

Economic Implications of Canada's Multiethnic Communities and Agribusiness Sector

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Social entrepreneurs in Canada have the ability to solve hunger issues on a global and national front through Canada's agricultural industry. Many skills and services currently deployed in the Canadian agricultural sector are yet to be used by other regions worldwide; Canada can use these skills to strengthen international trade relations, particularly with emerging and developing markets. Multiethnic communities in Canada are growing at a significant rate¹, and offer a vital cultural and economic link. Emerging markets are growing at a staggering rate where demand for food is to skyrocket and cultivation needs are greater today than ever before². This paper outlines how Canada can address hunger by exporting specific agricultural services and by enabling social entrepreneurs from multiethnic communities to harness those Canadian agricultural services. This paper also outlines why it is in Canada's best interest to economically address the current food security threat through agricultural and multicultural resources given the need for international trade diversification and the current global economic reality.

Research in this paper was triggered from the self-startup magazine titled the Canada Pakistan Trade Promoter. Current trade relations between Canada and Pakistan illustrate the significance of agribusiness partnership Canada may have with additional emerging market players. Agriculture makes up 21.6% of the Pakistani GDP while in Canada it composes 2.0% in the Canadian GDP; in contrast, 23 million Pakistanis are currently employed in the agricultural industry while only 350,000 Canadians are employed in agriculture³. Pakistan is only one example in the emerging and developing market as to how agriculture is the major platform for creating wealth, income and cash flow for numerous families and businesses, let alone

Canadian partnership benefits. In addition, agriculture contributes to consequent sectors such as manufacturing, retail, and services within national economies.

Exporting Agricultural Services

Exporting harvest storage practices, distribution, farming machinery, and innovation in animal husbandry are a few set of services which demonstrate a potential in alleviating current global food security threats and improving economic conditions for many countries.

One of the main reasons up to a third of harvests are spoiled in emerging and developing markets is due to a lack of adequate storage facilities⁴. For example, many Pakistani farmers lack economical commercial storage facilities, or lack funds and knowledge in having to purchase new gunny bags. Harvests left in the open-air are prone to climatic ruin, while farmers reusing gunny bags cause seedling moisture and bacterial ruin⁵. Canadian entrepreneurs must consider exporting commercial storage means as silos and warehouse parts, or economical merchandising such as gunny bags for small-scale farmers. Canada has had to develop a highly efficient form of storage given the country has frost for almost half of the year, while many of the emerging and developing markets are in ideal crop-growing climates. Another reason why such a high portion of harvests spoil in emerging and developing markets is due to the lack of distributors and purchasers. A third of the crop rots by the time certain purchasers acquire the crop at set prices⁴. Canadian entrepreneurs willing to purchase the crop from farmers and distribute the goods to international markets hold purchasing power in buying and selling.

To further alleviate current global food security threats Canadian entrepreneurs should also export second-hand farming equipment to regions which can deliver high harvest yield potential. Outdated farming machinery and cultivation practices contribute to insufficient crop yields in many emerging markets⁶. For example, a report released by Foreign Affairs and International Trade of Canada in 2008 stated Pakistan – which has one of the most complex irrigation systems in the world – has the potential to be a global supplier of fruits and vegetables; but, the country has been thus far unable to do so due to a lack of adequate infrastructure and modern agricultural techniques⁷. Irrigation is another technology Canada can invest in countries which hold high cultivation potential but lack the respective infrastructure. For example, a study released from Harvard states sub-Saharan Africa could easily be one of the largest food exporters and out-produce South Asia in rice farming alone, but requires investments in machinery, pesticide, and irrigation; currently only 4% of African cropland is irrigated⁸. In Canada, new farming equipment is consistently rotated and purchased as per cultivation needs and tax incentives. Social entrepreneurs can purchase previously owned equipment from farmers and export respective technologies to governments and farmers in emerging and developing countries at bargain prices.

Another manner by which Canada can alleviate the current global food security threat is by aggressively exporting its research and innovations in animal husbandry. Currently demands for quality meat products from emerging market populations are skyrocketing as income for middle-income families is proportionally increasing. In Pakistan, the government is currently providing import concessions for breeding livestock incubators as beef suppliers are not able to

keep up with demand⁹; as a result, beef prices are at an all-time high. Canadian citizens who have a heritage identity from the emerging and developing regions are aware and understand about the risks and opportunities entailed in their country when involved with import and export operations, and are able to reduce investment risk.

Entrepreneurs from Canada's Multiethnic Communities

Canada's multiethnic communities hold invaluable elements to relieve today's food security and strengthen international trade. The multiethnic representation in Canada is one of the most diverse in the world, and can reduce financial risk in carrying out international investment. Government policies and incentives must be established for Canadian entrepreneurs willing to export agricultural services to international markets.

Entrepreneurs from Canada's multiethnic communities offer a natural economic bridge to strategically boost agricultural trade for Canada at an international level. Many Canadian citizens have a cultural heritage from countries which are heavily reliant on the agricultural industry. It is forecasted by 2030, one out of three Canadians will be of a visible minority, which includes of South Asian or Pacific Asian descent¹. Studies have found that Canada has greater trade relations with those nations that have provided large numbers of immigrants¹⁰. Indispensible advantages exist in having Canadian entrepreneurs establish sturdier trade links between Canada and their heritage country: they understand their heritage country's language, regional tensions and opportunities, business protocols, and bureaucratic ways. It would be more expensive and time-consuming for Canadian governmental trade bodies and

representatives to establish the same quality of trade relationship in order to acquire the same level of regional expertise and forecast the growth potential for a trade partnership.

