Strategic Directions for Growing the Atlantic Canadian Organic Sector

# Cultivating Growth

2019

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# Purpose

The purpose of this report is to offer general directions and specific actions, to grow the organic industry of Atlantic Canada. The strategic directions, outlined in this report, aim to establish a regional ecosystem of operations, supports, and services with the express purpose of strengthening existing certified organic operations and supporting the growth of new organic businesses. The strategic directions can be viewed as leverage points; if energy, resources, and effort are applied, these directions will have significant impact on overall growth of the regional industry. To ensure the growth and success of the organic sector of Atlantic Canada, the implementation of these strategies should not be the sole responsibility of one government agency, one organization, or a few organic producers, but rather it is the responsibility of a critical mass of organic sector stakeholders.

## Principles of Organic Production

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|---|---|
| **Health** | Organic agriculture should sustain and enhance the health of soil, plants, animals, humans, and the planet as one and indivisible. |
| **Ecology** | Organic agriculture should be based on living ecological systems and cycles, work with them, emulate them, and help sustain them. |
| **Fairness** | Organic agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities. |
| **Care** | Organic agriculture should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations, and the environment.[1] |

# A Pivotal Moment

**Nationally, and globally, statistics show that the organic sector is steadily growing** in sales, acres, and producers.[2] Even with this demonstrated incremental growth—many stakeholders in Atlantic Canada are concerned that the energy and momentum of the Atlantic organic industry is stagnating. This tension was reaffirmed by sector stakeholders who, when interviewed, shared stories of a historically vibrant organic sector. However, in more recent years there has been an observed weakening of the regional sector leadership and a growing feeling that there has been an erosion of support for certified organics by some consumers and lapsed operators. Overall, stakeholder insights reflected that Atlantic Canada's organic sector requires some urgent re-adjustments if it is to thrive and grow.

Growing Atlantic Canada's organic sector would not only be beneficial to its stakeholders, but it presents an opportunity to play a leading role when it comes to rural revitalization in Atlantic Canada. This is relevant because in 2017, ACOA released its Atlantic Canada Growth Strategy, which demonstrates a willingness, as a region, to collaborate on work that contributes to building Atlantic Canada's regional economic prosperity.[3] This strategy identified food as a sector well-placed for investment and a priority to coordinate regionally because it has strong economic, innovation, and job creation potential.[4] This means that a regionally coordinated organic sector would be well placed to align with this existing economic development work. In addition to economic development, the organic sector offers ecologically sustainable business opportunities, a regulated growing and certification environment, new pathways to market where global demand is growing, and extensive potential for production and processing innovation.

Beyond contributing to rural economic development, Atlantic Canadian organic operations play a leadership role when it comes to demonstrating business practices that balance economic, ecological, and social considerations. The world is facing many growing social and environmental pressures—organic business practices can model a way forward. This idea was outlined by the International Federation of Organic Agricultural Movements, in the Organics 3.0 framework published in 2017. Organics 3.0 invites the global organic movement to evolve by creating a truly sustainable system of farming and consumption. Given that Atlantic Canada's organic sector is in a time of change and re-evaluation, how might stakeholders be inspired by Organics 3.0 and use it to redesign the region's organic sector to have the greatest social, economic, and ecological benefits?

**"Organic agriculture can significantly contribute to addressing global environmental and social challenges and to achieving the Sustainable Development Goals (SDG). In order to fully utilize its potential, organic agriculture needs to grow, continuously improve its performance and inspire mainstream agriculture."[5]**

Atlantic Canada needs to find creative and strategic ways to punch above its weight in the global economy. The primary strategy, that was made clear during the development of this plan, is to work in coordination.

