

Focus On The Future



FOCUS ON THE FUTURE: **DEVELOPING THE AGRI-FOOD** **INDUSTRY IN BRITISH COLUMBIA**

Summary of Results of the Workshop Sessions
March 31, 2006

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This project was funded by the Investment Agriculture Foundation of British Columbia through investments made by the Government of Canada and the Province of British Columbia.

Funding provided by:



SUMMARY OF RESULTS OF THE WORKSHOP SESSIONS

In Phase III of the project, we led a consultation process involving representatives of various stakeholder groups associated with the agri-food industry in BC to:

- Build awareness and support for the initiative;
- Confirm the key issues, opportunities and challenges facing the agri-food industry; and
- Obtain input regarding potential strategies and actions that could be taken to address these issues.

The main component of the consultation process involved a series of seven workshops held throughout the province in Nanaimo, Surrey, Abbotsford, Prince George, Dawson Creek, Vernon and Creston. The workshops were set up with the assistance of local organizations. Approximately 300 people participated in the workshops, including representatives of:

- Industry associations, product and commodity groups, and members nominated by the associations;
- Leading processors and processor groups;
- Economic development and community groups with a focus on agriculture;
- Retailers and hospitality sector stakeholders;
- Universities, colleges, institutes and research centers;
- Local, regional, provincial and federal government representatives;
- Nutritionist and health professional representatives; and
- Sources of capital (e.g. bankers, venture capital representatives and Community Futures representatives).

The half-day sessions were held between October 26 and November 24. At each session, we first summarized the results of the review to date including a review of the major opportunities and challenges that had been identified. We then opened the floor to the participants, facilitating a group discussion of the key issues that are most affecting their organization, sector and region. We then broke the group into a series of round-table work-group teams, with each team taking a specific issue or group of issues and working to develop potential strategies and actions for addressing them. The results of the consultation process, including a summary of each session, are summarized in the following paragraphs.

I. SUMMARY OF THE SESSIONS

A. IDENTIFICATION OF KEY ISSUES

At the beginning of each session, the attendees were asked to identify their top two or three concerns, write them down and submit them to us on a small card. The combined results from all sessions are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE SEVEN SESSIONS

Opportunity, Challenge or Issue	Attendees
Costs of operations	77
Government regulations	53
Marketing skills, resources/branding	52
Access to skilled labour	51
Local marketing/consumer awareness	46

Opportunity, Challenge or Issue	Attendees
Access to capital/financing	40
Lack of innovation	32
Lack of processing capacity	31
Poor industry cooperation/collaboration	31
Access to physical resources/land/water	30
Need for niche/value-added products	30
Poor industry image	24
Access to seasonal/low cost labour	17
Urban/rural conflicts	16
Environmental pressures	14
Safety and quality issues	13
Poor management skills	12
Lack of information	11
Low prices	10
Accessing export markets	9
Trade barriers	8
Lack of economies of scale	6
Lack of new entrants/aging farmers	6
Value chain challenges	5
Weak associations	5
Distance to markets	5
Transportation delays/traffic/border	4
Certification pressures	4
Develop alternative uses for crops	4
Waste management	3
Need for affordable seasonal housing	2
High taxes	2

B. RECOMMENDATIONS

After a general discussion of the issues, the participants at each session were split into groups to develop recommendations to resolve some of the issues that had been identified. A summary illustrating the wide range of recommendations is provided below.

- **Local Marketing**
 - Educate local consumers
 - Buy BC type program
 - Local branding
 - Local processing
 - Support for association programs
 - Support farmers markets
 - Media campaign
 - Alliances with retailers, distributors, financial institutions
 - Local processing
 - Cooperative distribution system
 - Independent broker
 - Increase producers marketing skills re direct marketing
 - Umbrella organization to coordinate

- **Improve Industry Image**
 - Illustrate career opportunities
 - Illustrate business opportunities
 - Illustrate economic impact
 - Umbrella organization to run campaign
 - Emphasize safety, health, economic impact
 - Need for self sufficiency
 - Use champions and local organizations
 - Mandatory school courses

- **Improve Industry Cooperation and Coordination**
 - Coordinate lobbying
 - Point person on key initiatives
 - Support to increase capacity of local organizations
 - Marketing cooperatives
 - Local marketing
 - Prevent overproduction
 - Joint lobbying
 - Strengthen associations

- **Govt Regulations**
 - Simplify processing regulations
 - Improve government stakeholder consultation processes
 - Maintain ALR I
 - Use local inspectors
 - US harmonization
 - Resolve conflicting regulations
 - Improve communication with government
 - Coordinated lobby efforts
 - Improve coordination between three levels and industry

- **Value-added chains**
 - Respond to consolidation/market power
 - Smaller producers band together
 - Promote vertical integration

- **Innovation**
 - Increased R&D by government to reduce risk
 - Marketing boards need to shift focus to more supportive actions
 - Extension services/advice restored
 - Work more with universities and colleges
 - Drive innovation in key sectors
 - Review other jurisdictions programs
 - Use marketing boards to promote innovation
 - Establish an Agriculture Innovation Council
 - Establish regional Innovation resource centres
 - Establish an Agriculture Innovation Fund
 - Provide access to innovation experts

- **Access to physical resources**

- Secure access to water
- Water metering
- ALR protocols – remove politics
- Long term crown land leases
- Illustrate economic impact
- Management plans
- Restrict urban sprawl

- **Human Resources**
 - Restrict urban sprawl
 - Apprenticeships
 - Seasonal training
 - Online training
 - Subsidize on-farm training
 - Connection to community colleges
 - Early exposure to education through 4H and other early education programs
 - Job shadowing
 - Mentoring
 - Coop positions
 - Focused immigrant program
 - Illustrate career options
 - Training managers and farmers in HR
 - Youth staff recruitment program
 - Extension services to facilitate education and training

- **Quality & Safety**
 - Confront Avian flu
 - Standard certification programs
 - Incentives to adopt safety programs
 - Harmonized certification standards
 - Strengthen association to help
 - Engage foreign born producers to participate
 - Commodity specific

- **Financing**
 - Use of partnership with existing programs
 - Own more of the value chain
 - Coop model
 - Adjustment programs for capital projects
 - Government capital search service

