



REPORT:

Evaluation of the Market and Trade Development Initiative

Office of Audit and Evaluation

The AAFC Evaluation Committee recommended this evaluation report for approval by the Deputy Minister on March 26, 2013.

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Acronyms

AAFC	Agriculture and Agri-Food Canada
ACOA	Atlantic Canada Opportunities Agency
AFBS	America's Food and Beverage Show
AMP	AgriMarketing Program
APF	Agriculture Policy Framework
ATS	Agricultural Trade Statistics
BC	British Columbia
BSE	Bovine Spongiform Encephalopathy
BVCRT	Beef Value Chain Roundtable
CA	Contribution Agreement
CAFI	Canadian Agriculture and Food International
CAMC	Canadian Agri-Food marketing Council
CAIRN	Canadian Agricultural Innovation and Regulation Network
CB	Canada Brand
CFIA	Canadian Food Inspection Agency
CIPEC	Canadian Industry Program for Energy Conservation
DFAIT	Department of Foreign Affairs and International Trade
DFO	Department of Fisheries and Oceans Canada
DRAP	Departmental Reduction Action Plan
DRO	Departmental Regional Offices
ECB	Export Capacity Building
EDC	Export Development Canada
ERCA	Enabling Research for Competitive Agriculture
ESE	European Seafood Exhibition
FedDev	Federal Economic Development Agency for Southern Ontario
FedNor	Federal Economic Development Initiative in Northern Ontario
FPMDC	Federal-Provincial Market Development Council
FPT	Federal/Provincial/Territorial
FTE	Full time equivalent
GA	Global Analysis
GDP	Gross domestic product
Gs&Cs	Grants and contributions
HR	Human resources
HRSDC	Human Resources and Skills Development Canada
IBWG	International Branding Working Group
IBSS	International Boston Seafood Show
INAC	Indian and Northern Affairs Canada
LTIS	Long-Term International Strategy
MIECB	Market Information and Export Capacity Building
MISB	Market and Industry Services Branch
MOU	Memorandum of understanding
NSERC	Natural Sciences and Engineering Research Council
O&M	Operations and Maintenance
OECD	Organization for Economic Cooperation and Development
PAA	Program Activity Architecture
RPP	Report on Plans and Priorities
SFFS	Summer Fancy Food Show

SME	Small and Medium Enterprises
SO	Strategic Outcomes
MTDI	Market and Trade Development Initiative
US	United States of America
VCRT	Value-Chain Roundtable
WED	Western Economic Diversification
WFFS	Winter Fancy Food Show

Executive Summary

This evaluation examines the relevance and performance of the Market and Trade Development Initiative (MTDI). This Initiative supports AAFC's Strategic Outcome of "a competitive agriculture, agri-food and agri-based products sector that proactively manages risk". The evaluation was conducted by the Office of Audit and Evaluation (OAE) in accordance with the Treasury Board Policy, Directives and Standards on Evaluation (2009). The results will help to inform planning for the next phase of policy and program development under *Growing Forward 2*, the next multilateral framework agreement for Agriculture.

Background

The objective of the MTDI is to help the agriculture sector to maintain and expand export market access, enhance domestic and international competitiveness and improve risk management through improved planning and market diversification.

MTDI includes five separate programs – AgriMarketing (AMP); Canada Brand (CB); Market Information and Export Capacity Building (MIECB); Value Chain Roundtables (VCRTs) and Enabling Research for Competitive Agriculture (ERCA). Together, these programs aim to achieve four objectives:

1. Enhancing marketing competencies through capacity building and improved market information and research;
2. Differentiating Canadian products by leveraging quality attributes and customer recognition;
3. Growing exports by assisting producers to take advantage of new opportunities;
4. Facilitating industry's ability to enhance its competitiveness in domestic and international markets.

The MTDI budget totaled \$154.1 million over four years (2009/10 to 2012/13) and includes a mix of both Vote 1 and Vote 10 programs.

Methodology

The evaluation gathered quantitative and qualitative data using the following five lines of evidence: a literature review; an economic analysis; a document review; key informant interviews (n=31); and a survey of stakeholders (n=104).

Key Findings

In terms of relevance, the evaluation found there to be an ongoing need and role for the federal government in marketing and export promotion. MTDI programming is aligned with Government of Canada and AAFC priorities, and AAFC programming is complementary to other federal and provincial programming in this area. In terms of performance, the evaluation found that MTDI programs are making progress towards their expected outcomes and that expected economic benefits of MTDI programming will likely surpass AAFC expenditures.

The evaluation found a number of areas for improvement with respect to program design and delivery. Overall, program performance data was not consistently collected or reported, and there was no system in place to track program expenditures by activities and outputs for the Vote 1 (Operating) programs. In terms of AAFC's market research activities, while research products were found to be useful, the evaluation found there to be a lack of coordination of research activities across the MTDI programs. The Canada Brand program had multiple objectives, targeted at diverse audiences. At the program-specific level, there appeared to be limited uptake of Canada Brand marketing promotion tools and mixed views from sector stakeholders on the overall usefulness of the program, beyond its support for promotion of Canadian products at international trade shows. For the Agri-Marketing program, the evaluation found that the lengthy application process led to delays in funding approvals. While improvements have since been made to the application process, there is an opportunity to

strengthen performance monitoring through the improvement of service standards to measure this aspect of program delivery.

Recommendations

The evaluation recommends that:

- **Recommendation # 1:**

The Market and Industry Services Branch should assess the risks and opportunities associated with ongoing sector branding activities given the challenges in developing a brand, the duration needed to establish a brand and diverse and changing consumer preferences, and report back to AAFC senior management with their findings and recommendations.

- **Recommendation # 2**

Recognizing that the current suite of programs under the Market and Trade Development Initiative have expired in March 2013, the Market and Industry Services Branch, the Programs Branch and the Strategic Policy Branch should ensure that meaningful performance measures are developed for any future market and trade development programs that are implemented as part of *Growing Forward 2*, the next Multilateral Framework Agreement for Agriculture. These measures should include indicators for program activities, outputs and outcomes so that future, more robust assessments of program effectiveness, efficiency and economy can be undertaken.

- **Recommendation # 3**

The Market and Industry Services Branch, Programs Branch and Strategic Policy Branch should create an inventory of all market research undertaken by programs under the Market and Trade Development Initiative and implement a process for coordinating future market research activities, from priority-setting through to the development of a plan for the dissemination of market research.

- **Recommendation # 4**

The Market and Industry Services Branch should establish a service standard to monitor and report on the effectiveness of the Agri-Marketing application process.

1.0 Introduction

The Office of Audit and Evaluation (OAE) of Agriculture and Agri-Food Canada (AAFC) conducted an evaluation of the Market and Trade Development Initiative (MTDI). This Initiative supports AAFC's Strategic Outcome of "a competitive agriculture, agri-food and agri-based products sector that proactively manages risk". This evaluation was a requirement under AAFC's Five-Year Departmental Evaluation Plan. With the Growing Forward Policy Framework expiring at the end of 2012/13, the evaluation will help to inform planning for the next phase of policy and program development.

The objective of MTDI is to help the agriculture sector to maintain and expand export market access, enhance domestic and international competitiveness and improve risk management through improved planning and market diversification.

MTDI was evaluated as a cluster given that the five programs within the Initiative are intended to work in a complementary manner. MTDI includes the following five programs:

- **AgriMarketing (AMP)** – funds industry to lead and deliver international market development and branding strategies, brand building and enhancement initiatives, and address international advocacy needs.
- **Canada Brand (CB)** – provides and builds on points of differentiation related to Canada's overall image, food system and ability to meet and exceed buyer and consumer demands.
- **Value Chain Roundtables (VCRTs)** – facilitates industry and government collaboration on the development of strategies to improve competitiveness and long-term market success, to address sectoral issues and to serve as a delivery mechanism for the CB strategies.
- **Market Information and Export Capacity Building (MIECB)** – supports industry in the provision of market intelligence to increase sector knowledge and competitiveness, inform industry strategies and ensure Canadian companies are better able to compete in the international markets.
- **Enabling Research for Competitive Agriculture (ERCA)** – funds research on Growing Forward priority issues to be used by industry groups and producers to assist them in identifying new opportunities, new markets and ways to enhance productivity and improve competitiveness and success in global and domestic markets.

1.1 Evaluation Scope

In accordance with the Treasury Board Directive on the Evaluation Function, the evaluation examined the programs' relevance and performance. Specifically, the evaluation examined: continued need for the programs; alignment with government priorities, departmental strategic outcomes, and federal roles and responsibilities; achievement of intended outcomes; and the extent to which the programs demonstrate efficiency and economy.

The evaluation was national in scope and covered program activity from April 2009 to December 2011. [Footnote 1](#)
Recognizing that two of the programs within the MTDI are Vote 10 (Grants and Contributions) programs (AMP and ERCA), particular attention was paid to assessing the relevance and performance of these programs in order to meet the requirements of section 42.1 of the *Financial Administration Act*. [Footnote 2](#)

The approach taken for this evaluation balanced the need to inform overall policy directions while providing adequate detail on each program's individual progress toward the achievement of outputs and outcomes.

As the MTDI was implemented in 2009, it is too early to assess intermediate and end outcomes. Therefore, the focus of the evaluation was on the ongoing need for the programs within the Initiative, as well as the achievement of outputs and immediate outcomes as an indicator of progress toward intermediate and end outcomes for the five individual programs and toward the end outcome of MTDI. [Footnote 3](#)

The following are the primary questions addressed by the evaluation:

Relevance:

- 1. Do the needs that the Trade and Market Development Initiative was designed to address continue to exist or have they changed?
- 2. Are the objectives of the Trade and Market Development Initiative clearly aligned with federal government priorities and departmental strategic outcomes?
- 3. Is the Trade and Market Development Initiative aligned with federal roles and responsibilities to facilitate agriculture and agri-food producers' success in global and domestic markets?

Performance:

- 4. To what extent are each of the five individual programs under the Trade and Market Development Initiative making progress towards achievement of the Initiative's expected outcomes?
- 5. Is the current configuration of programs under the Initiative designed in the most effective and complementary way to achieve expected outcomes?
- 6. Are the programs under the Trade and Market Development Initiative being delivered in an efficient manner?

1.2 Evaluation Approach

The evaluation used a mixed-method, non-experimental design, using both qualitative and quantitative evidence to assess the programs and to address evaluation issues and questions. Qualitative data was used to provide context around quantitative data. The evaluation was based on multiple lines of evidence (described in detail in separate technical reports) and relied on previous evaluation work undertaken by independent consultants on behalf of the program.

1.3 Methodology

The evaluation included several lines of evidence.

1. Document and File Review

The document and file review addresses the evaluation questions pertaining to alignment with federal government priorities and departmental strategic outcomes, program performance and program effectiveness/efficiency. The program document and file review also assisted in developing a comprehensive profile of the Initiative. Documents included performance reports, RPPs, program profiles, financial information and other AAFC reports. Also included was an Ipsos Reid survey undertaken by the program in 2007 to establish benchmarks for a Canadian domestic branding initiative, as well as a Comparative Country Food and Agriculture Branding Study completed in 2011. Government of Canada documentation reviewed included Throne Speeches and government-wide priority statements. A complete list of documents reviewed appears in the Document Review Technical Report.

2. Literature Review

A literature review was conducted to assess the Initiative's relevance and the effectiveness of its configuration. Literature included reports from Statistics Canada, and external peer-reviewed publications, articles and internet sources with searches conducted using the key words: marketing programs, export development and evaluation of promotional programs. AAFC documents related to the economic performance of the sector were included in the literature review. A complete bibliography appears in the Literature Review Technical Report.

3. Economic Assessment

An economic assessment was completed to estimate the potential return on investment of AAFC's programming in support of trade shows. The analysis relied on reported sales data from MTDI recipients and AAFC's contributions to MTDI recipients. The results of the analysis provide an estimate of the economic impacts of the MTDI resulting from support for trade shows. However it should be noted that there are several limitations to the methodology:

- It does not take into account salary or other program costs;
- It used 2010-11 trade show data with no analysis conducted to determine if that year's data was typical or had higher or lower sales projected data in comparison to other year's data
- It does not take into account economic fluctuations (such as inflation, value of the Canadian dollar etc.) in estimated sales values;
- The estimates are based on anticipated sales information provided by industry with pessimistic and optimistic scenarios presented; and,
- It is not possible to know if these businesses would have attained these sales without funding from MTDI as the evaluation did not use a comparison group.

4. Survey of Stakeholders

A web survey of program recipients (n=104, response rate of 29%) was conducted. Respondents included industry representatives, association representatives and other stakeholders (provinces, other organizations). As there are no pre-existing lists of export-ready SMEs (MTDI's target group), the evaluation team used a non-random sampling approach. Industry and association representatives were obtained from the CB members list, VCRT members lists and other lists of program participants. All of the members included in these lists were then sent the survey. The evaluation team was of the opinion that this was the best sample to assess the delivery and effectiveness of the programs considering evaluation resources and data available. Considering the composition of this sample (SME representatives and association representatives) the number of members included in the sample was deemed to be sufficient.^{Footnote 4} However, the sample is not deemed representative of the entire industry and therefore results were analyzed in context of other sources of evidence. In other words, results were only considered significant when confirmed by other sources.

5. Key Informant Interviews

A total of 31 key-informant interviews were conducted with internal (9) and external stakeholders (22) (see Table 1). Interviews were conducted in person or by phone. Interview guides and the approach are described in the Methodology Report. The selection of the respondents was made by the evaluation team based on lists of program staff, VCRT memberships and CB memberships. A mix of government and non-government representatives was selected. The selection also included representatives from the major subsectors of the agriculture and agri-food sectors, including meats, grain, vegetables/fruits, seafood, processed foods and import/export.

The evidence gathered from interviews was viewed as supportive and secondary evidence to the other lines of evidence: document and file review, literature review and survey of stakeholders. The number of respondents to interview questions is not presented to ensure confidentiality of interviewees. In addition, findings from interviews are not presented as percentages of respondents as the sample was not representative of any group, but was sufficient to provide qualitative views on each of the five program programs.

Table 1: Interviews by Sub-Group

Interview Sub-Group	Number of Interviews	Number of Interviewees
AAFC Program Managers, DG, Regional Representatives	8	9
Industry commodity market associations	17	18
University and Research Institutions	4	4
Total	30	31

1.4 Methodological Constraints and Limitations

This evaluation was constrained by the following factors:

Limitation	Mitigation Strategy	Impact on Evaluation
The interviews and survey were conducted during the time when the program was undergoing a transformation. This may have had an impact on interviewees' responses and also on the number of respondents that agreed to participate in interviews.	To mitigate the risks associated with a small interview sample, the evaluation team focussed on findings related to factual information and used the interviews as supporting evidence. Findings from interviews were then triangulated with evidence from the other sources.	The findings may not portray the perspectives of all relevant opinions in the federal government.
Performance data is limited for Vote 1 funded activities, as program tracking of performance against an established PMS was not required at the time for Vote 1 programs. Performance data was further challenged by the lack of consistency of the data collected by the associations funded by Vote 10 programs (AgriMarketing and ERCA). Further, the evaluation did not have access to robust, quantitative evidence with reliable comparators.	To mitigate this limitation, external data sources (such as Statistics Canada trade data) and expected sales data reported by industry were used to determine the impact of the initiative.	This limited the ability to draw conclusions about the performance of the data based solely on performance information.
Activity-based costing data is not available to assess efficiency	For Vote 1 programs the evaluation focused on qualitative indicators of efficiency rather than quantitative.	No quantitative indicators for efficiency for Vote 1 programs.
Attribution of success of MTDI is confounded by factors such as the value of the Canadian dollar, the price of oil and the opening of new markets during the course of the initiative.	To mitigate this limitation, the evaluation placed greater focus on the performance of the individual programs rather than at the initiative level. Given these factors, it is difficult to calculate the return on investment for AAFC funds invested. To mitigate this limitation, the evaluation placed greater focus on the return on investment of MTDI supported trade shows.	The impact of this on the evaluation is that it is not possible to definitively conclude the impact was a direct result of the Initiative.
Although the CB Domestic program began in 2009, the actual brand was not launched until July 2011 after	To mitigate this limitation, the evaluation considered the research work as part of its activities and took into consideration the	The impact of this on the evaluation is that it is too early in the branding

considerable research was undertaken to understand Canadian consumer preferences in purchasing products.	program had less time to produce outputs.	process to assess the performance of the brand.
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2.0 Program Profile

2.1 Background

Growing Forward is the current federal-provincial-territorial (FPT) agricultural policy framework for the 2008/09 to 2012/13 period. Under Growing Forward, governments agreed to work together to achieve three strategic outcomes:

- A competitive and innovative sector;
- A sector that contributes to society's priorities; and
- A sector that is proactive in managing risk.

