



The Chamber of Commerce
of Metropolitan Montreal



Conference Title:

Feeding ourselves in a sustainable agricultural and agri-food ecosystem: La Coop fédérée in a time of reinvention

Check against delivery

Speaker:

Gaétan Desroches, agr., MBA

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Gaétan Desroches, agr., MBA

Gaétan Desroches is the chief executive officer for La Coop fédérée. He has a Bachelor of agricultural sciences from Université Laval and a Master of business administration (MBA) from Université de Sherbrooke.

After finishing his agronomic studies, he got hooked on agriculture and cooperation. He has worked within the La Coop fédérée network for over 35 years where he held various positions in the crop production sector before being appointed Chief Operating Officer in 2006 and eventually Chief Executive Officer in 2014. Today, Gaétan Desroches is at the head of the largest agri-food group in Quebec, and the second largest in Canada.

Graphic support, two videos, as well as the conference recording will be available on request at:
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Speaking notes:

Distinguished head table guests,
Ladies and gentlemen,
Good day to everyone!

Firstly, I want to thank you for your invitation.

It is with great pride that I am speaking to you here today. I can see that many of my colleagues, partners, friends and members of the Board of Directors are here today as well.

I am pleased to be here today because our sector is, since the last few weeks, at the centre of a media storm.

Heavy media coverage for a sector under scrutiny

We asked Influence Communications to analyze the media coverage during February and March.

At least 1,740 stories or articles on the use of pesticides were reported in the media, but on other related issues as well. Everyone has had a go at it from our minister, to civil servants, agronomists, private companies, activists, researchers. We started screaming at each other instead of listening to each other and understanding each other. And it continues!

Consequently, I think it's worthwhile to give you a bit of a perspective regarding our issues. A question of bringing some balance to the discourse.

In addition, the timing is right! The planting season will start soon and our farmers will do what they have done best for many years - get up in the morning and work with passion to feed our people. They need to feel that we are there for them!

Sustainable development in the headlines

Our fellow citizens are increasingly concerned about the quality of the food they consume, about sustainable development and preserving the environment. And we should be happy about that. The importance that the issue of sustainable development has taken with young people, who have become very militant, is rightly placed.

We are in the midst of the third industrial revolution, the Internet of Things, and the agricultural revolution must be more respectful and conscious of the environment. But we need to help things along.

We will need to help professionals.

Educate citizens and help them to be more coherent between what they say and what they actually do, especially when it comes to food.

The next decade for the agriculture and agri-food sectors

The highlight of the next ten years will probably be a meeting of minds between producers, agronomists, nutritionists and ecologists. It is the public at large, the consumer, that will make this gathering happen.

The pressure on agriculture is substantial, on the food-processing system, on the retail sector and on the agri-food chains. In other words, the entire human food and livestock feed chains are at stake.

It's the actual world through which we navigate today, and La Coop fédérée and its network will likely remain tributaries for some time to come.

It's a major transformation, already underway, of agricultural systems, of rural economies and of natural resources management. Some are critical, but it needs to be known that a lot of work has already been done even if much more still needs to be accomplished.

The challenges and issues that we are currently facing are, mostly, very much interdependent.

We need to find appropriate responses if we want to secure:

- Our profession
- Our family legacies
- Our mission to feed the world
- And to deal with environmental questions.

How do we feed ourselves in a sustainable agriculture and agri-food ecosystem?

The big question is: how to feed ourselves within a sustainable agriculture and agri-food ecosystem?

We cannot stand idly by in front of this ecological and environmental transition. Profound changes will have to happen out in the field and also in the coherence of the consumer's discourse.

To achieve the full potential of agricultural and food production, we need to reassess our agricultural systems, modes of distribution and transport, rural economies, and management of natural resources. All toward ensuring a healthy and safe future for every producer, and each farming family.

