



## INVESTING IN ORGANIC AGRICULTURE: A PATH TO CLEAN, INCLUSIVE, ECONOMIC GROWTH

**In the Next Agricultural Policy Framework, we recommend that Canada make significant investments to support organic agriculture and the adoption of more sustainable farming practices to drive clean economic growth and as an essential element of climate change mitigation and adaptation strategies.**

The principal goal of organic production is to develop agricultural operations that are sustainable and harmonious with the environment. Defined by national standards, organic agriculture combines tradition, innovation, and science to benefit the environment and our economy. There is a growing- and largely untapped- demand for organic commodities by consumers and by the broader agricultural and food industry. **Organic agriculture is a business risk management tool in itself** that can help all farmers. Organic agricultural practices mitigate climate change, reduce energy use, and build public trust while providing farmers the economic opportunity to command a higher premium for their commodities.

Canada can stimulate clean and inclusive economic growth and take immediate action on climate change through strategic investments in organic agriculture.

### **Current status of the Canadian Organic Sector:**

- In 2015, there were **5605 operators with organic certification in Canada** – this includes producers, handlers and manufacturers.
- The latest Canada Organic Trade Association consumer IPSOS poll shows that **56% of Canadians buy organics weekly**, and that 86% of these consumers have maintained or increased their organic purchases in the last year.
- **Canada has the 5<sup>th</sup> largest organic market in the world valued at \$4.7B** a year, this is up from \$3.7B in 2013.
- **Canada has negotiated organic equivalency agreements with 90% of our major trading partners.** This includes: the US, the European Union, Switzerland, Costa Rica, and Japan. Agreements with Mexico and South Korea are currently being negotiated.
- **Organics in Canada** is a burgeoning sector representing less than 2.7% of Canadian agriculture but **employing 3.75% of the agricultural workforce.**
- The **demand for organics in Canada is increasing at a rate of 16% per year** and domestic supply is not keeping pace.
- Canadian **value-added organic food processors** are relying on imports and **have difficulty finding reliable and consistent source of ingredients.**

*Statistical values provided by the [Canada Organic Trade Association](#)*

Investing in organic agriculture benefits the environment and provides Canadian organic growers, processors, handlers, and manufacturers access to new domestic and international market opportunities. The organic market is the fastest growing agricultural market in the world. The global organic market has double-digit rate annual growth-rate and is now valued at \$80 billion dollars (USD). Although Canada has the 10<sup>th</sup> largest area of organic land, we remain a significant net importer of value-added organic products, commodities and produce. Our trade deficit is estimated at \$1.5 billion CAD annually in a market valued at \$4.7 billion. There are significant opportunities for domestic organic producers, processors, handlers, and manufacturers to fill this growing domestic gap and continue supplying exports to the international market.

***Organic innovation provides benefits across the agricultural system***

*The innovative technologies and techniques used in organic agriculture can be applied to benefit the wider Canadian agricultural sector. Science that is consistent with the organic principles and standards is inherently supporting goals of sustainability as well as responding to consumer demand and capturing international market opportunities.*

The Next Agricultural Policy Framework should address the needs of organic farmers and be more inclusive of all sectors, scales, methods of production and market channels. Now, more than ever, we need more farmers to adopt ecological and climate-resilient practices in agriculture.

**We recommend that Canada's investments in Organic Agriculture in the Next Agricultural Policy Framework focus on the recommendations below.**

**Support Organic system integrity to ensure market access and trade:** International organic trade hinges on the integrity of the Canadian Organic Standards and on government capacity to develop and maintain multilateral and bilateral equivalency agreements that benefit the entire Canadian Organic Sector. The integrity of the Canada Organic Brand is at risk because there is currently no guaranteed funding mechanism for maintenance of the Canadian Organic Standards. Without the timely maintenance of these standards and government support for its enforcement and integrity, Canadian organic operators are at a competitive disadvantage to operators in the US and EU which have their organic standards fully funded by government. Our international organic equivalency agreements also rely on Canada having updated and compliant organic standards – without them our agreements will be voided. The Next Agricultural Policy Framework should include comprehensive federal funding for the review and maintenance of the Canadian Organic Standards in perpetuity. This should also include continuous technical review of organic practices and inputs allowed in the Canadian Organic Standard.

**Improve data on organics to support sector growth and business risk management:** Currently, information on the organic sector is fragmented and incomplete. Routine, consistent and reliable data on organic production is required to make better business, policy, trade and program related decisions. Investments should be made to improve the quantity and quality of questions related to organics in the next Census of Agriculture; to increase the number of export and import Harmonized System codes for organic; and to develop a national data collection strategy in partnership with the organic industry.