MTDI is intended to support Growing Forward strategic outcomes by assisting agriculture and agri-food producers and exporters, including innovative small and medium-sized enterprises (SMEs), to be better prepared so that they are more competitive in a rapidly-evolving and dynamic global market.

MTDI aims to achieve the following four objectives:

1. Enhancing marketing competencies through capacity building and improved market information and research; (*AMP, MIECB*)
2. Differentiating Canadian products by leveraging quality attributes and customer recognition; (*CB*)
3. Growing exports by assisting producers to take advantage of new opportunities; (*AMP, VCRTs, MIECB and ERCA*)
4. Facilitating industry's ability to enhance its competitiveness in domestic and international markets. (*VCRTs, MIECB, ERCA*)

2.2 Design and Delivery

AgriMarketing Program (PAA 2.3.2.1)

AMP is a four year grants and contribution program that began in 2009/10. The objective of AMP is to enhance the marketing capacity of the Canadian agriculture, agri-food, fish and seafood sectors. This is accomplished by assisting national industry associations in identifying and capitalizing on emerging opportunities in international markets. The Program supports the development and implementation of sector specific long-term international market development strategies that include a range of activities, such as market research, training and international marketing/promotion. Funding is provided to relevant associations and SMEs for strategic planning, industry-wide promotion, trade shows, market research, technical training, and in-coming trade delegations.

Eligible recipients for AMP are national industry associations, although starting in 2010/2011 SMEs were permitted to apply for program funding via a national association. In addition to the national associations, a small number of key exhibitions and agricultural fairs as well as a few technical marketing bodies were identified at the outset of the Program as potential recipients. The program funds up to 50% of eligible costs. SMEs and associations that receive funding from the AgriMarketing program are required to become Canada Brand members.

AgriMarketing is delivered by the AgriMarketing and Food Safety and Traceability Programs Division in the Competitiveness and Business Development Directorate within the Programs Branch.

Table 2 presents the AAFC budget and expenditures for AMP for the fiscal years of 2009/10 to 2012/13. The AMP budget totaled \$97.3 [Footnote 5](#) million over four years, including \$88.5 million in grants and contributions (Vote 10).

Table 2: AMP Budgeted/Expenditures for 2009/10 to 2012/13 (millions)

		2009-2010	2010-2011	2011-2012	2012-2013	Total
Source: AAFC, 2013.						
Vote 1	Budgeted	1.4	1.4	1.4	1.4	5.6
	Expenditures	0.9	0.8	1.0	1.0	3.7
	Under / (Over) Budget	0.4	0.6	0.4	0.4	1.8
Vote 10	Budgeted	21.8	21.7	22.0	23.0	88.5
	Expenditures	19.6	20.6	21.2	19.3	80.7
	Under / (Over) Budget	2.2	1.1	0.8	3.7	7.8
Total	Budgeted	23.2	23.1	23.4	24.4	94.1
	Expenditures	20.5	21.4	22.2	20.3	84.4
	Under / (Over) Budget	2.7	1.7	1.2	4.1	9.7

Canada Brand (PAA 2.3.2.3)

Canada Brand is a five-year Vote 1 (Operating) program that began in 2009/10. It is an industry-government initiative that aims to differentiate Canadian agri-food products from competitors. It includes three components: Canada Brand International; Canada Brand Domestic; and the Agriculture and Food Trade Commissioner Service.

Canada Brand International

The objective of Canada Brand International is to gain recognition for Canadian food and agriculture products in key markets by building on differentiation related to Canada's overall image and food system. In doing so, the program aims to differentiate Canadian products by leveraging quality attributes and customer recognition.

Canada Brand International conducts research, policy analysis, and promotional and brand management activities to strengthen the Canadian brand and enable industry to consistently communicate the sector's strengths. The Program provides free tools and services to industry including graphics, photos, market research and promotional material to help industry brand its products as Canadian and thus stand out in the marketplace. This enables all players in the Canadian food and agriculture sector to adopt a consistent presence in markets in order to enhance awareness of the range of Canadian products, and build visibility and demand.

To effectively manage Canada Brand, industry and provinces are required to sign a usage agreement, which allows signatories to gain access to and use brand tools, including the graphics and logo, the tag line, results of market research and other information. The usage agreement requires that the product must be Canadian (that it is grown, harvested or processed in Canada). Canada Brand members are required to fulfill yearly reporting requirements on their use of the brand, which details members' activities including the food and/or agricultural products and /or services promoted, promotional materials produced incorporating Canada Brand identifiers and details on the venue or event at which materials were distributed.

Canada Brand Domestic

The objective of Canada Brand domestic is to enhance the sector's performance in the domestic market, where intensified competition from imports has made it increasingly more difficult for Canada's sector to grow or even maintain domestic market presence. The Program provides opportunities to leverage Canadians' preference for the Canadian food system and their willingness to buy Canadian products over imports to the benefit of the sector. Domestic branding will lead to increased awareness of the sector's strengths that underpin the brand namely, national traceability, food safety, animal/plant health, sustainable agriculture practices and value chain coordination.

A common identifier (logo) is available, and a web site and promotional tools have been developed for stakeholders to use to promote the positive attributes of Canadian food and agriculture products in the domestic market. Stakeholders are required to sign usage agreements similarly to that described for International Canada Brand. Membership intake is ongoing.

Agriculture and Food Trade Commissioner Service

The Agriculture and Food Trade Commissioner Service provides technical and marketing support to Canadian firms seeking to establish or expand their exports in priority markets. Trade Commissioners work collaboratively with DFAIT and CFIA to resolve market access issues, influence international technical trade-related discussions, policies and safeguards, and where necessary, challenge measures and policies advanced by other countries. Trade Commissioners support Canadian agriculture and agri-food exporters in two ways: (1) by working with foreign governments to address barriers to Canadian imports and enhance market access; and (2) by working in foreign markets to directly and indirectly promote Canadian products.

There are 13 AAFC positions on international assignment in priority markets, in addition to 23 locally-engaged staff that serve as Trade Commissioners and for which AAFC, as one of the partners with DFAIT, pays annual position costs to the International Platform Branch of DFAIT. This work aims to achieve outputs such as contacts with buyers, local government and service providers generating leads, enhanced market intelligence that assists Canadian suppliers seeking to obtain more information on buyers/qualified contacts in foreign markets.

This collaborative work is guided by an MOU detailing a governance structure that includes a Joint Management Committee (JMC) between the Assistant Deputy Ministers of AAFC and DFAIT. This governance structure approves a Cooperation Plan, reviews and reports on results achieved and discusses policy and program proposals to enhance the implementation of the MOU.

In support of the JMC and the establishment of the Cooperation Plan, a Planning and Implementation Committee (PIC) of Directors General of AAFC and DFAIT discusses the development and implementation of the Cooperation Plan, as well as other policy and operational issues such as joint business development in sectors and markets where the Parties can usefully leverage their respective resources. In support of the PIC, an informal Planning and Reporting Forum acts as a means to promote stronger and more effective business/market/country planning and reporting between the Parties for the agriculture and food sector.

Table 3 presents the AAFC budget and expenditures for CB for the fiscal years of 2009/10 to 2012/13. The CB budget totaled \$33 million [Footnote 6](#) over four years, with no grants and contributions (Vote 10).

Table 3: Canada Brand Budgeted/Expenditures for 2009/10 to 2012/13 (millions)

		2009-2010	2010-2011	2011-2012	2012-2013	Total
Source: AAFC, 2013.						
Salary	Budgeted	2.3	2.1	2.1	1.9	8.4
	Expenditures	2.8	2.9	2.8	2.6	11.1
	Under / (Over) Budget	(0.5)	(0.8)	(0.7)	(0.7)	(2.7)
NPO	Budgeted	5.5	5.2	5.2	5.1	21.0
	Expenditures	4.8	4.7	4.7	4.0	18.2
	Under / (Over) Budget	0.7	0.5	0.5	1.1	2.8
Total	Budgeted	7.8	7.3	7.3	7.0	29.4
	Expenditures	7.6	7.6	7.5	6.6	29.3
	Under / (Over) Budget	0.2	(0.3)	(0.2)	0.4	0.1

Enabling Research for Competitive Agriculture (PAA 2.3.3.3)

ERCA is a five-year Grant and Contribution program (Vote 10) that began in 2009/10. The objective of the program is to contribute to the sector's competitiveness and innovation by funding policy research. Similar to the Agricultural Policy Research Networks established under APF, ERCA brings together experts from academia and other research organizations to engage in collaborative, innovative, and policy-relevant research.

ERCA activities included sending a call letter for applications to broad external policy research community across the country to solicit their interest; setting up an external review panel to evaluate all applications against a predetermined set of criteria^{Footnote 7}; making recommendations to AAFC officials, who will finalize the selection process; and to monitoring the contribution agreements (CAs) and deliverables from the networks. The committee set to evaluate the proposals is made up of senior officials in AAFC who represent various departmental initiatives, such as VCRT and Agri-Foresight, as well as linkages to other like organizations, such as the Canadian Agri-Food Policy Institute and the Organization for Economic Cooperation and Development.

Through ERCA, AAFC signs CAs with competitively selected groups to undertake activities that will contribute to enabling and enhancing the economic and policy research capacity on key issues in Canada. Eligible recipients include multi-disciplinary and multi-institutional groups of experts in universities or non-governmental organizations who establish "communities of experts" to undertake policy research. The maximum contribution to each recipient cannot exceed \$350,000 per year. Eligible research must align with one of five themes: (1) innovation and regulations; (2) trade and competitiveness; (3) consumer and market demands; (4) the environment; and (5) structure and performance of the Agriculture and Agri-Food Sector.

It is intended that the program will result in strengthened policy research capacity addressing priority issues for the sector; participation of industry representatives from other departmental initiatives such as the VCRTs and Agri-Foresighting at ERCA events and workshops; publication of research reports, policy briefs, professional journal articles and newspaper articles by ERCA members; and a large pool of graduate students knowledgeable in agriculture policy from which to recruit at AAFC-AAC.

A small component of the ERCA initiative provides a named grant to the Organization for Economic Cooperation and Development (OECD) to enhance research priority issues for Canada in the global context through collaborative activities (e.g. workshops), thereby providing a unique, global perspective on Canada competitiveness.

Table 4 presents the AAFC budget and expenditures for ERCA for the fiscal years of 2009/10 to 2012/13

Table 4: ERCA Budgeted/Expenditures for 2009/10 to 2012/13 (millions)

		2009-2010	2010-2011	2011-2012	2012-2013	Total
Source: AAFC, 2013.						
Vote 10 Grants	Budgeted	0.07	0.07	0.07	0.07	0.28
	Expenditures	0.07	0.07	0.07	0.07	0.28
	Under / (Over) Budget	0.0	0.0	0.0	0.0	0.0
Vote 10 Contributions	Budgeted	1.07	1.38	1.38	1.40	5.23
	Expenditures	1.02	1.36	1.38	1.40	5.16
	Under / (Over) Budget	0.05	0.02	0.0	0.0	0.07
Total	Budgeted	1.14	1.45	1.45	1.47	5.51
	Expenditures	1.09	1.43	1.45	1.47	5.44
	Under / (Over) Budget	0.05	0.02	0.0	0.0	0.07

Market Information and Export Capacity Building (PAA 2.3.2.2)

The objective of the Market Information and Export Capacity Building program is to enhance the leadership and strategic direction of the Agriculture and Agri-food sector. This is accomplished by supporting industry through

the provision of market intelligence to increase sector knowledge and competitiveness, inform industry strategies and ensure Canadian companies are well-positioned to compete in the international market.

The program provides market intelligence through reports, sector analysis documents and information sessions to SMEs on identifying the requirements to be export ready. The program delivers these outputs through two initiatives: Exporter Capacity Building (ECB) and Global Analysis (GA):

Exporter Capacity Building

ECB focuses on providing advice and guidance to SMEs on entering new markets and maintaining existing ones. The activities include the development of long-term client relationships with exporting companies, delivering seminars, organizing exploratory missions to key markets, developing tailored market and consumer intelligence and analysis for specific countries, strengthening national and regional associations through AMP, and collaborating on the development or refinement of country marketing strategies. ECB, complements AMP, ERCA and the Canada Brand components of the MTDI.

Global Analysis

The Global Analysis initiative identifies researches and raises awareness of new and emerging trends and changes in cycles critical to the Canadian agriculture and agri-food industry. This is accomplished through the exchange of information between government departments at federal and provincial levels, facilitating the networking and partnerships between governments and industry associations, advocating and influencing agri-food marketing resources and activities such as trade shows and trade missions, and helping to ensure that Canadian SMEs are able to compete with foreign companies.

The Agriculture Trade Statistics (ATS) system falls under the purview of Global Analysis and is a website that provides market intelligence to users, many of whom are Canadian members of the sector. Feeding into the ATS are the Departmental Regional Offices (DRO) which contribute to the competitiveness of the agriculture and agri-food sector with specific emphasis on regional liaison and coordination, market development and export support, program delivery and corporate representation. The seven DROs contribute to building a competitive and innovative agriculture and agri-food sector in Canada by working with stakeholders, industries, provinces and territories to provide support for Canadian SMEs.

The Market Information Services Branch under the International Markets Bureau (IMB) delivers the MIECB program.

Table 5 presents the AAFC budget and expenditures for the MIECB program for the fiscal years of 2009/10 to 2012/13. The MIECB budget totaled \$24.7 million [Footnote 8](#) over four years, in Vote 1 (Operating) expenditures.

Table 5: Market Information and Export Capacity Building Budgeted/Expenditures for 2009/10 to 2012/13 (millions)

		2009-2010	2010-2011	2011-2012	2012-2013	Total
Source: AAFC, 2013.						
Salary	Budgeted	3.0	3.8	3.8	3.6	14.2
	Expenditures	3.5	3.6	3.6	3.7	14.4
	Under / (Over) Budget	(0.5)	0.2	0.2	(0.1)	(0.2)
NPO	Budgeted	1.2	1.1	1.0	0.9	4.2
	Expenditures	1.0	1.1	0.9	1.0	4.0
	Under / (Over) Budget	0.2	0	0.1	(0.1)	0.2
Total	Budgeted	4.2	4.9	4.8	4.5	18.4
	Expenditures	4.5	4.7	4.5	4.7	18.4
	Under / (Over) Budget	(0.3)	0.2	0.3	(0.2)	0.0

Value Chain Roundtables (PAA 2.3.3.1)

The Value Chain Roundtables (VCRTs) were launched in 2003 under the APF to help Canada maintain its leading position in the international agricultural and agri-food market, as well as to foster sustainable growth by anticipating and responding to changing customer preferences and international standards. VCRTs bring together key leaders from across the value chain, including input suppliers, producers, processors, food service industries, retailers, traders and associations. There are five primary objectives: (1) to partner with industry to conduct roundtable and working group meetings; (2) fund research studies; (3) share market intelligence and discuss common issues and priorities toward the development and implementation of value chain strategies; (4) use VCRTs as a mechanism for industry-government dialogue during times of crisis (e.g., BSE and A/H1N1 virus); and, (5) link industry priorities to the broader work of other federal government departments and agencies.

VCRTs are co-chaired by industry and AAFC representatives. AAFC provides logistical support, shares expertise, and provides financial support. AAFC reimburses the chair 100% for travel costs, reimburses all other VCRT members for 50% of their travel costs. Canada currently has eleven national VCRTs in the agricultural and agri-food sector: beef, food processing, grains, horticulture, organic, pork, pulse industry, seafood, seeds, sheep and special crops.

When applicable, other federal departments and agencies are involved in the process with participation determined by the issue being addressed. Provincial governments can also send representatives to attend the VCRTs when the issue is a priority interest for their jurisdiction. Meetings are held semi-annually. Value Chain Roundtables (VCRTS) are delivered under the Food Value Chain Bureau within the Market Information Services Branch.

Table 6 presents the AAFC budget and expenditures for VCRTs for the fiscal years of 2009/10 to 2012/13. The VCRTs budget totaled \$8.2 million [Footnote 9](#) over four years in Vote 1 (Operating) expenditures.