- **Marketing skills, resources**
 - Compete on quality
 - Mentoring
 - Agriculture Business Incubation Centre (Abbotsford)
 - Branding programs
 - Develop niche markets
 - Community kitchens
 - Training
 - Marketing incubator
 - Sector specific marketing plans

- More research and programming
- Focus on value added
- Umbrella marketing org

- **Local Processing**
 - Umbrella marketing org
 - Clarification of regulations
 - Case study to illustrate need and potential
 - Tax incentives
 - Reduce Alberta companies control of meat processing
 - Mobile processing facility
 - Biofuel use

- **Input Costs**
 - Biofuel use
 - Low water rates
 - Conservation, covenants, land banks
 - On-farm energy production
 - Use bio-waste
 - Reduce fuel tax
 - Energy rebate
 - PST rebate
 - Alberta model subsidy program

II. INDIVIDUAL WORKSHOP DESCRIPTIONS

A. NANAIMO

Held: October 26, 2005
 Attendance: 55

1. Identification of key issues

The attendees were asked to identify the issues that are most important to their organization, sector or region. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE NANAIMO WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
Need to improve/expand local marketing activities	10
Need to increase access to workers and education programs	9
Need to access to capital	9
Need to establish, expand or strengthen the local processing sector	9
Marketing expertise need to be improved	6
Need to improve the level of industry cooperation	5
Promote development of more value added products	5
Regulations regarding small processors	5
Increase access to sufficient and affordable water	5
Address the rising cost of land	4

Opportunity, Challenge or Issue	Number of Attendees
Succession issues	3
Need to increase support for innovation/R&D	2

After the attendees identified their top issues, there was an open discussion of some of the issues. The major issues that were highlighted during this part of the session included:

- **Access to affordable and suitable processing facilities is limited.**

Processing capacity has been steadily declining on Vancouver Island and producers must send produce and animals off island for processing. This raises costs, reduces margins, negatively impacts viability.

- **Government regulations regarding on farm processing are intensifying.**

Increasingly stringent regulations regarding on farm processing, especially of meat products, threatens to end this practice for many producers. This would eliminate a much needed revenue source and even endanger farm status for some.

- **The quota system has reduced island production.**

Much of the quota for some products, especially eggs, has been taken off the island and never replaced. This makes it necessary to “import” products and reduces the economic viability of the industry in some areas.

- **Access to technical expertise is limited.**

Expertise in the areas of cost reduction and technological innovations is difficult to access. Some government expertise exists but, without formal extension services, this expertise is not regularly shared with producers.

- **Food production on Vancouver Island is declining.**

The amount of food produced on Vancouver Island is declining. This reduces economic activity, raises costs and creates the risk that a crisis in the distribution system would result in food shortages. For example, if the avian flu pandemic materializes, there is speculation that the island would be quarantined and local food production would have increased importance.

- **There is an overemphasis on niche products and markets at the expense of traditional producers.**

The trend is to support the development of niche products and related marketing. This can result in not enough attention being paid to the needs of traditional producers.

- **Land values are rising steadily.**

The high cost of land means that farm expansion is unlikely. As it becomes more valuable, certain lands may be converted to urban development and lost to farm production.

- **Government regulations can create monopolies.**

Government policy, particularly with respect to on-farm processing, is viewed by many as facilitating the creation of monopolies. The fear is that government is intentionally promoting consolidation to the detriment of the small producer.

- **There are opportunities for import replacement.**

Given the imbalance between food produced locally and the amounts entering the local market, there are opportunities to substitute local produce for that being brought in.

- **There is a need to educate consumers.**

There is a need to raise the awareness of consumers about the importance of buying local. In addition, the consumer needs more information about what really is local. Misleading labelling of products to imply local production when that is not the case must be countered. A “Buy BC” type program that identifies local product is seen as good model for local marketing and education of consumers.

The public also needs to be better educated regarding career and business opportunities in agriculture. This could be done through support for 4H clubs and promotional programs in the early school grades.

- **Competition from big players is intense.**

The consolidation of the industry's distribution system has seen retailers demanding lower prices and higher volumes. The small producer has little chance to compete with large production companies to supply the “big box” type merchandisers.

- **There is a need for small producers to increase cooperation.**

The industry is fragmented and lacks strong representation. There is potential for increased influence and efficient joint activities through more intensive cooperation. One method to enhance this cooperation is to more aggressively support the regional organizations that currently exist.

- **More relevant R&D is needed.**

Neither government nor private industry is making significant investments in R&D in the province. Innovation is crucial to industry growth and development.

- **Marketing boards need to shift focus.**

Many see the marketing board regulations as being restrictive and counterproductive to industry prosperity. There is a feeling that the Boards need to be more aggressive in areas such as the promotion of innovation and expanding markets.

- **Government stakeholder consultation processes are not inclusive.**

Consultation exercises often appear to ignore small producers and their concerns and issues are not brought forward in these forums.

2. Suggested Strategies And Actions

After the general discussion, we identified six issues that were of particular interest to the attendees. The group was then broken into six work teams, by having each attendee select the issue that was of greatest interest to them. Each team then worked to develop strategies and actions that could be undertaken to address the issue. The leader from each of the six teams presented their suggestions to the overall group. The suggestions are summarized below.

- **Work to increase access to affordable and relevant processing infrastructure.**

The work team was worried about increasingly restrictive regulations that would affect on farm processing. The fear is that some producers may not be able to keep animals and would thus lose their farm status. The suggestion was that the regulations be performance based rather than infrastructure and process based and that grandfathering of existing operations be considered. Local public health officials could be used to ensure food safety. These inspectors would be more available and more affordable.

The group was also concerned about the limited processing capacity on Vancouver Island. They believe efforts should be made to process animals and other products locally to improve the economic viability of the local industry. This was seen as more feasible now due to rising transportation costs.

- **Ensure access to sufficient and affordable water.**

Water is crucial to agriculture. The suggestion was to keep water rates low for agriculture applications. Region-specific water strategies should be considered. Industrial users are taking large amounts of water and charging for this privilege could be considered.

- **Review ALR protocols to protect farmland.**

The group was concerned that removing ALR land was counterproductive to promoting needed community agriculture and its contribution to local economies. A renewable lease system for ALR land could be considered. There was concern about the influence of municipal governments in ALR decisions that often resulted in urban development replacing farmland.

