This brand strategy articulates the vision for organic agriculture and products in Canada and provides a focus for marketing and consumer education campaigns.

This work will form the basis of a major communications initiative in Fall 2013.

Organic Risk Management Strategy
This is a plan designed to mitigate risks and threats to the Canada Organic Brand and to the Canadian organic sector.

OVCRT Strategic Plan
This plan has been developed by the four working groups of the OVCRT: Regulatory, Market Development, Capacity Development and Research, Increasing Canadian Capacity and Research and Innovation. The plan articulates the vision, mandate and strategic objectives to be undertaken by the OVCRT over the next five years.

Organic Seed Study
This report assesses the value of the organic seed market for vegetable, forage and field crop seeds and makes recommendations for further growth and development of this industry.

Carbon Footprint Study
The objective of this report was to determine whether sufficient evidence exists to substantiate organic branding based on a lower carbon footprint for organic farming. Findings in the study support the brand pillars and key messaging in the Canada Organic Sector Brand Strategy and associated communications plan.

Organic Science Cluster
The OVCRT's Research and Innovation Working Group serves as the Steering Committee for the Organic Science Cluster. With additional industry representatives and supported by an esteemed Science Advisory Board, research work conducted by the Science Cluster is intended to be applied and to result in tangible future outcomes for industry.

For more information visit the OVCRT web site at:
http://www.ats-sea.agr.gc.ca/rt-tr/org-bio-eng.htm

Growing Forward 2
A federal-provincial-territorial initiative

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Canada