Table 6: VCRTs Budgeted/Expenditures for 2009/10 to 2012/13 (millions)

		2009-2010	2010-2011	2011-2012	2012-2013	Total
Source: AAFC, 2013.						
Salary	Budgeted	0.70	0.70	0.70	0.70	2.80
	Expenditures	0.66	0.67	0.82	0.88	3.03
	Under / (Over) Budget	0.04	0.03	(0.12)	(0.18)	(0.23)
NPO	Budgeted	1.00	1.00	1.00	1.00	4.00
	Expenditures	0.98	0.91	0.78	0.89	3.57
	Under / (Over) Budget	0.02	0.09	0.21	0.11	0.43
Total	Budgeted	1.70	1.70	1.70	1.70	6.80
	Expenditures	1.64	1.58	1.60	1.77	6.59
	Under / (Over) Budget	0.06	0.12	0.10	(0.07)	0.21

MTDI Supporting Committees

There are a number of committees that support the MTDI including:

- **International Branding Working Group (IBWG):** concerns itself with pre-implementation, information sharing, implementation, and monitoring with membership comprising of representatives from industry, provinces, and portfolio partners within the federal government and Branding Management staff.
- **Federal-Provincial Market Development Council (FPMDC) and FPMDC Working Group:** composed of senior federal and provincial government officials responsible for agriculture and food market development. The FPMDC and working group plays a proactive role in encouraging governments to align their marketing and market development initiatives with the National Branding Strategy;

- **Canadian Agri-Food Marketing Council (CAMC):** this high-level advisory committee reports to the AAFC Minister and the Minister of International Trade and is mandated to provide advice to the Ministers on any policy and program question; and
- **Canadian Agriculture and Food International (CAFI) Program:** supports exports, market development and activities of Canada's agriculture and food industry by providing matching funding for market development activities. Thirty-eight associations participate in the program, representing the various agricultural and agri-food sectors and are proactive in seeking alignment with the National Branding Strategy.

3.0 Evaluation Findings

3.1 Relevance

3.1.1 Federal support for export promotion activities is important for increasing the competitiveness and overall growth of the Canadian agriculture and agri-food sector.

This section discusses how exports are critical to the continued growth of the Canadian agriculture and agri-food sector. It then further outlines that there are opportunities to expand Canadian agriculture and agri-food exports and that federal government support for export promotion activities is important to facilitating this growth.

Export Markets are Critical to the Agriculture and Agri-Food Sector and the Canadian Economy

The continued growth of the agriculture and agri-food sector is important to the overall health of the Canadian economy. Agriculture and agri-food industries employ two million people in Canada and account for 8.1% of GDP. Within this, primary agriculture comprises 1.7% of the nation's GDP, and has been growing slowly but consistently at an average rate of 1.5% per year since 1997. [Footnote 10](#)

As Canada is a country with a low population, but vast arable lands, it relies extensively on export markets for the continued growth of the agriculture and agri-food sector. [Footnote 11](#) In 2011, 42% of farm market receipts were exported directly (primary products) and 23% of processed food and beverages were exported, for total revenue to the sector of \$44.4 billion (see Table 7). Canada is the fifth-largest exporter and sixth-largest importer of agriculture and agri-food products in the world. [Footnote 12](#) Canada consistently maintains a positive trade balance of agricultural products.

Table 7: Top 10 Agri-food and Seafood Markets [Footnote 13](#) (in \$ billions)

	2009	2010	2011
Statistics Canada			
Total Exports	38.8	39.4	44.4

Similar to most other products exported from Canada, the US is an important market for Canadian agricultural exports accounting for 50% of total trade (see Table 8). Japan (9.2%), the EU (6.5%), China (6.3%) and Mexico (3.7%) are also important export markets for Canada.

Table 8: Top 10 Agri-food and Seafood Markets [Footnote 14](#) (in \$ millions)

Country	2011 Total	% of Total
*up to December 2011 AAFC 2011		
United States	22,068	50.5
Japan	3,952	9.2
EU	3,085	6.5
China	3,064	6.3
Mexico	1,726	3.7
South Korea	1,082	1
United Arab Emir	705	1
India	641	1
Hong Kong	598	1

Country	2011 Total *	% of Total
Russia	557	1

In 2009, when the MTDI was first initiated non-durum wheat was the most important agriculture product exported. However, by 2011 canola became the most valuable export, while canola oil, soybeans and frozen pork also gained in their significance (see Table 9).

Table 9: Canadian Top 5 Agri-Food Exports (CDN\$ million)

	2009	% of Total	2011	% of Total
Statistics Canada				
Canola	3.456	9.8%	4.572	11.4%
Non-durum wheat	4.566	13.0%	4.574	11.3%
Canola oil	0.867	2.5%	1.856	4.6%
Soybeans	0.989	2.8%	1.385	3.4%
Frozen pork	1.011	2.9%	1.295	3.2%

The ongoing liberalization of world trade, in combination with the increasing strength of emerging economies – Brazil, India, China and Russia – offer great potential for growth in the exports of Canadian agriculture and agri-food products. Since the post-war period, there has been a gradual shift in the economic policies of most nations in the world towards greater trade liberalization. There are now 157 members of the World Trade Organization (WTO) and hundreds of bilateral and regional trade agreements have been signed among both developed and developing countries. Regional economic integration and major advances in information, communication, and transportation technologies are bringing customers and companies closer together. This has led to a business environment that is more interconnected, providing firms with increased opportunities in international export markets. [Footnote 15](#) As a nation reliant on trade for continued market expansion, Canada benefits greatly from this rapidly liberalized trade system by gaining greater market access for Canadian agricultural products.

Canada is a strong supporter of trade liberalization primarily due to the importance of international trade to the Canadian economy. As mentioned earlier, as a small country Canada is heavily reliant on export markets. Canada has, therefore, signed a number of multilateral, regional and bilateral agreements, and continues to do so in order to protect its interests by helping to establish a rules-based international trade regime. [Footnote 16](#)

The North American Free Trade Agreement (NAFTA) included an agreement on agriculture, with the exception of sensitive products such as dairy and poultry. At the multilateral level, an agreement on agriculture was first finalized with the Uruguay Round, which established schedules for reductions in agricultural tariffs. It also established amounts that countries could subsidize their agriculture sectors using domestic policies such as supply management. The current round of the WTO, the Doha Round, aims to expand on the Uruguay Round and gradually eliminate all agricultural subsidies, but has thus far achieved little progress. Canada is currently negotiating an agreement with the EU and has joined the Trans-Pacific Partnership, a trade agreement under negotiation by 11 countries – Mexico, Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US and Vietnam.

In addition to opportunities resulting from greater market access, the economic growth of emerging economies has increased opportunities to expand Canadian exports to these countries. For example, China's dramatic economic growth over the last two decades has resulted in a substantial increase in its imports and exports. Chinese agricultural imports have more than doubled, increasing from \$25 billion in 2005 to \$66.4 billion in 2010 [Footnote 17](#) (of which \$2.95 billion is from Canadian exports), providing immense opportunities for Canadian exporters. Similarly, Russia's agricultural imports grew from \$7 billion in 2000 to \$33 billion in 2008, making the country the second largest agricultural importer among emerging markets, after China. [Footnote 18](#)

Although exports to the US are still very important to the Canadian economy, some in the industry view the US as a mature market with limited growth potential. [Footnote 19](#) Since the MTDI was launched, there has been more emphasis placed by the Government of Canada on emerging economies as seen in 2010 in which

consultations with industry and provinces resulted in the identification of ten priority markets for exports [Footnote 20](#), including China, India, Indonesia and Russia [Footnote 21](#) in addition to the US, EU, Japan, Mexico, South Korea and Taiwan.

Export markets are critical to the agriculture and agri-food sector and the Canadian economy. To remain competitive, Canada will need to be able to seize new market opportunities.

There is a lack of Private Sector Investment in Information that is needed to Access Foreign Markets

Information costs can impede trade in a number of ways. These include costs of identifying new markets, developing distribution channels, finding suitable and reliable suppliers and dealing with local regulations. They can also be related to learning how to adapt a product to local market conditions, learning the right marketing strategy for the foreign market, issues of asymmetric information about quality of both one's own product and those utilized in the foreign market, and many others. [Footnote 22](#) To date, federal government support for export promotion activities has been important due to the lack of private sector investment in the information needed to access foreign markets.

While the existence of information costs is not in and of itself an indication of the need for government involvement, these types of costs could prevent some companies from exporting. In comparison to large industries, which would be more resilient, SMEs would be particularly vulnerable as they face more challenges in getting established in export markets. [Footnote 23](#) According to industry stakeholders that participated in Growing Forward 2 consultations "without timely and accurate market intelligence information, smaller producers are fighting an uphill battle because they simply do not have the knowledge". Part of the policy and program rationale for government involvement in market information and export promotion can be attributed to the concept of information spillovers. The rationale is that if a firm is not able to accrue the benefits derived from the costs associated with accessing foreign markets, they may not necessarily make the initial investment, which could result in a loss in further sales opportunities. [Footnote 24](#)

There are three areas of information spillovers related to accessing foreign markets that lead to less than optimal rates of investment. First, general information relevant for firms from the exporting country is expensive to develop. This suggests that on its own, the market may under-provide such information. [Footnote 25](#) For example, private firms alone will not provide foreign market information, as companies hesitate to incur research and marketing costs that can also benefit competitors. [Footnote 26](#)

Second, information spillovers are also generated by demonstration effects arising from the actions of firms that attempt to begin exporting in foreign markets. If there is uncertainty about what strategies will work and what markets will be successful, then it is necessary for firms to experiment and try different strategies. Because firms will learn from the efforts of others, not all benefits of this activity will be internalized and hence theory suggests that too few firms will attempt to engage too few markets. [Footnote 27](#) The same applies to pioneer exporters, who make a considerable investment in attempts to open foreign markets, cultivate contacts, establish distribution chains, and other costly activities that can be used by competitors. [Footnote 28](#)

Finally, information spillovers arise from externalities affecting the foreign demand for goods and services from a particular country. This arises when either: (1) there are spillovers in reputation for product quality – that is, the quality of products from a particular country is difficult to measure and is correlated across firms so that one firm's good or bad reputation can affect the demand for products from other firms from that country; or (2) when there are linkages in demand, such as for tourism, one firm's advertising to attract tourists will generate business for other firms in the same region. [Footnote 29](#)

An ongoing investment in market information is needed to support Canadian companies in their efforts to access foreign markets, particularly SMEs. Further, once such information has been accumulated, governments can distribute this information to SMEs at very low marginal costs. As a result of federal

programming in the areas of market information and export promotion, Canadian businesses have greater opportunities for aiding SMEs in increasing sales and overall market share.

Programs Under the MTDI Aim to Address the Lack of Private Sector Investment in Information and Export Promotion that is Needed to Access Foreign Markets

The programs under the umbrella of the MTDI address the needed investment in information to access foreign markets as described above. ERCA funds policy research to inform future policy and program design, while market research undertaken by the Agri-Marketing and Market Information and Export Capacity Building programs, as well as VCRTs is used by industry associations to assist producers in identifying new opportunities, new markets and ways to enhance productivity and improve competitiveness.

In terms of export promotion, the Agri-Marketing program assists Canadian exporters in their efforts to demonstrate products at trade shows, while VCRTs increase collaboration among value chain members to improve the integration of agriculture and agri-food products along the value chain.

The Canada Brand program aims to increase the awareness and recognition of the quality of Canadian food and agricultural products through its own market research and other attributes associated with Canada's international image and reputation by providing a suite of promotional tools and promotion of the brand at flagship trade show pavilions.

In conclusion the growth of agriculture exports is important to the agriculture and agri-food industry and the Canadian economy. As there are significant opportunities to increase trade, federal government support for marketing and export promotion activities are important. To support the agriculture and agri-food sector to seize new market opportunities, there is ongoing need for the federal government to invest in market information and export capacity building.

3.1.2 Programs within the MTDI align with government-wide priorities and AAFC's mandate and strategic outcome for competitiveness.

The evaluation assessed the alignment of MTDI programs with federal roles and with AAFC strategic outcomes.

Programs within the initiative are consistent with the economic priorities mentioned in the 2012 federal budget, which noted that "Canadian businesses need access to key export markets in order to take advantage of new opportunities". It further reflected the Government of Canada's commitment to "...intensify Canada's pursuit of new and deeper trading relationships, particularly with large, dynamic and fast-growing economies".

At the sector level, the government's priorities with regard to agriculture were reflected in the Growing Forward Framework Agreement, which laid the groundwork for coordinated FPT action over five years (2008-09 to 2012-13) to help the sector become more prosperous, competitive, and innovative. Recently, federal, provincial and territorial (FPT) Ministers of Agriculture reached agreement on the content of the *Growing Forward 2* policy framework for the agriculture, agri-food and agri-products sector. The five-year agreement includes investments in strategic initiatives for innovation, competitiveness and market development. Governments have committed to increase their focus on innovation, competitiveness and market development. MTDI is consistent with the competitiveness and market development focus of this new agreement.

Within AAFC, programs within the MTDI fall under the Program Activity Architecture (PAA) Strategic Outcome 2: *A competitive agriculture, agri-food and agri-based products sector that proactively manages risk*. This Strategic Outcome focuses on Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products and expanding the sector's domestic and global markets. The individual MTDI components are focused on expanding the success of SMEs in domestic and global markets. The individual sub-sub activities – AMP (2.3.2.1); CB (2.3.2.3); MIECB (2.3.2.2); VCRTs

(2.3.3.1); and ERCA (2.3.3.3) are components of the overall sub-activity Market Growth (2.3.2) and Sector Competiveness (2.3.3).

In conclusion, Programs within the MTDI are aligned with government priorities for increasing economic growth and the departmental mandate, strategic outcome, and program activities related to a competitive sector.

3.1.3 Programs within the MTDI are consistent with federal roles and responsibilities related to export market development.

The evaluation assessed the extent to which programs within the MTDI are consistent with federal roles and responsibilities related to export promotion activities.

Federal Role in Export Promotion

The federal government has traditionally played a role in encouraging exports. This has generally included services designed to assist with exports, tourism and investment:

- problem solving, counselling, and the provision of market information and intelligence to assist Canadian commercial interests abroad;
- advocacy and other, more specific, "market access" interventions when practices and regulations constrain Canadian companies' ability to do business abroad;
- financial assistance for market entry or research, including missions and trade fairs;
- loans and insurance through the Export Development Corporation;
- trade negotiations to improve access to markets and to facilitate a trading environment based on rules agreed to by all participants. This work ranges from negotiation of agreements like NAFTA to ongoing work in the WTO. [Footnote 30](#)

Many foreign governments also have a history of supporting similar programs and activities to those of MTDI. For example, in Australia, Austrade features multiple programs intended to support exports, including in the areas of foods and agrifoods. Austrade supports export promotion by providing advice to SMEs that are interested in exporting their products. In the US, the US Market Access Program (MAP) supports the financing of promotional activities and provides aid for the creation and maintenance of foreign markets for agricultural products. In Europe, the European Commission provides financial support for campaigns to promote farm products and to inform consumers about how they were produced. Activities can include: advertising campaigns in the press; point-of-sale promotions; public relations campaigns; participation in exhibits and fairs; and other activities. [Footnote 31](#)

In Canada, there are currently a number of federal departments, agencies and programs that support trade promotion activities. [Footnote 32](#) The Trade Commissioner Service (TCS) of the Department of Foreign Affairs and International Trade (DFAIT) provides companies and organizations with free on-the-ground intelligence and practical advice on foreign markets to help them make better, timelier and cost-effective decisions in order to achieve their goals abroad. Export Development Canada's (EDC) Export Guarantee Program (EGP) shares the financial risk with banks so that companies can get the financing they need to break into new markets, increase production or support foreign investments. Finally, Business Development Canada's (BDC) Market Expansion Financing helps Canadian companies finance the expansion of their domestic market or explore new and larger foreign markets.

The evaluation found MTDI's focus was on the agriculture and agri-food sector which differentiates it from other federal initiatives that are more generic or focussed on other sectors. In fact, MTDI activities complement what is being done by other federal initiatives and it fosters coordination among government departments. For example, there is coordination between AAFC and other federal departments related to trade promotion. The AAFC Food Trade Commissioner program (part of CB) is integrated with the DFAIT network of trade commissioners, pursuant to a MOU between AAFC and DFAIT.

AAFC regional staff also report that the MIECB program involves meetings with representatives from other jurisdictions and other programs in the regions, including federal economic development program staff (e.g., Atlantic Canada Opportunities Agency) and provincial staff. Together, these entities coordinate to organize activities and to complement each other in their service offerings.

In addition, Global Analysis (GA) reports were found to be a reflection of collaborative work involving provincial representation, subject matter experts in the regions, and other federal government departments such as DFAIT and Statistics Canada. With GA chairing the MISB research steering committee and co-chairing the Federal-Provincial Market Development Council Export Market Analysis Consortium, there is departmental and interdepartmental work being conducted, and leveraging of best practices with provinces.