**Invest in Organic Research and Innovation:** Research in organic agriculture has led to innovation in technologies and techniques that result in greater productivity, more efficient resource use, and improved sustainability of agro-ecosystems. This research helps to design agricultural systems that are resilient to climate change, mitigate greenhouse gas emissions, counter the loss of biodiversity in agricultural landscapes, minimize contamination of the environment, and efficiently use and recycle resources. Funding should be expanded to foster innovation in organic and agro-ecological methods and to enhance research programs conducted through the Organic Science Cluster. It should also include more provisions for long-term research (greater than 5 years) and take into account the nature of the research (commercial intellectual property versus public good) when there is a requirement for industry matching funds.

**Support on farm and peer-to peer knowledge transfer:** Innovation will only be effective if the knowledge gained through research is transferred, applied, and utilized. Therefore, program funding for knowledge translation and transfer should be expanded. Notably, the Agri-Science Cluster program should have a mandatory knowledge transfer component. Knowledge transfer programs for organic growers, especially new entrants, should focus on; on-farm training and research, mentorships and farmer-to-farmer training. It should also create critical linkages between farmers, farmer organizations and farmer cooperatives.

**Incentivize and reward best environmental and climate resilient practices:** Programs should incentivize the use of techniques that reduce energy use, increase soil carbon, improve watershed health, enhance biodiversity, and reward producers, like organic growers, who carry out those practices as a fundamental part of their operations. These practices include:

- cultivation of more legumes and perennial crops;
- long term crop rotation and intercropping;
- biodiversity and habitat creation;
- soil health and watershed conservation;
- rotational grazing; and
- use of locally adapted organic seed.

**Adapt Business Risk Management (BRM) programs to be inclusive of producers of all scales, types of production and market channels:** BRMs should be adapted to serve all types of farming, including low-input and diversified farms. The AgriInsurance suite also needs to be expanded to include production insurance that is suitable for organic and transitioning producers.

**Add a 7th pillar on Farm Renewal, Business Development and Labour:** in the Next Agricultural Policy Framework to outline a national strategy that guides provincial programming. This pillar would focus on the following core components: recognition of the diversity of new entrants to farming; farmland protection and transfer; seed capital and financing; training; business planning and management, as well as on-farm labour development.

***The Next Agricultural Policy Framework should strive to be more inclusive overall***  
*The organic sector strongly believes that federally funded programs under the Next Agricultural Policy Framework should be more inclusive of all sectors, scales, methods of production and market channels. In order to be inclusive, the framework must include a review of: industry program cost-sharing, the application process (red tape), funding eligibility criteria, and the budgetary allowance of core funding for associations.*

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## ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

**“Increasing the proportion of agriculture that uses sustainable, organic methods of farming is not a choice, it’s a necessity. We simply can’t continue to produce food far into the future without taking care of our soils, water and biodiversity.” — Professor Claire Kremen, UC Berkeley**

### REWARD AND INCENTIVIZE BEST PRACTICES IN AGRICULTURE

Canada can stimulate clean and inclusive economic growth and take immediate action on climate change through strategic investments in organic agriculture.

Organic management systems provide multiple environmental benefits as illustrated by numerous studies, such as [The Rodale Institutes’ recent 30 year report](#). Beyond keeping carbon in the ground, supporting biodiversity, rebuilding soil fertility and sustaining yields over time while providing a basis for secure farm livelihoods - organic systems and practices<sup>1</sup> are competitive with industrial agriculture on total outputs. Organic systems deliver better in harsh and remote environments, performing particularly well under environmental stress, and providing increased resilience to climate change and extreme weather events. Furthermore, a growing body of evidence, such as the latest report from the [International Panel of Experts on Sustainable Food Systems \(IPES-Food\)](#), shows that economic growth in sustainable agriculture is more effective at improving livelihoods than growth in other sectors such as, conventional agriculture, mining, fossil-fuel extraction etc.

<b>Environmental Benefits of Organic Farming Systems</b>
Sequesters soil carbon
Builds soil fertility
Prevents soil erosion
Increases biodiversity
Creates wildlife habitat
Reduces pest outbreaks
Reduces nutrient leaching
Conserves water
Uses energy efficiently

Organic and climate resilient practices help farmers adapt today while reducing emissions for tomorrow. In Canada, 10.3% of GHG emissions<sup>2</sup> are linked directly to industrial agriculture as a result of practices that rely heavily on nitrogen-fertilizers, fossil fuel combustion, and synthetic pesticides. Concerns are mounting about these practices, particularly their contribution to the acceleration of climate change<sup>3</sup>.

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<sup>1</sup> Organic standards require producers to implement practices that promote soil health and agricultural biodiversity. These include extended crop rotations, especially when including perennial forages with legumes, which build soil fertility, optimize nutrient use, hold carbon in the soil, reduce water contamination by leaching and runoff, and promote diversity on the landscape that reduces nutrient leaching, pest pressure, and pesticide use.