- **Increase access to financing for producers and processors.**

The most pressing need was seen to be increasing access to patient capital. It was recommended that extension services be expanded to enable producers to obtain advice on how to achieve cost reductions and better utilize technology. In addition, it was recommended that Investment Agriculture Foundation modify its eligibility criteria to increase access to funding.

- **Ensure access to training and trained workers.**

There is a need to promote long-term employment in the industry and create apprenticeship opportunities. Training could be seasonal and on line. On farm training could be subsidized. Better connections to community colleges were seen as having potential to increase training offerings. Support should be offered to enable children to have early exposure to agriculture through 4H and other early education programs

- **Increase the ability to market products locally.**

The team supported the branding of local products through the use of logos, packaging and other marketing techniques and a “buy local” type campaign. There was a feeling that the “Buy BC” campaign should be revitalized and provided at no cost to producers as it was previously. This could be facilitated by providing support to local agriculture organizations that could take the lead on such a campaign.

- **Facilitate cooperation among small producers.**

The group believed that regional farm organizations should be strengthened to the point where they can represent the interests of small regional producers. Membership should be built up and relationships improved with policy makers. The increased cooperation may lead to cooperative buying and selling. Another suggestion was for existing grant programs to be based on criteria other than minimum gross farm revenue.

- **Modify marketing board regulations and focus.**

The group believed that marketing board regulations needed to be more flexible. It was also suggested that the boards should become more active in promoting innovation, increasing public awareness and supporting increased agriculture R&D. The opinion was expressed that the boards should also support new product development and aggressive marketing initiatives.

- **Review the definition of agriculture.**

Concern was expressed that the definition of agriculture and related support was too narrow to accommodate many mixed operations. For example, agroforestry should be a recognized farming activity and this sector should be included in stakeholder discussions.

- **Vancouver Island needs to be ready for the potential disruption of the avian flu**

There is a need for a crisis prevention and a management plan to deal with the potential economic and societal effects of the pandemic. A potential strategy could include the creation of warehouses in bio-regional economic development plans for bio-regional processing co-packing facilities combined with small-scale specialty quota so locals can buy local and in effect be the investors in these bio-regional food systems.

B. ABBOTSFORD

Date: November 10

Attendance: 37

1. Identification of Key Issues

The attendees were asked to identify the issues that are most important to their organization, sector or region. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE ABBOTSFORD WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
Access to skilled workers and managers	16
Need for better marketing and related skills	14
Need for more industry cooperation	8
Need to improve industry image	8
Restrictive government regulations	7
Need for increased innovation	6
Urban/rural conflicts	5
Access to capital	4
Need for new product development	4
Lack of processing capacity	4
Access to necessary physical resources	4
Environmental pressures	4
Lack of economies of scale	4
High cost of production	4
Restrictive trade barriers	3
Need for improved safety systems	3
High land costs	2
Transportation costs/lack of infrastructure	1

After the attendees identified their top issues, there was an open discussion of some of the issues. The major issues that were highlighted during this part of the session included:

- **There is a need to develop better marketing skills and programming.**

The group saw marketing as an essential component of any competitive strategy. Increased skills in this area was seen as critical in their efforts to operate in a value chain dominated by large distributors and retailers.

- **The industry needs to cooperate in joint marketing.**

This was seen as necessary to achieve the critical mass necessary to satisfy the volume demands of the large big box type retailers. Individual producers lack the necessary economies of scale to qualify as high volume suppliers. The industry would benefit from the formation or enhancement of associations, coops and strategic alliances directed at marketing efforts.

- **Producers need to improve their financial analysis skills.**

The feeling was that many producers did not have a clear understanding of their production costs and their margins. Such information is seen as critical for making pricing and selling decisions.

- **Many government regulations restrict the industry’s ability to compete.**

A range of government regulations involving the Canadian Food Inspection Agency, pesticide regulations, and labour issues were mentioned. There were complaints that federal, provincial and local regulations are not coordinated, resulting in duplication and contradictory regulations.

Also, there is a lack of harmonization with US regulations. This is seen as a significant cost factor for many producers and processors.

- **Government regulations are often not based on science.**

The group felt that government often instituted regulations for political reasons and not factual ones. The government was seen as often regulating in response to the poorest producer. Also, regulations often did not consider small operators but were based on large operations that could better afford compliance.

- **There is a need to develop better management skills.**

The group felt that producers and processors often did not have sufficient skills to manage their operations as they grew. Businesses often grow beyond the skills of the owner. It was felt that producers and processors in this situation should increase their skill level through education and employ experts when necessary.

- **There are significant barriers to attracting investment.**

Some of the barriers to investment attraction include the lack of economies of scale, a lack of scaleability, management issues, a lack of regulatory harmony with the US, and regulations based on popular opinion versus science. Investment was considered key to innovation.

- **Environmental pressures are increasing.**

Both the public and government seem to have an increasing sense that production and processing are bad for the environment. Again, this was seen as often the result of politics and perceptions, rather than fact. Increasing environmental restrictions increase costs. There was seen to be a need to educate the public regarding the role of agriculture and the true nature of the related environmental issues.

- **Urban encroachment is an issue.**

As urban development approaches agriculture operations, conflicts arise due to disparate objectives of the two groups. Residents object to noise, smell and perceived environmental damage. Farmers and processors are concerned about pollution of ground water and other impacts from high-density residential development.

2. Suggested Strategies And Actions

After the general discussion, we identified five issues that were of particular interest to the attendees. The group was then broken into five work teams, by having each attendee self-selecting the issue which was of greatest interest to them. Each team worked to develop strategies and actions that could be undertaken to address the issue. At the conclusion of the session, the leader from each of the five teams presented their suggestions to the overall group. The suggestions are summarized below.

- **Ensure access to skilled workers and managers**

This is a need to have more training available to workers and managers. Some of the strategies that were suggested included job shadowing, mentorships, coop positions, enhanced high school career and personal planning programs, onsite training, and better connections with educational

institutions. It was also noted that work needs to be done to improve the image of the industry with potential workers, highlighting the fact that wages are comparable to that in other service industries. School programs illustrating the role of agriculture and the potential careers should be increased. In addition, the migrant workers program needs to become more responsive to industry needs, better housing will have to be secured, and relations with the Mexican consultants should be improved.