The evaluation also found that VCRTs reflect a strong model for change because in addition to industry leaders, a number of federal and provincial departments are included as members. Other government departments included are: Canadian Food Inspection Agency, Department of Foreign Affairs and International Trade, Department of Fisheries and Oceans, Environment Canada, Health Canada, Transport Canada and various provincial governments.

Finally, many of Canada's federal departments have their own branding and marketing programs (e.g. Economic Action Plan marketing program and the Canadian Federal Tourism Strategy) with their own versions of the maple leaf and different messaging to promote Canada. To date, the federal government has chosen to adopt a sector-based approach to branding as opposed to a country based approach. However, it should be noted that in 2010 Privy Council Office was given a mandate to develop a unified branding strategy for Canada. [Footnote 33](#) [Footnote 34](#)

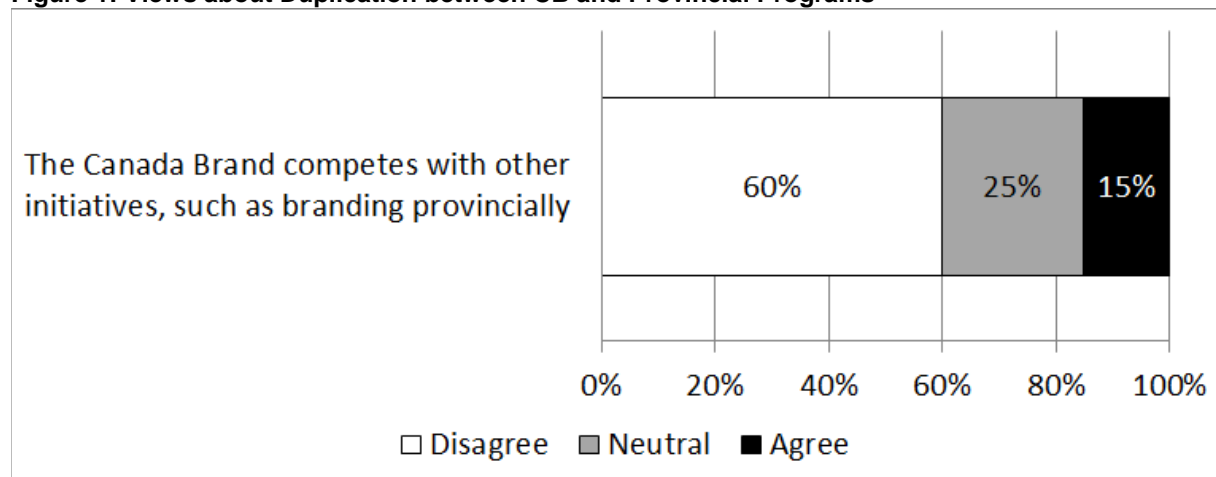
Export Development Activities At The Provincial Level Do Not Duplicate Federal Programs Under the MTDI

Based on available evidence, branding and export development activities at the provincial level do not duplicate federal programs under the MTDI due to different regional and product focus. Agriculture and international trade are shared jurisdictions between the federal and provincial governments and therefore provincial governments have a variety of programs that support agricultural trade promotion. There is evidence of at least eight provinces engaged in similar initiatives as programs under the MTDI.

For example, the Ontario Ministry of Agriculture, Food and Rural Affairs' Foodland Ontario program communicates the benefits (economic and product characteristics) of Ontario food, encourages the purchase of Ontario food, co-ordinates promotion and research activities with producer organizations and industry stakeholder, and promotes the Ontario "brand". Aliments du Québec is an organisation that promotes agri-food products made in Québec. They certify products as Aliments du Québec or Aliments prepares au Québec and promote these products through outreach campaigns to contribute to increase market share of Québec products within the province of Québec. Finally, Saskatchewan Trade and Export Partnership (STEP) – Market Access Program is a funding program designed to support the domestic and international marketing efforts of STEP members. Funds are provided to assist STEP member companies in entering new markets outside of Saskatchewan. New market sectors within established geographical markets will be considered.

According to program descriptions and interviews with industry representatives, the evaluation found evidence that provincial programs engage in branding activities but that these are regional in nature and focus on different agriculture and agri-food products than the programs under the MTDI. Further, the survey conducted as part of this evaluation assessed the overlap between the CB and provincial programs. The figure below shows that the majority of respondents (60%) do not perceive there to be overlap with provincial programming.

Figure 1: Views about Duplication between CB and Provincial Programs



Description - Effectiveness of Canada Brand

Stakeholder interviews confirm the survey results that the provincial programs are largely complementary. Many respondents stated that the amount of available funding from all sources does not fully address the needs of stakeholders in the area of export support. Also, by definition, none of the provincial programs are national in scope. MTDI helps to fill gaps among some provincial jurisdictions as the programs have a wider market focus across multiple sectors.

In conclusion, programs under MTDI are aligned with federal roles related to export promotion.

3.1.4 There are a number of challenges associated with branding activities that impact the effectiveness of branding programs.

This section discusses six challenges related to branding in the agriculture and agri-food sector: an increase in private labels; the length of time and investment required to establish a national brand; industry stakeholders making no attempts to replicate sector-wide branding promotions using their own money; the varying industry commitment to national branding for the sector; regulatory issues; and changes in consumer demands and preferences. These challenges are highlighted throughout the literature and AAFC documentation provided as evidence for this evaluation.

An increase in private labels on store shelves domestically and internationally has resulted in an increasingly crowded branding market. In Canada, private labels have experienced considerable growth in the last decade, both in size and scope. Canada's private label sales were estimated at CAD\$11.4 billion in 2010 up from 10.9 billion in 2009 and were representative of 19% of the total market share of food and beverage products. The increase in private label sales, however, is not just occurring in Canada; 60% of consumers across 55 countries say they are buying more store brand products as a result of the economic downturn. Further, studies show that early placement of private label products in emerging markets better position firms for success. These findings suggest that shifts are occurring in branding as industry positions itself to be more competitive in international markets.

It takes a long period of time and investment to develop a brand that consumers will recognize. Studies have shown that branding is a long-term investment. Some of the most well-known branding labels or national brands have been in the making for well over 50 years. The wine industry in Australia was a 30 year development while branding in the Chilean agriculture and agri-food sector began in the early 1980's. In Canada, the development of a national brand is still in its infancy. It will take some time to mature a CB for agriculture and agri-food products as there are many variations of the maple leaf logo and the tag lines used to describe Canada that exist across not only the agriculture sectors but throughout other industries as well. [Footnote](#)

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Industry stakeholders have made no attempts to replicate sector-wide branding promotions using their own money. Industry has suggested that there may be limitations to the creation of one national brand for all agriculture and agri-food products. According to a report from the Standing Committee on Agriculture and Agri-Food (SCAAF) tabled in 2012, a commentator expressed reservations about the development of one national brand for all sectors of agriculture and agri-food as one unforeseen event or crisis could place the over-arching brand in jeopardy.^{Footnote 36} An additional challenge identified is that it is difficult to develop a single brand that conveys an image or core message about a country that can be used by different industry sectors.^{Footnote 37} Canada's approach to date has been to focus on sector specific branding as opposed to national branding.^{Footnote 38}

A national branding program requires industry participation. Research on country brand shows that industry act as brand ambassadors at domestic and international venues and therefore should be included in its development well before launching any campaigns.^{Footnote 39} Studies show industry will only be involved if they see the benefits both in sales and in raising the profile of their product and if national branding does not interfere with the packaging of their products.^{Footnote 40} Industry involvement in the development of a national brand is associated with the culture and profits of each industry and hence the decisions to participate are as individual as the sector itself.

The revised "Product of Canada" definition introduced by CFIA in December 2008 requires that "all or virtually all (98%) of the ingredients, processing and labour used to make the food product are Canadian" to use the Product of Canada label. Prior to this change, a Canadian company could use "Product of Canada" on its product label if 51% of the ingredients, processing and labour used to make the food product were Canadian. Industry indicated that their processed products were not able to meet the 98% requirement for "Product of Canada" and companies did not want to use the alternative label "Made in Canada from Domestic and Imported Ingredients" as the statement was lengthy. Consequently, most Canadian companies elected not to include Canadian origin information on their product labels. Since this regulation was put into place industry has asked for greater flexibility within the guidelines that would better serve the needs of both Canadian consumers and industry.

In the last 10 years consumers have demanded quality improved products. For example, organic products have gained increasing market prominence in a number of markets including the EU, Japan and the US. As a result, Canada moved to implement certified organic standards. Federal regulations for organic products – the Organic Products Regulations – were enacted on December 14, 2008.

Another movement in consumer preference is the demand for products that are locally produced (i.e., the "100-Mile Diet"), which has resulted in the demand for labels that guarantee local production. According to a consumer simulation study^{Footnote 41}, participants reported "We look for local products first, so products that are from the Outaouais region, then from Quebec, and then from Canada. Even if it's more expensive, I prefer to support products that originate from Outaouais, from Quebec or from Canada before buying products from elsewhere." As a result, producers are also pursuing place-based branding strategies.

In conclusion, there are many challenges associated with developing brands, making it difficult to establish a Canada Brand for the sector.

Recommendation # 1

The Market and Industry Services Branch should assess the risks and opportunities associated with ongoing sector branding activities given the challenges in developing a brand, the duration needed to establish a brand and diverse and changing consumer's preferences, and report back to AAFC senior management with their findings and recommendations.

3.2 Performance – Effectiveness

In assessing performance, the evaluation looked at the overall progress of programs within the MTDI towards the overarching objective of helping exporters to be more competitive. It also looked at the performance of each

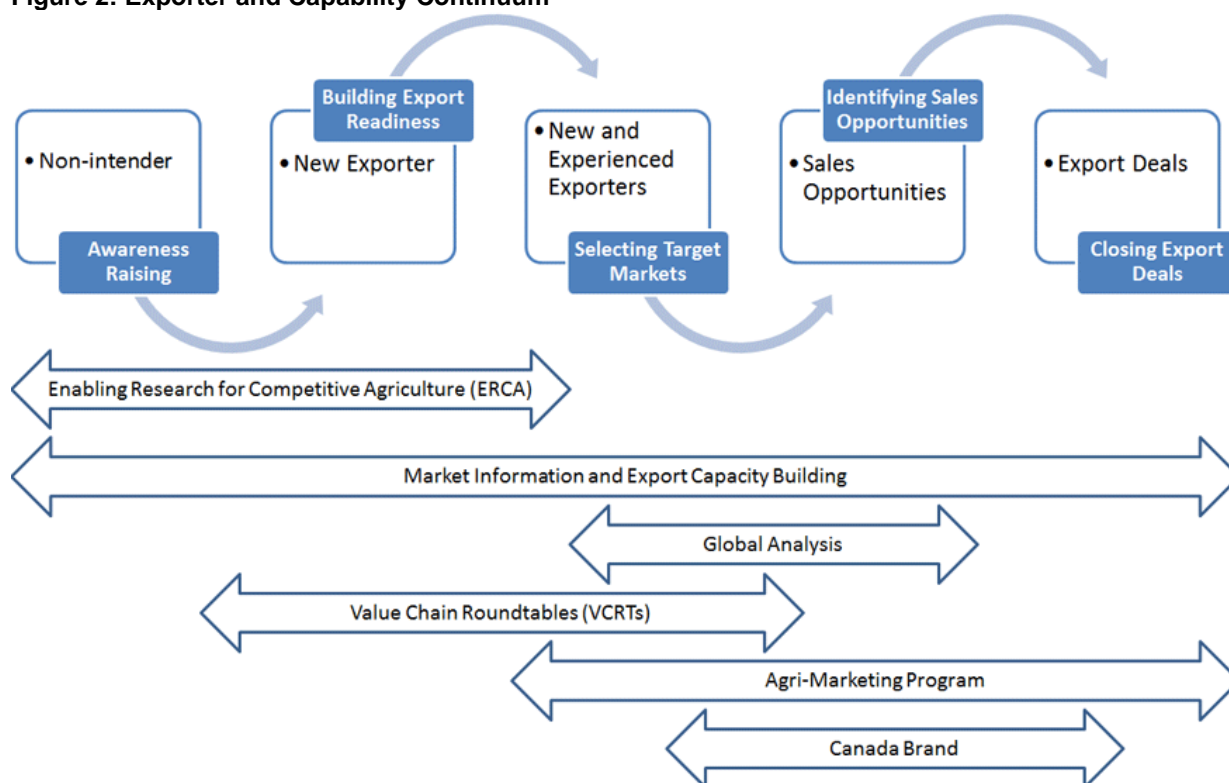
individual program within the MTDI against established performance measurement strategies where they existed for Vote 10 (Grants and Contributions) programs, and against the departmental Performance Measurement Framework for Vote 1 (Operating) programs.

3.2.1 At the initiative level, the MTDI has surpassed its performance target related to increasing agricultural exports.

While there is no overarching performance measurement strategy for the MTDI, the programs are aligned under element 2.3 of the PAA and contribute to the shared outcome of assisting agriculture and agri-food producers and exporters to be more competitive in a rapidly-evolving and dynamic global market.

The MTDI initiative, in cooperation with other AAFC market access programs, has contributed to supporting the agriculture sector in achieving \$44.4 billion in exports in 2011 (up from \$38.8 billion in 2009), which surpasses the \$40 billion target set by the program in 2009. ^{Footnote 42} Though there are many confounding factors that prevent the calculation of the direct attribution of MTDI program activity to the value of Canadian exports ^{Footnote 43}, these programs do assist the industry in better positioning itself competitively in international markets. Qualitative evidence obtained through interview and the survey confirm that program recipients associate AAFC funding for MTDI programs with increased sales and enhanced market opportunities. Further, MTDI programs cover the spectrum of SME needs from awareness to closing export deals (see Figure 2).

Figure 2: Exporter and Capability Continuum



Description - Exporter and Capability Continuum

Source: Best Practices in Export Promotion – Nathan Associates - 2004

Comparison of MTDI programs against the continuum of export promotion shows that the MTDI program of Enabling Research for Competitive Agriculture covers the spectrum of non-intender/awareness raising to new-exporter/building export readiness of the continuum. The MTDI program of Value Chain Roundtables cover the

spectrum from new-exporter/building export readiness to new and experienced exporters/selecting target markets of the continuum. The MTDI program of Global Analysis covers the spectrum from new and experienced exporters/selecting target markets to sales opportunities/identifying sales opportunities. The MTDI program of Canada Brand covers from new and experienced exporters/selecting target markets to export deals/closing export deals. The MTDI program of Agri-Marketing covers from new and experienced exporters/selecting target markets to export deals/closing export deals. The MTDI program of Market information and export capacity building covers the whole continuum from of non-intender/awareness raising to export deals/closing export deals.

Government programs often make the assumption that the determinants and inhibitors for export entry are uniform across SMEs. However it bears noting that this group is not completely homogenous. The evolution of SMEs can be conceptualized using a scale based on their level of exports. Government-based programs need to understand that though SMEs require support they have varying needs. Effective investment in export promotion and marketing programs needs to take this into account.^{Footnote 44} The range of AAFC supports provided to SMEs across the continuum address the differing needs and capacity of the sector

In conclusion, the evaluation found that the programs within the MTDI cover the spectrum of SME needs and are contributing positively to the overall performance of the agriculture and agri-food sector in export markets.

3.2.2 An analysis of the prospective economic benefits of MTDI's support for trade shows indicates that the benefits will likely surpass AAFC investments.

An assessment of the return on investment of the contribution made by programs within the MTDI to trade show participants found a positive financial return for the federal government.

The analysis was conducted using data collected from trade show participants on their projected value of sales leads resulting from MTDI supported trade shows. AAFC collects data from exhibitors at the flagship trade shows.^{Footnote 45} Sales estimates are detailed in Table 10 below. As the data is a reflection of participant's potential sales resulting from trade show leads, the sales data are not confirmed and it is likely that some of these sales did not materialize. To mitigate this potential for overestimating affects, the analysis developed three scenarios for the calculation of the return on investment from AAFC's contribution to trade shows: a highly optimistic scenario (estimated sales values); a medium optimistic scenario (estimated sales multiplied by 50%); and a conservative scenario (estimated sales multiplied by 25%).