Canada must establish economic incentives for entrepreneurs willing to take Canadian agricultural services to international platforms. The investor visa, more commonly known as the entrepreneur visa, has been implemented by Canada for several decades now; it allows an individual to migrate to Canada on the condition he or she purchases a business in Canada within a set period. As of 2010, small businesses contribute to Canadian GDP by 29%.¹¹ Small businesses create immeasurable income, wealth, and services for a country given all intermediary operations, purchases, and tax revenue involved. The impact of GDP on the standard of living is significant in any country: every yearly GDP increase of 2% to 3% can double the population's standard of living for 30 to 40 years.¹² A model can be developed to create more small business opportunities in Canada; Canadian citizens or permanent residents can be given economic incentives to pursue international trade activities. Such activities can include exporting storage means, distribution, farming equipment, and animal husbandry technologies with countries of their own heritage. At the same time, the entrepreneur can acquire bargain prices of agricultural products from their heritage country when importing to Canada. The cultural ties, trusts and networks entrepreneurs have with their own heritage country are invaluable elements for Canada's long-term interest.

Bilateral Trade Benefits from Agriculture

Importing and exporting agricultural goods and services between Canada and emerging markets offer several benefits favoring Canada. A network of entrepreneurial agents linking

Canada to the emerging and developing markets can result in a reduced cost of living, a de-burdened healthcare system, an increase in national revenue, and diversified trade relations as economic realities shift in today's global market.

An increased cost of living is making it difficult for many Canadians living on a fixed income. Food prices have risen significantly in Canada the last few years, and hourly wage income increases have not kept up with inflation. Consumers are substituting higher-priced fresh foods with lower-priced saturated fats meals¹³, affecting personal health and burdening the Canadian healthcare system¹⁴. Simultaneously, Canada's limited grocery retailers have created an oligarchic scenario between food suppliers and consumers. Food suppliers have no choice but to accept selling prices retail firms offer, while consumers must purchase foods at pre-determined prices. If an ample number of entrepreneurs are able to supply goods, then grocery retailers will have to pay and sell at a fair price, and the end consumer benefits in lower priced fresh foods.

An additional benefit in establishing a network of entrepreneurial agents between Canada and emerging and developing regions is the revenue and employment that will be created in the transport, distribution, and retail sector. The government will benefit from ripple effects of imports given the tax revenue generated from import tariff payments, transportation, and supplier-retailer operations. Importing foodstuff into Canada will not only bring in revenue, but improve Canada's stability in exports by diversifying trade relationships and reducing long term economic risk.

A Canadian study released in 2011 by the Institute for Research on Public Policy states it is in Canada's best interest to entrust more stable trading relationships with emerging and developing markets as Canada's own demographics present a limited productivity market, while emerging and developing markets present a more attractive demographic in consumption and production¹⁵. Diversifying trade will lead to purchasing power favoring Canada for the long-term given North American economic expansion is stagnating.

Canada currently presents limited abilities in overall productivity. The country with 32 million people is expecting an elderly dependency ratio of 43% by 2040 Canada, while currently it is 18%. A country which has a large aging population typically has a lower labor force, risking lower productivity and GDP. Regardless of Canada's booming aging population, two manners by which Canada can defeat the risk of a decreasing GDP is through technological advancement and innovation, and by importing more low-cost intensively sourced means of productivity.

Importing from low-cost producing countries will be economical for Canada, as well as offer an opportunity to develop its own terms of trade. The Policy report states Canada can save opportunity costs in producing the same good given its limited demographics and elderly dependent population. Importing will also benefit Canadian citizens as it lowers the Consumer Price Index, which includes food goods. In addition, Canada can benefit by focusing on regions with a booming youthful and emerging market as they demonstrate most potential growth. Developed countries are expected to grow at a rate of 1% to 4% over the next 3 to 5 years, whereas developing countries are expected to grow at a 5% to 10%.¹⁶ Canada cannot limit itself

to inter-continental markets given up to three-quarters of the global economy lies outside of North America¹⁵.

It is in Canada long-term interest to diversify international trade relations with emerging and developing regions given North America's share of the global economy is expected to reduce. Current Canada-USA trade activities have been reducing: in 2010 up to 76.3% of Canadian exports were to United States, whereas in 2005 it was 83.8%.¹⁵ While the North American market is expected to shrink in relation to the global share, Canada is limited in providing agricultural services to Europe. Europe has proven to be one of the most resource efficient agriculture economies in the world; Canada can rather model to Europe given the extent by which Europe uses renewable energy, and limited land and water availability¹⁷. With North American economies limited inter-continentally and Europe's self-sustaining agricultural programs currently underway, Canada has little choice but to assertively pursue economic expansion and trade relations with emerging and developing markets.

Conclusion

Bilateral trade activities in the agricultural sector benefit both Canada and trading partner. International investment risk can be minimized and revenue maximized by the government establishing economical policies and incentives for entrepreneurs willing to pursue trading ventures between Canada and the trading country. Canada is one of the most cosmopolitan countries in the world, and its citizens offer invaluable advantages in linking worldwide trading potential between Canada and their heritage country. Agriculture presents the main platform by which Canada can stabilize long-term trading relationships with multiple regions in the

world, particularly with emerging and developing markets. Canadian agricultural services offer valuable expertise other countries can benefit from, such as maintaining storage harvests, distribution of goods, supplying farming equipment, and improving animal husbandry facilities. Wealth and cash-flow created from such agricultural services will benefit both national economies. Collectively, agricultural services and skills Canada can offer will address the current global food security threat to make food more affordable and available worldwide.

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