- **Increase industry cooperation and coordination**

A range of strategies were suggested to improve industry cooperation and coordination including forming cooperatives to joint market product in volume; coordination of education on cross-sector issues; develop local markets and import replacement strategies on the local level; organize sectors to prevent overproduction; and joint lobbying of government regarding multiplayer regulatory environment. The most appropriate approach to cooperation and coordination may vary by commodity or product segment.

- **Improve the image and profile of the industry**

There was a feeling that the public relations efforts of the industry had not been effective. The suggestion was for a coordinating group to develop a strategy with a simple direct message that would be often repeated. The message would include factors such as how healthy and safe BC food is; where food actually comes from; the economic impact of buying local; and the need for self sufficiency in the food supply. It was recommended that the program should be a long term effort (e.g. 10 years) and involve high profile champions. The coordinating group could distribute funds to local organizations to propagate the message.

- **Modify government regulations.**

The government needs to be encouraged to form regulations based on science not uninformed perceptions. There needs to be a high level of coordination between the various jurisdictions and a harmonization of rules with the US in many areas. The main strategy was seen as a public awareness campaign to change people's misconceptions. Then there would be more of a possibility of regulatory change. Farmers are seen by the public as believable so mobilizing them for such a campaign should be effective. Coordinated and joint lobbying by all sectors is also necessary

- **Improve the marketing of BC products**

The key was seen as competing on quality to find larger and more profitable markets. Significant niche markets need to be identified. Marketing activities should be coordinated, possibly by industry associations. The focus must be on commercial producers not lifestyle hobbyists. Some of the strategies for improving marketing that were suggested included a mentoring system; reintroducing the Buy BC program; supporting an Agriculture Business Incubation Centre; implementing branding programs; developing niche markets; and establish community kitchens.

- **Industry coordination of marketing efforts could include the formation of “new age cooperatives.”**

Marketing must be approached as a specialty with dedicated resources not as an add-on to some one who is already busy. And the skill levels of marketing staff must be increased through

training, mentoring and innovative support systems. A marketing “incubator” was suggested where marketing skills, market intelligence and analysis and related programming could be developed. Sector specific marketing plans were seen as important.

- **Increase access to financing**

It was recommended that the variety of programs already in existence work more closely together to focus on agriculture financing.

C. PRINCE GEORGE

Attendance: 35

Date: November 16, 2005

1. Identification of Key Issues

The attendees were asked to identify the issues that are most important to their organization, sector or region. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE PRINCE GEORGE WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
High input costs	13
Government regulations regarding on-farm/other processing	11
Need to improve local marketing efforts	10
Need for better marketing in general	9
Lack of local processing facilities	8
Access to skilled labour	7
Low prices and profits to producers	6
Access to capital	5
Need for joint industry initiatives	4
Access to industry info	4
Access to technical info	4
Need to educate consumers re: local products	4
Environmental pressures	3
Low economies of scale	3
Distance to markets	3
Need for more entrepreneurial spirit	2
Access to resources	2

After the attendees identified their top issues, there was an open discussion of some of the issues. The major issues that were highlighted during this part of the session included:

- **Lack of local processing facilities**

This was seen as an issue mainly for the cattle industry but was also mentioned as an issue for vegetable growers. Livestock are not finished in the region but are shipped to Alberta for finishing and processing. There are no large processing facilities available in British Columbia for the cattle industry. Two large firms in Alberta control that part of the industry.

- **Production costs**

Transportation costs were the most often mentioned as an issue for local producers. Rising fuel costs and the distance to major markets are a significant concern. Rising fuels costs contributed to increased cost of material and equipment that must be brought into the region. Energy costs were also seen as significant.

- **Government regulations**

Government regulators were viewed as indecisive and inconsistent, especially regarding upcoming regulations relating to meat processing, both on-farm and for potential commercial processors.

- **Access to capital**

Access to debt financing and patient capital were seen as major barriers to expansion of the industry. Financial institutions' requirements for loans were seen as over onerous. Venture capital has not been accessed extensively.

- **Lack of government regulatory coordination**

A major complaint about the public sector was that the various levels of government and even different ministries within one government were not coordinated in regards to regulating the industry. This creates situations of conflicting rules and confusing overlaps in jurisdiction.

- **Poor local marketing**

The group believed that there was potential to market more produce locally but that this opportunity was not being exploited to the extent that it could be. Better local marketing efforts were seen as necessary to realize the potential. Part of this would be the education of local consumers regarding what is available locally.

- **Poor soil and other science**

There were complaints that local growing conditions had not been sufficiently studied and that more effort in this area would produce positive results. Other jurisdictions were seen as being more responsive to producer needs in this area.

- **Poor industry communication and cooperation**

Industry efforts to improve the local situation were seen as fragmented and uncoordinated. There appears to be a need for much more communication within the industry and the sectors and more joint initiatives. Such initiatives could include joint marketing efforts.

- **Poor access to information**

Many producers felt that their ability to access information relevant to their industry including technical information was very limited. There was mention of the fact that many in rural communities lacked high-speed internet which limited their ability to access this type of information in a timely manner.

- **Lack of economies of scale**

Local producers are small and fragmented and lack sufficient size to realize significant market power. To be effective in the marketplace the sectors will need to join forces to represent higher volumes to distributors.

- **Succession issue**

Due to low profitability and a poor image, the industry is not attracting new entrants nor is it enticing the children of farmers to take up the career. There is a concern that there will be very few farmers available in the next generation to carry on agriculture production.

2. Suggested Strategies And Actions

After the general discussion, we identified five issues that were of particular interest to the attendees. The group was then broken into five work teams, by having each attendee self-select the issue that was of greatest interest to them. Each team worked to develop strategies and actions that could be undertaken to address the issue. At the conclusion of the session, the leader from each of the five teams presented their suggestions to the overall group. The suggestions are summarized below.

- **Develop the local market**

The key in this area was seen to be the education of consumers regarding the availability and quality of local produce. Various strategies for achieving this were suggested included supporting farmers markets, media campaigns and buy local programs. Support was expressed for the return of the BUY BC program.

Encouraging the development of local processors was also seen to be an effective strategy to facilitate local consumption of local produce. Also suggested were efforts to convince local retailers to stock local produce through a cooperative marketing system.