Table 10: Estimated Sales from Trade Shows (2010-2011) (in CDN \$)

Name of Trade Show	Total cost of project (thousands \$)	AAFC's contribution (thousands \$)	Actual Reported Sales (millions \$)	Medium Estimate at 50% (millions \$)	Conservative Estimate at 25% (millions \$)
(1) Based on survey of exhibitors					
ESE (2010)	431.0	135	59.1	25.6	14.8
SIAL-Paris, (2010)	415	130	146.7	73.4	36.7
Foodex(2011)	495	163	17.6	8.8	4.4
Alimentaria, (2010)	Unknown	Unknown	0.384	0.192	0.096
Summer Fancy Food Show (SFFS) (2010)	Unknown	Unknown	10	5.0	2.5
America's Food and Beverage Show (AFBS) (2010)	Unknown	Unknown	3	1.5	0.750
Winter Fancy Food Show (WFFS) (2011)	Unknown	Unknown	13.1	6.6	3.28
BioFach (2011)	Unknown	Unknown	43.1	21.6	10.8
Total	N/A	N/A	292.9	142.7	73.3

Based on the prospective economic analysis the total returns on AAFC investment in terms of sales for the industry are in the range of \$73 million to \$292 million annually.

Returns are also significant in terms of industry profits and salaries, even using the most conservative scenario (see Table 11). The total estimated benefits from the trade shows in terms of profits (pre-tax) and wages could range between \$14 million and \$58 million. These remain estimates but indicate that even with a substantial margin of error the benefits appear to greatly outweigh AAFC's expenditure suggesting a positive return on investment.

Table 11: Returns, all shows (2010-2011) (in CDN \$)

	Optimistic (million \$)	Medium optimistic (million \$)	Conservative (million \$)
(1) Profit rates based on Statistics Canada averages for Dairy product manufacturing [3115], Animal slaughtering and processing [31161], Seafood product preparation and packaging [3117], Breweries [31212], Wineries [31213], Grain and oilseed milling [3112], and Fruit and vegetable preserving and specialty food manufacturing [3114], pro-rated by volume of sales			
Estimated profits (based on 11% rate of revenues reported MISB dashboard)	32.2	15.7	8.1
Estimated wages and earnings (based on 9% rate)	26.4	12.8	6.6
Total Estimated Benefits, 2010-2011 Trade Shows	58.6	28.5	14.7
AAFC investments	428.0	428.0	428.0

This analysis has limitations. First, it does not take into account salary or other program costs related to the trade shows. Second, the analysis does not take into account economic fluctuations (such as inflation, value of the Canadian dollar etc.) in estimated sales values. Third, the estimates do not confirm sales data provided by industry. Lastly, it is not possible to know if these businesses would have attained these sales without funding from programs within the MTDI as the evaluation did not use a comparison group. However, despite these limitations, the estimates provide a means to assess the impact of trade shows that use AAFC data and are aligned with the findings in the literature review.

In conclusion, an analysis of the potential economic benefits of MTDI supported trade shows suggests that the economic benefits would likely surpass AAFC expenditures suggesting a positive return on investment.

3.2.3 Performance measurement at the initiative level and for each individual program was not sufficient to support ongoing monitoring of program progress towards objectives.

The evaluation reviewed the performance measures for the initiative as a whole and for each of the programs within the initiative and found that the indicators were either poorly described making it unclear how the data could contribute to an assessment of program outcomes or the program activities and outputs as opposed to measures of outcomes. Furthermore, the measures at the PMF-level were not sufficient to support an assessment of efficiency and economy.

At the initiative level there was no overarching PMS. As a result it was difficult to understand how each individual program within MTDI contributed to the achievement of the overall end outcome of \$40 billion dollars in exports by 2012. Further, at the program level, there were no detailed performance measures Vote 1 programs outside of the PMF (CB, MIECB and VCRTs). At the time MTDI was launched AAFC did not require PMS for Vote 1 programs. As a result detailed program level performance measures only existed for Vote 10 programs (AMP, ERCA). The weakness identified for MTDI programs have been identified for other Vote 1 AAFC programs that also lack similar performance measures.

A review of each programs' available performance data found that there is no formal system to track program performance for any of the five programs under the MTDI. In addition, data that was available for the evaluation was mainly output level data or data on outcome indicators that were not consistently monitored or collected on a regular basis. For example:

- The CB program collects information and generates profiles of SMEs participating in trade shows. However, this data is based on projected sales of industry participants and thus does not provide a strong assessment of outcomes as it is not substantiated with actual expenditure data nor do the results address attribution. Further, the CB membership survey [Footnote 46](#) is limited to a specific snapshot of the program and therefore has minimal use when evaluating overall impact as it does not allow for analysis tracking changes in membership or uptake of promotional materials.
- In terms of MIECB, AAFC regional offices do not have a uniform structure for reporting thus limiting the ability to aggregate information. In terms of AMP, although the program developed a reporting template for the associations' annual reports, there is no standard quantitative outcome indicators. Reports were found to be inconsistent in terms of content, preventing any reliable roll-up of information.
- The ERCA program produces an annual report that summarizes funding sources and activities. However, without data standards, terms such as "published papers" and "presented papers" were used interchangeably. This created problems in reporting as these two terms were considered separate indicators in the PMS. Further, reported results consisted of output information, such as the identification of publications and number of students supported, as opposed to measures that assessed impact or value for money.

In conclusion, there are opportunities to strengthen performance measures for programs within the MTDI as well as the collection and storage of performance data to support more robust performance monitoring and reporting in the future.

Recommendation #2

Recognizing that the current suite of programs under the Market and Trade Development Initiative have expired in March 2013, the Market and Industry Services Branch, the Programs Branch and the Strategic Policy Branch should ensure that meaningful performance measures are developed for any future market and trade development programs that are implemented as part of *Growing Forward 2*, the next Multilateral Framework Agreement for Agriculture. These measures should include indicators for program activities, outputs and outcomes so that future, more robust assessments of program effectiveness, efficiency and economy can be undertaken.

3.3 Program Level Performance

The following section discusses the performance of the individual programs within the MTDI. Performance was assessed against established performance measurement strategies for the AMP and ERCA programs. Performance for the CB, MIECB and VCRTs was assessed against measures set out in the departmental Performance Measurement Framework.

3.3.1 The AgriMarketing program was found to be effective in increasing industry competitiveness.

According to interviews, survey and program performance data AMP is effective in increasing industry competitiveness through its support for SMEs to attend trade shows and in organizing marketing events. AMP has supported approximately 20 non-profit organizations through a total of 47 CA (its target for CAs is 50). [Footnote 47](#)

The evaluation found that AMP has been effective in that it has helped SMEs to take the first steps toward accessing export markets. For example, the Groupe Export Agroalimentaire Québec-Canada received AMP funding to support SMEs participating in international fairs or commercial missions. [Footnote 48](#) The Program

helped 246 exhibitors take part in 20 international fairs, and 29 companies take part in four commercial missions. This allowed these companies to have a presence in international markets in the United States, Europe, the Middle East and Asia (Japan and China). The sales leads estimated by the participating companies were approximately \$253 million over three years. [Footnote 49](#)

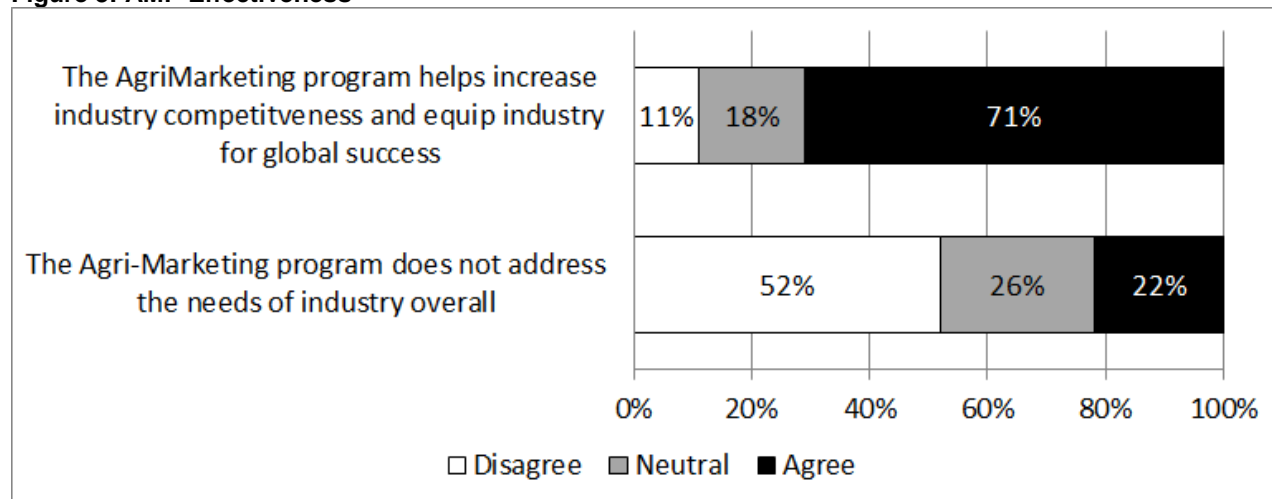
The Royal Agricultural Winter Fair organization received AMP funding towards its annual fair. According to reports, some 581 new exhibitors participated in the Royal Agricultural Winter Fair in 2011. All fair auctions achieved higher sales levels in 2011 than in 2010. Specifically, the Sale of Stars (dairy genetics sale) grossed \$2.5 million in this sector alone; though the report does not indicate the percentage of increase over previous year's figures it does report this figure as an increase from 2010.

Industry and association interviewees were also unanimous in stating that AMP has helped industry to increase their exports. One association representative explained that support from AMP has helped SMEs in the food transformation sector to successfully compete against foreign firms. According to the association's data (reflecting 129 members), the monies provided by AMP for trade missions have directly led to increased sales of \$50.2M in 2010 reflecting an increase of 8% from the previous year figure of \$48.1M.

The seafood sector has also experienced increasing success in foreign markets, in part because of their participation in key trade shows. According to an association representative, with the help of AMP the seafood industry made a big push to market its products abroad. Participation in trade shows allowed Canadian producers to successfully market their products in Asia and these businesses now have an established clientele. One respondent stated: "our penetration into the international sushi trade has increased dramatically and the prices for our products have increased".

The survey conducted for this evaluation also indicates that AMP is an important market development tool for industry. As indicated in Figure 3, the majority of respondents (70%) agree that AMP helps increase competitiveness. Only 22% of respondents thought that AMP does not address industry needs.

Figure 3: AMP Effectiveness



Description - Effectiveness of AgriMarketing

Source: Survey of Stakeholders, 2012

Finally, a long-term economic analysis of AMP [Footnote 50](#) indicates that between 2003 and 2010, sectors that received AMP support grew on average by 110%, or approximately 15% per year. These impacts are sector-wide and cannot be directly attributed to the AMP program though were found to be well above the 2% and 10% targets set by the program in their PMS.

In conclusion, AMP supports industry participation at trade shows, the organization of marketing events and other marketing initiatives, and there is evidence that these activities lead to results in terms of increased competitiveness and sales.

3.3.2 ERCA is making progress towards achieving its outcomes. The research produced by the networks is well received and used within AAFC.

The evaluation found ERCA to be useful as it contributes to the development of evidence-based policies and regulations. For example, ERCA members conducted research to assess the impacts of using taxes to potentially reduce the consumption of fatty foods. ERCA also conducted research to assess the impacts of food labeling (including origins of foods). In this example, ERCA research was used by Canadian lawyers in the context of a commercial dispute with a foreign country.

Other work conducted by ERCA found to be useful in gaining a greater understanding of the linkages between innovation and venture capital. One ERCA representative stated that AAFC often consult the researchers on specific issues. Further, some networks participate in formal sessions where ERCA network members can interact directly with AAFC policy personnel to inform policy development.

In addition, ERCA is achieving its outcome targets as outlined in its PMS (see Table 13).

Table 13: ERCA Outcomes, Performance Indicators, Targets and Actuals

Outcome	Performance Indicator	Target	Actual
Source: AAFC, 2009			
Activity	Number of research projects conducted	50	48
	Number of graduate students recruited into agriculture programs at universities in Canada	30	>57
Immediate	Number of meetings/workshops/seminars where ERCA results presented for use by government, industry and other stakeholders	125	unknown
Intermediate	Number of non-ERCA participants at ERCA events from VCRTs and Agri-Foresighting	21	10
	Number of graduate students, funded by ERCA, who graduate from their programs	25	68
End	Number of research reports, policy briefs/professional journal articles/newspaper articles published by ERCA members	250	344

According to program performance reports all five of the ERCA networks [Footnote 51](#) saw an increase in membership and each contributed to exceeding ERCA-wide targets. Notably, the Canadian Agricultural Innovation and Regulation Network (CAIRN) funded 19 of the 48 projects as seen in Table 14. These results confirm that progress is being made by the networks toward strengthening agricultural policy research capacity.

Table 14: ERCA Network Performance (2010-11)

Performance Indicator	CAIRN	CMD	CATPRN	SPAA	LEARN	Total
Source: AAFC, 2012						
Number of academics/researchers in Network	33	30	43	26	28	160
Number of funded projects	19	12	8	7	2	48
Number of graduate students funded by ERCA	13	11	14	16	14	68
Number of workshops hosted or sponsored	1	5	4	2	4	16
Research reports/policy briefs/professional articles/working papers	60	27	118	102	37	344

In conclusion, ERCA is generating outputs that appear to inform policy development within AAFC and that contribute to strengthening agriculture policy and research capacity.

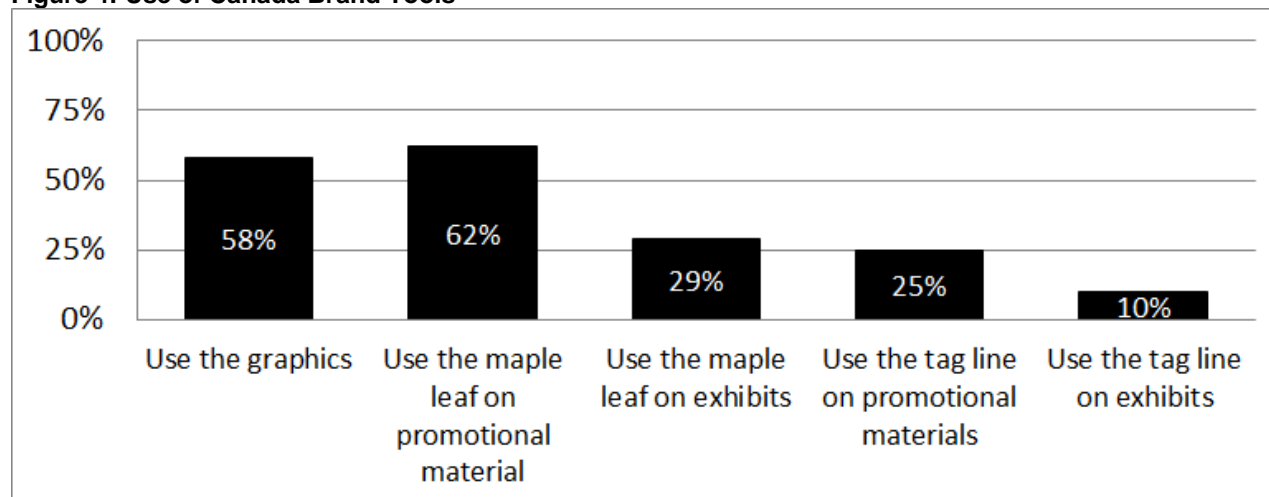
3.3.3 The Canada Brand program has multiple objectives, targeted at diverse audiences, with varying degrees of uptake by the industry.

This section examines the performance of the program overall and then the three individual components of the program: AAFC Food Trade Commissionaires, Canada Brand International and Canada Brand Domestic. Given that there was no PMS, the evaluation undertook an assessment of outputs and activities for each component of the program.

Uptake of Branding Tools, Membership Targets and Integration with other MTDI

The reach of CB was unclear in terms of the uptake of the promotional materials and marketing tools (excluding chef's aprons, pens, pins and flyers). A 2011 survey conducted by the CB program reported that of the 137 respondents (of which 129 responses were available for analysis), 58% of members used the graphics provided by the program; 29% used the maple leaf on exhibits; 25% used the tag lines on promotional materials; and 10% used the tag line on exhibits (see Figure 4). Key informants interviewed as part of this evaluation noted that while the CB promotional materials at trade shows helped to increase consumer awareness of Canadian food in countries abroad, they were unsure about the usefulness of the branding materials.