<sup>2</sup> Environment and Climate Change Canada. (2016). National Inventory Report 1990-2014: Greenhouse Gas Sources and Sinks in Canada.

<sup>3</sup> A 2015 report by Trucost for the Food and Agriculture Organization of the United Nations evaluated the environmental costs of conventional farming methods at 3 trillion/year: <https://www.trucost.com/trucost-news/trucost-reveals-3-trillion-environmental-cost-farming/>

Many conventional farmers are reaching out to the organic sector for help in adopting more sustainable practices, especially as they feel increasing pressure from unpredictable and often extreme weather events.

Furthermore, despite being a significant source of GHG emissions, energy use in Canadian agriculture is poorly understood. While the UK and the US have completed life cycle assessments of energy use, Canada has not. Any carbon pricing plan, such as the one Government of Canada plans to implement, must acknowledge the contribution of each aspect of agriculture to our GHG footprint, and identify the methods of production that generate the most and the least emissions.

We already know of many best management practices that are low energy, low emissions, and yield multiple benefits. These practices reduce synthetic fertilizer and pesticide use, and value cultivation of more legumes and perennial crops, long term crop rotation, intercropping, biodiversity/habitat creation, rotational grazing, and use of locally adapted organic seed. The organic farming community is leading in this area, but much more R&D, knowledge transfer and extension is needed to build on the existing knowledge base, continue innovations in sustainable agriculture, and make this knowledge available to Canada's entire farming community.

*Under the Next Agricultural Policy Framework we recommend:*

- Performing a life cycle assessment and energy audit of Canada's agriculture and agri-food system. The assessment should look at each sector in detail with a focus on embedded energy<sup>4</sup> use on farms, in transport, processing, retail, and in the kitchens of Canadians. Studies conducted in the US and UK should be looked at as examples for Canada.
- Investing in programs that support entry and transition into organic production, provide extension services and knowledge transfer, and support market development and consumer education to raise awareness of the widespread benefits of best environmental and climate resilient practices.
- Creating programs to reward and incentivize the adoption of best environmental and climate-resilient practices on farms through various means: tax credits, rebates on agronomic services, top-ups for AgriInvest, etc. Specific best environmental and climate resilient practices that should be supported are those that reduce synthetic fertilizers and pesticides use, as well as, practices such as: cultivation of more legumes and perennial crops, long term crop rotation, intercropping, biodiversity/habitat creation, rotational grazing, and use of locally adapted organic seed.
- A revenue neutral system for carbon pricing that re-invests revenues back in agriculture. These revenues could be used to create a fund to incentivize the adoption of best management practices listed above.

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<sup>4</sup> **Embedded energy** is the energy used in creating a product. An assessment of embedded energy would look at, for example, fuel consumption in the field but also the energy used to manufacture inputs such as fertilizer and equipment.

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## SCIENCE, RESEARCH AND INNOVATION

### SCIENCE FUNDING

Canadian agriculture faces growing challenges due to climate change and increasing global competitiveness. These challenges also apply to organic agriculture. Global competitors such as the U.S. and the E.U. have invested significantly in organic agricultural research and extension, and Canada is falling behind.

AAFC's Growing Forward Agri-Science Cluster Programs have played a significant role in advancing Canadian organic agriculture through the Organic Science Cluster.

Organic agricultural research is unique as it tends to focus on animal welfare, sustainability, pollution reduction and agro-ecosystem functionality; research topics that ultimately serve the public good. It is important to also note, that while the organic sector remains a very diverse and burgeoning sector it has not yet established an industry check-off.

Organic agriculture strives to optimize productivity and profitability within the limits of the agroecosystem while minimizing the use of external inputs such as fertilizers and pesticides. This practice requires thorough knowledge of how agroecosystems function and how they will respond to the agricultural practices applied. Application of this knowledge in conjunction with modern tools and technologies is an impressive agro-ecological innovation.

These unique aspects of organic agriculture research and the financial limitations of the organic sector should be recognized when identifying the industry cost-share requirements for organic research, innovation, and knowledge transfer projects.

*Under the Next Agricultural Policy Framework we recommend:*

- Expanding funding for the Agri-Science Cluster program.
- Recognizing that agricultural research takes place over a long period of time - often greater than five years (e.g., participatory plant breeding).
- Incentivizing research related to sustainable and organic agriculture that delivers a public good by reducing the industry cost-share ratio even further.
- Ensuring that requirements for industry matching funds in organic projects do not exceed 25%, and reflect the nature of the research as opposed to having a fixed cost-share ratio. We propose the following four cost-share ratios for industry under the Agri-Science Cluster Program:
  1. **Reduce the industry cost-share requirement to 0% for research with broad public and environmental benefits** (e.g., reduction of GHG emissions, livestock welfare).
  2. **Require 25% industry cost-share for research that increases competitiveness** for the sector overall.
  3. **Recognize industry in-kind time towards the 25% industry cost-share for knowledge transfer projects.** This would include industry partners who donate their time, resources and expertise to projects and those that assist in disseminating the research results and who deliver educational programming to farmers.