# Key to Growth

Atlantic Canada's organic sector wants to expand its impact and has a notable intersection of supporting organisations and public departments working on developing different components of the organic industry. All these players are having a significant impact in their individual niches, yet, their work is currently being approached in a disjointed manner with limited strategic collaboration between the different provincial and interprovincial players. The lack of coordination limits the capacity of the organic sector to: efficiently pool resources, establish shared infrastructure ventures, leverage larger markets, influence policies, and more. Further, Atlantic Canada represents a relatively small percentage of the national industry; with 205 operators, in the four Atlantic provinces, the regional sector makes up a little over 3% of the 6,365 active operations in Canada.[6] Although the organic sector of Atlantic Canada is small, it is ripe with potentially significant social, economic and ecological benefits. In order to unlock these benefits, the industry would need to take advantage of regional opportunities to expand the industry and its associated impacts.

# Strategic Directions

Insights from Atlantic Canada's organic sector stakeholders built this strategic framework and identified the following 4 priority directions of work to invigorate the organic sector in the coming years. These 4 distinct directions are inherently interconnected and build upon each other, however there is a moderately linear logic to the order of the directions. Regional leadership and coordination was identified as a first step, and is required to meaningfully support the 3 remaining directions. It is not the sole responsibility of a regional leadership organization to implement this strategy, their role—in strategically coordinating and convening the sector—is an essential foundation of this strategy.

Strategic Direction:

# Regional Leadership

**At this time, no organization is focused on advocating and working specifically on developing the organic industry of Atlantic Canada and strengthening the economic component of the sector. There are significant opportunities to grow and strengthen the sector through focused coordinated efforts such as aligning around shared infrastructure ventures, finding solutions to human resource struggles, or collectively lobbying for policy change.**

Coordinated regional work will require an organisation to act as a convener and create the conditions required for regional collaboration. This is not a traditional leadership role, where an organisation makes decisions on behalf of all stakeholders, but rather a servant leadership role that is focused on creating the conditions for people to work, at their best, in a coordinated way. It's also important to note that this does not mean everyone in the region must do the same thing, but instead focus on aligning within and across provinces where shared interests and opportunities lie.

## Actionable Strategies

1. **An organisation that serves and supports Atlantic Canada's organic sector**: This organisation would play a central role in supporting regional strategies outlined in this plan. Support for this organisation would need to come from the people it serves, to demonstrate skin in the game when it comes to holistic sector growth. This requires an investment of both time and funds, from private and public stakeholders, to support this organisation in facilitating collective organic sector work. As a regional organisation, its primary responsibilities would be to:

    a) **Advocate and be a voice for Atlantic Canada's organic sector regionally and nationally:** This includes advocating for policies that will benefit Atlantic Canada operations like: parallel production, research investments, and Federal Agriculture stations running demonstration organic projects on priority commodities.

    b) **Convene stakeholders around collective work:** The regional organisation would need to offer a structure that allows for strategic convening of multi-stakeholder working groups to tackle sector development work as it arises. Examples of potential development projects are: labour struggles for organic producers, evaluating or assessing new market opportunities, local and regional branding campaigns, potential for shared infrastructure opportunities, cooperative processing ventures, regional research priorities, and more. This type of targeted and time-constrained working group will allow the sector to be agile while maintaining energy, through work that is constant and driving forward momentum. This work needs to be done in tandem with knowledge and research exploration (outlined in the knowledge and data section).

2. **Focused partnership building:** If the organic industry is to flourish and maintain resiliency, the organic sector needs a network of allies and champions situated outside the organic community. There are still misunderstandings associated with organics, and the sector needs ambassadors that will share stories and show the value and impact of organic practices. This partnership building strategy starts by having organic ambassadors present, and positively contributing, at diverse tables where organics have a stake. Examples include: farm organisations, conventional producer gatherings, trade associations, commodity groups, economic development agencies, etc.. Like building soil richness, cultivating diverse relationships will take time. However, these diverse connections are required for the organic sector to broaden and deepen its influence in Atlantic Canada and in the food industry as a whole.

3. **Voice for Atlantic Canada's organic sector:** Market research shows there are still many questions and misperceptions about organics.[7] The sector needs an entity to steward and proactively shape the organic sector of Atlantic Canada's image and story through media, networks, partnerships, and advocacy. The sector needs to craft its own story and ensure that people have a trustworthy source of information about organics.