These changes require massive investments. Responsible investments that will take into account all the components of our model and specifically suited for the livelihoods associated with small and medium-size farms, the environmental footprint and the impact on biodiversity.

We must, collectively, respond to these concerns using more efficient, cleaner, more inclusive and more resilient production and distribution models.

Along the path toward sustainable development, we are all interdependent. Climate change and its consequences cannot leave us indifferent. Science, research and technology have also demonstrated their contributions towards finding solutions.

How can the agricultural and agri-food industry reinvent itself in becoming more sustainable; that is to say, to deal with the environmental and ecological challenges, and consumer and societal expectations?

Before I get into the main part of my speech, I would invite you to watch this short video:

Getting to know La Coop fédérée, the kitchen pantry for Quebecers and Canadians.

To summarize, our activities, and those of our owners, cover everything from farm production to food processing to retail services.

As large as this may be, the size of our organization in Quebec, and in Canada, is relatively small compared to competing international organizations that operate here. We are not talking about agricultural and agri-food facilities, but enterprises on a human scale.

La Coop fédérée contributes 4 billion dollars directly and indirectly to the Canadian GDP. It generates more than 35,000 full-time jobs. Our activities provide about one billion dollars in taxes to the Federal and Provincial governments. For the past 5 years, La Coop fédérée has paid close to \$250 million in patronage dividends to its owners, the member cooperatives within its federation.

We are very proud of our business model. It is very much a model adapted to our industry and to today's world.

This model, for which our compass is the cooperative model, provides us with agility and helps us to be one of the most powerful economic levers in Quebec and Canada. La Coop fédérée contributes to the development and the vitality of our rural regions. Local and regional development is part of our DNA.

This is why we have acquired a Quebec flagship, BMR, to shine the spot light even brighter on our regional footprint.

Our aim is to promote the vitality for local entrepreneurship, to develop local services for citizens in the rural regions. We want to provide products and services that are needed in places other than Quebec's large urban centres. We are the last pan-Canadian agricultural and agri-food group.

Other provinces look with envy at this instrument for economic development.

Today, La Coop fédérée has evolved into an ecosystem of 29,000 agricultural enterprises that are established in almost all the regions of Quebec. We estimate that at least 42,000 Quebecers earn their livelihood from farming.



And if we look at the agri-food industry, there are over 500,000 jobs in Quebec. Five hundred thousand jobs linked to:

- Production
- Processing
- Operations
- And to the processing of agricultural products for the human food and livestock feed markets

You must be wondering why I'm talking to you about the industry? It's because it has a lot of very intertwined pieces. It's a very important industry for everyone. It generates 18.8 billion dollars in economic impact, or about 5% of Quebec's GDP.

These economic spinoffs are increasing at a faster rate than the rest of Quebec's economy and represent about 10% of the jobs in most of Quebec's regions.

Furthermore, agricultural and agri-food exports represent sales of 7.2 billion dollars, or close to 9% of total Quebec exports. In short, there is no question about the fact that the agri-food industry is here to stay!

At La Coop fédérée, we want to seize these opportunities to help agricultural producers and their communities.

As you know, Canada, the United States and Mexico have reached a new free trade agreement.

Even if Canada maintains the supply management system for dairy, egg and poultry products, the government gave American producers greater access to the Canadian dairy market.

Let us understand each other well, trade agreements are important for the economic development of Canada, of Quebec and for the agri-food sector.

The new U.S.-Mexico-Canada trade agreement will set the stage for more trade opportunities for the Canadian agri-food industry, in particular for our exports of pork meat and other agricultural commodities.

But I will not hide the fact that we were disappointed with the concessions granted on supply management. For us, it is clear that this agreement creates new breaches in the tariff barriers for the sectors under supply management.

The Canadian Government announced in its last budget that it would commit almost 4 billion dollars to address these impacts.

Despite such a large sum, we are still preoccupied by the situation and we must remain vigilant. The future of thousands of farming families and their farms is at stake.