- **Develop local processing capacity**

The objective was seen to be the establishment and enhancement of inspected processing facilities that could legally market produce to a variety of markets. The most pressing need is a clarification of regulations in this area.

The group suggested that a business plan or case study be developed to illustrate the potential of such facilities to government and the consumer. The industry should develop this rationale as a joint initiative that will illustrate to government that they speak with a strong collective voice. Local government was seen as being particularly ignorant of the potential economic impact of this concept. Such a development would enhance the viability of local producers as well as the local communities.

Processing development will require significant capital and there was the suggestion that among other efforts to attract capital government could use tax incentives in this area as it has for other industries.

- **Coordinate government regulatory efforts**

The group felt that the objective in this area should be the development of regional solutions for regional problems. Too often blanket solutions are developed for the whole province that do not consider local conditions. Also, the existence of three levels of government and ministries with overlapping mandates creates situations of confusion and contradictory information regarding the regulatory system. Regulations must be clear and easily understood.

The group wanted to focus pressure on all levels of government to work together to identify regional issues and develop regional policies. Intense job by efforts will be needed to accomplish this. Local government should be one target of such lobbying to ensure that the importance and potential of the industry is understood.

- **Reduce input costs**

A significant area of concern was access to water. The group felt that government should pay particular attention to the water needs of agriculture as this resource might become more costly. Water rates should be kept low for food production. They also believed that industry conservation efforts in this area would be productive.

The other major input considered was land. Access to reasonably priced land will be necessary to increase local sustainable agriculture production. This can be done through the ALR, tax incentives, conservation covenants and land banks.

Another potential cost savings would be through the use of on-farm energy production. There is potential from hydro, wind, and fuel burning systems. Fertilizer costs could be reduced through increased utilization of local bio-waste. There was also support for a further reduction in the fuel tax for farm operations.

- **Develop “export” markets**

In addition to regional markets, the group saw opportunities to develop non-regional markets. The main issue in this area was seen as the control of the cattle processing industry by out-of-province firms. The US only allows processors to own 10% of the cattle they process. This was seen as a suitable policy for Canada.

Another strategy would be to promote the Canadian age verification system, which is superior to the US system. This and other efforts are needed to increase consumer confidence in the product. A possibility is to use the image of rancher internationally to promote the wholesomeness of the products.

The development of high quality niche products has significant potential to reduce the reliance on a small number of markets and to offset imports. This would require the development of a processing capacity. The group also felt that there needs to be significantly more resources directed to market research and marketing programs. Other jurisdictions were seen as being more supportive of industry marketing efforts than BC.

D. DAWSON CREEK

Attendance: 31

Date: November 17

1. Identification of Key Issues

The attendees were asked to identify the issues that are most important to their organization, sector or region. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE DAWSON CREEK WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
Cost of production	12
Marketing and branding	12
Transportation cost and infrastructure	8
Lack of processing facilities	7
Access to financing	6
Local product ID and marketing	6
Access to labour	5
Development of niche products	5
Need for alternate uses for crops	4
Subsidies and trade barriers	4
Low commodity prices	4
Weak industry cooperation	3
Weak associations=poor lobbying	3
Access to supplies	2
Poor economies of scale	2
Environmental Sustainability	1
CFIA regulations	1

After the attendees identified their top issues, there was an open discussion of some of the issues. The major issues that were highlighted during this part of the session included:

- **The Identification of local produce through packaging and labeling**

Local produce is not always identifiable and needs to have distinctive packaging and labeling. Often product has a Canadian label even though the contents have been imported and were only packaged in Canada.

- **Difficulties with local product placement**

Local producers often do not have enough volume to meet the demands of the large chains. Chains outlets are required to use products approved and purchased by their head offices. In the cattle industry, a lack of feedlot capacity, the loss of the live cattle exchange, and monopoly control of processing requires that most product must be sent to Alberta.

- **Low cost competition**

In the commodity markets, foreign low cost competition is difficult to counter. Other jurisdictions with lower production costs subsidize their industry and use trade barriers to restrict imports. Their industry is often not as restricted by environmental considerations as is the Canadian industry. The result is low prices for commodities.

- **Alternate uses needed for bulk commodities**

The ability to produce large crop quantities is not an issue. What is needed are other markets and other uses for the products, especially the grains. There are a number of non-food uses for grains that have potential. These include bio-diesel and ethanol. The construction of an ethanol plant was supported by the group.

- **Local industry associations are weak**

Due to a lack of resources, the local representative groups of the agriculture industry are not seen as effective. Most are run by volunteers who do not have significant amounts of time or resources to spend on industry issues. Consequently, the industry's lobbying efforts are very limited in scope and not very effective.

- **Producers have poor marketing skills**

Regional farmers do not have training or experience in marketing agricultural products. They concentrate on production and have little time to acquire these types of skills.

- **There is a lack of capital sources**

Access to capital is a significant issue in the Peace Region. The sector is viewed as high risk and traditional sources of startup and patient capital are reluctant to invest in the sector.

- **There are transportation issues**

The high cost of transportation and the distances that must be covered are a significant disincentive to marketing regional product outside of the region. In addition there is a shortage of railroad cars necessary to transport grain.

2. Suggested Strategies And Actions

After the general discussion, we identified five issues that were of particular interest to the attendees. The group was then broken into five work teams, by having each attendee select the issue that was of greatest interest to them. Each team then worked to develop strategies and actions that could be undertaken to address the issue. The leader from each of the five teams presented their suggestions to the overall group. The suggestions are summarized below.

- **Improve marketing/branding**

The group believed that marketing efforts should focus on value added products and the utilization of all products and byproducts of production. The strategy would be for all parts of the sector to work together in a self-sustaining, integrated system that would see waste products such as liquid manure utilized by other parts of the sector, surplus grain used in an ethanol plant and industry cooperation formalized in a coop type arrangement.

- **Improve access to financing**

The group felt that best way to attract financing was for the local industry to become more vertically integrated. The producers need to own more of the value chain to increase margins and make investing less risky. The coop model was also supported by this group to facilitate the industry cooperation and coordination necessary to accomplish the vertical integration. The

group recommended that a champion take this project on and use existing models of integration to educate producers of the potential of this approach.