- 4. Increase the industry cost-share to 50% for research that generates commercial intellectual property** to be controlled or owned by one or a few stakeholders.

#### KNOWLEDGE TRANSFER

The Organic Science Cluster serves agriculture across Canada and across all sectors. The knowledge generated from organic agricultural science needs to be effectively transferred to stakeholders who can use it. In the 2013-2018 Organic Science Cluster, none of the support requested for knowledge transfer, including English-French translation was granted. This has significantly limited the dissemination of research findings. Knowledge transfer should be a pillar of the Agri-Science Cluster program.

Over the past 10 years, non-profit organizations and farmer-led co-operatives have developed successful strategies and expertise in offering production skills training to fill the role that public institutions and government extension used to play. The Next Agricultural Policy Framework needs to strengthen support for training of all current and aspiring farmers (including organic farmers) both directly via training subsidies, and indirectly through funding programs that support the development and implementation of training services.

*Under the Next Agricultural Policy Framework we recommend:*

- Investing in organic extension and knowledge transfer activities that support transition and which also help producers become more productive.
- Establishing programs that foster innovation, R&D, and knowledge transfer. This should include on-farm training and research, mentorships and farmer-to-farmer training. These programs need to be flexible and inclusive of farming organizations and farmer cooperatives.
- Providing funding without an industry cost-share requirement for language translation of research, training, and knowledge transfer resources.

#### R&D IN ORGANIC SEED SELECTION AND BREEDING

Maintaining high levels of genetic diversity is an effective strategy for climate change mitigation, food security, and socio-economic development. For instance, the genetic diversity of crop species' varieties enables our food crops to adapt to conditions such as emerging diseases and a changing environment. While the modern seeds that Canadian agriculture depends upon are high-yielding and high-quality, they are also genetically uniform, and bred to perform best when paired with chemical inputs. Research has shown that crops grow best in the environmental conditions in which they were bred. In other words, an organically-bred variety will perform better under organic management than its conventional counterpart. Unfortunately, most seeds currently on the market are ill-suited to the operations of organic growers. This limits the options available to organic growers which increases their vulnerability to changing environmental conditions.

On-farm and farmer-led participatory research for breeding and varietal improvement for organic grains and vegetables are essential for developing varieties that are suitable for organic farmers, as well as conventional growers seeking to decrease reliance on chemical inputs.

Organic growers require organic seed, but it is often not available in the varieties they are looking for nor in the quality or quantity they seek<sup>5</sup>. Because of significant existing demand, the development of new varieties of organically-bred crops will help the organic sector grow in years to come.

*Under the Next Agricultural Policy Framework we recommend:*

- Significant funding for participatory varietal selection (PVS) and participatory plant breeding (PPB) of organic, climate resilient, locally adapted seeds. The frameworks must acknowledge the key roles of farmers, researchers, and civil society partners in the participatory research process including coordination and communication of results.

## RISK MANAGEMENT

### BUSINESS RISK MANAGEMENT

Business Risk Management (BRM) tools are a key policy instrument meant to enhance the ability of agricultural producers to manage risks. However, the current suite of BRM tools under Growing Forward 2 are ill-suited to address the risks facing farms who have adopted organic production methods with either substantial bias against low-input, diversified farms (e.g., AgriStability) or limited accessibility (e.g., AgriInsurance).

AgriStability performs best for farms with high-risk, mono-production business models since production or price declines in one type of produce (e.g. wheat) are not offset by more stable production or prices in another type of produce. Farms with diversified production models, like those used in organic production, do not typically experience margin declines of sufficient depth to trigger payments at 70% of their reference margin. Their diversified nature helps them buffer against losses in one crop since they have a variety of agricultural products that may still fair well despite one or a few crops failing.

Furthermore, the Reference Margin Limit in the AgriStability program significantly reduces the margin coverage for low-input farms, like organic farms. Eligible expenses used for the calculation of the Reference Margin Limit such as seed, fertilizer and pesticide expenses are typically quite low for organic operations, while non-arm's length labour expenses, which are non-eligible, are higher for organic than conventional farms.