4. **Ambassador for Atlantic Canada:** Atlantic Canada's organic sector is working in its own unique context. It is crucial that the voice of Atlantic Canada's organic sector stakeholders continues to be present at tables on the national level, in a manner that allows the region to meaningfully contribute through effective provincial organic stakeholder coordination. The region shares many similar goals with national organisations and agencies such as Canadian Organic Growers, Canada Organics Regime, and the Organics Value Chain Roundtable and it is essential that the regional sector continues to find synergies with national work, to help leverage larger investments. Atlantic Canada can position itself as a small region where it is suitable to pilot and/or demonstrate national priorities. To leverage these type of opportunities, Atlantic Canada needs a unified presence at the national level.

Strategic Direction:
# Knowledge & Research

**Knowledge is a powerful resource and its impact is amplified when it is disseminated to the people who can benefit from it and use the information to continually improve. Across Atlantic Canada, there is a lot of collective wisdom regarding production, policy, and market cultivation practices. Yet, the region has limited access to expert agronomists and these types of expert supports are not consistent between provinces. The challenge is in how to leverage and spread existing and effective organic practices across the sector, and beyond.**

That being said, there is a severe shortage of diverse, organic specific, scientific research and limited access to key industry data set—both are very useful sources of information when making business decisions. Currently, there is sparse sector investment and a limited capacity to invest in research and development studies exploring less commodity specific questions, like climate adaptation strategies and carbon sequestration potential of organic production. This is because in today's system, almost no research can occur without industry partners collaborating on the research project; researchers find it challenging to secure industry investment and participation because of the high diversity, the limited number of operations, and the sector's limited financial capacity to invest in more exploratory research. Currently, small short term projects answering simple questions are happening, but long term projects, required to study systems and to develop a deeper understanding of organic agriculture's impact, are rare. Yet, this knowledge could prove essential in building Atlantic Canada's organic industry's resiliency through improved production practices and identifying new market opportunities.

Equally important, yet potentially more urgent for organic business development, is the need to have accessible, up-to-date datasets that provide a clear portrait of organics in Atlantic Canada. This includes preserving datasets that outline: active organic businesses, production levels, industry sales, and sector investments. This data is necessary to:

I. Better understand the landscape of the organic industry,

II. Assist in making the case for transitioning conventional production to organic,

III. Help businesses and private investors see opportunity in growing the organic value-chain, and

IV. Secure agriculture and economic development support, from all levels of government.

A Pan-Atlantic approach to data collection and sharing would create a consistent landscape for business growth and open pathways for collaboration like joint venture opportunities. Moving towards a future were the sector has transparent and open-source data systems would take significant advocacy to: unlock data, build investment programs, establish sector specific data collection, and ensure dataset upkeep. Further, the sector leadership would need to ensure that adequate change management work occurs to evolve the sector's culture to include data harvesting and information transparency.

## Actionable Strategies

1. **Focused knowledge exchange opportunities:** Coordinating and convening themed learning conversations on a regular basis with a focus on disseminating production information, improving yields, process improvements, technology supports, and effective business practice knowledge. These learning opportunities would provide a space for peer-to-peer knowledge and experience transfer, as well as a way to facilitate documenting the sector's current best practices. Furthermore, this engagement with stakeholders can act as an opportunity to determine necessary supports, such as identifying what experts are sought by the region for field and training days.
2. **Investment in organic research:** The sector has to ensure research is occurring by partnering, investing, and advocating for research. Annually or biannually, sector stakeholders need to convene to identify regional research priorities, projects with significant impact, and then secure a commitment from sector stakeholders to partner and invest funds in the chosen projects. There is a clear opportunity to leverage support from conventional producers and other farming organisations to support research and development that focuses on building Atlantic Canada's producer resilience to climate risks.
3. **Establish core sector datasets:** It is critical to the success of the organic sector that there are clear records and data on the industry. Data collection will likely require a partnership between all levels of government, as well as non-profit, research, and private organisations. It will also require transparency and trust that the producers' data will be kept private and secure. There are a number of opportunities to pursue when considering how to develop datasets. The first is for the industry to advocate for the certifying organisations to share the data that they collect annually during audits of certified operations. The certifiers have a significant stake in growing the organic industry and that information is needed by the sector to strategically grow the sector. The second avenue to explore is linked to the growing market demand for safe food. Food operators are being asked to innovate and expand the use of technologies, like blockchain, to deepen the transparency and accountability when it comes to food safety by clearly and publicly documenting the journey of food—from field to table. This, and other technological innovations, have the potential to concurrently open new markets and become sources of data for the sector to use and learn from.

