

## **ZENNOH ANNUAL MEETING**

*Niigata, Japan, March 10, 2008*

### 1. INTRODUCTION

IT IS WITH GREAT PLEASURE THAT I JOIN YOU IN NIIGATA TODAY FOR THE ANNUAL MEETING OF ZENNOH NIIGATA. I WISH TO THANK THE CHAIRMAN OF ZENNOH, YANAGISAWA-SAN, FOR HIS INVITATION.

I FEEL VERY MUCH AT HOME IN NIIGATA. MY FIRST VISITS TOOK PLACE MORE THAN THIRTY YEARS AGO, DURING MY FIRST ASSIGNMENT TO THE CANADIAN EMBASSY IN JAPAN. DURING THE 1980s, I LEFT THE GOVERNMENT OF CANADA (出向) FOR A FEW YEARS, AND WORKED AS THE REPRESENTATIVE OF THE COUNCIL OF FOREST INDUSTRIES OF BRITISH COLUMBIA. MY OFFICE WAS IN TOKYO, BUT I TRAVELLED THROUGHOUT JAPAN, ESPECIALLY AROUND HONSHU, TO PROMOTE CANADIAN FOREST PRODUCTS AND THE CANADIAN 2X4 BUILDING SYSTEM FOR HOUSING. WE ACHIEVED GREAT SUCCESS IN THIS ENDEAVOUR.

I RETURNED TO NIIGATA FREQUENTLY IN THE 1990s AS WELL, EITHER TO VISIT WITH DIET MEMBERS FROM THIS

PREFECTURE, OR TO MEET WITH UNIVERSITIES AND EXCHANGE VIEWS ON JAPAN, CANADA AND THE WORLD. I SHOULD TELL YOU HOWEVER THAT MY TIES TO JAPAN HOWEVER ARE MUCH LONGER THAN THIS WOULD SUGGEST. IN FACT, IT BEGAN WHEN I WAS STILL A VERY YOUNG CHILD, GROWING UP, LIKE MANY OF YOU IN THE AUDIENCE TODAY, ON A FARM, IN MY CASE, IN RURAL CANADA IN THE 1950s. LIKE MANY OF YOU HERE, I TOO HAVE A RURAL BACKGROUND. THE FIRST 15 YEARS OF MY LIFE WERE SPENT ON A FARM. INDEED, BOTH SIDES OF MY FAMILY HAVE A RURAL BACKGROUND, IN SOME CASES STRETCHING BACK TO EMIGRATION FROM FRANCE IN THE 17<sup>TH</sup> CENTURY, DURING THE ERA OF TOKUGAWA IEMITSU!

## 2. MY JAPAN CONNECTION

RURAL LIFE IN CANADA DURING THE DECADE OF THE 1950s WOULD HAVE FOUND ITS MIRROR IMAGE ON THE RICE PADDIES AND GRAIN FIELDS OF JAPAN. IN BOTH COUNTRIES, TRANSFORMATION AND MODERNIZATION OF AGRICULTURE WERE THE RULE. MECHANIZATION OF FARM LABOUR GREATLY INCREASED THE ECONOMIC EFFICIENCY OF FARMING, AND REDUCED THE NEED FOR LABOUR. THIS MEANT THAT UNLIKE MANY OF OUR RURAL PARENTS IN CANADA AND IN JAPAN, CHILDREN DID NOT HAVE TO SACRIFICE SCHOOLING FOR HARD LABOUR IN THE FIELDS. WE HELPED OUR PARENTS DURING THE EVENINGS AND ON

WEEKENDS PERHAPS, BUT OUR FIRST PRIORITY WAS EDUCATION.

INTERNATIONAL TRADE AND ECONOMIC SPECIALIZATION MEANT THAT THE MARKETS FOR OUR FARM PRODUCTS WERE BOTH NATIONAL AND INTERNATIONAL, AND THUS THE STANDARD OF LIVING OF FARMERS ROSE RAPIDLY DURING THE POST-WAR PERIOD. FARM FAMILIES, LIKE CITY DWELLERS, COULD AFFORD TO BUY THE APPLIANCES THAT DEFINED MIDDLE CLASS LIFE STYLES. MY FATHER PURCHASED OUR FIRST TELEVISION IN 1952. INTERNATIONAL TRAVEL PROVIDED HERETOFORE UNIMAGINABLE OPPORTUNITIES TO SEE AND UNDERSTAND THE WORLD.

INTERESTINGLY, PART OF THE WORLD CAME TO OUR DOOR AS A RESULT OF CIRCUMSTANCES IN JAPAN. EVERYONE WILL KNOW THAT, FROM THE MEIJI ERA ONWARD, JAPAN WELCOMED TEACHERS FROM EUROPE AND NORTH AMERICA TO ASSIST IN PROVIDING EDUCATION TO JAPAN'S YOUNG PEOPLE ESPECIALLY FROM GRADE SCHOOL THROUGH TO HIGH SCHOOL.