The AgriInsurance suite also needs to be expanded to include production insurance that is suitable for organic producers and those in transition. At this time, only six provinces offer organic production insurance and it is limited to a small number of field crops. As a result, many farmers go without crop insurance and assume 100 percent of the financial risk of organic and transitional production. An example of a successful organic insurance program is the USDA national organic insurance program that offers premiums for organic and transitional producers. These policies allow organic and transitional

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<sup>5</sup> Canadian Organic Trade Association. (2014). The Market for Organic and Ecological Seed in Canada: Trends and Opportunities 2014: [https://payment.csfm.com/donations/usc/bauta/images/seedmarketstudy\\_EN\\_Oct27.pdf](https://payment.csfm.com/donations/usc/bauta/images/seedmarketstudy_EN_Oct27.pdf).

producers to insure between 50 to 85 percent of their whole farm revenue. This policy is available to all types of producers and is inclusive of diversified farms that tend to sell directly, locally or regionally.

The self-managed AgriInvest producer-government savings account is a program that serves a broad audience within the agricultural sector and is an effective business risk management tool that should continue within the Next Agricultural Policy Framework.

*Under the Next Agricultural Policy Framework we recommend:*

- Adapting business risk management tools so that they are inclusive of producers of all scales, types of production, and marketing channels and that they also recognize the risk mitigation benefits of diversified operations.
- Replacing the AgriStability program from the Next Agricultural Policy Framework with a payment program for best agro-ecological and climate resilient practices which minimize risk.
- Offering organic production insurance within all provinces and territories and expanding coverage to include a wider variety of commodities with a focus on horticulture and livestock.
- Developing an organic transition insurance program which is based on conventional pricing, conventional premiums, and reduced yields while measuring against organic management practices.
- Expanding the AgriInvest and AgriRecovery programs which serve a broad audience.

## IMPROVE DATA ON ORGANICS TO SUPPORT SECTOR GROWTH AND BUSINESS RISK MANAGEMENT

At this time, the government collects a vast amount of data on agricultural production in Canada but it rarely segments out data effectively on organic production. The lack of sound data limits the ability of producers, associations, researchers, and policy makers to measure the growth of the organic sector, track trends and evaluate trade-flows. For example, the inadequacy and scarcity of data on organic yield and pricing for organic commodities is an impediment to the development of BRM tools and programs for organic farm operations. We believe a lack of organic data is a risk for the government and the industry; it prevents both from making informed business and program related decisions regarding organics.

*Under the Next Agricultural Policy Framework we recommend:*

- Improving the level of detail in the questions about organics in the [Census of Agriculture](#) and the other national annual agricultural surveys.
- Creating a targeted list of 100 new import and export HS codes in order to better understand trade-flows in the country.
- Developing, in partnership with the organic industry, a national organic data collection strategy that includes production, organic yield and pricing data for key organic commodities.

## MARKETS & TRADE

### ORGANIC INTEGRITY VITAL TO MARKET ACCESS & TRADE

International organic trade hinges on the integrity of the Canadian Organic Standards and on the government's capacity to develop and maintain multilateral and bilateral equivalency agreements that benefit the Canadian organic sector.

**Canadian Organic Standards** - The Canadian Organic Standards ([CAN/CGSB-32.310](#) and [CAN/CGSB-32.311](#)) are the backbone of the organic sector; they are developed by industry but are owned by the Government of Canada (care of the Canadian General Standards Board (CGSB)). Agriculture and Agri-Food Canada (AAFC) pay CGSB \$39K annually to allow free public access to the Canadian Organic Standards. The Canada organic logo is also owned by the Government.

Every five years the Canadian Organic Standards must undergo a thorough review as outlined in International Standardization Organization (ISO) requirements. This essential review is led by a technical committee made up of industry experts and various technical working groups. The cost of the 2013-2015 review was over \$1M; this included \$600K paid by the Standards Council of Canada (SCC) to the CGSB, \$300K from AAFC and another \$100K fundraised by the Organic Federation of Canada.

The review process is not only expensive, but it is onerous and time consuming yet absolutely necessary to maintain country-to-country organic equivalency agreements and to ensure Canada has fulsome standards. Our international organic equivalency agreements also rely on us having updated and compliant standards – without them our agreements will be voided.

The organic sector is facing a new risk as AAFC has threatened to cease funding future revision work and the money received from the SCC could also be at risk of being cut. The maintenance of organic standards in other countries such as, the United States and the European Union, is fully funded by government. Without the timely maintenance of the Canadian Organic Standards and government support for its enforcement and integrity, Canadian producers, handlers, processors, and manufacturers are placed at a disadvantage compared to their international counterparts in the US, EU and elsewhere.

**Assessment of trade partner standards** - To gain international market access, Canada has been negotiating equivalency arrangements with its trade partners. These agreements are based on the mutual recognition of organic standards and reciprocity. We now have agreements with the US, the EU, Switzerland, Costa Rica, and Japan and are currently negotiating equivalencies with Mexico and South Korea.