## Data sets to establish:

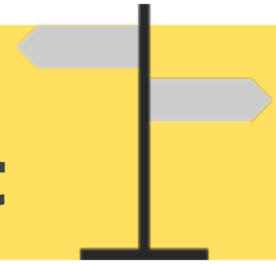
1. Accessible list of all certified and in-transition organic operators in Atlantic Canada.
2. Total acreage of organic agricultural, horticultural and aquacultural commodities.
    - Data on livestock can be referenced as a model; currently every province can issue data on livestock, which is organized by a Parcel Identification Number (PID) in each province.
3. Monitor food sector trends and annually collect data on food producers' research and development investments (organic and non-organic).
    - This can act as a strategic foresight mechanism by informing the organic industry with details of where investments are being made by producers.

## Targets to be set:

1. **% of organic acreage in Atlantic Canada by 2030.** Identify the total % of organic acreage for 2020 and set a 10 year target to be achieved.
2. **Export sales growth.** Identify total export sales outside of Atlantic Canada and set a 10 year target. Having clear data that shows the amount of exported organic goods will strengthen the case for investment in the sector.

Strategic Direction:

# Strengthen Pathways to Market



If the sector truly wants to expand organic operations, it needs to open new, and reinforce existing, market pathways for Atlantic Canada's organic products. The local markets do not show promise for extensive growth, thus the sector will have to look to exporting outside of the region. Stakeholders reiterated throughout the process that they want a resilient and stable sector, one that expands market access in a manner that models organic principled production and business practices. This is no simple task because the businesses within the organic sector are as diverse as the marketplaces they serve, and thus the pathways to expanding markets are different for large scale commodity operators and niche mixed operators. The organic sector leadership will need to work on strengthening pathways to market by:

1. Cultivating **local market** opportunities
2. Building **export pathways** for targeted commodities

As a region, the local direct-to-consumer market opportunities are already fairly strong and are continually being developed. However, this pathway is challenged by a weakening organic brand power, the limited capacity of the operators, and the few distribution and point of sale options. The reality is that 80 % of Canadian consumers are buying their organic products in grocery stores and only a small percentage of regional operators are significantly distributing to the wholesale grocery chain retailers.[8] These challenges present opportunities to innovate and expand potential local market shares, through exploring partnerships with the culinary agro-tourism movement, cultivating terroir recognition, establishing cooperative processing ventures, and building a regional wholesale product marketplace.

Given that the Atlantic region does not have an extensive population or market size, the sector needs to explore alternative market opportunities, and build export pathways outside the region, in order to grow operations within Atlantic Canada. Developing markets takes time and cannot be done as a blanket exercise nor in isolation from existing Atlantic Canada food export and processing work. This direction leans on having region-wide coordinated efforts that strategically target and cultivate select markets. The targeted commodities would shift over time, as new channels are established, but it is an approach that asks the sector to commit to focusing energy, selecting commodities ripe for growth, and switching to a regional prosperity mindset.