ONE OF THOSE EDUCATORS WAS THE ELDER SISTER OF MY MOTHER. SHE ARRIVED IN JAPAN IN 1949, AS A MEMBER OF A RELIGIOUS COMMUNITY OF TEACHERS, WHICH DIRECTED SCHOOLS THROUGHOUT JAPAN BOTH BEFORE AND AFTER THE WAR. MY AUNT WAS SENT JUST NEXT DOOR TO NIIGATA,

TO FUKUSHIMA PREFECTURE AND AIZU-WAKAMATSU WHERE SHE TAUGHT ENGLISH FOR 35 YEARS. SHE RETURNED TO CANADA TO RETIRE WHEN SHE WAS IN HER 60s.

FROM FUKUSHIMA, THROUGHOUT THE YEARS OF MY YOUTH, MY MOTHER'S SISTER SENT TO US A STEADY STREAM OF NEWS ABOUT HER LIFE IN JAPAN, ABOUT HER SCHOOL IN FUKUSHIMA, AND ABOUT THE CULTURAL DIFFERENCES BETWEEN JAPANESE AND CANADIANS. THESE LETTERS WERE USUALLY SUPPLEMENTED BY PHOTOS, OR POST CARDS OF FAMOUS JAPANESE SCENERY. FOR CHRISTMAS, WE WOULD RECEIVE MINIATURE KIMONO CLAD STICK FIGURES, PAPER UMBRELLAS, A TINY ZEN GARDEN COMPLETE WITH MONK IN CONTEMPLATION, HINA DOLLS, KOKESHI AND SMALL WOODEN KAMO DOLLS OF BOYS IN JAPANESE COSTUMES.

AS A RESULT OF THIS STEADY STREAM OF JAPANESE IMAGERY, I HAD A MUCH CLEARER IMAGE IN MY YOUNG MIND OF MOUNT FUJI THAN I HAD OF THE CANADIAN ROCKY MOUNTAINS. UNTIL I RECEIVED MY FIRST ATLAS AT THE AGE OF 9, I THOUGHT THAT THE WORLD CONSISTED OF THREE COUNTRIES: CANADA, THE UNITED STATES AND JAPAN.

I ALSO RECALL THE PHOTOS OF THE DAILY LIFE OF THE JAPANESE. I CAN NEVER FORGET THE PICTURES OF MY AUNT WITH HER YOUNG FEMALE STUDENTS, ALL IN SCHOOL UNIFORM, THEIR HAIR ALSO IN IDENTICAL “刈り上げおかつぱ”

OR THE “サザエさんのワカメちゃんカット” STYLE SO PREVALENT IN POST-WAR JAPAN. THIS APPEARED TRULY STRANGE TO A CANADIAN BOY BEGINNING TO THINK ABOUT GIRLS.

ONE SUMMER, WHEN I WAS ABOUT TEN YEARS OLD, MY AUNT SENT US A REAL, LIVE JAPANESE PERSON, A YOUNG MAN, THEN A UNIVERSITY STUDENT WHO HAD EARLIER GRADUATED FROM MY AUNT'S SCHOOL IN FUKUSHIMA AND WHO WAS SPENDING THE SUMMER IN CANADA. HE STAYED WITH US FOR SEVERAL DAYS, PROVIDING MY FAMILY AND I OUR FIRST EXPERIENCE WITH REAL JAPANESE PEOPLE.

I HAVE NO DOUBT THAT THESE EXPERIENCES WERE AT THE SOURCE OF WHAT BECAME A LIFE-LONG INTEREST IN ASIA, AND EXPLAIN WHY I HAVE LIVED 17 YEARS IN JAPAN. MY WIFE WAS HERE AS A CHILD AS WELL, AND SHE HAS LIVED IN JAPAN FOR 22 YEARS. OUR THREE CHILDREN WERE BORN IN JAPAN. EVEN OUR CAT AND OUR DOG ARE FROM JAPAN.

IT IS MY BACKGROUND IN AGRICULTURE, AND THIS LONG ASSOCIATION WITH JAPAN THAT GIVES ME THE COURAGE TO SPEAK TO YOU TODAY. I WANT TO REFLECT ON THE PLACE AND THE FUTURE OF AGRICULTURE IN CANADA AND JAPAN. I WANT TO SUGGEST WAYS WHERE WE CAN COOPERATE MORE EXTENSIVELY. I WOULD LIKE TO LAUNCH AN ACTIVE DIALOGUE WITH ZENNOH, WITH THE GOVERNMENT OF JAPAN AND WITH

THE AGRICULTURAL INDUSTRY OF JAPAN ON THE FUTURE OF AGRICULTURE AND FOOD PRODUCTION. I WANT TO SEE MUCH CLOSER TIES BETWEEN OUR TWO COUNTRIES IN THIS IMPORTANT SECTOR. I AM CONVINCED THAT THIS WOULD BE VERY MUCH TO OUR MUTUAL ADVANTAGE.

### 3. CANADA IN JAPANESE AGRICULTURE AND FOOD PRODUCTION

I HOPE THAT EVERYONE HERE TODAY KNOWS THAT CANADA IS ONE OF JAPAN'S MOST IMPORTANT AGRICULTURAL PARTNERS.

IN 2007, JAPAN IMPORTED Y320 BILLION WORTH OF AGRI-FOOD, FISH AND SEAFOOD PRODUCTS FROM CANADA MAKING US THE FIFTH MOST IMPORTANT OVERSEAS SOURCE OF FOOD.