Industry plays a key role in assessing the organic standards of our international trading partners. In 2016, the Minister of Agriculture called for the formalization of the industry role by establishing a partnership between CFIA and the Canada Organic Trade Association. This partnership saw the creation of the Technical Advisory Committee (TAC) for International Equivalency under the Canada Organic Regime (COR). The TAC is composed of experts in organic and trade and responsible for completing a comprehensive, comparative analysis of the organic production standard(s) of foreign countries and the Canadian Organic Standards. The TAC serves as a stakeholder forum to ensure that the diverse

viewpoints of the industry are taken into account during the CFIA's organic equivalency determination process.

The Next Agricultural Policy Framework should be flexible and support the tools developed by the Canadian Organic Sector industry to maintain its integrity and facilitate trade.

*Under the Next Agricultural Policy Framework we recommend:*

- Comprehensive federal funding for the review and maintenance of the Canadian Organic Standards in perpetuity. This should also include continuous technical review of organic practices and inputs allowed in the Canadian Organic Standards, and training to help operators apply the standard.
- Market development programs that support the tools developed by the industry to maintain the integrity of the Canadian Organic Standards and facilitate trade through international organic equivalency agreements.

### INTERNATIONAL MARKET ACCESS PROGRAMS THAT REFLECT THE SECTOR'S INTERNATIONAL STRATEGY

The organic sector has successfully accessed the Growing Forward 2, AgriMarketing program (Market Development Stream) to promote the Canada Organic Brand abroad, and to create export opportunities for more than 100 organic processors, traders, and growers. Organic is a unique industry in which demand is concentrated in key markets: notably, the US, the EU and Japan. The next market development program should be as flexible as the current framework in order to enable each agricultural sector to target specific markets and develop programs that fit their long-term international strategies.

*Under the Next Agricultural Policy Framework we recommend:*

- AgriMarketing programs (Market Development Stream and the small and medium-sized enterprise component) that are flexible and correspond to the market priorities of each agricultural sector, and, if needed, to include the US market.

### GROWTH OF CANADIAN ORGANIC DOMESTIC MARKET

In Canada, there has been a dramatic increase in consumer demand for raw and value-added organics in recent years that far exceeds the domestic supply of organic products. These new market opportunities are driving employment growth in agriculture, increasing entrepreneurship in rural communities, and expanding food access and choice. There is a significant need to expand the capacity of farmers and businesses to serve this growing market, help revitalize local economies around the country, and support efforts to provide fresh, healthy food to all Canadians.

This is precisely why in September, 2016, the [USDA announced an additional \\$56 million in grants to strengthen local and regional food systems, support farmers markets, and fund organic research](#). If

Canada wants to remain competitive in the global organic marketplace, it also needs to invest in local, domestic production of organics.

Despite a 16% annual increase in demand for organic commodities the number of producers in Canada has stagnated. Compared to the US, which from 2004 to 2014 saw the number of organic producers increase by 65%, the number of Canadian organic producers has only grown by a mere 2.8% in that same time.

The lack of growth in the number of Canadian organic producers can be attributed in part to a number of barriers and risks that organic producers face. These include: a lack of organic extension and knowledge transfer programs; a lack of data for informed decision making by producers; a lack of effective business risk management tools such as organic production insurance; a lack of government investment in sustainable agriculture; under-funded and under-resourced organic associations; the cost of organic certification; the risk of transition failure; a lack of access to organic regionally-adapted seed; a lack of access to facilities equipped to store and handle organic products; and competition with organic imports that have a low cost of production.

With government support we can overcome these challenges and help organic producers seize the economic opportunities to further support a thriving domestic organic industry.

*Under the Next Agricultural Policy Framework we recommend:*

- Developing a National Organic Certification Cost Share Program that assists producers with the cost of certification (see example of the [US program](#)).
- Collecting and disseminating data on organic commodities to be used by producers in preparing their business case for organic production.
- Introducing programming to promote Made-in-Canada organic (see example of [US program](#)) as well as to develop domestic markets.
- Investing in infrastructure such as abattoirs, seed cleaning plants, mills, grain elevators, and food manufacturing plants that are equipped to handle smaller quantities of organic products.
- Investing in scale-appropriate assurance systems to support regional food development.

## PUBLIC TRUST

### ORGANIC INTEGRITY VITAL TO MAINTAIN PUBLIC TRUST

Public Trust in the Canada Organic Brand is critical for continued growth of the organic sector. The organic sector has implemented rigorous standards and partnered with government to develop assurance systems so that Canadians can feel confident in products that make organic claims and bear the Canada Organic logo. The AgriMarketing (Assurance Stream) has been a well-utilized program by the organic sector and assisted in funding the recent review of the Canadian Organic Standards and in carrying out projects that increase the transparency and understanding of the standards.

