Agriculture 2020: Challenges and Opportunities
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The new millennium has brought a bumper crop of change to Canada’s agriculture and agri-food sector. While 98 per cent of farms in Canada remain family-owned enterprises, agriculture in the 21st century has evolved into a sophisticated, innovation-driven, technology-based industry that is increasingly required to anticipate and respond to changing consumer demands both at home and abroad.

The state of play continues to change. By 2020 Canada will be facing a new set of challenges and opportunities with further implications on the competitiveness of the Canadian agriculture, agri-food and agri-based products industry.

These challenges and opportunities include:

- Increasing competition from new players in global markets,
- Diminishing availability of natural resources for agricultural production,
- Changing international priorities in areas such and trade and the environment, and
- Consumer demands for food with particular attributes (e.g. organic, heart health, no pesticides, environmentally friendly, treatment of animals).

Governments and industry have a shared interest in understanding and preparing for these challenges and opportunities so that Canadian agricultural producers – and the entire Canadian value chain – can remain competitive and so that Canada continues to be a major global player in production of agricultural goods.

To meet these challenges and to create new opportunities, the Growing Forward policy framework was created, integrating Federal, Provincial and Territorial (FPT) government policies and programs that enhance the long-term competitiveness of the sector. The five-year Growing Forward policy framework concludes in 2013. For the next framework to successfully address the challenges facing the sector, governments and industry must continue to work together to provide programs that are tailored to meet sector requirements, facilitate the adoption of new ideas, new ways of competing and helping producers to manage risk.

This includes investment in knowledge and idea development, adopting new technologies, processes and products, educating consumers on innovation in food technology, applying regulations that work for consumers and producers, refining environmental performance, working to access new markets and expand existing ones, and responding faster and better to changing consumer demands.

Production of primary agricultural commodities will continue to play a major role, but not just for the production of food. The future of the Canadian agriculture, agri-food and agri-based industry depends on a solid foundation of scientific research, including
support for moving technologies through the pre-commercialization gap and helping companies market their products.

**Growth Through Innovation**

As the world population continues to grow and the global demand for food increases, there will be mounting pressure on the natural resources needed for agricultural production. Canada’s unique wealth in natural resources – second in the world in arable land per person and home to five per cent of the world’s renewable water – provides an opportunity to be a global leader in agricultural production.

However, resource endowments alone are not enough to remain competitive. Low-cost production from emerging economies have the potential to meet much of the growing demand for primary agricultural products.

Future growth and prosperity of the Canadian agri-industry will be driven by innovation through investments in research and development, adoption of new technologies and business practices that contribute to a more productive sector, while at the same time meeting consumer demands for products that match their health, environmental, and social expectations.

New crops with increased yields, improved drought tolerance, and better nutritional benefits are being developed. As well, exciting new research has led to the development of a bio-economy for new products derived from agricultural output such as functional foods with beneficial bioactive components, nutraceuticals, and starch-based polymers and blends for new-generation bio-plastics and products that could help reduce reliance on petroleum-based products.

As consumer preferences and markets evolve, the challenge for the agri-industry will be how to best capitalize on these trends and use them to enhance the profitability of the sector.

**Risk Management**

Given the volatility within the global agriculture sector, producers are concerned about the long-term sustainability of their operations. After extensive consultations with industry stakeholders, FPT governments have implemented a suite of Growing Forward Business Risk Management (BRM) programs to help farmers better manage the business risks facing their operations. Between 2004 and 2008, FPT governments provided nearly $3 billion in annual support to the primary sector. The objective of the BRM programs is not to maintain producers’ incomes at fixed or historical levels, but to help smooth out income fluctuations due to market volatility or weather-related disasters. Governments recognize that producers are best placed to manage day-to-day risks facing their operations. Growing Forward BRM programs have provided producers with the tools to enhance their competitiveness, innovative capacity and ability to manage risk.
Conclusion

The next decade will bring challenges, but also opportunities, for the Canadian agri-industry. There will be growing competition from low-cost international competitors, but Canada can take advantage of its abundant natural resources, research and development capacities and trade-oriented policies to capitalize on the opportunities presented by a growing middle-class in emerging economies and by a rising global demand for products of higher value and with specific attributes.

Governments have been moving toward a partnership model with the sector that is grounded in market-based approaches. The predominant policy direction over the past decade has emphasized competitiveness, the capacity to innovate, responsiveness to consumer and public demands and effective risk management. Remaining competitive in an increasingly globally connected world requires building and expanding that foundation.

By ensuring access to new growth markets and by taking advantage of Canada’s strengths as a major player in global agriculture, food, feed and biosciences, the agriculture, agri-food, agri-based sector can continue to serve as an engine of economic growth for the Canadian economy.

Federal, provincial and territorial governments are committed to working with the sector and all relevant stakeholders to achieve a common vision of a sector that is competitive and innovative, that contributes to the public good and can proactively manage risks.