INDEED, CANADA IS NOW THE TOP SUPPLIER OF DURUM WHEAT, CANOLA, AND FLAX AND THIRD LARGEST SUPPLIER OF PORK AND SOYBEANS.

CANADA'S STRATEGIC INPUTS INTO JAPAN'S FOOD PROCESSING AND SERVICE INDUSTRY NOT ONLY BENEFIT JAPANESE CONSUMERS BUT HELP EMPLOY THOUSANDS OF JAPANESE IN THE FOOD PROCESSING AND FOOD SERVICE INDUSTRIES IN BOTH URBAN AND RURAL JAPAN.

THIS RELATIONSHIP HAS FOSTERED A STRONG, MUTUALLY BENEFICIAL DEPENDENCE BETWEEN JAPANESE CONSUMERS

AND CANADIAN FARMERS IN SUPPORT OF JAPAN'S CRUCIAL FOOD SUPPLY SECURITY.

IN FACT, MUCH OF THE FOOD YOU EAT EVERYDAY HAS A LITTLE BIT OF CANADA IN IT.

#### 4. JAPAN IMPACT ON CANADA

IN A SIMILAR MANNER, JAPAN HAS ALSO HAD A HUGE IMPACT IN WHAT AND HOW CANADIANS EAT.

TWENTY-FIVE YEARS AGO, JAPANESE RESTAURANTS WERE FEW AND FAR TO BE SEEN IN CANADA.

GENERALLY, THEY COULD ONLY BE FOUND IN OUR LARGE METROPOLITAN AREAS OF VANCOUVER, TORONTO AND MONTREAL. SINCE THAT TIME, THERE HAS BEEN AN EXPLOSION OF RESTAURANT SERVING JAPANESE CUISINE – AND NOT JUST IN THE MAJOR CENTRES.

JAPANESE FOOD CAN NOW BE FOUND RIGHT ACROSS CANADA AND IN MANY FORMS – FROM HIGH END RESTAURANTS AND STEAK HOUSES TO RAMEN SHOPS AND RICE BOWL OUTLETS. CUP NOODLE SOUPS CAN BE FOUND IN MOST CANADIAN HOUSEHOLDS AND ELECTRIC RICE COOKERS ARE BECOMING COMMONPLACE.

IN THE LAST TEN YEARS SUSHI AND SASHIMI HAVE BECOME SO POPULAR THAT MOST CANADIAN SUPERMARKETS NOW SELL SUSHI AND SASHIMI PLATES IN THE PREPARED FOODS SECTION. MANY EVEN EMPLOY SUSHI CHEFS.

LAST YEAR, JAPAN ALSO BEGAN EXPORTING BEEF TO CANADA!

MOREOVER, JAPAN IS NOW THE THIRD LARGEST INTERNATIONAL INVESTOR IN CANADA'S FOOD AND BEVERAGE SECTOR WITH ESTIMATED INVESTMENTS OF MORE THAN \$500 MILLION.

TO DATE, JAPANESE AGRI-FOOD INVESTMENTS HAVE BEEN MADE IN THE OILSEEDS CRUSHING, FLOUR MILLING, SEAFOOD PROCESSING, SOYBEAN PROCESSING AND BREWERY SECTORS.

LET ME DESCRIBE SOME NOTABLE EXAMPLES:

MITSUI CORPORATION HAS AN \$8 MILLION STAKE IN THE SASKATCHEWAN WHEAT POOL. RECENTLY THE COMPANY ALSO ANNOUNCED ITS INTENTION TO INVEST ABOUT \$48 MILLION IN A JOINT VENTURE TO BUILD AN OILSEED CRUSHING FACILITY IN YORKTON, SASKATCHEWAN.

NISSHIN OILIO AND MARUBENI HAVE INVESTMENTS IN CANADA.

AZUMA FOODS HAS A \$15 MILLION INVESTMENT IN A VANCOUVER FACILITY THAT CLEANS AND FREEZES CANADIAN SEAFOOD PRODUCTS FOR FINAL PROCESSING IN CHINA AND SALE TO THE JAPANESE MARKET. THE FIRM INVESTED IN



CANADA TO SECURE SUPPLY AND TO IMPROVE ITS SUPPLY CHAIN.

NISHIN SEIFUN HAS A \$30 MILLION INVESTMENT IN A FLOUR MILLING FACILITY IN CHILLIWACK, BRITISH COLUMBIA.

AND SAPPORO BREWERY'S \$400 MILLION CONTROLLING INVESTMENT IN GUELPH, ONTARIO'S SLEEMAN BREWERIES IN 2006 MEANS THAT EVERY TIME I REACH FOR A HONEY BROWN ALE, I AM NOW DRINKING A JAPANESE PRODUCT MADE IN CANADA WITH CANADIAN INGREDIENTS!

SO OUR AGRICULTURAL INTERESTS ARE INTERDEPENDENT AND INTERTWINED.

5. AGRICULTURAL AND FOOD IS A TWO-WAY STREET.

AND OUR STRENGTHS COMPLEMENT EACH OTHER.