## Actionable Strategies

1. **Support development of regional organic value chain**: Two primary areas were identified to grow the organic value chain in Atlantic Canada:
    - Continuing to expand the agro-tourism, culinary experience services, and terroir movements
    - Exploring the potential of organic packaged food markets because Atlantic Canada's operations have a branding advantage as credible value based operations entering a growing marketplace[9]

2. **Cultivate specific export commodities and products**: Pan-Atlantic focus on national and international market development linked to growing provincial commodities. This would mean a focus of energy for a period of time on cultivating and developing specific provincially identified growth commodities, as outlined in the production growth strategy. This also means working cross-provincially and co-leveraging market opportunities and investing in shared processing strategies.

3. **Leverage global market trends**: In this global marketplace, there is a major opportunity to collaboratively invest in following, understanding, and capitalising on key global trends. Looking to the future can help inspire creative ways to innovate, lead, and carve specialised niche markets for Atlantic Canadian products and operations. Working with the public sector, the organic industry can transform trends into future market areas and develop a plan for ideal organic production expansion in which Atlantic Canada is ecologically and economically well positioned to fill. As an example, there is the opportunity to explore how operations can better use existing technology to help increase transparency and accountability of regional operations, which would enhance trust in Atlantic Canadian products and answer food safety fears expressed by many global markets.

4. **Invest in cooperative processing or distribution models:** The sector needs to aim to have one or two cooperative ventures underway in the next five years. These investments would add processing or distribution pathways to the value chains of a few commodities. This could include a certified organic fruit and vegetable freezing facility, a certified organic abattoir, or an organic produce auction.

Strategic Direction:

# Increase Production

**At its roots, the Atlantic Canadian organic sector needs more viable and resilient organic business operators. In order to ensure a healthy regional organic business ecosystem—committed to the organic principles of production—strategic investments are required to help start, transition, stabilize, and grow organic businesses.**

Although some of the actionable strategies are meant for all producers, many of the recommendations do encourage a province by province targeted focus on investing in chosen commodities. Provinces should play to their natural strengths and build on the commodities with the most potential for growth. With increased regional coordination, all would benefit from establishing select markets and increasing opportunities for joint processing. Potential commodities to launch this targeted work could be: potatoes, carrots, and beef in PEI; maple, hemp, potatoes, and cranberries in New Brunswick; cannabis, cranberries, and brassicas in Nova Scotia; and aquaculture in Newfoundland.

## Actionable Strategies

1. **Increase access to expert extension services:** Provincial governments play a key role in offering specialised agronomist services and technical knowledge to help organic growers address production challenges. Currently, not all provinces have the support of an organic specialist. A priority provincial government investment in organics would be to offer access to specialists with organic expertise, in addition to ensuring all agronomists on their roster are skilled and able to offer conventional and organic growing advice in all commodities.

2. **Attract new entrants:** Attract and recruit new farmers and organic businesses to Atlantic Canada. The new entrants do not have to be new to organic production, just new to Atlantic Canada. In 2017 Atlantic Canada had 205 operators with a collective 29,200 acres under organic production.[10] Recruiting a few experienced farmers to the region, from elsewhere in Canada or abroad, to open a few larger farming operations would have a huge impact on overall production numbers. Atlantic Canada needs to grow its farming density to help build momentum and move towards a viable and well rooted industry.

3. **Targeted transition of conventional crops to organic:** Focus short-term action on transitioning specific crops from conventional to organic, in a concentrated and phased manner. Each province in the region would establish and target crops with the greatest potential for transition and set transition rates for the coming years. To facilitate the transition of production to organics, work is required in:

    a) Demonstrating the business case and market demand that would spark transition in identified commodity groups by: showcasing data about the potential transition costs, offering mock-audits, and offering programs that offset transition risks

b) Supporting operators through the transitioning process to diminish the risks involved

c) Establishing mechanisms that will allow producers to transition a portion of the overall production to organic, rather than trying to transition a few producers to 100 % organic

d) Securing industry champions ready to spearhead transition campaigns amongst target commodities