La Coop fédérée has asked that a joint committee be set up quickly to establish and manage the terms of the compensation.

What we don't want is to be caught up in the electoral game coming this fall, in addition to the post-NAFTA negotiations and becoming a bargaining chip in the power struggle imposed on Canada by the United States, Europe and China.

But how to reinvent oneself?

In our industry, we've got our hands full.

And we're not alone.

Hotel and transportation companies, TV networks and the telecom industry all have their own issues.

But how are we going to reinvent ourselves?

We need to find those positive interactions that are based on the most promising practices around today. Integrated practices by all producers, including organic producers, from family gardeners to cash crops.

We'll have to meet the new demands of consumers and society. To continue and always be key players in filling the kitchen cupboards of Quebecers and Canadians.

Advocacy for science and research

In the medium and long term: research and development in agronomic artificial intelligence.

We spend several million dollars each year on research, much of which is devoted to projects led by public agencies or research chairs.

The results of all this research are public and the agronomic expertise derived from these activities benefits all Quebecers.

Allow me to give you an example... Crop production research accounts for an investment of about \$3.5 million per year, primarily at our research farm where nearly 32,000 plant lines are being studied.

Investment in livestock production research amounts to \$5 million per year and serves to differentiate our feed programs, processes, nutritional products and genetic lines.

The objective is to develop better processes and products to drive better livestock performance, greater economic efficiency and improved end-product quality, all the while ensuring animal welfare.

The objective is to also remain independent of the foreign multinationals which are on our doorstep. All this research allows our feed programs to evolve and adapt to changing genetics, trends and market conditions.

But why am I talking about our research initiatives?

I'm talking about them because this area has been battered a bit since the beginning of the year.

A culture of mistrust has developed with respect to researchers and research. And such a culture of mistrust could put a damper on research.

It would be a shame to remain complacent when we need, more than ever, to develop real research, as a vocation, especially amongst the younger generation.

The debate about the future of our food and our agriculture often sparks strong emotions. This I understand!

We need to regain confidence in the advances resulting from science and technology. Quebec does not have the luxury of abandoning research and development (R&D). Obviously, we believe in applying the precautionary principle. But this climate of distrust has become obsessive at a time when we need clarity of mind. We must not give up on progress. We also believe in science, research and development.

In the words of a French collective quoted in the February 27th edition of Le Monde, the status quo is impotent, and innovation is inevitable... I would say the same thing... rejecting the advancement of science will send our agricultural activities and the profession into a backward-looking trajectory. Distrust of science and technology in agriculture risks being detrimental to the new challenges that it must face.

At La Coop fédérée, the picture is clear. We have codes of ethics, codes of conduct, and we have values to uphold.

We know that yesterday's remedies are not enough to cure today's ills.

This need for change in the agriculture and agri-food industry is exacerbated by climate and demographic changes that are disrupting the ecosystem and the ecology. We're seeing this with droughts, and more frequent and intense flooding.

Agricultural technology has undergone a number of revolutions. Now, we're moving toward greater finesse with the arrival of spatial analysis, robotics and artificial intelligence. It's now possible to operate unmanned tractors using satellite-guided robots. These robots are programmed to accurately measure the amount of fertilizer to be spread based on the needs of the soil and the plants. And all this involves the creation of extremely accurate databases, thorough in-depth analysis, extensive genetic selection, and regular and often real-time access to state-of-the-art satellite mapping.



Technology and artificial intelligence on Quebec's farms

Our farmers can now determine the yield from their fields in real time using data transmission systems, or even from sensors installed on their equipment.

Our AgriBusiness Division created a new web platform in 2018. AgConnexion won a Mercure award in 2017, which made us very proud. AgConnexion offers a farm management portal that brings together all the digital tools designed to optimize efficiency and profitability for agricultural producers. Everyone here knows how important data is, and we've decided it will remain our producers' property to provide them with a choice of suppliers and allow them to maintain their independence.

