

10. Challenges and Issues

10.1 Challenges Common to Conventional and Organics

Organic and conventional agriculture in British Columbia face many of the same challenges. Lack of processing infrastructure, labour shortages, rising land prices, urban encroachment, competing uses over a shrinking landbase, lack of harmonization with competitors in terms of access to pest control products, and the trend toward an aging farm population negatively affect virtually all agricultural sectors throughout the province.

Labour Shortages

Similar to the situation in conventional agriculture, organic farmers face a shortage of seasonal field workers. The shortage is especially an issue in the labour intensive crops such as berries and vegetables. The traditional pool of seasonal workers is aging; and that, combined with competitive wages and working conditions offered by other employment sectors, has resulted in a shortage of workers in agriculture. The shortage is being alleviated somewhat by the federal government's Seasonal Agricultural Workers' Program (SAWP) that enables horticultural farmers to bring in seasonal workers from Mexico. SAWP is not the only answer to the labour shortage issue. There are additional monetary, regulatory, and cultural requirements of SAWP which make it unsuitable for all farmers. As part of the long-term labour solution, several projects are underway in schools, post secondary institutions, and community centres to promote the career opportunities in agriculture. Increasing cherry crop acreage will create a greater demand for harvest workers in the future.

Global Competition

Seasonal production volumes and less favourable economies of scale are major factors affecting the competitiveness of British Columbia's vegetable growers and processors, both organic and conventional. Of all the major field vegetable production areas in Canada, British Columbia growers have the highest costs for land, labour and fuel. Producers in British Columbia compete with growers in the US and Mexico who have lower production costs due to large scale operations and lower labour costs. This, combined with relatively smaller markets for some crops in British Columbia, reduces opportunity for higher returns.

British Columbia strawberry growers face stiff competition from imported berries. In order for British Columbia growers to both retain and expand existing markets, new higher yielding varieties which are resistant to pests and disease for the fresh and processing markets are being developed. New production techniques are also being developed to extend the fresh market season and to reduce the per unit cost of production.

The Canadian apple industry has been facing a number of challenges over the past decade or so, including a general decline in wholesale prices and an increase in North American and world production. Although the organic apple market is feeling the pinch, it still has a market advantage over conventional product.

Increased competition from Chinese fresh apples in Asian markets is expected to increase in coming years and could exert downward pressure on prices.

Lower exchange rates have the effect of hindering Canadian exporters by reducing market share in foreign markets.

Export restrictions for phytosanitary reasons by importing countries have caused problems related to British Columbia's exported pome fruits.

Stone fruit production from central Canada competes with British Columbia production, at least in the peach market. Occasionally, low-priced stone fruit product from Washington or California is a concern, particularly in years of large US production. Organic stone fruit still has a market advantage over conventional fruit even in surplus crop years.

Unpredictable Weather and Seasonality

Poor weather has historically affected the quality and volume of yields which, in combination with seasonal production, creates fluctuations in supply. This can be particularly significant to the processing market, resulting in inconsistent economic returns for both processors and growers. Often, competitors in the US and Mexico are able to use their longer growing season to produce a consistent year-round supply from multiple crops per year.

Canada's shorter growing season reduces opportunities for market expansion of pome fruits into offshore markets. Strong competition from earlier maturing US crops tends to set the price and generally impacts negatively on growth opportunities.

Lack of Sector and Product Development

Local sector development activities are limited by the small size of the British Columbia organic sector relative to other North American producing regions.

Regulations

The organic sector in British Columbia is regulated by numerous government acts at federal, provincial and municipal levels. The regulations relate to environmental protection, health and safety, imports/exports and land use. See Appendix 4 for more details.

10.2 Challenges Specific to Organics

Local and National Competitive Challenges

Competition from the influx of low cost, high quality imported produce is becoming more of a problem as large grocery chains expand their organic stocks. Once imported products become established in retail space, they can be very difficult to displace. Foreign produce imports capture the market during the time of year when domestic supply dwindles and wholesale prices for many fresh organic crops are at their highest. Once the British Columbia production season starts, the supply of fresh produce can be flooded and wholesale prices of some crops can fall rapidly.

Competition between local producers can be very strong, especially among producers who depend solely on local markets. Because the supply is relatively small, it is easy to cause big fluctuations in the market. Additionally, some producers are unfamiliar with establishing prices and are unaware of price structure differences for retail, wholesale, or direct marketing.

Differences in organic standards across the country can give competitors from other provinces an advantage over the organic sector in British Columbia. Production costs of some commodities can differ from province to province as a result. With the introduction of a revised National Organic Standard and Regulation, this will become less of an issue.

Geography

Organic farms are distributed throughout the entire province and tend not to be clustered, but spread over wide areas. With the exception of tree fruits, the organic sector lacks much of the infrastructure necessary to ensure efficient and affordable movement of goods, both domestically and internationally.

Food Safety

The threat of food-borne illnesses has received increased attention in recent years. On-farm food safety programs have been developed and are delivered by conventional commodity groups. As a result of being modeled on conventional production systems, the programs are not always applicable to organic systems; and requirements such as confinement protocols for animals may conflict with organic standards. On-farm food safety programs specific to organic horticulture and animal operations may be required.

Pest and Disease Control

Pest and disease management is a major concern for growers. The lack of research in the area of pest management, and limited organic pesticide registrations, places British Columbia growers at a disadvantage. The small size of the Canadian organic vegetable sector influences registrants' decisions to spend the resources needed for Canadian registrations.

