



Putting Canada First

Since 2001, federal, provincial and territorial governments have been working with the agriculture and agri-food industry to help strengthen and revitalize the sector through a new Agricultural Policy Framework (APF) for Canada.

Over the next five years, Canadian farmers will have new tools, services and options to strengthen their businesses, increase prosperity and meet the demands of consumers at home and abroad.

The policy framework brings together five key elements—Business Risk Management, Environment, Food Safety and Quality, Renewal, and Science and Innovation—in a single, solid platform that will help Canadian agriculture maximize new opportunities in world markets. No other country can lay claim to such a cohesive and integrated policy approach to agriculture. For Canada, there will be *international recognition* as the world leader in food safety and quality, environmentally responsible production and innovative products.

The Government of Canada has already signed the APF framework agreement with eight provinces and two territories. As this newsletter goes to print, discussions continue with Quebec and Prince Edward Island.

In this first issue of *Agri-info*, you will find information about what Canadian agriculture can expect under the APF. Additional information will be provided in future issues of *Agri-info* and other sources as the tools, services and options are finalized and made available to farmers.

Lyle Vanclief
Minister of Agriculture and Agri-Food

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Business Risk Management

Governments and the industry are working together to improve business risk management programming. To help farmers in their efforts to move beyond crisis management to long-term profitability and competitiveness, the Government of Canada will invest \$1.1 billion every year for the next five years in programs that directly assist farmers in managing business

risks, such as those posed by weather and disease.

In addition, the federal government invested \$600 million in the 2002-03 fiscal year and plans to invest another \$600 million in the 2003-04 fiscal year to help farmers with the transition to new programs.

continued on page 2

Inside

Environment 3



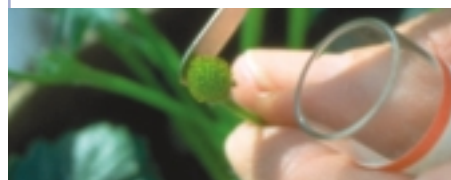
Food Safety and Quality 4



Renewal 5



Science and Innovation 5



International Recognition . . . 6



Building on NISA...

Through consultations, producers have said they like many aspects of existing programs, but they agreed that improvements can be made to resolve gaps and overlaps in the support system.

With producers sending a clear message to build on the best of what is currently available, work is under way to make a new business risk management system with the Net Income Stabilization Account (NISA) program and crop insurance as its cornerstones.

Some of the proposed changes to NISA include:

- **integrated income disaster protection**—income disaster assistance would be included as a permanent feature of the new NISA program. Support for farmers who suffered severe income loss has been provided through ad hoc and shorter-term programs such as the Canadian Farm Income Program (CFIP).
- **simpler to use**—when fully implemented, the program would provide for a single payment for both small or large drops in income. At present, farmers must apply separately to cover severe income declines versus smaller fluctuations. Under the new system, farmers would be required to submit only one application.
- **matching funds as they are used**—farmers' contributions to NISA would be matched on withdrawal by government money, ensuring public funds stay in the agriculture sector for the benefit of the industry.
- **more options to support long-term profitability**—an investment component would be introduced in 2006, and would be available to farmers who first have sufficient funds on account to provide protection against disasters.

This feature would provide additional options to farmers who wish to invest in their business to improve profitability.

- **more flexibility**—the new program would provide flexibility for a farmer's individual situation, in that he or she could commit early in the year to a particular level of coverage.

In the change-over to the new NISA, producers will not lose any of the money currently in their accounts. They will have full access to these funds—including the money from previous government contributions.

Building on crop insurance...

Changes being considered to crop insurance include:

- **broader coverage**—coverage for more commodities, potentially including livestock, through new and innovative insurance products.
- **more options**—a basket-of-crops option would be available along with current, crop-specific insurance products, providing a cost-effective alternative for highly diversified operations not well served by the existing crop-insurance system.

- **equitable support for all**—a consistent level of federal support would be provided across commodities and across all provinces, and would help to reduce the chances of successful trade challenges against Canadian products.