All this to say that, for us, the wilderness and oblivious farm does not exist. These tools help us to better manage the quantities of crop protection and seed products.

At last count we had over 6,700 connected farms that are smarter as a result or 25% of total farms in Quebec.

The future is now!

We're not talking about science fiction anymore. The future is now. Allow me to give you a few examples:

- Self-driving robot weeders controlled by smart phone.
- Drones that fly over fields to map areas in need of fertilizer.
- Sensors that can be installed in fields to measure precipitation and humidity levels, and air and soil temperature.

In fact, a team of researchers at the University of Saskatchewan is developing tools equipped with artificial intelligence to make it easier in the long term to select the best seeds to grow.

The idea here is to accelerate the growth process of crops that offer higher yields while consuming fewer resources, or that are more drought, heat or cold resistant.

Closer to home, at the INRS, they are using facial recognition and drones to map the presence of the Colorado potato beetle with calculated algorithms that will allow the right product to be applied in the right place using precision sprayers.

Our AgConnexion program provides producers with smart sensors for insects. This technology also harnesses AI to detect, recognize and quantify the insect presence in fields. The objective is to be proactive with an alert system for producers and their advisors, while appropriately targeting areas to be sprayed. This technology will offer efficiency gains for both field crops and market gardeners.

We believe in the need to continue innovation and increasing awareness of ongoing innovations to enable us to meet these challenges and better adapt to this reality.

And all of this clearly shows that those who think that farmers just do a traditional job with traditional tools are—let's be clear—way out in left field!

Of course, there are many obstacles yet to be overcome.

The first is psychological, as this challenges a whole range of not only traditional but also modern and innovative approaches.

There are also technical and regulatory obstacles.

The agricultural cooperative model

In the long term, one of our challenges will be to continue growing in a cooperative manner. Technology alone will not save agriculture in the 21st century.

Amongst all the things that farmers have been able to invent for growing and selling their crops, the most promising have been – somewhat surprisingly – mutual support and asserting a firm command over their organization. This is simply because they provide the greatest stability in an industry exposed to a host of changes and fluctuations in global commodity prices.

The flagship collective agricultural organizations here at home and abroad derive their power from their origins in the solidarity movement. In our case, it's agricultural cooperation.

In Quebec and Canada today, only La Coop fédérée can claim it is still present across the entire agricultural and agri-food chain. And that exposes us to competitive fronts of all kinds. Most of our competitors have become very specialized.

Our cooperatives have allowed our farmers to not only retain some control over their future, but also to play a role as a leading social force in our rural, often remote, communities.

They've been a powerful weapon against the offshore and predatory practices of some multinationals.

Consolidation in the industry is a significant transformation. There are fewer and fewer farms.

The Union des producteurs agricoles (UPA) recently revealed that more than 27,000 hectares of agricultural land in Quebec was acquired by 15 investment companies between 2010 and 2015.

These transactions had the effect of inflating the price of farm land and added new challenges that young farmers now have to face, such as:

- Access to farm land.
- Labour shortages.
- And the transfer of farms to the next generation.

And there is another challenge, like the proverbial elephant in the room, one which consumers don't hesitate to remind us of:

Consumers are very concerned about the future of the planet

As you heard just a moment ago, consumers feel very concerned about the future of our planet. As we all do.

Agriculture is responsible for 10% of the greenhouse gas emissions produced in Canada. Don't worry, our farmers know this and are working on it every day.

Together, we need to find ways to reduce our ecological footprint. We are supporting this goal with research, and we will achieve this through innovation. We are firm in our belief in this regard.

Many people don't know about all the work that has been done by La Coop Fédérée to tackle environmental challenges.

Consumers wish, more and more, to eat local and quality products. We have seen this reaction by people when the Canada Food Guide was released. Consumers want to eat local foods. This is exactly what we want to continue to provide!