Figure 4: Use of Canada Brand Tools



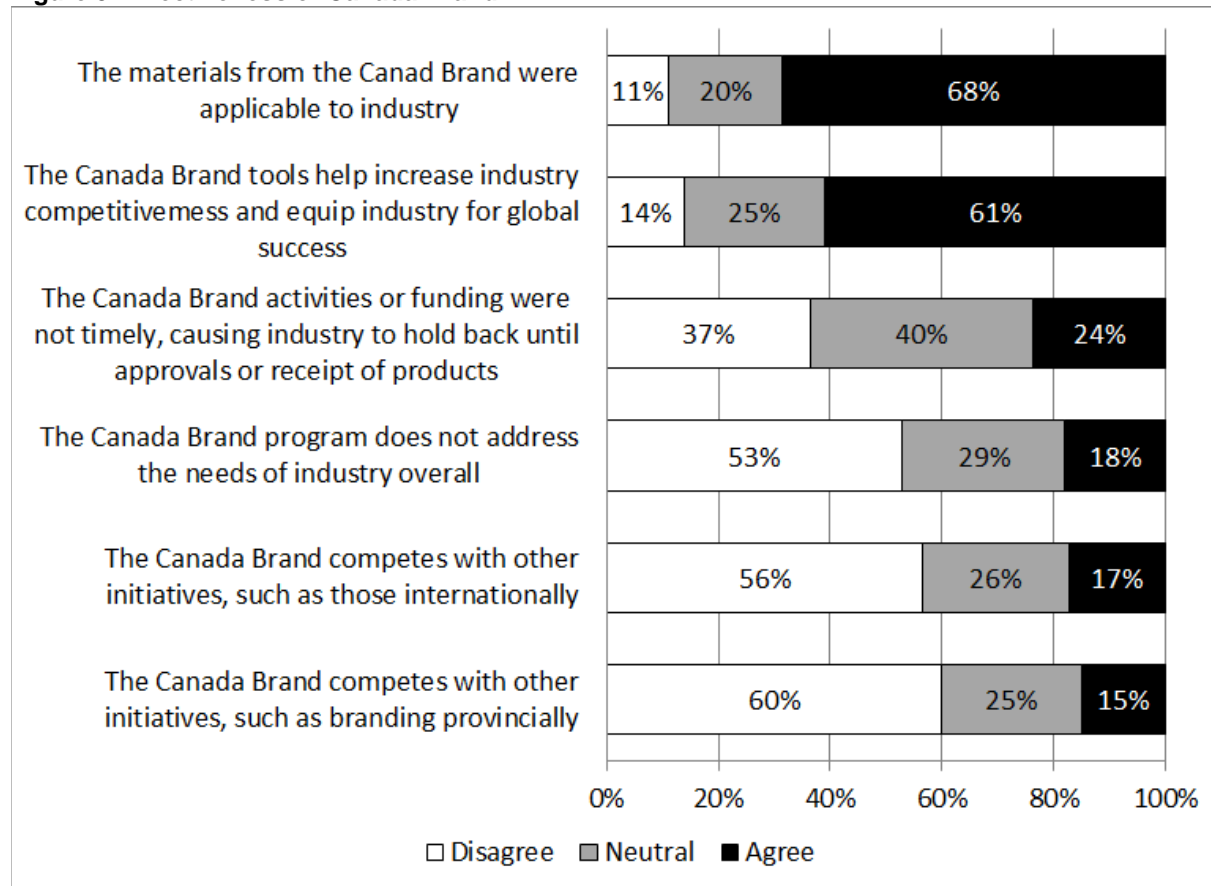
Description - Percentage of Canada Brand Members Reported Use of Canada Brand Tools

Source: CB Performance Data (sample represents 137 respondents)

The survey conducted as part of the evaluation, although not differentiating between CB domestic and CB International, found that the program does help industry increase its competitiveness and equip industry for global success (see Figure 5).

Currently there are 400 CB members including approximately 350 industry members.^{[Footnote 52](#)} Program data shows an overall increase in membership since the launch of the initiative in 2009, and in particular an increase of 120 new members in 2011-12 (twice as many as the previous year). However, the evaluation found no documentation detailing targets set for membership or clear descriptions of the program's target audience, which limited the ability to reach conclusions about the CB's progress in achieving its objectives.

Figure 5: Effectiveness of Canada Brand



Description - Effectiveness of Canada Brand

Source: Survey of Stakeholders

Lack of Coordination of Canada Brand Activities with VCRTs

There was minimal evidence of coordination between CB and other MTDI programs beyond AMP. ^{Footnote 53} One of the objectives of the VCRTs is to serve as a delivery mechanism for the CB strategies; however, the evaluation did not find evidence of this. The action plans and documentation detailing achievements of the VCRTs made minimal reference to the integration of domestic and international activities on government branding and marketing campaigns. In some cases VCRT documents detailed the advancement of sector specific branding activities.

Sector specific branding is playing a larger role for industry represented at the roundtables. For example the pork roundtable documented that the National Pork Marketing Task Force (NPMTF) tabled a proposed plan of action and strategic priorities for the NPMTF to the VCRT and they were approved with no CB involvement. In another example, the organics roundtable is advancing its development of a multi-faceted national promotional strategy intended to increase demand and market share for Canadian organic products in domestic and international markets.

Overall the uptake and use of marketing tools by CB members remains relatively low. No targets were set for membership. There was minimal evidence of integration of the Canada Brand program beyond its integration with AMP.

Agriculture Food Trade Commissioners Service

According to the Agriculture and Food Trade Commissioners Abroad Annual Report (2010-2011), [Footnote 54](#)[Footnote 55](#) the AAFC Food Trade Commissioner Service is performing well in terms of service delivery:

- 83% of clients were very satisfied or satisfied with the overall quality of services;
- 90% of services adhered to Trade Commissioner Service service standards;
- 90% of clients received information they felt to be accurate;
- 87% of clients found Trade Commissioners to be knowledgeable and competent;
- 78% of clients gained confidence to explore or expand operations in foreign market(s). [Footnote 56](#)

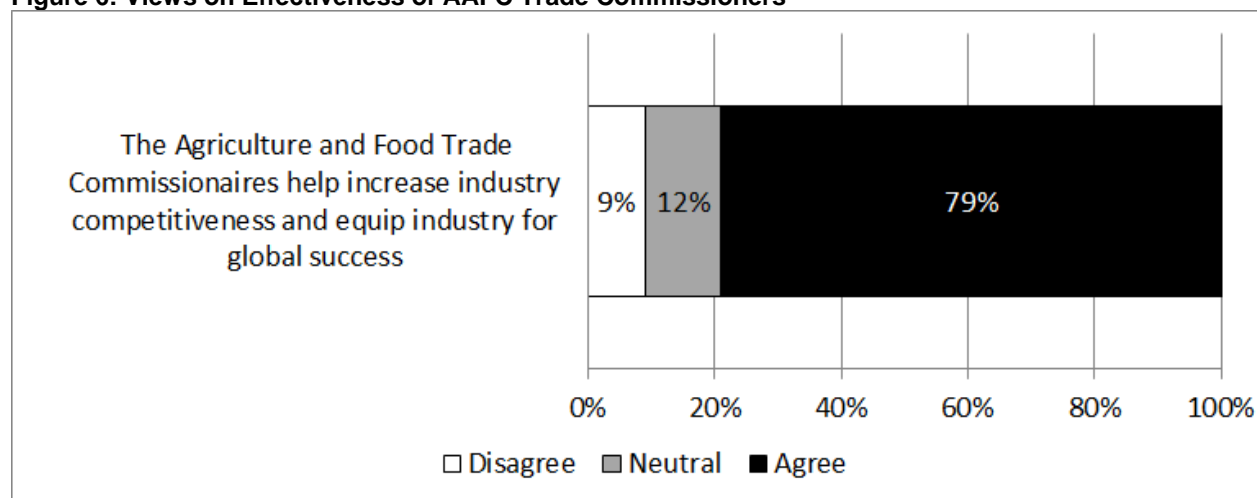
In terms of economic outcomes and commercial achievements, from 2010 to 2011 there was a 19% growth in sales leads. Further, AAFC trade commissioners facilitated sales with a combined value of more than \$580 million. For example, Food Trade Commissioners in Russia were able to organize a number of beef promotion events which helped to raise the value of Canadian beef exports to Russia from \$1.8 million in 2009 to \$15.6 million in 2010, a 765% increase. [Footnote 57](#)

In addition, in 2010-11 food trade commissioners were able to aid industry to access an additional \$3.4 billion in new markets and helped to maintain Canadian participation in current markets, valued at more than \$2.5 billion. These successes included reducing waiting times or inspection processes for Canadian exported goods, establishing new protocols and health certificates for agriculture and agri-food exports, advocating and negotiating for increased access, and influencing foreign policies. [Footnote 58](#)

Trade commissioners are also involved with influencing policy development. Evidence of success resulting from the policy development work of AAFC commissioners can be found from the changes made to the final version of the United States Food Safety Modernization Act passed by the US Congress. The Act no longer includes significant user fees and restrictions on ports of entry as well as the elimination of provisions requiring country of origin labelling. As a result, the Act will not impact Canadian exports as much as was previously anticipated. [Footnote 59](#)

The successes noted above are confirmed by the other sources of evidence. As indicated in Figure 6 below, the majority of survey respondents (79%) were of the view that AAFC trade commissioners helped increase industry competitiveness and equip them for global success.

Figure 6: Views on Effectiveness of AAFC Trade Commissioners



Description - Effectiveness of Trade Commissioners

Further, according to key informant interviews Food Trade commissioners play key roles in establishing linkages between buyers and suppliers. They are very knowledgeable and provide industry with accurate information about markets. The commissioners are present at the trade fairs and according to one respondent, "it would be a disaster if they disappeared".

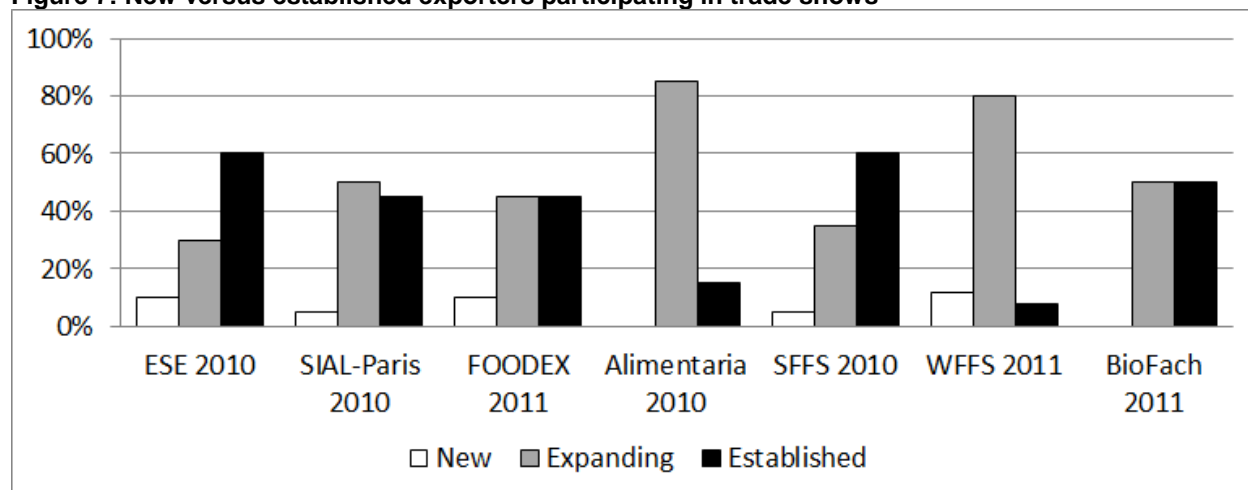
Finally, a report conducted by the DFAIT found that exporters that received assistance from the Trade Commissioner Service export almost 18% more on average than comparable exporters that did not receive such assistance.^{Footnote 60} This was reported to translate into \$27 in export sales for every dollar spent on the Trade Commissioner Service.^{Footnote 61} Though these results are not specific to AAFC trade officers, an inference can be made that assistance to Canadian exporters through AAFC's programming has likely yielded similar outcomes.^{Footnote 62}

AAFC trade commissioners play a key role in generating leads, facilitating sales and influencing policy development. These roles are highly valued by industry and other stakeholders.

Canada Brand International

The evidence suggests that promotional activities done by the program at international trade shows is valued by recipients and provides industry with a means to further their export capacity through sales leads. A review of performance data found that participants in trade shows included a mix of new and established exporters who are expanding or establishing themselves in international markets (see Figure 7).

Figure 7: New versus established exporters participating in trade shows



Description

Source: Yearly Roll-Up CB Dashboard - Overview of Fy2010-2011 Trade Shows

According to program documentation and data on trade shows, industry representatives reported hundreds of leads are generated during trade shows. Further, interviewees agreed that the organization of the trade shows under the CB pavilions provided low-cost booths in trade fairs that led to significant benefits. One respondent stated:

"We have been successful in getting leads in Europe in the area of pet foods and baby foods and we partly attribute this to the Canada Brand promotion of safety and quality."

The CB International program was also found to be active in market promotion outside of trade shows. Promotional activities included media elements, partnering with the Canadian Tourism Commission, in-store promotions in grocery stores abroad (20 Tokyo locations, Singapore and South Korea) and savour events

using high profile Chefs, have all helped to showcase Canadian food products abroad. A review of media coverage and program documentation conducted as part of the evaluation found a strong acceptance of Canadian agriculture products in international markets. For example, public opinion research conducted in Japan, South Korea and Mexico found that marketing activities through the CB has helped to increase consumer awareness of Canadian food in these countries.

CB International supports industry through its promotional work in international trade shows and venues, and by helping industry establish leads in foreign markets.

Canada Brand Domestic Program

The CB Domestic program has attempted to make progress on two fronts – 1) increasing uptake of the branding strategy with producers; and 2) the identification of Canadian products on store shelves with retailers. The CB Domestic program is targeting both agriculture and agri-food producers and retailers, and indirectly, Canadian consumers.

According to program officials, research sales data shows that Canadian product sales have increased where branding materials were used. A 2007 Domestic Branding - Quantitative Report indicates that 88% of Canadians responded that it is important for a logo or image to be placed on food products to identify them as Canadian. Studies undertaken by CB found that Canadian consumers were influenced to purchase Canadian products if the Canadian origin statement was sizeable and positioned on the front of the product. Further, a simulation study^{Footnote 63} found if a Canadian origin statement was not pre-dominantly placed on the front of a product, it would not impact sales positively.

Research conducted by CB Domestic showed that while Canadians have a desire for Canadian products, they find it difficult to locate Canadian products on store shelves. To address this, CB Domestic reached an agreement with 67 independent chains to promote Canadian branded products in their stores (see Table 12). The CB Domestic program has 2700 documented processed food products that are being promoted at in-store promotions. The 67 independent grocers reported increased sales with the use of CB promotional products on store shelves and signage throughout the stores. Though promotional activities in the independent grocers did increase the visibility of the CB products, there was no evidence to suggest that industry saw value in including the CB promotional material on their product packaging (a factor that was found to influence Canadians to purchase Canadian products).^{Footnote 64} ^{Footnote 65}

According to program officials, to further establish the CB, a positive relationship with the Canadian Federation of Independent Grocers and many of their retailers was undertaken. Between the launch of the domestic component in July 2011 and March 31, 2012, 82 companies joined the initiative to use the CB in the domestic marketplace. Despite these successes, CB Domestic program officials confirmed that large box retailers have limited interest in reaching agreements with the program partly because there is no financial benefit for these large box stores as they have their own branding and marketing strategies.

Table 12: Canada Brand Domestic Reach

Store Name	# of Stores	Province
Source AAFC, 2012		
Stong's Market	1	BC
Buy-Low Foods / Nesters Market	23	BC
Choices Markets	8	BC
Country Grocer	6	BC
Buy-Low Foods / Nesters Market	2	AB
Market Street Vulcan	1	AB
Freson Bros.	15	AB
Fine Foods	2	SK
Quality Market	2	ON

Table 12: Canada Brand Domestic Reach

Store Name	# of Stores	Province
Chesley Grocery Store	1	ON
Moncion Grocers Petawawa Market	1	ON
The Country Grocer	1	ON
Sharpe's Food Market	1	ON
Powell's Supermarket	3	NF

In reviewing AAFC documentation, including the GF2 consultation reports, industry expressed concerns with the adequacy of the branding work in the domestic market and identified a need for greater industry involvement to guide the work. [Footnote 66](#) Interviews with key informants indicated that CB domestic branding was not meeting industry's needs across all sectors (e.g. there continues to be a lack of cohesion to the marketing of food products). In this regard there needs to be consistency in messaging and went further to suggest a private marketing firm may be better suited to lead this initiative due to the variations in needs of industry in the agriculture sector. [Footnote 67](#)

While CB Domestic is achieving results, the program has multiple objectives, targeted at diverse audiences, with varying degrees of success at current funding levels.

In conclusion, the Agriculture Food Trade Commissionaires appear to be performing well and the Canada Brand International program is well-received by stakeholders for its promotion of Canadian products at international trade shows. However, there is limited uptake of Canada Brand Domestic. While the program is making progress with independent retailers it appears to be having less influence in the adoption of a sector specific national brand for agriculture and agri-food products.