Changes to both NISA and crop insurance would not begin to be seen by producers until later in 2003 or early 2004.

Producers will have time to become familiar with new program features. The new programs will not be delivered to farmers until later this year and in 2004. This is because calculations of benefits for program years—like 2003, for example—generally have to wait until the year is over so that all the necessary information can be collected. In 2003, farmers will provide the same data and use the same applications as in the past. The existing NISA and CFIP will pay out benefits for 2002.

Forms and guides for NISA are now available at Canada Customs and Revenue Agency offices, online at www.ccr.gc.ca, through the NISA administration, and on most tax preparation software packages.

Applications for CFIP can be obtained through the CFIP administration for producers who experienced an income disaster in the 2002 production year.



The sector has been working to strengthen agriculture's role in preserving the environment. In the years ahead, the APF, through the Environment element, will help all farmers become even better stewards.

More environmentally sound agricultural production means improved air, water and soil quality, and the conservation of living things.

To step up the pace of addressing environmental challenges on the farm, producers will require financial assistance.

In June 2002, Agriculture and Agri-Food Minister Lyle Vanclief announced \$100 million for a national Environmental Farm Plan initiative under the APF. More funding will be announced this year to provide support and technical assistance to producers over a five-year period.

Environmental scans, scheduled for this year and next, will identify high-risk areas and lead to the implementation of environmental farm plans.

Program details are being developed and will be available this spring.

Incentives will be available to those producers with environmental farm plans and where there are identified environmental risks. Targeted incentives will help them take remedial actions.

The aim is to have all farms in Canada scanned for risk. By 2008, more than 75 per cent of farms with identified need should have complete environmental plans.

Other key environmental initiatives announced last year include the following:

- **Greencover Canada** is a five-year, \$110-million initiative to promote sustainable land use and expand the land covered by forage and trees. This will provide land conversion incentives to

agricultural producers, improve grassland management, protect farm-water quality, reduce greenhouse gas emissions, enhance biodiversity and improve wildlife habitat.

- The \$60-million **National Water Supply Expansion Program** will provide assistance to encourage agricultural groups and farmers to use sustainable practices, especially in areas where drought is a concern. A national scoping study is under way to determine water supply needs of farmers and rural communities, existing constraints and priorities for water supply expansion.
- A new **National Land and Water Information Service** will be set up to link existing sources of

information and help support decision-making by farmers and other land managers.

- **Pesticide Risk Reduction and Minor Use Programs**, representing about \$65 million, will provide improved access for producers to pesticide products aimed at reducing the risk to the environment. Field trials should start later this year.

While the federal government already invests heavily in environmental science, under the APF, additional resources will be targeted for research and technology. This will help scientists learn more about the impact of agricultural nutrients on water systems and develop new on-farm technologies producers can use to improve water quality.



Food Safety and Quality

Canada's agriculture and agri-food sector enjoys a global reputation for producing consistently safe, high-quality food. This has been achieved, in large part, through a strong commitment on the part of Canadian farmers to safe production practices.

Today's consumer wants more information and greater assurances about the safety and quality of the food they eat. The sector and governments are working together to meet these demands.

Through the APF and its Food Safety and Quality element, Canada is committed to ensuring that food produced in this country continues to meet the highest standards for safety and quality.

Canada-wide systems will be put in place on the farm and throughout the agri-food chain—from the field to the fork—to do a better job of

preventing, monitoring and catching any threats to the safety of Canadian food products.

To maintain their markets, producers and processors are developing and implementing systems that demonstrate to consumers that their food and other products from agriculture meet the highest safety and quality specifications. Proof of meeting these specifications will enhance Canada's already strong reputation as a supplier of safe, high-quality food and will mean greater profitability and new market opportunities for the sector.

Food safety plans that cover most major commodities are in development or have been developed. Governments are also working with industry to develop internationally recognized food-quality systems and product standards.



