



Money is available for innovations...

...but too bad about our regulatory system

Agriculture and Agri-Food Minister Chuck Strahl recently announced a \$134-million program focusing on the commercialization of new agri-based products, processes and services. This announcement received remarkably little coverage, particularly in the mainstream and food industry press. Perhaps this is because some have assumed that it only applied to producers. In fact, it could represent a significant opportunity for the Canadian food industry, as the program is fully open to processors all along the food chain.

Funding for up to a maximum contribution of \$10 million per project and per recipient is available for projects that are expected to increase market opportunities for the Canadian agricultural industry across the value chain. Also taken into consideration are projects that are likely to increase demand for primary agricultural products, such as grains, oilseeds and other traditional and non-traditional products.

To be eligible projects must:

- Be focused on agri-food, agriculture and bioproducts that are not commercially produced or available in Canada;
- Be ready to commercialize, meaning a prototype has been developed, a market has been defined, a business plan has been written and intellectual property issues have been finalized; and,
- Be conducted in Canada and benefit the Canadian agricultural industry.

While the principal focus seems to be to assist producers by helping increase demand for primary agricultural products, all agri-businesses are eligible to apply for funding.

This program is welcome because the food industry doesn't usually get the attention it deserves in Ottawa. For example, a recent major study by the Conference Board on the future of the Canadian economy, called *Mission Possible*, essentially ignored the food industry, even though food manufacturing is the largest employer in the manufacturing sector, with 291,000 employees. Also overlooked is the fact that the sector ships \$86 billion and exports \$21 billion worth of product annually, and at the retail level there are 24,006 stores with \$71.8 billion in sales, employing 428,100 Canadians. There is also a huge market for innovative food products with health benefits, and for a variety of products that would fall under the Natural Health Products regime.

Unfortunately, there is still little understanding in Ottawa that the main obstacle to innovation in the Canadian food industry is not lack of know-how, or even funding. The main problem is our sclerotic food regulatory system. Good new products can be developed, but if you can't get them assessed for approval in a timely manner, or if you can't tell consumers about their health benefits, commercialization won't happen. I regularly see companies avoiding Canada because of our regulatory system.

Submissions for new food additives still take between three and six years. Applications for approval of new processing aids can take over two years, even if these processes are not even regulated in the United States. Novel food approvals still take many years, even when many of these foods are widely sold in the U.S. and the EU and exported to Canada. Canada's ability to compete in the emerging \$100-billion functional food industry continues to be fundamentally undermined by delays in approving new rules to allow for new additives, supplements and enzymes. Canada's regulatory change system is still the most cumbersome and time consuming in the Western world. We still hear a lot of talk about regulatory reform and "smart regulation," but nobody in the industry should believe that anything is actually going to change any time soon, unless the industry gets better organized and makes it happen.

Strahl can be an important advocate for the food industry in Ottawa. And while his new program is a good start, if he really wants to promote innovation and competitiveness in the food industry he must have a sturdy conversation with the minister of Health and press hard for radical reform of our food regulatory system. The system can enhance productivity, promote innovation, competitiveness and investment, or it can put us at a real disadvantage. The federal government can't do much about the fact that companies can outsource production and move capital in nanoseconds, but our regulatory system stays here and can be reformed. If the government is going to regulate, it has a duty to do it well.

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