3.3.4 Based on the limited performance data available, the Market Information and Export Capacity Building program appears to be meeting the needs of industry.

The activities of MIECB fall under two components: Global Analysis (GA) and Export Capacity Building (ECB)

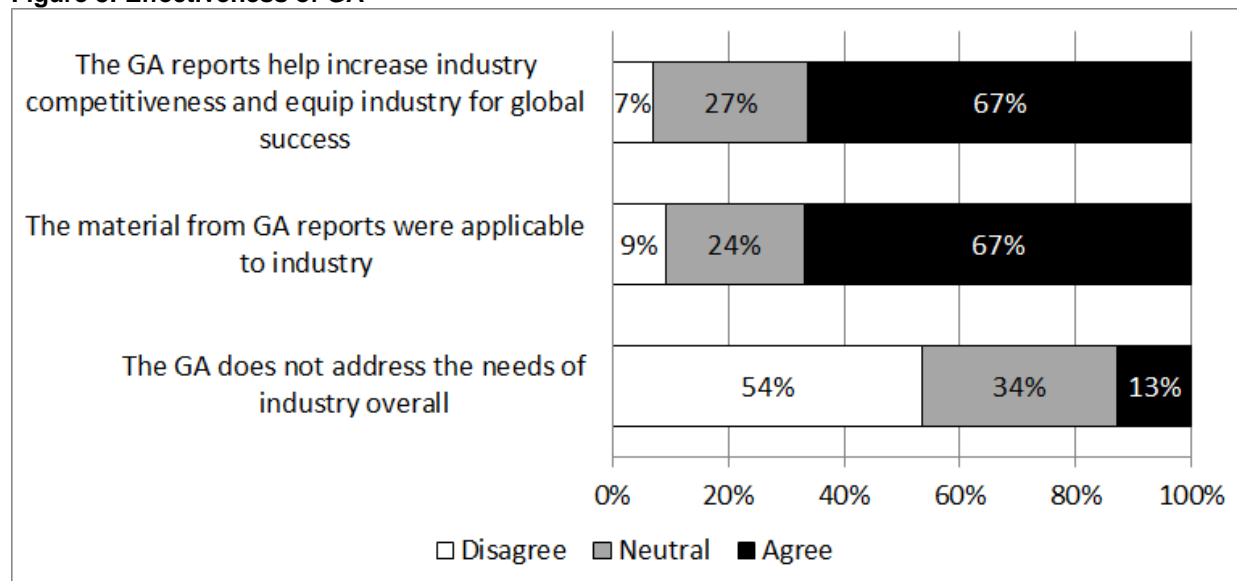
Global Analysis

According to interviews, the survey and document review, GA reports appear to be useful to industry. Each week the Global Analysis Group publishes market intelligence reports. A total of 380 reports are available for download from the Canada Brand web site. Reports are also released to industry stakeholders directly by email on a weekly basis. Global Analysis reporting is driven by the needs of the Canadian agri-food industry, though reports are also available to the general public. To aid the timeliness of the reports, the Global Analysis team has well documented procedures for the generation of the reports, which aids in ensuring consistency and quality.

One medium by which GA reports are made available to clients is through the Agri-Food Trade Service (ATS) website. In 2011, there were more than 1 million visits to the website, with most visitors being from North America. In the same year, 197 clients contacted the ATS, an increase of 17% from the previous year and 74% from 2009. Three-quarters of these clients were Canadian and almost 45% work within the agri-food or agriculture-related industry.

Association representatives stated that they distribute GA reports to their members. One association representative specifically stated that although there is no direct evidence that the reports increased sales, they believed that the reports improved the competitive position of the companies. Further, two-thirds of survey respondents (67%) agreed that GA reports are applicable to industry and that they help increase industry competitiveness and equip industry for global success (see Figure 8).

Figure 8: Effectiveness of GA



Description - Effectiveness of Global Analysis

Source: Survey of Stakeholders, 2012

A survey conducted by the Global Analysis Division in 2010 also found that users find the reports produced by the program to be interesting and useful in the development of export strategies and that they provide insight into various markets and their cultural aspects. The survey findings demonstrate that smaller associations prefer to receive specialized sector reports whereas large associations prefer reports with a broader scope.

Finally, according to the report from the AAFC stakeholder consultations on *Growing Forward 2* (the next generation of the agriculture and agri-food policy), industry confirmed that market intelligence reports provide good and useful information; however as they are sector specific, they are more useful for some sectors than for others.

Export Capacity Building (ECB)

Due to the nature of the work conducted by AAFC Regional Offices, there is limited data to assess the performance of ECB. AAFC Regional Offices administer the ECB program by engaging in several key activities including; managing effective federal-provincial-territorial relationships; providing regional intelligence and integrated corporate support; organizing tours for incoming missions; and providing presentations to industry on export readiness. However, the work of the regional offices involves supporting other activities and programs beyond those in the MTDI making it difficult to determine which activities are solely associated with MTDI. As each regional office reports on activities differently assessment of overall performance on a national level was limited.

The following examples provide evidence of how the regional offices support ECB. A review of the 2010-11 performance reports suggest that seminars and market development activities attracted representatives from over 2,000 Canadian firms and that regional offices planned and received almost 200 ministerial and senior management visits to the regions. The reports also found reference to providing support to AMP and CB by reviewing applications, identifying export-ready SMEs, and by organizing events that highlight the CB. The following are examples of the role played by the AAFC regional offices and the CB team in organizing tours for incoming missions:

- The CB Integration Team, including AAFC and provincial government representatives, organized a tour of Ontario and Quebec for media delegates and a celebrity television chef from Mexico to provide a behind the scenes perspective of Canadian food and agriculture.
- The Alberta AAFC Regional Office reported (2011-2012) that CB outreach sessions were organized in Leduc, Calgary and Lethbridge which were attended by more than 40 representatives of companies, farmer's markets, industry associations, and federal and provincial departments. Other similar events were organized in other locations in Alberta. The regional office also developed and delivered seminars to assist SMEs in becoming export ready.

In conclusion, Global Analysis reports appear to be useful to industry. ECB component continues to be a frontline interface with industry on the MTDI programs in the regions.

3.3.5 The VCRTs have advanced priority issues that help support industry competitiveness.

The following summarizes the outputs and outcomes achieved by VCRTs since 2009. Between 2009 and 2011 VCRTs held 46 meetings across 11 roundtables. In terms of attendance at the meetings, there was an average of 45 members attending each meeting: 33 industry members per roundtable; 4 provincial members per roundtable; and 8 federal members per roundtable. The Roundtables have grown by 83% since 2009 from six to eleven tables. A total of 3335 hits were recorded on the AAFC VCRT website in 2011. Table 15 summarizes the general themes discussed by each roundtable.

Table 15: Themes Discussed by each VCRT Roundtable

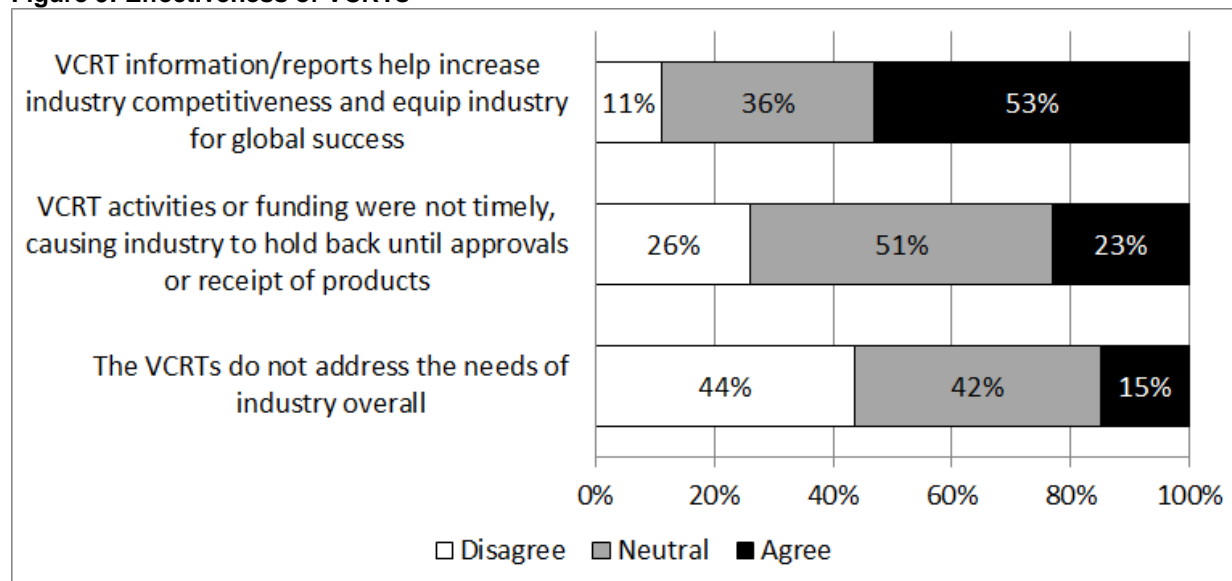
	Chain Efficiency/ Effectiveness	Sectoral Transformation / Development	Adding Value	Market Access	R&D / Innovation	Environmental / Energy Challenges	Right Regulations
AAFC, 2012							
Beef	Yes	Yes	Yes	Yes	Yes		Yes
Food Processing	Yes		Yes		Yes		Yes
Grain				Yes	Yes		Yes
Horticulture	Yes					Yes	Yes
Organics	Yes	Yes			Yes	Yes	Yes
Pork	Yes	Yes	Yes	Yes	Yes		Yes
Pulses		Yes	Yes	Yes	Yes	Yes	
Seafood		Yes	Yes	Yes		Yes	Yes
Seed	Yes			Yes	Yes		Yes
Sheep	Yes	Yes			Yes		
Special Crops	Yes	Yes					

Some examples of results achieved by the roundtables include:

- The Beef Roundtable discussed the negative implications to the beef and cattle sector of Alberta amending legislation to allow for a refundable check-off system and recommended calling for the Government of Alberta to reinstate the mandatory national check-off;
- The Grain Roundtable addressed recommendations outlined in the Canada Grains Council report titled "Creating an Environment for the Successful Commercialization of Canadian Crop Innovation"; and
- The Pork Roundtable worked with the federal government on the Free Trade Agreement with South Korea by providing information on the importance of the Canadian hog industry to that market.

The survey conducted as part of this evaluation confirms that many stakeholders believe that VCRTs are useful. As indicated below, a little more than half (53%) agreed that VCRT reports help increase industry competitiveness and equip industry for global success (see Figure 9).

Figure 9: Effectiveness of VCRTs



Description - Effectiveness of Value-Chain Roundtables

Source: Survey of Stakeholders, 2012

In terms of the delivery of VCRTs, the interviews found that attendees spoke favourably about the program. However, suggestions were made to hold meetings more in the off-season to facilitate the attendance by producers. With the exception of the agriculture food services sector the evaluation found that each roundtable has a wide membership with representation from all sectors [Footnote 68](#) putting each of the roundtables in a position to respond to a broad spectrum of issues. VCRT meetings are co-chaired by government and industry representatives. The literature review confirmed having those who can bring change to an industry to lead forums and meetings, is a good practice. [Footnote 69](#)

In conclusion, the VCRTs were found to be a strong model in which industry and government can collaborate on industry-led strategies.

3.4 Performance – Efficiency and Economy

In assessing efficiency and economy the evaluation looked at the coordination among the MTDI programs, budget allocations relative to expenditures, and performance against established program service standards (CB and AMP).

3.4.1 There is little formal coordination among MTDI programs with the exception of activities related to the organization of trade shows.

MTDI Research Activities

All five of the MTDI programs conduct market research. However, the programs do not document or aggregate a list of the research being done. Research plans or listings of what research has been conducted are not available in a single document. Further, the broad research agendas for the Initiative or for any of the individual programs within the initiative are not documented. The evaluation also found that ERCA and VCRTs conduct research with little coordination with other MTDI programs, although ERCA researchers do make presentations to the VCRTs to address specific topics from time-to-time. More well-defined and communicated research roles and responsibilities would help to develop greater coordination among the research activities of the individual

MTDI programs. Consideration should be also given to the involvement of end users of the information in terms of priority setting, planning and knowledge transfer.

Other federal departments have successfully implemented coordination mechanisms that allow for better linkages between research and end-users. For example, DFO's Fisheries Resources Science Program includes a mechanism (Science Advisory Process) where users can forward research and advisory requests to a centralized system, which then manages the distribution of these requests among the various DFO research groups. [Footnote 70](#)

Trade Show Organization

The evaluation did find there to be coordination among the MTDI programs with regard to trade shows. Programs under MTDI support industry and producers to participate as exhibitors in international trade shows to promote their products:

- AMP in the form of contributions to associations and SMEs;
- CB in conjunction with DFAIT in the organization of the Canadian Pavilions with exhibitors presenting under the CB logos;
- the AAFC Food Trade Commissioners in aiding industry in generating leads at trade shows;
- MIECB in supporting trade shows locally; and,
- GA in developing market reports for industry to be aware of opportunities in export markets.

In conclusion, while there is good coordination across the initiative in terms of support to industry at trade shows, there is room to improve the coordination of market research activities for programs within the MTDI.

Recommendation # 3

The Market and Industry Services Branch, Programs Branch and Strategic Policy Branch should create an inventory of all market research undertaken by programs under the Market and Trade Development Initiative and implement a process for coordinating future market research activities, from priority-setting through to the development of a plan for the dissemination of market research.

3.4.2 Ratios of operating costs for G&Cs programs within the MTDI were not able to be calculated.

The evaluation attempted to assess the efficiency of Vote 10 programs by calculating the ratio of operating costs to the value of G&Cs which proved challenging as AAFC has no system for tracking program activity costing.

In conclusion, improvements in the articulation of performance measures for programs within the MTDI, including indicators to detail program activities and outputs, should help to contribute to improved assessments of program efficiency and economy in the future.

3.4.3 Canada Brand is meeting its service standards.

Canada Brand

To assess the efficiency of CB delivery, the evaluation relied on service standard data, document review and key informant interviews. A review of the service standards data for the CB program found the program exceeded its 2010 service standards though fell below the 2011 targets (see Table 17). Program representatives attributed this to an administrative burden associated with contracting. The program explained its need to have in place a contract to manufacture marketing items such as shelf wobblers, stickers and other promotional material and challenges associated with the process as well as with the timeliness in awarding contracts with industry associations.

Table 17: Service Standards for Canada Brand

Task Tracked	Target	2010 Average	2011 Average
AAFC, 2012			
Reply to phone call or reply to voice mail	80%	97%	100%
Reply to email	80%	90%	90%
Acknowledgement of receipt	80%	90%	98%
Project decision	80%	86%	78%
Other - Program specific	80%	83%	49%

In conclusion, the Canada Brand program met its 2010 service standards but had difficulty meeting its 2011 service standards due to contracting challenges.

3.4.4 The AMP program is meeting its service standards. However, the lengthy application process for SMEs led to delays in approving contribution agreements.

Half of survey respondents (53%) reported that AMP is not timely causing recipients to hold back on activities until approvals are reached. However, this information conflicts with AMP's data on that demonstrate that the program has exceeded its 2010 and 2011 service standards (see Table 18).

Table 18: Service Standards for AgriMarketing

Service Standard Task Tracked	Target	2010 Average	2011 Average
AAFC, 2012			
Reply to email	80%	94%	92%
Issuance of agreement	80%	100%	No Transactions
Issuance of payment	80%	100%	94%

Although the data from the service standards suggests timeliness of the program in meeting recipient's needs, the tasks tracked on the service standards do not include the tracking of activities associated with the application and approval process of the program.

The application and approval process was criticized by the Standing Committee on Agriculture and Agri-Food (SCAAF) in the 2012 report on *Growing Forward 2*. It recommended AAFC and the industry jointly explore a more effective procedure for analyzing files submitted under the AMP Program for SMEs. AAFC agreed with the Committee's recommendation.

In conclusion, AMP continues to modify its application process to improve timeliness of the process. The inclusion of service standards related to the application process would assist Programs Branch in tracking improvements in this area.

Recommendation # 4

The Programs Branch should establish a service standard to monitor and report on the effectiveness of the Agri-Marketing application process.

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4.0 Conclusions and Recommendations

4.1 Conclusions

The evaluation reached the following conclusions:

The growth of agriculture exports is important to the agriculture and agri-food industry and the Canadian economy. As there are significant opportunities to increase trade, federal government support for marketing and export promotion activities are important. To support the agriculture and agri-food sector to seize new market opportunities, there is ongoing need for the federal government to invest in market information and export capacity building.