JAPAN IS SELF-SUFFICIENT IN THE PRODUCTION OF RICE, SO CANADA IS NOT A THREAT TO JAPAN'S MOST IMPORTANT AGRICULTURAL PRODUCT.

BUT TO SATISFY DOMESTIC DEMAND, MORE THAN 90 PER CENT OF GRAINS AND OILSEEDS AND MORE THAN 80 PER

CENT OF WHEAT IS IMPORTED INTO JAPAN. CANADA HAS BEEN AND CONTINUES TO BE AN IMPORTANT AND SECURE SUPPLIER OF THESE PRODUCTS.

CANADIAN PORK HAS FILLED A NEED DEMAND IN JAPAN IN A SECTOR WHERE IMPORTS ACCOUNT FOR MORE THAN 35 PER CENT OF SUPPLY.

AND WHILE JAPAN'S OWN PROBLEMS WITH BSE HAVE CREATED SEVERE MEASURES AFFECTING THE IMPORT OF BEEF FROM CANADA, WE ARE CONFIDENT OF EXPANDED ACCESS IN THE NEAR FUTURE.

#### 6. IT ALL STARTS ON THE FARM

BUT IT ALL STARTS ON THE FARM.

WE ARE FORTUNATE IN CANADA – OUR GEOGRAPHY CREATES A LARGE, DIVERSE AGRICULTURE SECTOR IN TERMS OF FARM PRODUCTION, SIZE AND LOCATION.

THE LARGE AMOUNT OF ACCESSIBLE ARABLE LAND AND WATER FOSTERS AGRICULTURAL GROWTH AND PRODUCTIVITY – OUR 230,000 FARMS AVERAGE 295 HECTARES IN SIZE WITH A TOTAL CAPITAL VALUE OF ABOUT \$248 BILLION.

CANADIAN FARMS HAVE EMBRACED ADVANCED TECHNOLOGIES RESULTING IN STRONG PRODUCTIVITY GROWTH, AND IN TURN ENHANCING CANADA'S COMPETITIVENESS IN INTERNATIONAL MARKETS.

CANADA HAS STRONG INSTITUTIONS WHICH SUPPORT RESEARCH AND FOOD INSPECTION, AND A STRONG REGULATORY FRAMEWORK TO GUARANTEE FOOD SAFETY AND QUALITY. THE CANADIAN FOOD INSPECTION AGENCY (CFIA), THE PRAIRIE FARM REHABILITATION ADMINISTRATION (PFRA) AND THE CANADIAN GRAINS COMMISSION (CGC) ARE INTERNATIONALLY RESPECTED ORGANIZATIONS.

IN 2006, FARM MARKET RECEIPTS WERE \$32.4 BILLION. RED MEATS SUCH AS BEEF AND PORK ACCOUNTED FOR 31 PER CENT OF THIS FIGURE, FOLLOWED BY GRAINS AND OILSEEDS WITH 23.3 PER CENT.

THE REMAINING PRODUCTS - PRODUCED MAINLY FOR DOMESTIC CONSUMPTION - WERE DAIRY AT 14 PER CENT, POULTRY AND EGGS AT 7.3 PER CENT AND FRUITS AND VEGETABLES AT 7 PER CENT. A VARIETY OF OTHER COMMODITIES ROUND OUT THE RECEIPTS TOTAL.

THE CANADIAN AGRICULTURAL SECTOR IS NOT WITHOUT ITS CHALLENGES, HOWEVER. THE INDUSTRY IS CONTRACTING.

THE NUMBER OF FARMS IN CANADA HAVE BEEN IN STEADY DECLINE OVER THE PAST FOURTY YEARS – DOWN 53 PER CENT FROM A HIGH 430,000 IN 1966.

ONLY 17 PER CENT OF FARMS PRODUCE 75 PER CENT OF TOTAL PRODUCTION.

AND OUR FARMERS ARE GROWING OLDER. THE NUMBER OF FARMERS AGED 55 YEARS OR OLDER GREW BY 13,000 OVER 5 SHORT YEARS – FROM 120,000 IN 2001 TO 133,000 IN 2006.

SO THE CHALLENGES AFFECTING OUR AGRICULTURAL SECTOR ARE VERY SIMILAR TO THE CHALLENGES AFFECTING YOURS.

## 7. ROLE OF COOPERATIVES

OF COURSE, I DON'T NEED TO TELL YOU THAT ADDRESSING THESE CHALLENGES IS THE RESPONSIBILITY OF ALL PARTS OF THE AGRICULTURAL SECTOR.

IT ALSO TAKES COOPERATION, AND IN THIS LIGHT, CANADA, LIKE JAPAN, HAS HAD A LONG HISTORY OF COOPERATIVES.

CANADA HAS 1300 AGRICULTURAL COOPERATIVES, WHICH GENERATE MORE THAN \$19 BILLION IN REVENUE EACH YEAR AND EMPLOY 36,000 CANADIANS.

TODAY COOPERATIVES MEET A VARIETY OF SOCIAL AND ECONOMIC NEEDS IN BOTH URBAN AND RURAL AREAS IN CANADA - FROM NORTHERN ABORIGINAL COMMUNITIES WHERE THEY PROVIDE ESSENTIAL SERVICES, TO AGRICULTURAL COMMUNITIES WHERE THEY ARE HELPING FARMERS TO COMPETE IN THE NEW ECONOMY.

