

Investing in Organics: Strengthening Canada's Economy, Climate Resilience, and Communities

SUMMARY

The organic sector in Canada is well-positioned to drive economic growth while advancing the government's environmental and sustainable development goals. To remain competitive and unlock its full potential, Canada must make strategic investments and integrate organic production into its economic growth agenda by:

1. Implementing a robust Organic Data Strategy to make organic data publicly available
2. Creating an Organic Market Growth Fund to increase market access
3. Establishing Organic Production Supports to drive transition and knowledge transfer

One Pathway, Many Benefits

Canada's organic sector, valued at over \$9 billion in 2023, is the 5th largest organic market worldwide. The global organic market is projected to triple in the next decade due to increasing interest in human health, ecological diets, and sustainability attributes.

Organic farming supports Canada's climate goals, strengthens supply chains, diversifies Canada's agri-food sector, and contributes to food security by connecting local and rural economies. Moreover, it supports biodiversity, improves soil health, and enhances water quality, while also boosting farm income and rural livelihoods.

Organic is the only regulated sustainable production system in Canada that meets strict standards, benefits the environment and rural economies, enhances climate resilience, and delivers market premiums. Canadian organic products are recognized internationally through nine trade arrangements with 35 countries, aligning with federal and global sustainability goals.

Unlocking The Organic Opportunity

This year marks 15 years since the Canada Organic Regime (COR) was established, and for the first time, the number of organic operators has declined and organic acreage saw few gains. Unlike its trading partners, where agriculture departments lead organic sector development, Canada's focus has primarily been on enforcement through the Canadian Food Inspection Agency (CFIA). As a result, funding and resources have not kept pace with the sector's rapid growth driven by consumer demand, leaving Canada at a trade deficit. In contrast, the U.S. and EU have made significant long-term investments in organic production and market development, recognizing the economic, environmental, and social benefits.

To remain competitive and unlock the organic sector's full potential, Canada must shift from an enforcement-focused approach to one of active development, supported by new tools, greater investment, and a balanced strategy that aligns demand-driven (pull) and supply-driven (push) growth.

Sector Priorities¹

A policy framework and strategy for organic growth is needed, including the following key actions:

1. Organic Data Strategy

Establish an interdepartmental and coordinated approach (including Agriculture and Agri-Food Canada, CFIA, Statistics Canada) to collect and publicly share data on organic production, supply chains, labour, and trade to strengthen organic integrity and competitiveness while aligning with federal data strategies.

Cost: \$2 million one-time cost + ongoing maintenance, for updating and harmonizing collection systems and creation of a public database.

Rationale: Canada lacks publicly accessible data on basic organic production, sales and trade, available for other conventional and specialty crops in Canada and in other countries, resulting in missed business opportunities and risks to organic integrity. Comprehensive organic data is essential for fostering market development and trade, driving farm-level measurement and decisions, supporting innovation and strategic investment, combatting fraud, and safeguarding the credibility of the Canada Organic Regime.

2. Organic Market Growth

Establish an Organic Market Development Fund to strengthen supply chain partnerships that drive markets, promote exports, advance organic procurement policies, and support consumer education and trust-building initiatives, ensuring fair and expanded access to target markets.

Cost: \$9 million/year

Rationale: A stable and predictable market is vital to reduce risks for businesses, particularly during economic downturns, and to ensure long-term sector sustainability and growth. Market development, building consumer trust in the Canada Organic brand, supply chain coordination and public procurement policies are crucial to developing markets and making organic products more affordable and accessible.

3. Organic Production Supports

Support the growth of Canada's domestic organic supply by establishing transition supports to organic management and fostering innovation and increased knowledge transfer of organic practices.

Cost: \$30 million over three years to pilot support for transition to organic production. This should include \$6 million for extension services, including transition advisory services and transfer of up-to-date sustainable organic management practices that can be adopted by all farmers.

Rationale: Canada has the potential to lead in high-quality organic crop production, but supply is falling short of both domestic and global demand, resulting in a trade imbalance favouring imports. While organic production can increase long-term profits, the three-year transition period for organic certification poses financial risks, as farmers implement new practices without having access to organic price premiums. Cost-share support and extension services have been identified as critical to ensure farmers remain competitive while adopting more sustainable practices that increase resilience to climate change, improve soil health and biodiversity, and reduce emissions.

¹ From *National Organic Action Plan for Canada, Strategic Plan for the Growth of the Organic Sector, 2024*