In addition, improved tracking and tracing systems will enable the sector to provide better safety and quality assurances to customers. These systems will help reduce the amount of product that would be affected in the event of a recall.

Canada will have an even stronger national system that will protect human health, demonstrate to consumers that Canadian food is safe, and increase the sector's ability to meet or exceed market requirements.

Renewal

Agriculture is knowledge-intensive. Producers recognize this and work hard to keep pace with the latest developments in their industry, by improving their skills and adopting innovative technologies.

To help all producers with these efforts, the APF's Renewal element will offer new and complementary tools and services to farmers. These tools and services will be available nationally—and they will improve farmers' access to:

- the kind of advisory and consultative services that businesses in other sectors rely on;
- expert advice to help develop or improve business plans that cover

management, marketing, human resources, production, finances, and succession;

- innovative production practices and technologies that reflect the demands of today's marketplace for safe, top-quality food, produced in an environmentally responsible manner;
- continuous learning to help improve profitability and take advantage of other possible income sources; and
- information on marketing and new opportunities from science.



Science and Innovation

The future success and prosperity of Canada's agri-food industry to a large degree will depend on producers and processors working closely with researchers in labs and test plots across the country. The fruits of this work will help the Canadian agriculture and agri-food sector lead in food safety, innovation and environmentally responsible production.

In this country, there are many important players in agri-food research. The APF's Science and Innovation element emphasizes a team approach among governments, universities and the private sector to maximize Canada's research resources. Science dollars must be invested in priority areas that make the most difference to producers, industry and Canadians.

To achieve this, one of the important first steps under the Science and Innovation element will be strategic plans for fostering innovation. These plans will involve entire value chains.

This includes everyone who has a hand in producing and getting an agri-food product to market—from farmers to processors to distributors.

What's produced on the farm could become the base of whole new industries in Canada. Working with scientists, producers could grow commodities with special characteristics that meet processors'

specifications to generate innovative products for new markets.

These innovations will certainly include new foods, but thanks to science, agricultural production will be the source of a wider range of new non-food products. Some areas include medicine, health and nutrition, fuels, and building materials, to name just a few.



International Recognition

Canada is internationally recognized for safe, high-quality agriculture and food products with half of our agricultural production exported to customers around the globe. Today, Canada is the world's third largest exporter of agriculture and food products.

With the APF, Canada will build on existing recognition and trust in this country as a premier food supplier, giving consumers everywhere even more reasons to buy Canadian products. Customers will know that when they buy Canadian agriculture, food and seafood products, they are buying the best.

To strengthen the sector's position in global markets, the Government of Canada has committed \$170 million to dramatically increase support for market development and trade

access. This funding will be used to gain an in-depth understanding of emerging challenges and growth opportunities, and to work with the sector to plan strategies for capturing these opportunities.

Funds are available for activities that promote sector brands in key markets. For example, government and industry are working together to boost sales of Canada's meat and seafood products in Japan, an important market.

At the same time, trade support in key markets is being strengthened with the addition of agri-food trade specialists who work closely with Canadian exporters abroad.

The government is also enhancing technical marketing programs that raise awareness among foreign

buyers of Canada's capacity to meet demands and our high standards for food safety and quality.

But producing the best products is not enough to ensure success. Canadian producers and processors need maximum access to markets to take advantage of increased export opportunities. That's why Canada takes every opportunity to advance the sector's interests in trade negotiations, including during current round of agriculture negotiations at World Trade Organization. Canada will also continue to speak forcefully against politically imposed trade barriers such as the exorbitant farm subsidies provided by the United States, European Union and Japan.

Canada has already embarked on an ambitious campaign in the United States to influence key decision-makers with the aim of maintaining market access for Canadian agricultural exporters.

Clear rules and maximum access to markets will benefit both Canadian and foreign producers and processors, including those in developing countries.



In closing...

As APF implementation agreements are signed with individual provinces and territories and programs are developed, further information will be provided through future issues of this newsletter and the Web site at:
www.agr.gc.ca/puttingcanadafirst.