THROUGHOUT OUR HISTORY, COOPERATIVES HAVE PLAYED A KEY ROLE IN COMMUNITIES BY GIVING CITIZENS A WAY TO PURSUE COMMON GOALS AND TO DEVELOP LOCAL RESPONSES TO THEIR CHALLENGES.

AND THE CHALLENGES ARE INCREASINGLY MORE COMPLICATED AND INCREASINGLY MORE GLOBAL.

## 8. EMERGING CHALLENGES

GLOBAL AGRICULTURE HAS EXPERIENCED A RADICAL TRANSFORMATION OVER THE LAST TWENTY YEARS AND THE PACE OF CHANGE WILL LIKELY ACCELERATE IN THE YEARS AHEAD.

CONSUMERS AND INDUSTRY BUYERS ARE PLACING GREATER WEIGHT ON A COMPLEX SET OF FOOD PRODUCT ATTRIBUTES. THEY WANT A DIVERSE SELECTION OF SAFE, HIGH QUALITY, HEALTHY AND REASONABLY PRICED FOOD THAT IS PRODUCED IN AN ENVIRONMENTALLY FRIENDLY MANNER.

IN RESPONSE, MANY SUPPLIERS ARE DEVELOPING SYSTEMS THAT DEMONSTRATE THEIR PRODUCTS MEET THE SPECIFICATIONS DEMANDED BY CONSUMERS.

FOR CANADIAN AND JAPANESE PRODUCERS ALIKE, AGRICULTURE'S LONG-TERM PROSPERITY DEPENDS ON ITS ABILITY TO CO-EXIST WITH THE NATURAL ENVIRONMENT. AT THE SAME TIME, PUBLIC AWARENESS AND CONCERN ABOUT ENVIRONMENTAL ISSUES IS GROWING.

CONSUMERS EXPECT ALL ECONOMIC SECTORS, INCLUDING AGRICULTURE, TO PROTECT THE ENVIRONMENT, AND SO IT IS INCUMBENT UPON FARMERS FROM BOTH OF OUR NATIONS TO RECOGNIZE THEIR RESPONSIBILITY AS ENVIRONMENTAL STEWARDS.

#### 9. GLOBAL TRADING SITUATION AND REGIME.

INTERNATIONALLY, COMPETITION IS FIERCE.

GLOBAL COMPETITORS CONTINUE TO EXPAND PRODUCTION AND CAPTURE GLOBAL MARKET SHARE.

ANY FUTURE WTO AGREEMENT COULD PRESENT NEW OPPORTUNITIES IN GLOBAL MARKETS AND ALSO REDUCE OR MODIFY TRADE DISTORTING SUBSIDIES IN ALL COUNTRIES. OVER TIME, THIS COULD RESHAPE HOW GOVERNMENTS PROVIDE SUPPORT.

CANADA REMAINS ACTIVELY INVOLVED IN THE WTO AGRICULTURE NEGOTIATIONS, AND CONTINUES TO PRESS FOR AN AMBITIOUS RESULT AS WTO MEMBERS CONTINUE TO TRY TO CLOSE GAPS IN NEGOTIATING POSITIONS WITH A VIEW TO REACHING A DEAL ON AGRICULTURE IN 2008.

THERE IS GENERAL AGREEMENT AMONG WTO MEMBERS THAT, IF THE NEGOTIATIONS ARE NOT COMPLETED BY THE END OF 2008, THEY WILL SLIP INTO A LENGTHY HIATUS.

AGAIN, JAPAN AND CANADA SHARE SOME COMMON VIEWS HERE.

#### 10. CHANGE AND ADAPTATION

BUT CHANGE AND ADAPTATION IS REALLY WHAT IT'S ALL ABOUT. IN ORDER TO COMPETE, WE MUST CONTINUALLY RESPOND TO CONSUMERS' CHANGING NEEDS AND THE CHANGING GLOBAL MARKETPLACE.

CANADA HAS HAD SOME EXPERIENCE IN CHANGE AND ADAPTATION IN THE AGRICULTURAL SECTOR.

BETWEEN 2001 AND 2007, THE FEDERAL, PROVINCIAL AND TERRITORIAL GOVERNMENTS WORKED WITH THE AGRICULTURE AND AGRI-FOOD INDUSTRY TO DEVELOP AND IMPLEMENT THE AGRICULTURE POLICY FRAMEWORK – OR APF.

THE OBJECTIVE OF THE APF WAS FOR CANADA TO BE THE WORLD LEADER IN FOOD SAFETY AND QUALITY, INNOVATION AND ENVIRONMENTALLY RESPONSIBLE PRODUCTION.

TO REALIZE THIS VISION, GOVERNMENTS AGREED ON AN ACTION PLAN COMPOSED OF FIVE ELEMENTS - FOOD SAFETY AND QUALITY, ENVIRONMENT, SCIENCE AND INNOVATION, RENEWAL, AND BUSINESS RISK MANAGEMENT. ONE OF THE TOOLS TO HELP ACHIEVE THESE OBJECTIVES IS A TRACEABILITY SYSTEM.