There is a need for development of pest control solutions which are appropriate for use in organic agriculture systems (*i.e.* parasite control in livestock, wireworms in potatoes, cabbage root maggot in brassicas, weed management and technology development *etc.*)

Research

It is a challenge for industry to secure the funding required to trigger resources from existing funding programs (*i.e.* OSDP, see section 12). This makes it difficult to carry out necessary organic agricultural research and sector development projects in British Columbia.

Sourcing Stock/Supplies Appropriate for Organics

Grain producers in northern British Columbia currently are in the practice of saving seed. Periodically growers are forced to purchase seed in order to maintain quality. Industry has voiced the concern of the increasing challenges in sourcing organic seed that is free from GE organisms.

Currently, there is no certified organic hatchery for broilers or layers. Producers requiring relatively small numbers of chicks have difficulty obtaining stock from conventional hatcheries. In the future, conventional hatchery practices (a move towards the combination of vaccinations with antibiotics and others) could make their stock inappropriate for organic production.

Regional Pest Control Programs

In the event of a pest or disease issue that constitutes a threat to human health or trade access for an industry; control solutions could be implemented by the province which have the potential to severely impact the organic sector. An example is a government-mandated pesticide spray which drifts within the boundaries of an organic operation. Contamination with a product which is not certified for use in an organic system has the potential to cause losses to the organic sector in numerous ways, ranging from crop losses to loss of certification and loss of livelihoods, depending on the circumstances.

Lack of Industry Infrastructure

The organic industry does not enjoy the same availability of resources as their conventional counterparts. Some examples include animal health services, supplies and marketing resources.

10.3 Other Issues of Importance:

Supply Management of Certified Organic Products

Although some organic farmers have functioned well under the regulated marketing systems in British Columbia, most notably in the dairy sector, the provincial marketing boards and many organic producers have been at odds for years. Organic farmers have specifically chosen to farm according to principles and standards different from those of conventional farmers, and some organic farmers have viewed inclusion in the regulated marketing system as acceptance of and contribution to the conventional agricultural system. Some organic farmers producing regulated products have operated outside the provincial marketing boards, and costly legal disputes between producers and the marketing boards have occurred.

Appeals to the marketing boards to recognize the unique features of specialty production such as certified organic did not achieve effective regulation of specialty products. As a result, FIRB began a review of specialty production and marketing of regulated commodities in 2003. FIRB directed the marketing boards to establish specialty classes of quota, to be managed separately from other quota classes. Specialty producers would be required to have a form of third party certification (*i.e.* organic) recognized by the marketing board. FIRB also stipulated that the boards provide annually renewable small lot permit programs authorizing production levels greater than the personal use exemption level and less than the quota incentives provided through the new entrant programs (See Table 10.1 for examples). The boards were also directed to create new New Entrants Programs that would prioritize specialty producers to foster growth in the specialty product markets.

Table 10.1 Allowances for Unlicensed Producers of Layers, Broilers and Turkeys

	Exemption Levels	Small-Lot Permit Allowances
Layers	99 layers*	100-399 layers [†]
Broilers	200 broilers*	up to 3000 kg live weight
Turkeys	50 turkeys*	up to 300 poult [†]

*to be produced only for personal consumption

[†]proposed allowances in draft orders of BCEMB and BCTMB

Organic Certification of Aquaculture

The Pacific Organic Seafood Association (POSA) has drafted its own standards for the production of certified organic seafood. POSA has ten members, including finfish and shellfish producers as well as hatcheries, and processors of seafood and fish feed. POSA's standards are based on a review of aquaculture standards accepted by 14 global organic certification organizations (they are equivalent to IFOAM aquaculture standards). POSA has applied for accreditation from COABC, and is presently working cooperatively with the Standards Review Committee to have their standard included in the COABC's standard. Also, the newly formed Canadian Organic Aquatic Producers

Association, with representation from organic seafood producers across Canada, has submitted standards to the OTF for inclusion in the National Organic Regulation.

11. Sector Advantages

Strong Domestic Market for British Columbia Product

British Columbia represents one of the best markets for British Columbia certified organic product. There is significant loyalty from consumers for local product, and the demand for organics continues to outpace supply. British Columbians are the most likely consumers in Canada to make organic purchases on a regular basis. Estimated growth rates of 20% for the Canadian organic market are bolstered by many factors, including:

- Growing consumer concern over food safety issues; many consumers see organics as an accountable food source.
- Consumers rate health and nutritional quality very highly in choosing foods and equate the chemical and GMO free image of organics with these attributes.
- Consumers are increasingly concerned about the environment and associate organic production with good environmental stewardship.

Environmental Benefits

The process of organic management (requirements for minimal inputs and management to build soil health) can have merits in terms of reducing agricultural impacts to the environment. The organic sector can use this to its benefit when marketing certified organic products both locally and abroad.

British Columbia Certified Organic Program

The provincially legislated accreditation program in British Columbia provides confidence to consumers that organic products with the *British Columbia Certified Organic* label are produced under a clearly defined set of rules. The BCCOP, recognized internationally, has placed the British Columbia organic industry at the forefront in the development of a National Organic Program.

High Degree of Diversification

The organic industry in British Columbia produces a wide variety of products, and markets them through many different channels. The consumers of organic products are also becoming more diversified as different demographics buy into different aspects of organic management, production, and marketing.

Growing Conditions and Location

The main growing regions in British Columbia have a moderate climate relative to other regions of Canada, fertile land, and access to ample water.²⁹ In general, there is also good access to major markets, transportation and distribution facilities.²⁹