- **Increase processing capacity**

This group also liked the idea of a champion that would advocate for increased processing capacity in the region. Suggestions for strategies included tax incentives to facilitate the construction of processing facilities, introduction of a mobile slaughter facility, and harmonization of government regulations relating to processing. The mobile facility could include a traveling inspector.

Another possibility was the establishment of a facility to create fuels from grains and the subsequent mandate of the use of biofuels in BC. Again it was emphasized that the industry had to achieve a high level of cooperation in this area and “speak with a united voice.”

- **Modify government regulations**

The suggestions put forward included increasing fuel tax rebates and energy rebates, providing subsidy programs based on the Alberta model, and PST rebates. The group suggest that subsidies or rebates could be linked to the commodity in that, when commodity prices went up, the subsidy would go down (giving relief when it was needed and removing it when it was not).

This group believed another important area was slaughter regulations. The present system was seen as a hindrance to on-farm value-added operations. They believed that producers should have more input into this area of regulation.

- **Improve access to labour**

Due to competition from the oil and gas sector, it is difficult to attract labour to agriculture. The shortage was seen as getting worse with the aging of the farmer and a lack of succession possibilities. There need to be efforts to present agriculture as a desirable career option. Another suggestion was a focused immigrant program, targeted at countries such as Germany where there is high unemployment.

Greater education for the agriculture labour force was seen as imperative. A suggested strategy was to form closer links to local educational institutions in order to develop training programs.

E. SURREY

Attendance: 43

Date: November 21

1. Identification of Key Issues

The attendees were asked to identify the issues that are most important to their organization, sector or region. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE SURREY WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
Cost of production	16
Government regulations	13
Need more value added products	11
Need more innovation	11
Lack of skilled labour	10
Opportunity to access export markets	9
Poor image of the industry	8
Access to capital	6
Urban/rural issues	6
Access to low cost labour	6
Need to improve local marketing	5
Limited management skills	5
Safety issues	5
Poor industry cooperation	4
Waste management issues	3
High taxes	2
Transportation delays/traffic/border issues	2

After the attendees identified their top issues, there was an open discussion of some of the issues. The major issues that were highlighted during this part of the session included:

- **High cost of production**

The costs of production specifically mentioned included energy, fuel, land and labour. There was particular concern regarding energy costs for greenhouse growers and fuel costs for other sectors.

- **Poor management skills**

It appears to be difficult to attract good operations managers to the industry. Lower wages than other sectors were mentioned as one contributing cause. Limited management skills slow the rate of innovation. Operators tend to be fearful of change and are more likely to add labour than innovate to fix a problem.

- **Low level of public sector support**

The group cited that the agriculture sector in other jurisdictions receives greater support in the areas of innovation, processing, value added products and financing. Alberta was mentioned as one region that provides more significant support to its agriculture sector.

- **Poor marketing efforts**

International negotiations could change current regulations regarding supply-managed commodities. This and other changes in the industry make marketing effectively more important than every. BC marketing efforts are often seasonal rather than year round. Producers often do not have access to marketing expertise and are left to develop their own strategies. Associations are often weak and do not have the resources to assist members with marketing. In this issue, as well, other jurisdictions were seen to be more supportive of industry efforts than BC.

Local marketing efforts need to be improved as well. There are opportunities to sell local food locally, based on safety and quality. Other jurisdictions were seen to be doing much more than BC to promote the local sale of local products.

Training and funding support for marketing efforts were seen as critical to improving marketing performance.

- **Lack of processing capacity**

There were a number of complaints by different sectors represented at the meeting that there is insufficient processing capacity in the province. This situation will be exacerbated by the coming regulations that will restrict much of the on-farm meat processing that occurs now.

- **Lack of skilled and unskilled labour**

There are serious problems with accessing workers for the labour intensive jobs in the industry. Some participants were using Mexican labour through the federal program. However, they were not able to access enough workers as they are competing with companies with easier and cheaper access to the workers under this program.

Skilled labour is also in short supply. This is seen as largely being the result of the negative image that the industry projects and the fact that young people are not aware of the careers available in the sector.

- **Restrictive Regulations**

There were complaints about over restrictive environmental regulations. Also mentioned was the sometimes contradictory policies and regulations of the three levels of government with which the industry is forced to deal with. For example, several operators have been frustrated by the restrictions on independent power generation.

- **Rural/Urban conflicts**

There is increasing pressure on the land base from residential development. It was noted that new residents of formally rural areas complain about farm operations and lobby local government for more restrictive regulations to limit nearby farm operations.

- **Poor industry image**

There is a need for public education regarding where food comes from and how safely it is produced. Also, the group felt that the economic impact of agriculture should be emphasized in consumer education efforts as well as those targeting politicians.

The group felt that the best public relations can be obtained from promoting the food itself. Some greenhouse operators have begun to have open houses and school tours to educate their urban neighbours.

- **Need for more innovation**

Innovation is critical to industry progress in many areas. Other jurisdictions were seen as being much more supportive of innovation development and implementation than BC. Other governments help mitigate the risk of new innovation.

2. Suggested Strategies And Actions

After the general discussion, we identified five issues that were of particular interest to the attendees. The group was then broken into five work teams, by having each attendee select the issue that was of greatest interest to them. Each team worked to develop strategies and actions that could be undertaken to address the issue. The leader from each of the five teams presented their suggestions to the overall group. The suggestions are summarized below.

- **Increase access to human resources**

Owners and operators need human resources training to improve their recruitment and retention rates. The group suggested an integrated recruitment program that improve the image of the industry as a desirable career area. This strategy would include starting programs in the public schools as early as the elementary grades to promote a positive image of working in agriculture. Another suggestion was to create an industry marketing program, staffed by youth, to attract other youth to the area. This program would include coop positions.

- **Increase the rate of innovation**

The industry needs improved innovation in every area of industry operations. Educational institutions need to cooperate with government and the industry to use their resources to promote innovation through education and research. Government needs to provide funding to reduce the risk associated with the process of innovation development and adoption. Due to the nature of the industry, the government needs to take the lead in R&D efforts.

The group wanted to review related programs in other jurisdictions. Their preference was to identify key sectors and drive innovation in those sectors. Another suggestion was to mobilize the marketing boards to assist small operators with their innovation needs. Also, a separated entity, potentially an “innovation council”, could be formed to lead the initiative and form the necessary partnerships to realize the potential.