IN 2008, WHILE MANY OF THE CHALLENGES FACING THE SECTOR REMAIN, THERE ARE ALSO NEW AND MORE COMPLEX CHALLENGES.

TO TACKLE THESE NEW CHALLENGES AND TO CAPTURE NEW OPPORTUNITIES, GOVERNMENTS IN CANADA ARE DEVELOPING THE NEXT GENERATION OF THE AGRICULTURAL POLICY FRAMEWORK. WE CALL THIS NEW FRAMEWORK *GROWING FORWARD*.



GOVERNMENTS AND INDUSTRY IN CANADA RECOGNIZE THAT IN ORDER FOR THE SECTOR TO REMAIN COMPETITIVE IN THE EVOLVING GLOBAL MARKETPLACE, A MARKET-DRIVEN APPROACH, AND AN ABILITY TO INNOVATE AND CONTINUOUSLY ADAPT ARE REQUIRED.

NEW MARKETS, BETTER ACCESS TO EXISTING MARKETS, AND SCIENTIFIC ADVANCES OFFER WAYS THAT THE AGRICULTURAL SECTOR CAN ACHIEVE A PROSPEROUS AND PROFITABLE FUTURE.

*GROWING FORWARD* NOTES THAT FLUCTUATIONS IN INTERNATIONAL MARKETS CAN DRAMATICALLY AFFECT BUSINESS AND PUT CONSUMERS AT RISK. CANADA WANTS TO ENABLE THE SECTOR TO TAKE PROACTIVE STEPS TO MITIGATE THIS RISK AND ALSO BE BETTER PREPARED TO DEAL WITH THESE INCIDENTS AS THEY ARISE.

*GROWING FORWARD* ALSO RECOGNIZES THAT THE CANADIAN AGRICULTURAL SECTOR'S ROLE IN GLOBAL AGRICULTURAL TRADE WILL HAVE TO ADAPT TO NEW POSSIBILITIES FOR PRODUCTION OF PRODUCTS BEYOND FOOD, SUCH AS BIOFUELS, NEW PHARMACEUTICALS AND INDUSTRIAL MATERIALS.

12. PLACE OF TRADE IN LONG TERM ADAPTATION.

TRADE CONTRIBUTES TO THE GROWTH AND PROSPERITY OF CANADA'S AGRICULTURE AND FOOD SECTOR IN A NUMBER OF WAYS.

THE SECTOR'S CAPACITY TO PRODUCE MORE THAN IS DOMESTICALLY CONSUMED GENERATES OPPORTUNITIES FOR ECONOMIC GROWTH THROUGH EXPORTING ABROAD.

AT THE SAME TIME, THE ABILITY TO IMPORT GIVES CONSUMERS AND MANUFACTURERS A BROAD RANGE OF PRODUCT CHOICE AND DIVERSITY, AND CAN HELP KEEP PRICES COMPETITIVE.

TRADE IS CRITICAL TO THE FUNCTIONING OF THE SECTOR AND ALSO A KEY DRIVER OF ADAPTATION AND INNOVATION.

CONSUMERS AROUND THE WORLD ARE DEMANDING MORE FROM THEIR PRODUCTS AND OF THE PEOPLE THAT PRODUCE THOSE PRODUCTS. CONSUMERS WANT BETTER QUALITY PRODUCTS, GREATER VALUE FOR MONEY AS WELL AS PRODUCTS AND PRODUCTION PROCESSES THAT MAINTAIN AND IMPROVE THEIR HEALTH.

THE AGRICULTURE AND AGRI-FOOD INDUSTRY IS NO EXCEPTION, WITH CONSUMER INTERESTS RANGING FROM SAFE AND NUTRITIOUS FOOD TO THE PROTECTION OF

ECOLOGICALLY-SENSITIVE FARMLAND. PRODUCERS AND PROCESSORS MUST ADAPT TO MEET THESE DEMANDS.

GLOBALLY, CONSUMER PREFERENCES INCREASINGLY WILL LEAD TO THE EXISTENCE OF NICHE MARKETS. METHODS OF PRODUCTION, INCLUDING ENVIRONMENTAL PRACTICES AND FOOD PRODUCTION PROCESS, WILL ADJUST TO AND SUPPORT THE EXPANSION OF THESE MARKETS.

AT THE PRIMARY LEVEL, PRODUCERS WILL CONTINUE TO PURSUE INNOVATIVE PRODUCTION MEANS DERIVED FROM THE LATEST SCIENTIFIC ADVANCES TO INCREASE PRODUCTION YIELDS AND ADD SPECIFIC ATTRIBUTES TO THEIR FOOD.

GROWTH IN GLOBAL AGRICULTURAL PRODUCTION HAS LARGELY BEEN DRIVEN BY IMPROVING THE EFFICIENCY OF PRODUCTION, LEADING TO LONG-TERM DECLINE IN REAL COMMODITY PRICES.

AT THE SAME TIME, SALES OF PROCESSED FOODS TO GLOBAL MARKETS ARE INCREASING AND THE MIX OF CANADA'S EXPORTS HAS CHANGED. BULK COMMODITIES ACCOUNTED FOR CLOSE TO ONE HALF OF EXPORTS IN THE EARLY 1990S. TODAY THEY CONSTITUTE LESS THAN ONE QUARTER OF EXPORTS.