It was well documented by The Canadian Centre for Food Integrity<sup>6</sup> that Canadian's trust in our agricultural and agri-food system is at an all-time low. Canadians are voicing their concerns about food safety and have high expectations of producers to be environmental stewards of the land and use best practices that align with the principles of sustainable agriculture. As we've learned, public trust is earned through doing what is right, developing sound assurance systems and building in greater transparency through communication and other tools.

Like all other agricultural sectors, the Canadian organic sector must strive to meet the high expectations and scrutiny of Canadian consumers. This provides motivation to improve upon our methods of production, develop stricter assurance systems, and build in more transparency.

*Under the Next Agricultural Policy Framework we recommend:*

- Government-industry collaborative programs that support industry in exploring and understanding their specific and unique public trust issues as these vary among sectors, production types, and by region.
- Public trust programs should focus on supporting industries in adopting new production methods to better meet the needs and expectations of Canadians who place a high value on health, environmental sustainability, safety, fair labour, and animal welfare.
- Government-industry collaboration to develop assurance systems and standards which include long-term maintenance plans since assurance systems and standards are costly and onerous to uphold as we've seen with the example of the Canadian Organic Standards (see section on Market Access).
- Federal-Provincial-Territorial-industry collaboration to develop provincial organic regulations where they don't currently exist to ensure the integrity of the organic claim across the country.

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<sup>6</sup> The Canadian Centre for Food Integrity. (2016) 2016 Canadian Public Trust Research. <http://www.farmfoodcare.org/canada/wp-content/uploads/2016/05/2016-Public-Trust-Research-Report.pdf>

- Government-industry collaboration to develop transparency tools that can be used by the public to verify claims made by industry. In the case of organics, this would include development of a national organic directory whereby the public can verify that an organic claim is true.
- Any communication funding should be exclusively for initiatives that clarify industry standards, assurance systems, verification mechanisms, and enforcement procedures.
- Expand the AgriMarketing-Assurance stream as this already serves many of the public trust initiatives that industry should be undertaking.
- Grant free public access to all agricultural and agri-food standards.

### We also suggest a

## Seventh Priority in the Next Agricultural Policy Framework

### FARM RENEWAL, BUSINESS DEVELOPMENT, AND LABOUR

The profitability of farming is under threat: the number of Canadian farmers and farms are decreasing while the levels of farm debt steadily increase (as documented by the Census of Agriculture). The decreasing value of Canadian agricultural products along with increasing inputs cost and increased land values further jeopardize the future of farming. The Canadian government needs to take proactive steps to encourage new entrants and viable farm succession, and help farmers succeed over the long term.

Despite the challenges, more and more Canadians are keen to start farming and are re-defining the face of farming in Canada. A good portion of these farmers are starting organic farms - out of a deep concern of being both financially and environmentally sustainable. More of these farmers are focusing on domestic markets, as well as diversified farming operations- often as a business risk management strategy. Yet, as detailed by numerous reports, these farmers increasingly face challenges, such as access to land, capital, training, business development, and labour; challenges that compromise their entry and success in farming.

An investment in farm renewal will have ripple effects on the economic and environmental well-being of society as a whole. Supporting farm renewal will strengthen the viability of rural communities, contribute to local and regional economic development, and encourage the adoption of sustainable and climate-resilient agricultural practices.

*Under the Next Agricultural Policy Framework we recommend:*

- The creation of a **Farm Renewal, Business Development and Labour Pillar in the next Agricultural Policy Framework** to outline a national strategy that guides provincial programming. Such a pillar should focus on:
  1. *The Diversity of New Entrants to Farming*: Expand the definition of “new farmers” to encompass all new entrants, including those without a farming background, second careerists, Indigenous Peoples and recent immigrants.

2. *Farmland Protection and Transfer*: Support programs that focus on protecting land for future generations and making farmland accessible to all farmers through secure, long-term, and affordable land tenure.
3. *Seed Capital and Financing*: Increase access to start-up capital and financing for new farmers using tools such as establishment grants, early stage loans, loan guarantees, cash flow programs and more flexible Business Risk Management programs (BRM).
4. *Training and Knowledge Transfer*: Make training and knowledge transfer accessible to new farmers.
5. *Business Planning and Management*: Support the adoption of best farm business management practices to secure the long term financial viability of farms, including the transition between retiring farmers and new entrants, and support for new enterprises as they undertake initial farm business planning in order to increase success rates.
6. *On-Farm Labour Development*: Provide increased support and incentives to enable farmers to create more meaningful on-farm employment opportunities and improve the retention rate of skilled labour.

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## **APPENDIX 1: BACKGROUND ON ORGANIC REGULATION IN CANADA**

The Organic Products Regulations (OPR) came into effect on June 30, 2009 and is the governing legislation for the Canadian Organic Sector that defines the scope of what can be certified to the Canadian Organic Standards. The Canadian Food Inspection Agency (CFIA) enforces the OPR, which only applies to organic commodities that are sold between provinces, imported, that bear the Canada Organic logo or in provinces where provincial regulations reference the OPR. Commodities labelled as organic or that bear the Canada Organic Logo are inspected to meet the Canadian Organic Standards by a third-party certifying body accredited by the CFIA. Under the OPR only food, animal feed, and seed can have organic certification.

