

STRATEGIC INVESTMENTS IN AGRICULTURE

The **CANADIAN FEDERATION OF AGRICULTURE** recommends that the federal government:

- Invest in rural Infrastructure to establish a sustainable rural Canada
- Renew its focus on basic agricultural research, which is imperative to position the industry for future growth
- Support producers to take advantage of growth opportunities by making strategic investments
- Invest in initiatives that ensure a viable Canadian food manufacturing industry.

BACKGROUND

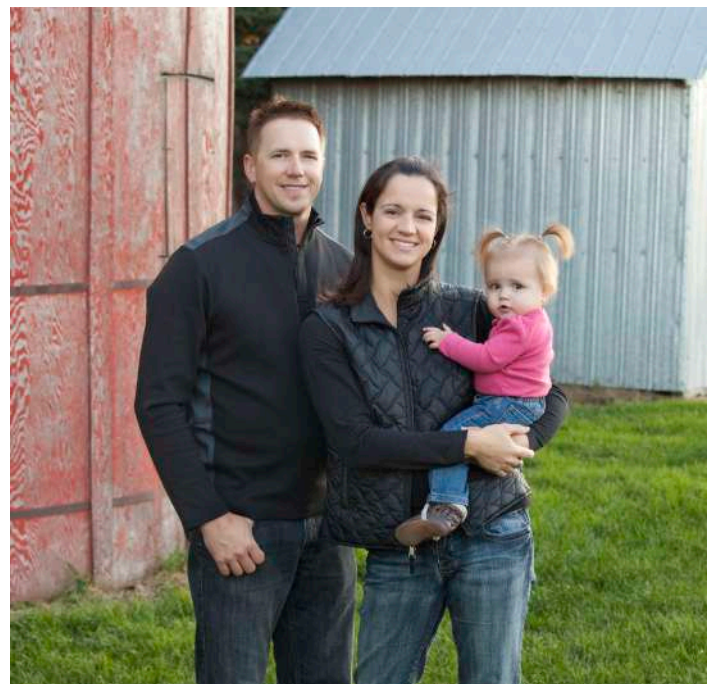
The agriculture and agri-food industry is a strategic sector of the Canadian economy. Its fundamental purpose is to feed Canadians and citizens across the globe.

Canada is in a unique position where it is one of only a handful of countries capable of producing more food than it consumes. With estimates that global agricultural output will need to increase by 70% to feed the world's population by 2050, the reliance on Canada's agricultural sector at home and abroad will only intensify in the years to come. Strategic investments in the sector will ensure it meets these challenges.

1. Investing in Rural Canada's Digital Infrastructure

The health of rural Canada, both economically and socially, depends upon well-structured and well-maintained infrastructure. As the government has already indicated through its commitment to invest in Canadian infrastructure, investments in infrastructure have the potential to spur productivity enhancements and greater economic contributions across Canadian industry. Agriculture, as a predominantly rural industry, relies heavily on rural infrastructure and requires immediate investment in these areas to ensure we remain globally competitive.

Rural depopulation and long distances have resulted in a growing infrastructure deficit throughout rural Canada, which has direct bearing on agriculture's ability to meet emerging market opportunities and address evolving consumer demands. Transportation infrastructure, such as roads, waterways and railways, are essential in moving product to market. Innovations in marketing, production, and product research also continue to create opportunities for producers to participate in both domestic and global marketplaces through online technologies, while online government services continue to evolve.



A significant proportion of primary producers in Canada still lack access to broadband internet services with an even larger proportion lacking access on a reliable basis. Affordability for these services remains a major challenge and a lack of competition exists in many parts of rural Canada, leading to inadequate internet download/upload speeds, inconsistent servicing, and a lack of adequate investment in deployment of broadband internet infrastructure outside of urban centres. The economic, social and environmental sustainability of rural communities is dependent on ensuring there is predictable, sustained investment in rural broadband deployment and enhancement moving forward. If rural Canada is to remain attractive to future generations,

access to reliable, high-speed internet will be critical. Access to reliable, broadband internet has become an essential pillar of a vibrant Canadian agriculture industry and of rural communities across Canada.

Despite Canada's growing urbanization, rural communities also remain critical to the country's economic, social and environmental well-being. Primary and processing industries supported by rural communities comprise more than 13% of Canada's GDP and generate 50% of exports. Rural communities also provide urban Canadians with important opportunities to improve their quality of life - including the supply of food, water and energy - which sustain urban industries in their contributions to Canada's economic prosperity.

The federal government must work with its provincial and municipal partners to promote sustainable rural communities by making critical investments in rural infrastructure, including a long-term strategy for deployment and maintenance of affordable rural digital infrastructure. These investments can then be leveraged by other levels of government to establish a sustainable rural Canada as a key pillar of Canada's economic, social, environmental and cultural well-being.

2. Renewed Focus on Basic Research

Agriculture and public research has received declining amounts of funding over the last decade with threats to key research facilities. Basic research and scientific discovery had not been a priority of the previous government, which has jeopardized the ability of Canadian producers to take advantage of new applications and associated productivity improvements. While we have seen a welcome change in direction, investing now in basic agricultural research and innovation positions the industry for continued steady growth long into the future.

A new model for innovation grounded in partnership between stakeholders, including producers and the federal government, will provide the sector with a continuous pipeline of new discoveries and applications to improve the productivity and sustainability of Canadian agriculture. There is a need to involve producers and research stakeholders in providing research policy and investment advice to the federal government.

3. Investing for a Viable Canadian Food Industry

Support for food processing is vital to the continued success of the Canadian agriculture and agri-food sector by capitalizing on the significant opportunity that exists for value-added activity and enhanced economic contributions.

Food and beverage processing is one of the country's largest manufacturing sectors and an essential channel for Canadian agricultural products. Companies are succeeding yet the sector has been facing challenges, including record trade deficits in secondary processing.

The trade balance in processed food was reasonably stable with a deficit of approximately \$1 billion from 1990 to 2004, and then it dropped rapidly to a \$6.8 billion deficit by the end of 2013. Nonetheless, the industry is remarkably resilient.

During the recent recession, both revenue and employment in Canadian food manufacturing fared remarkably well compared to other manufacturing industries. This is an industry that Canada has been able to count on for both GDP and jobs.

There is an important role for governments to contribute to the industry and create programs that encourage investment in new technologies. This support is essential to aid the food manufacturing industry in becoming more globally competitive and export-ready through investment to assist industry in its ongoing enhancements with equipment, facilities and productivity.

DID YOU KNOW...

- *The agriculture and agri-food sector employs 2.1 million Canadians - 1 in 8 Canadian jobs are in the agriculture and agri-food industry*
- *Food and beverage processing is Canada's largest manufacturing industry with over \$93 billion in shipments*
- *Public investments in basic research have yielded many important discoveries and new products, like canola, benefiting producers and consumers the world over*



Founded in 1935, the Canadian Federation of Agriculture (CFA) is the country's largest farmers' organization. Its members include provincial general farm organizations as well as national and inter-provincial commodity organizations. Through its members, CFA represents over 200,000 Canadian farmers and farm families.