PRODUCERS, PROCESSORS AND OTHER AGRICULTURAL ENTREPRENEURS WILL INCREASINGLY ADAPT CURRENT OPERATIONS TO MEET MARKET-DRIVEN OPPORTUNITIES AND PROACTIVELY DEVELOP NEW MARKETS. THIS WILL NOT ENTAIL A FULL-SCALE SHIFTING OF THE INDUSTRY AWAY FROM TRADITIONAL BULK COMMODITIES. HOWEVER, WHATEVER PRODUCERS AND PROCESSORS DO, THEY MUST BE DONE IN INNOVATIVE WAYS THAT RESONATE WITH THEIR CUSTOMERS.

THE LARGE EMERGING MARKETS SUCH AS CHINA AND INDIA AND THEIR BURGEONING MIDDLE CLASSES WITH RISING DISPOSABLE INCOMES WILL DEMAND A GREATER RANGE OF VALUE-ADDED PRODUCTS, CONSISTENT WITH THEIR NEWFOUND ECONOMIC STATUS.

AS THESE COUNTRIES BECOME MORE URBANIZED, DEMAND FOR EXOTIC, IMPORTED FOOD PRODUCTS WILL GROW OVER THAT OF TRADITIONAL, DOMESTIC FOODS. THIS WILL PRESENT OPPORTUNITIES FOR BOTH CANADA AND JAPAN.

THE CONSUMER OF THE FUTURE FOR THE AGRICULTURE SECTOR WILL NOT BE LIMITED TO PURCHASES OF FOOD.

THE UNTAPPED POTENTIAL OF THE FARM ENTITY FOR PRODUCTION BEYOND FOOD WILL BECOME A SIGNIFICANT DRIVER OF FARM OPERATIONS. SIGNIFICANT RESEARCH AND

DEVELOPMENT CURRENTLY IS EXPLORING MANY OPPORTUNITIES, INCLUDING HOW CROPS CAN BE USED IN THE MANUFACTURE OF NEW PHARMACEUTICALS AND THE POTENTIAL ROLE OF BIOFIBRES.

INCREASED PRESSURE ON TRADITIONAL SUPPLIES OF ENERGY COUPLED WITH A GROWING DEMAND FOR RENEWABLE FUELS WILL, IF PROFITABLE, SPUR THE DEVELOPMENT OF BIO-ENERGY PROCESSES THAT UTILIZE AGRICULTURAL PRODUCTS - INCLUDING WHAT TODAY MIGHT BE CONSIDERED WASTE.

AS A RESULT, AGRICULTURE WILL BECOME MORE TIGHTLY LINKED WITH OTHER SECTORS OF THE ECONOMY: THE CHEMICAL, ENERGY, AND PHARMACEUTICAL INDUSTRIES TO NAME A FEW.

TAKING ADVANTAGE OF EMERGING MARKET OPPORTUNITIES THROUGH THE DEVELOPMENT AND ADOPTION OF NEW PRODUCTS WILL REQUIRE AN EFFECTIVE REGULATORY ENVIRONMENT AND STRONG RELATIONSHIPS AMONG PREVIOUSLY DISTINCT INDUSTRIES.

IN THE GLOBAL CONTEXT, WE BELIEVE THAT CANADA WILL BE COMPETITIVE IN SELLING NEW AND INNOVATIVE PRODUCTS TO CONSUMERS AT HOME AND ABROAD, WHILE SEEKING OUT

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OPPORTUNITIES AND ADAPTING METHODS LEARNED AROUND THE WORLD.

SUCCESS WILL BE BASED ON THE STRENGTHS OF PEOPLE ALREADY IN THE SECTOR AND INCREASINGLY BY LINKING WITH INDIVIDUALS OUTSIDE OF TRADITIONAL AGRICULTURE AND AGRI-FOOD ACTIVITIES.

### 13. BEST THAT WE WORK TOGETHER

WITH THIS GLOBAL PICTURE IN MIND, IT ONLY MAKES SENSE THAT CANADA AND JAPAN WORK TOGETHER TO ADDRESS THE CHALLENGES OF THE EVOLVING GLOBAL MARKETPLACE.

WE ARE ALREADY WORKING TOGETHER ON A NUMBER OF FRONTS.

JAPANESE INDUSTRY RECOGNIZES THE RESEARCH AND DEVELOPMENT EXPERTISE OF OUR DEPARTMENT OF AGRICULTURE AND AGRI-FOOD CANADA WITH SUCCESSFUL JOINT PROJECTS COMPLETED BY SAPPORO BREWERY AND ITOCHU CORPORATION.

ONE OF THE 15 PRIORITY AREAS OF COOPERATION UNDER THE CANADA-JAPAN JOINT ECONOMIC COMMITTEE IS FOOD SAFETY COOPERATION. TODAY THERE IS A VERY SUCCESSFUL AND FRUITFUL RELATIONSHIP BETWEEN THE

CANADIAN FOOD INSPECTION AGENCY AND JAPAN'S FOOD SAFETY COMMISSION.