The group supported innovative approaches to environmental issues and especially waste reduction and reuse.

- **Develop a strong BC brand**

The group was very interested in the development and promotion of a BC brand as has been done in other jurisdictions. This would be done to increase the awareness of the public regarding the existence of locally produced food products. The suggestion was for an umbrella group to create this brand on the model of BC wine’s VQA program.

The most important thing about the branding exercise would be to emphasize quality. A coordinated message should be developed and a number of promotional campaigns implemented by the industry as a whole cooperating in common efforts.

- **Promote vertical integration in the industry**

The industry is seen as fragmented and lacking economies of scale, conditions which restrict the development of value added products. To overcome these barriers will require a coordinated multi-sector effort that will facilitate vertical integration of the industry. All stakeholders need to become involved from the producer, through processors, distributors and retailers. Value-added opportunities need to be identified and fast traced.

- **Improve government and industry coordination**

The agri-food industry has to deal with four levels of government. There is poor communication between agencies, between levels of government and with industry. A lack of coordination creates situations where contradictory policies and regulations are imposed by agencies working in isolation. The government needs to work with industry to improve communication and to coordinate related legislation in areas such as processing regulation, land use planning, urban conflicts, waste management and other environmental issues. Government needs to consider the industry when making decisions in areas such as transportation infrastructure.

The industry needs to speak to government with a single voice, possibly through strengthened associations. But the industry needs to coordinate its efforts and provide government with a unified position on common issues. Communication was seen as the key to successful resolution of these issues.

F. VERNON

Attendance: 20

Date: November 22

1. Identification of Key Issues

The attendees were asked to identify the issues that are most important to their organization, sector or region. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE VERNON WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
Local marketing/consumer awareness	11
Government regulations	7
Safety and quality issues	6
Access to Land	6
Environmental pressures	6
Access to water	5
Lack of innovation	5
Value chain challenges	5
Access to capital	4
Access to skilled labour	4
Certification pressures	4
Costs of production	4
Lack of new entrants	3
Marketing in general	3
Lack of information	3
Poor industry image	2
Access to seasonal labour	2

Opportunity, Challenge or Issue	Number of Attendees
Need for affordable seasonal housing	2
Weak associations	2
Lack of processing capacity	1
Access to water	1

After the attendees identified their top issues, there was an open discussion of some of the issues. The major issues that were highlighted during this part of the session included:

- **Access to land and water**

Access to these resources is critical for all sectors. Growing urbanization, complicated regulations, and growing pressure for conservation are threatening the ongoing availability of these resources necessary for agricultural operations

- **Lack of appreciation of agriculture economics**

The concern was expressed that government decisions regarding agriculture are based on politics and not science. The point was made that growing grass has a much higher value than growing trees but this is not recognized.

- **Access to capital**

A cattle rancher indicated that previous government programs, which provided long-term loans at reasonable interest rates, had been withdrawn.

- **Need to develop local/domestic markets**

There are opportunities for import replacement by developing the domestic marketplace. The potential was illustrated by the BSE situation, where more meat products were sold domestically when foreign markets were closed.

Domestic markets can be more reliable and more feasible due to transportation and distribution costs. However, there is a need for more research to determine the import replacement opportunities and consumer preferences. Efforts need to be made to educate the public about the availability, safety and quality of local produce. Local retailers need to be lobbied to support the area where they do business.

- **Lack of innovation**

More innovation resources are needed to develop niche products and improve production efficiencies. There are also opportunities to use innovation to improve environmental sustainability, which is a highly marketable attribute.

- **Restrictive government regulations**

The group complained that the government was totally concerned with control and regulation to the exclusion of assistance and promotion. One issue is pesticide registration system, which sees common products used in other jurisdictions unavailable to Canadian producers. Also, regulations are geared to large operations and application of regulations designed for big companies may not be tenable for small operations.

- **Lack of industry cooperation and coordination**

Some of this problem is the result of the fragmented nature of the sectors and the lack of scale. Small associations often work with volunteer workers and are unable to organize collaborative efforts or access programming. Industry coordination will be necessary to offset the market power of retailers who are demanding their own certification processes.

Another factor is that new immigrant industry entrants (50% of producers) are not involved or informed about issues and programs. They remain unengaged with the rest of their sector.

- **Shortage of labour**

There are shortages of both skilled and unskilled labour. There are some immigrant worker being brought in but now there is a need for affordable seasonal housing for this group that is acceptable to local municipalities. There were complaints that local educational institutions are not producing skilled workers for the local industry. It was noted that new entrants are hard to attract and the average age of farmers is climbing

- **Safety, quality and certification pressures**

Certifying operations can be very costly and there is confusion about who recognizes which certification process. Some Canadian ones are not recognized by other countries. Also, some large retailers are requiring their own certification process to be implemented before they will purchase products.

2. Suggested Strategies And Actions

After the general discussion, we identified three issues that were of particular interest to the attendees. The group was then broken into three work teams, by having each attendee select the issue that was of greatest interest to them. Each team then worked to develop strategies and actions that could be undertaken to address the issue. The leader from each of the three teams presented their suggestions to the overall group. The suggestions are summarized below.

- **Focus on the development of local markets**

The group believed that there were opportunities in both the regional market and the larger Canadian domestic market. They believed that the focus should be on feeding ourselves, not on the export market.

Efforts should be made to increase consumers desire to buy local produce, through education and promotional programs. Regional products need to build a separate identity and emphasize their safety, health and quality. Marketing needs to build on the trust people have in farmers and producers need to increase their market skills and learn how best to market direct.

Direct marketing such as farm markets should be supported to shorten the supply chain and improve profits. Also, alliances should be built with local independent retailers, food service business and distributions. A cooperative distribution system possibly using an independent broker could be utilized to reduce costs.

- **Enhance safety and certification programs**

Standardized certification programs are now essential for marketing products. Programs should be coordinated and designed to be recognized by national and international agencies. The industry must take the lead in this attempt to build consumer confidence but government will need to play a role by providing incentives and helping to make it affordable for small producers.