4. **Identify opportunities for joint ventures across the organic value chain:** The organic value chain is comprised of all elements of organic business from production and processing to distribution, retail, food service, and export. Currently, the region lacks in density of operations and is limited by the size of each individual province, both of which impedes investment and slows the expansion of the organic value chain. Identifying and supporting opportunities for joint ventures–that could increase shared efficiency–would require data on what crops are being grown by whom, as well as lists of available resources in order to excel in interprovincial collaboration. Examples include cost sharing, bulk purchasing of local inputs, shared infrastructure such as processing facilities, and shared marketing strategies. The PEI Vegetable Growers Co-op is a good example of an existing joint venture that has the potential to be modelled elsewhere. Such joint ventures should be explored in order to build upon existing administrative, organisational, and physical infrastructure.

**The following chart outlines the 3 primary scenarios, for strengthening and growing organic production by individual producers, and specific key challenges as identified by organic producers.**

| | Coordinating | Scaling Up | Transitioning |
|---|---|---|---|
| ***Growth Scenarios*** | Some small scale producers need to remain small, and can find growth opportunities through cooperative distribution or specialization and experiential services in culinary or agrotourism. | Some small scale producers will identify commodities to scale up for growth. | Transitioning large scale conventional crops to organic. |
| ***Key Challenge Specific to Scenario*** | Small producers are looking to collectively grow but are time and resource strapped to take on this work. External support is needed to make this a viable growth strategy. | Moving from small scale to wholesale production is no easy task and there are limited mechanisms available to transition scales. Further, there are leaps in cost and food safety certification required to grow. How do operators jump this gap? | Regulations do not allow for parallel production, at this time, but producers are finding ways to expand into organics even with all the risks. Support to help mitigate transitioning risks, stories demonstrating transition successes, and sector champions promoting transitioning crops are all tactics that have shown significant ability to influence and expand commodity transition programs. |

# Data Collection Methods & Development of Strategic Directions

Successful implementation of this strategy would require a commitment from a broad range of organic sector stakeholders, and therefore, the research and development of this strategic plan was primarily based on the insights of the sector stakeholders. Data was gathered through conversations and interviews with organic sector stakeholders, which was then validated through further consultation with stakeholders, stakeholder survey data, and a review of relevant literature (reports, strategic plans, and research).

Consultation with organic sector stakeholders included: four consultations in 2018 with ACORN members in each of the Atlantic Provinces, a series of one-on-one interviews with 20+ stakeholders, and a long form survey with 48 invited respondents. In January 2019, a literature scan was conducted of relevant research documents and strategic plans. During the research and consultation process, the framework was developed in an iterative process where the strategic directions were presented and refined through consultation with stakeholders over a 4 month period, from February 2019 to May 2019. Key organic sector stakeholders involved in the process included: producers (agriculture, horticulture, aquaculture, and specialty items), processors, and a number of supporting organisations such as researchers, non-profit organisations, and provincial and federal government representatives.

The Atlantic Canada Organic Regional Network (ACORN) was the catalyst for this Pan-Atlantic organic sector strategic plan and was pivotal in supporting its development. The creation of this strategy was made possible by the financial support of the Canadian Agricultural Partnership (CAP) program—in partnership with the Prince Edward Island, Nova Scotia, and New Brunswick provincial governments.

# Notes

[1] Government of Canada, Canadian General Standards Board. *Organic Production Systems: General Principles and Management Standards. November 2015* (Amended March 2018), Available at: www.certifiedorganic.bc.ca/standards/docs/CAN-CGSB-32.310-2015E.pdf

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[6] COTA. Organic in Canada.

[7] Atlantic Canadian Organic Regional Network (ACORN). Organic Market Research Study: New Brunswick and Nova Scotia. September"October, 2017.

[8] Statista. Organic Food Market in Canada.

[9] Euromonitor International. Passport: Organic Packaged Food in Canada. March 2019.

[10] COTA. Organic in Canada.

Thank you to everyone who supported the development of this report.

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# Thank You

June 2019