BUT WE'D LIKE TO DO MORE. WE WOULD LIKE TO EXPAND THE CURRENT COOPERATION AGREEMENT WITH JAPAN TO INCLUDE LABORATORY COOPERATION AND RISK MANAGEMENT, AND EVENTUALLY, THE STUDY OF ANIMAL AND PLANT HEALTH ISSUES.

THERE ARE OTHER AREAS AS WELL, WHERE TOGETHER WE CAN REALLY MAKE A POSITIVE DIFFERENCE FOR BOTH OF OUR INDUSTRIES.

THESE INCLUDE:

BUSINESS RISK MANAGEMENT - AS BOTH CANADIAN AND JAPANESE FARMERS FACE MANY OF THE SAME RISK ISSUES, JAPAN MAY BE INTERESTED IN LEARNING ABOUT CANADA'S NEW PROGRAMS TO ADDRESS SUCH CHALLENGES.

RENEWAL - JAPAN'S AGRICULTURE SECTOR FACES SIGNIFICANT DEMOGRAPHIC CHALLENGES OVER THE NEXT TWO DECADES AND CANADA'S RENEWAL PROGRAMS AND INITIATIVES MAY BE OF INTEREST TO MAFF.

AGRICULTURE AND FOOD TRADE PROMOTION - GIVEN THE DEPARTMENT OF AGRICULTURE AND AGRI-FOOD CANADA'S

EXPERIENCE IN DEVELOPING A RESEARCH-BASED COUNTRY BRAND AND STRATEGY FOR THE AGRICULTURE AND FOOD SECTOR, JAPAN MAY BE INTERESTED IN THE PROCESS UNDERTAKEN IN ORDER TO SUPPORT ITS OWN POLICY OF INCREASING AGRI-FOOD EXPORTS.

FOOD SAFETY AND QUALITY - UNDER *GROWING FORWARD*, SIGNIFICANT CHANGES WILL BE MADE TO THE CANADIAN FOOD SAFETY AND QUALITY PROGRAM (CFSQP). FOOD SAFETY IS A PRIORITY FOR THE JAPANESE PUBLIC AND GOVERNMENT. ENHANCED POLICY DISCUSSION IN THIS AREA COULD BE MUTUALLY BENEFICIAL.

#### 14. PROPOSAL FOR DIALOGUE AND MOU

WITH THESE ELEMENTS IN MIND WE WOULD LIKE TO PROPOSE A MECHANISM FOR AN EXPANDED AND ONGOING AGRICULTURAL DIALOGUE WITH JAPAN.

THERE ARE MANY FORMS THAT THIS DIALOGUE COULD TAKE, BUT A MEMORANDUM OF COOPERATION BETWEEN OUR TWO AGRICULTURE MINISTERS MAY BE THE MOST APPROPRIATE AND EFFICIENT ROUTE TO TAKE. WE WILL BE DISCUSSING THIS WITH THE MINISTRY OF AGRICULTURE, FISHERIES AND FORESTRY IN THE MONTHS TO COME

#### 15. CONCLUSION



CANADA WOULD NOT HAVE THE AUDACITY TO PROPOSE SUCH COOPERATION IF WE WERE NOT CONVINCED THAT THE SIMILARITIES THAT DRAW OUR AGRICULTURAL COMMUNITIES AND INDUSTRIES TOGETHER ARE MUCH MORE NUMEROUS THAN THE DIFFERENCES.

THIS IS BECAUSE, IN AGRICULTURE, EVERYTHING BEGINS WITH THE LAND.

LOOKING OUT OF THE WINDOW OF MY RYOKAN THIS MORNING, ENJOYING THE SIGHTS OF NIIGATA IN THE SNOW, I COULD NOT HELP BUT BE REMINDED OF THE MY OWN COUNTRY. THERE IS A POPULAR SONG IN QUÉBEC, A FRENCH LANGUAGE SONG THAT SAYS 'MY COUNTRY IS NOT A COUNTRY, IT IS WINTER'. THE SENTIMENTS EXPRESSED IN THIS SONG ARE ECHOED IN JAPANESE SONG, POETRY AND LITERATURE, FOR EXAMPLE KAWABATA YASUNARI'S GREAT NOVEL, 雪国.

THE DEEP AND ENDLESS FIELDS OF SNOW COMMON TO US IN CANADA AND TO YOU HERE IN NIIGATA THIS TIME OF THE YEAR HOLD A SECRET: IT IS THAT, HOWEVER COLD AND INHOSPITABLE, THEY PREPARE THE GROUND FOR THE THAW AND THE RENEWAL OF LIFE WHICH IS AT THE HEART OF THE AGRICULTURAL ENTERPRISE IN BOTH OF OUR COUNTRIES.

IT IS THIS SENSE OF RENEWAL AND OPPORTUNITY THAT I WANT TO SHARE WITH YOU TODAY AND IN THE COMING MONTHS AND YEARS. WITH YOU, WITH ZENNOH, WITH CHAIRMAN YANAGISAWA, WE CAN MOVE FORWARD TO THE BETTERMENT OF OUR FOOD INDUSTRIES IN BOTH OF OUR COUNTRIES.

THANK YOU FOR INVITING ME TO SPEAK TO YOU TODAY.

JOSEPH CARON  
AMBASSADOR