They also want to eat organic foods and that the products they eat are produced with values that respect the environment.

But I can tell you that none of us, including producers, are against this type of progress. And throughout the years, they have been at the heart of some big changes.

First, let us not lose sight of the real difficulty that we are encountering in this century: food waste. We should prioritize the fight against food waste, by industries and also by consumers.

Also, let us not lose sight of the fact that only 1,300 farms, from amongst the 29,000 in Quebec that were counted in the 2016 census, declared that they have sold organic products.

To think that we can feed the planet with livestock and agricultural products without the use of pesticides and fertilizers is unrealistic. But on the other hand, it's possible to do so with an intelligent and reasoned use of technological products, like those I have already given to you as examples.

Consumers must demand local products in order to support local production.

Can we be coherent on this?

Can we accept to be fed by a northern agriculture, biotechnological, digital, environmentally friendly and close to home if we want to keep our agricultural model in the rural regions?



Yes, all of us in the agricultural milieu, are constantly being taken to task.

We are in a democracy so the freedom of speech, and the freedom to think, must remain. But there is no need for demagoguery and fake news to be spread on the backs of farmers that are feeding us three times a day.

Faced with growing difficulties and opportunities, the decisions of those who govern us are too often based on the state of public opinion, according to subjective criteria that add to confusion and negativity.

Agriculture has always adapted to changes.

And this is probably because this industry is the closest to what the land can give, and can itself find better solutions to ensure its continued existence.

It should not be forgotten that the traditional skills of our owners are transferred from one generation to the next!

From the issue of chemicals used in the fields, to that of ecology, to the impartiality of agronomists, solutions are underway. Hybrid solutions should be given preference.

The industry must reinvent itself to adopt practices that respect the principles of sustainable development.

The industry must reinvent itself in order to respect the principles of sustainable development. We all know this. However, we are living in an interdependent world where La Coop fédérée, producers, consumers, and distributors have to play a meaningful role to bring these principles to life. We want to play a leading role in this area.

Collectively, we need to answer these concerns by improving the performance of our production models, above all in the context of the shortage of labour and the absence of young people taking over the farms.

Which model will be able to move agriculture and its enterprises towards improved practices including the sustainability of systems, respect for the environment and productivity, and respect for human rights!

Don't forget that we are a big northern country, with its own characteristics: temperature, weather, wide-open spaces, mobility we will need to find the best solutions through the technologies of our time based on agronomic, economic and ecological criteria.

I recently read in La Presse an article on the use of genetic engineering to create plants that can contribute to cleaning the air and the soil.

And we are there right now.

The title of the article was "The Reign of the Super-Cereals." I invite you to take the time to read this. It is fascinating!

In conclusion:

1. As citizens, let us take a stand for our farmers, their brands, their products and their service.
2. That our governments also take a stand for those on the land and to protect their agricultural enterprises.
3. That the investments in the sector are consistent with the important issue of food safety for our people.

This year, the European Union will spend 70% of its budget on its Common Agricultural Program.

The American government has put 867 billion dollars into its Farm Bill. It is an all-out subsidy that will ensure an income to farmers for the next ten years. And I have not yet started to talk about Asian countries.

We must survive all this pressure.

Those countries will flood our markets with products over which we have no control, that are being transported for thousands of kilometres and are cheap thanks to their government support. We have markets that are solvent despite our relatively small yet attractive size...

Let's be chauvinistic and protectionists of our agriculture, which could also be exported as another survival option through our quality products.

4. To push forward for the advancement of research and science in our area and to make certain that consumers are making the right choices.
5. To work with our young people we cannot discourage them with our public tirades work with them and the innovation that young people bring with them.
6. Whether the relationship between ecology and agriculture is, for you, an old conviction, a new conversion or an absolute revelation, give it a chance and give some credit to our farming families to carry through with the necessary transition. These farming families allow us to maintain our villages and keep our rural regions healthy.

Thank you very much for your attention.