Government can also lead research in this area and help to strength associations that can play a role in developing standardized program. The food safety guidelines will need to be commodity specific. The efforts in this area will also need to engage the foreign born farmers who are not yet involved

- **Maintain access to land and water**

Agriculture needs secure and affordable access to resources such as land and water to operate. One way to help to ensure this is to develop economic arguments that illustrate the importance and contribution of the sector to the overall health of the economy.

The group believed that the Okanagan Water Basin Board should have a high profile to help it save water for agriculture. The group also supported the development of a resource management plan for the Okanagan Valley that considered the needs of agriculture. A water metering system was proposed that promoted conservation but did not direct all the savings to urban users.

The security of tenure on crown land including long-term leases needs to be encouraged. This would include reducing the influence of politics on the use of ALR land. Also possible is the use of logged land for cattle grazing. Urban sprawl needs to be restricted.

G. CRESTON

Attendance: 25

Date: November 24

1. Identification of Key Issues

At the beginning of the session the attendees were asked to identify their top three concerns, write them down and submit them. The results are detailed in the table below.

ISSUES MOST COMMONLY IDENTIFIED AT THE CRESTON WORKSHOP

Opportunity, Challenge or Issue	Number of Attendees
Cost of production	15
Government regulations	9
Marketing information and skills	8
Need more innovation	8
Accessing to physical resources	6
Poor industry image	6
Access to capital	6
Industry and other information	5
Poor management skills	5
Need more value added products	5
Poor industry cooperation	5
Access to low cost labour	3

Lack of skilled labour	3
Lack of processing	3

After the attendees identified their top three issues there was a general open discussion of the issues. The issues that arose during this part of the session are outline below.

- **Inter-Provincial transportation regulations**

Differences in transportation regulations between provinces creates additional costs and supply and marketing barriers. The complexity of the regulations creates extensive paperwork and differing DOT regulations regarding size and weight can reduce access to supplies.

- **Weak associations**

Strong regionally based organizations are even more important now that government has downsized its support services to agriculture. Decision regarding funding are often made at a distance and local funding pools administered by local organizations would be cheaper and more efficient, increase access to funding and help build local associations.

The weakness of local resource-poor organizations means that there is a lack of recognition of the importance of agriculture. Local government and the local consumer are unaware of the economic impact of the industry. Associations are commodity based and this precludes the industry from speaking with a unified voice to government.

- **Government regulations**

Regulations are often uncoordinated and designed for large producers. For example the new stricter processing regulations will mean that it will not be economic to build local abattoirs without financial assistance

Regulations regarding safety and security were seen as Government driven and not consumers driven. Consumers education is necessary to explain the changes and hopefully to make consumers willing to pay extra for safer products. Also, the regulations are not seen as being innovative or flexible to find other, less costly ways of ensuring safety.

Another regulatory issue was the lack of government inspectors in the region. The closest one is in Osoyoos. This impedes communication with the regulators.

- **Access to physical resources**

Access to land and water are affected by government regulations regarding crown land. Access is often restricted and tenures are not secure. Regulations in this area are often uncoordinated between levels of government. Also ALR land is being sold for recreation property which takes it out of production.

- **Access to capital**

Financing is necessary to support value added and niche market development. One issue is that producers often do not understand finances and the reporting requirements of financial institutions. There is poor communication between banks and industry which results in a poor understanding of the requirements. It is difficult for producers to find the time and money to

obtain these types of skills.

- **Industry information and support**

The industry has a need for support in both technical and business areas. The industry is much more complicated than it used to be and overworked farmers and processors are hard pressured to obtain advanced skill levels. This used to be provided by provincial government extension services. Competing jurisdictions have strong extension services and support for niche market development. The government extension used to assist with training and information that is unavailable locally.

- **Poor industry image**

The lack of industry awareness among the public means that the industry is left with an anachronistic image. The farmer is seen as unskilled, careers uninteresting and food sources unrealized. This makes it difficult to attract new entrants, retain families in the industry, and undertake effective lobbying efforts.

- **Declining innovation**

Innovation is another key to the development of value added products and niche markets. Many advances in the industry can be traced to public sector research efforts and the declining government support for R&D is viewed with apprehension

- **High operating costs**

Operating costs have been increasing in recent years. This has been due mainly to rising fuel costs and the exchange rate.

2. Suggested Strategies And Actions

After the general discussion the attendees were divided into groups and given an issue area to discuss and suggest strategies and actions to address the issue area. The results of their discussions were then presented to the group. The presentations are summarized below.

- **Financing**

The group felt that the government needs to take a role in providing finance in the way of adjustment programs. A local need is for an abattoir to process local meat products. Due to stricter regulations this will require a facility of significant cost. Another area that needs financing is a facility to deal with waste disposal from farming operations.

Another role of government should be to assist with the search for alternative financing sources.

- **Innovation**

A combination of attitude, fear, lack of understanding and knowledge restricts innovation in the local agriculture sector. The group suggested that to promote innovation a local innovation resource center be established to facilitate access to related resources, facilitate access to funding, as well as information on available technology and current R&D activities.

The group proposed that the government employ an innovation expert to facilitate related services. It also proposed an R&D tax credit that was easier to access and methods to increase the level of communication with producers and processors about new technology..

They also proposed an innovation fund to fund related capital projects and education projects. This fund would assist with technology access by supporting visits by experts on the use of leading edge technologies.

- **Local Marketing**

The group proposed local marketing promotion program on the model of BUY BC. Local market opportunities need to be identified and exploited. Branded products need to be introduced to develop more value in the consumer's mind for local products. Island Farm Dairies was cited as an organization that had successfully implemented this type of program.

A promotion program should target an increased awareness of community benefits of buying local such as increased community viability, food safety and security and promoting sustainable agriculture products.

Local grower and processor groups should be formed and work to build their skills and capacity in marketing. These groups should form alliances with other regional groups such as financial institutions, retailers, food service companies and tourist organizations. There was a suggestion for an overall group in the region to provide leadership in this area.

- **Business/management skill levels development**

The group believed that a public service like the previous government extension services would be the best vehicle to develop the various skills necessary for successful agriculture operations. This type of service would increase the accessibility to information on regulations, markets and technology and practical expertise.

The group believed that there should be an early start in the development of agriculture related skills. They felt that this would be best accomplished through a mandatory educational program starting early in the grade school system.

New entrants would be encouraged by an increased level of support. Extension is not considered a subsidy, so it wouldn't attract trade retaliation