The enforcement of the OPR and the maintenance of the Canadian Organic Standards are essential in maintaining the integrity of the Canada Organic Brand, establishing international organic equivalency agreements and allowing Canadian organic commodities to be exported as organic to international markets.

## APPENDIX 2: ENVIRONMENTAL BENEFITS OF ORGANIC AGRICULTURE

**Source:** Food and Agriculture Organization of the United Nations

**Sustainability over the long term** | Many changes observed in the environment are long term, occurring slowly over time. Organic agriculture considers the medium- and long-term effect of agricultural interventions on the agro-ecosystem. It aims to produce food while establishing an ecological balance to prevent soil fertility or pest problems. Organic agriculture takes a proactive approach as opposed to treating problems after they emerge.

**Soil** | Soil building practices such as crop rotations, inter-cropping, symbiotic associations, cover crops, organic fertilizers and minimum tillage are central to organic practices. These encourage soil fauna and flora, improving soil formation and structure and creating more stable systems. In turn, nutrient and energy cycling is increased and the retentive abilities of the soil for nutrients and water are enhanced, compensating for the non-use of mineral fertilizers. Such management techniques also play an important role in soil erosion control. The length of time that the soil is exposed to erosive forces is decreased, soil biodiversity is increased, and nutrient losses are reduced, helping to maintain and enhance soil productivity. Crop export of nutrients is usually compensated by farm-derived renewable resources but it is sometimes necessary to supplement organic soils with potassium, phosphate, calcium, magnesium and trace elements from external sources.

**Water** | In many agriculture areas, pollution of groundwater courses with synthetic fertilizers and pesticides is a major problem. As the use of these is prohibited in organic agriculture, they are replaced by organic fertilizers (e.g. compost, animal manure, green manure) and through the use of greater biodiversity (in terms of species cultivated and permanent vegetation), enhancing soil structure and water infiltration. Well managed organic systems with better nutrient retentive abilities, greatly reduce the risk of groundwater pollution. In some areas where pollution is a real problem, conversion to organic agriculture is highly encouraged as a restorative measure (e.g. by the governments of France and Germany).

**Air and climate change** | Organic agriculture reduces non-renewable energy use by decreasing agrochemical needs (these require high quantities of fossil fuel to be produced). Organic agriculture contributes to mitigating the greenhouse effect and global warming through its ability to sequester carbon in the soil. Many management practices used by organic agriculture (e.g. minimum tillage, returning crop residues to the soil, the use of cover crops and rotations, and the greater integration of nitrogen-fixing legumes), increase the return of carbon to the soil, raising productivity and favouring carbon storage. A number of studies revealed that soil organic carbon contents under organic farming are considerably higher. The more organic carbon is retained in the soil, the more the mitigation potential of agriculture against climate change is higher. However, there is much research needed in this field, yet. There is a lack of data on soil organic carbon for developing countries, with no farm system comparison data from Africa and Latin America, and only limited data on soil organic carbon stocks, which is crucial for determining carbon sequestration rates for farming practices.

**Biodiversity** | Organic farmers are both custodians and users of biodiversity at all levels. At the gene level, traditional and adapted seeds and breeds are preferred for their greater resistance to diseases and their resilience to climatic stress. At the species level, diverse combinations of plants and animals optimize nutrient and energy cycling for agricultural production. At the ecosystem level, the maintenance of natural areas within and around organic fields and absence of chemical inputs create suitable habitats for wildlife. The frequent use of under-utilized species (often as rotation crops to build soil fertility) reduces erosion of agro-biodiversity, creating a healthier gene pool - the basis for future adaptation. The provision of structures providing food and shelter, and the lack of pesticide use, attract new or re-colonizing species to the organic area (both permanent and migratory), including wild flora and fauna (e.g. birds) and organisms beneficial to the organic system such as pollinators and pest predators. The number of studies on organic farming and biodiversity increased significantly within the last years. [A Recent Study Reporting On A Meta-Analysis Of 766 Scientific Papers](#) concluded that organic farming produces more biodiversity than other farming systems.

**Ecological services** | The impact of organic agriculture on natural resources favours interactions within the agro-ecosystem that are vital for both agricultural production and nature conservation. Ecological services derived include soil forming and conditioning, soil stabilization, waste recycling, carbon sequestration, nutrients cycling, predation, pollination and habitats. By opting for organic products, the consumer through his/her purchasing power promotes a less polluting agricultural system. The hidden costs of agriculture to the environment in terms of natural resource degradation are reduced.