Programs within the MTDI are aligned with government priorities for increasing economic growth and the departmental mandate, strategic outcome, and program activities related to a competitive sector.

Programs under MTDI are aligned with federal roles related to export promotion.

There are many challenges associated with developing brands, making it difficult to establish a Canada Brand for the sector.

MTDI programs cover the spectrum of SME needs and are contributing positively to the overall performance of the agriculture and agri-food sector in export markets.

An analysis of the potential economic benefits of MTDI supported trade shows suggests that the economic benefits would likely surpass AAFC expenditures suggesting a positive return on investment.

There are opportunities to strengthen performance measures for programs within the MTDI as well as the collection and storage of performance data to support more robust performance monitoring and reporting in the future.

AMP supports industry participation at trade shows, the organization of marketing events and other marketing initiatives, and there is evidence that these activities lead to results in terms of increased competitiveness and sales.

ERCA is generating outputs that appear to inform policy development within AAFC and that contribute to strengthening agriculture policy and research capacity.

The Canada Brand program has multiple objectives, targeted at diverse audiences, with varying degrees of success. The Agriculture Food Trade Commissionaires appear to be performing well and the Canada Brand International program is well-received by stakeholders for its promotion of Canadian products at international trade shows. However, there appears to be limited uptake of Canada Brand Domestic. While the program is making progress with independent retailers it is having less influence in the adoption of a sector specific brand for agriculture and agri-food products.

The MIECB program appears to be performing well. Global Analysis reports are useful to industry. ECB component continues to be a frontline interface with industry on the MTDI programs in the regions.

The VCRTs were found to be a strong model in which industry and government can collaborate on industry-led strategies.

While there is good coordination across the initiative in terms of support to industry at trade shows, there is room to improve the coordination of market research activities for programs within the MTDI.

Improvements in the articulation of performance measures for programs within the MTDI, including indicators to detail program activities and outputs, should help to contribute to improved assessments of program efficiency and economy in the future.

The CB program met its 2010 service standards but had difficulty meeting its 2011 service standards due to contracting challenges.

AMP continues to modify its application process to improve timeliness of the process. The inclusion of service standards related to the application process would assist Programs Branch in tracking improvements in this area.

4.2 Recommendations

The evaluation reached the following four recommendations:

Recommendations

The evaluation recommends that:

- **Recommendation # 1:**

The Market and Industry Services Branch should assess the risks and opportunities associated with ongoing sector branding activities given the challenges in developing a brand, the duration needed to establish a brand and diverse and changing consumer preferences, and report back to AAFC senior management with their findings and recommendations.

- **Recommendation # 2**

Recognizing that the current suite of programs under the Market and Trade Development Initiative have expired in March 2013, the Market and Industry Services Branch, the Programs Branch and the Strategic Policy Branch should ensure that meaningful performance measures are developed for any future market and trade development programs that are implemented as part of *Growing Forward 2*, the next Multilateral Framework Agreement for Agriculture. These measures should include indicators for program activities, outputs and outcomes so that future, more robust assessments of program effectiveness, efficiency and economy can be undertaken.

- **Recommendation # 3**

The Market and Industry Services Branch, Programs Branch and Strategic Policy Branch should create an inventory of all market research undertaken by programs under the Market and Trade Development Initiative and implement a process for coordinating future market research activities, from priority-setting through to the development of a plan for the dissemination of market research.

- **Recommendation # 4**

The Programs Branch should establish a service standard to monitor and report on the effectiveness of the Agri-Marketing application process.

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Annex A: Management Response and Action Plan (MRAP)

Evaluation of Performance Measurement and Reporting Programs (MTDI)

Recommendation	Management Response and Action Plan (MRAP)	Target Date	Responsible Positions(s)
	<p>Please provide a "SMART" MRAP that is</p> <ul style="list-style-type: none"> • Succinct, • Measurable, • Achievable, • Relevant and • Timely <p>(refer to instructions provided below)</p>	<p><i>Insert the day, month and year that the action plan will be completed by management</i></p>	<p><i>Insert position title of responsible executive</i></p>
<p>1. The Market and Industry Services Branch should assess the risks and opportunities associated with ongoing sector branding activities given the challenges in developing a brand, the duration needed to establish a brand and diverse and changing consumer preferences, and report back to AAFC senior management with their findings and recommendations.</p>	<p>Agreed. The Market & Industry Services Branch will undertake a review of the Branding initiative with a view to assessing its ongoing relevance and alignment to GF2 objectives, and will report back to AAFC senior management with their findings and recommendations by the end of the fiscal year.</p>	<p>March 31, 2014</p>	<p>Paul Murphy, DG International Markets Bureau/MISB</p>
<p>2. Recognizing that the current suite of programs under the Market and Trade Development Initiative have expired in March 2013, the Market and Industry Services Branch, the Programs Branch and the Strategic Policy Branch should ensure that meaningful performance measures are developed for any future market and trade development programs that are implemented as part of <i>Growing Forward 2</i>, the next Multilateral Framework Agreement for Agriculture. These measures should include indicators for program activities, outputs and outcomes so that future, more robust assessments of program effectiveness, efficiency and economy can be undertaken.</p>	<p>Agreed. The Performance Measurement Strategies supporting GF2 (AgriMarketing and AgriCompetitiveness) are being developed which will respond to the issues identified under GF. Measures will include indicators for program activities, outputs and outcomes so that future, more robust assessments of program effectiveness, efficiency and economy can be undertaken.</p>	<p>April 1, 2013</p>	<p>Rita Moritz, ADM, Programs Branch Tina Namiesniowski, ADM, MISB</p>
<p>3. The Market and Industry Services Branch, Programs Branch and Strategic Policy Branch should create an inventory of all market research undertaken by programs under the Market and Trade Development Initiative and</p>	<p>Agreed. Greater coordination of market research could result in increased efficiency and effectiveness and the department will consider mechanisms to do this with regard to affordability and capacity. The Market & Industry Services Branch will lead the</p>	<p>June 1, 2013</p>	<p>Shelley Monlezun Director, International Policy and Coordination Division</p>

<p>implement a process for coordinating future market research activities, from priority-setting through to the development of a plan for the dissemination of market research.</p>	<p>development of an international strategy that will address this recommendation and ensure that market research activities are prioritized.</p>		
<p>4. The Programs Branch should establish a service standard to monitor and report on the effectiveness of the Agri-Marketing application process.</p>	<p>Agreed. Services standards for the Agri-Marketing Program application process will be developed and included in the broader development of service standards for all Departmental programming.</p>	<p>April 1, 2013</p>	<p>Sean Malone Acting Director General, Business Development and Competitiveness Directorate</p>

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Annex C: Profile of Similar Programs Abroad

Profile of Similar Programs in Australia, US, Ireland, EU

Program	Eligible recipients	Eligible activities	Cost-sharing criterion & Amount of funding	Government funding source
"Promoting Australian Produce": Assists in the development of capacity to better promote and market produce domestically and in export markets.	Agricultural and seafood industry bodies and not-for-profit entities responsible for agricultural marketing.	Exploratory market research Capacity building in marketing Development of training strategies Coordination of marketing activities throughout supply chains	Government provides: up to 50% Grants are between \$50,000 and \$750,000 AUD.	Australian Ministry for Agriculture, Fisheries and Produce may have contributed up to AUD \$5 million over 3 years between 2008-2011.
"Promoting Australian Produce (Major Events)": Support for major collaborative events that aim to assist an animal or plant sector to boost productivity, including through better promotion in international markets.	Industry organizations, research organizations, or a collaboration of food businesses.	The program will fund major national events, but not annual events, organized by agricultural industries, including expos, trade shows and conferences taking place in Australia or overseas.	It is expected that proponents will fund a share of project costs. Proposals that fund 50% or more will be viewed more favorably. Grants of up to AUD \$2 million each.	Australian Ministry for Agriculture, Fisheries and Produce may have contributed up to AUD \$4 million over 2 years between 2009-2011.
"Australia-Wheat Export Technical Market Support Grants Program": Assistance to Australian companies that are new to marketing and exporting wheat to deliver effective technical market support to their customers.	Exporters of bulk wheat. Priority given to exporters who have not previously exported a particular category of wheat to a particular market, or exporters who export to a niche market.	Activities may include: Consultant advice on what technical market support is needed Visits to potential customers Bringing buyers to Australia Technical assistance on how to process Australian wheat to meet customer requirements	Grantee: 50% Government: 50% - A matching dollar for dollar basis". In-kind contributions do not count. Grants of up to AUD \$60,000 each.	AUD \$600,000 over three years from 2008-11.
U.S. Market Access Program (MAP): Financing of promotional activities and aid in the creation and maintenance of foreign markets for agricultural products.	Non-profit agricultural trade organizations, non-profit state regional trade groups, agricultural cooperatives and State agencies. Small-sized commercial entities may participate through the other MAP participants.	Overseas marketing and promotional activities, such as: <ul style="list-style-type: none"> • trade shows • market research • technical assistance • seminars to educate overseas customers 	For generic promotion: Recipients: at least 10% For brand promotion: Recipients: at least 50% Cost-sharing may be in cash or in-kind There is a five-year limit on promotional assistance for	US Department of Agriculture's (USDA's) Commodity Credit Corporation (CCC) provided US \$200 million annually from 2009 to 2012.

			brand products.	
<i>U.S. Foreign Market Development Program:</i> Aimed at removing trade barriers and constraints to developing and expanding long-term export markets, the program conducts overseas market development activities	Producers of US agricultural products except tobacco. Preference is given to non-profit US agricultural and trade organizations that represent an entire industry or are nationwide in scope. Private organizations may be eligible under certain conditions.	Activities that would not be reimbursed by any other source, including trade shows and trade advertising.		Foreign Agricultural Service of the US Department of Agriculture (USDA), using funds from the Commodity Credit Corporation (CCC) provides approximately US\$34 million each year.
<i>Enterprise Ireland –</i>	Potential start ups and other companies;	Provision of capital funding, advice, training, subsidies for research, R&D, feasibility studies	Various, including tax credits and subsidies	Unknown
<i>European Commission's promotion of EU farm products:</i> Financial support for campaigns to promote farm products and to inform consumers about how they were produced.	Assistance is normally given to professional producer organizations for specific agricultural products, or associations promoting particular approaches to agriculture, such as organic farming. Priority is given to programmes from several Member States, or providing measures in several Member States of third countries.	Campaigns can run in the EU or beyond its borders with the objective of opening up new markets. Activities can include: Advertising campaigns in the press Point-of-sale promotions Public relations campaigns Participation in exhibits and fairs Other activities	Professional organization behind the campaign: at least 20% EU financing: up to 50% (Up to 60% for promotion of healthy eating in schools and for responsible drinking campaigns) National authorities can provide the remainder of the funding.	European Commission's Directorate-General for Agriculture and Rural Development provides €50 million annually

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Annex D: Detailed Financial Tables

Program and Budgets and Actuals

Table A - Allocation to Branches from T.B. Submissions

Elements	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
Note 1: Actual NPO Expenditures in Canada Brand includes amount transferred to DFAIT through ARLU for Agri-Food Trade Commissioner Program (positions abroad).				
Canada Brand				
- Salary	\$2,261,000	\$2,075,000	\$2,050,000	\$1,927,000
- NPO	\$5,500,000	\$5,150,000	\$5,150,000	\$5,140,000
- ARLU to DFAIT (Note 1)	\$0	\$0	\$0	\$0
Sub-total	\$7,761,000	\$7,225,000	\$7,200,000	\$7,067,000
Value Chain Roundtables (VCRT)				
- Salary	\$703,800	\$703,800	\$703,800	\$703,800
- NPO	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Sub-total	\$1,703,800	\$1,703,800	\$1,703,800	\$1,703,800
AgriMarketing				
- Salary	\$1,134,000	\$1,147,000	\$1,162,000	\$1,177,000
- NPO	\$270,000	\$260,000	\$260,000	\$260,000
- Contributions (Vote 10)	\$21,775,000	\$21,667,000	\$22,027,000	\$23,044,000
Sub-total	\$23,179,000	\$23,074,000	\$23,449,000	\$24,481,000
Salary/Total expenditures	0.05	0.05	0.05	0.05
Market Information and Export Capacity Building				
- Salary	\$3,022,000	\$3,805,000	\$3,805,000	\$3,605,000
- NPO	\$1,235,000	\$1,055,000	\$955,000	\$855,000
Sub-total	\$4,257,000	\$4,860,000	\$4,760,000	\$4,460,000
Enabling Research for Competitive Agriculture (ERCA)				
- Grants (Vote 10)	\$75,000	\$75,000	\$75,000	\$75,000
- Contributions (Vote 10)	\$1,065,000	\$1,375,000	\$1,375,000	\$1,395,000
Sub-total	\$1,140,000	\$1,450,000	\$1,450,000	\$1,470,000
Grand Total	\$38,040,800	\$38,312,800	\$38,562,800	\$39,181,800

Table B - Actuals Expenditures Incurred by Branches

Elements	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
Note 1: Actual NPO Expenditures in Canada Brand includes amount transferred to DFAIT through ARLU for Agri-Food Trade Commissioner Program (positions abroad).				
Canada Brand				
- Salary	\$2,794,695	\$2,859,326	\$2,848,409	\$2,647,636
- NPO	\$1,571,639	\$1,692,555	\$1,686,317	\$1,122,485
- ARLU to DFAIT (Note 1)	\$3,210,512	\$3,047,812	\$3,047,812	\$2,896,612
Sub-total	\$7,576,846	\$7,599,693	\$7,582,538	\$6,666,733
Value Chain Roundtables (VCRT)				
- Salary	\$660,393	\$670,309	\$816,914	\$883,219
- NPO	\$975,226	\$912,093	\$787,991	\$891,251
Sub-total	\$1,635,619	\$1,582,402	\$1,604,905	\$1,774,470
AgriMarketing				
- Salary	\$813,104	\$752,485	\$905,429	\$941,969

Elements	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
- NPO	\$158,158	\$98,289	\$138,700	\$84,970
- Contributions (Vote 10)	\$19,596,238	\$20,633,795	\$21,162,913	\$19,271,920
Sub-total	\$20,567,500	\$21,484,569	\$22,207,042	\$20,298,859
Salary/Total expenditures	0.04	0.04	0.04	0.04
Market Information and Export Capacity Building				
- Salary	\$3,477,495	\$3,563,870	\$3,599,851	\$3,653,167
- NPO	\$993,532	\$1,142,101	\$923,861	\$1,018,699
Sub-total	\$4,471,027	\$4,705,971	\$4,523,712	\$4,671,866
Enabling Research for Competitive Agriculture (ERCA)				
- Grants (Vote 10)	\$75,000	\$75,000	\$75,000	\$75,000
- Contributions (Vote 10)	\$1,022,052	\$1,362,505	\$1,375,000	\$1,395,000
Sub-total	\$1,097,052	\$1,437,505	\$1,450,000	\$1,470,000
Grand Total	\$35,348,044	\$36,810,140	\$37,368,197	\$34,881,928

Footnotes

Footnote 1

Programs within the MTDI are scheduled to sunset on March 31, 2013.

[Return to footnote 1 referrer](#)

Footnote 2

Subject to and except as otherwise provided in any directives issued by the Treasury Board, every department shall conduct a review every five years of the relevance and effectiveness of each ongoing program for which it is responsible.

[Return to footnote 2 referrer](#)

Footnote 3

Excluded from this evaluation are: (1) program areas under the broader MTDI program activity including Agri-Flexibility and Trade Negotiations and Market Access; and (2) cost-shared funding under the Growing Forward Multilateral Framework Agreement with Provinces and Territories (such as Transform Canada's Market Strength into Domestic and Global Success).

[Return to footnote 3 referrer](#)

Footnote 4

Surveys of firms can yield response rates as low as 10% in some circumstances.

[Return to footnote 4 referrer](#)

Footnote 5

AMP budget of \$97.3 million includes 3.1 million in the Employee Benefit Plan (EBP), accommodations, and enablers, all of which are not included in the budget figures in Table 2.

[Return to footnote 5 referrer](#)

Footnote 6

CB budget of \$33 million includes \$3.8 million in the Employee Benefit Plan (EBP), accommodations, and enablers, all of which are not included in the budget figures in Table 3.

[Return to footnote 6 referrer](#)

Footnote 7

Proposals were evaluated against set criteria in the following areas: aligned the ERCA's objectives, the policy relevance: dissemination of knowledge gained from the research: expertise of the network: collaboration of the membership and partners of the network and the training opportunities to graduate students.

[Return to footnote 7 referrer](#)

Footnote 8

MIECB budget \$24.7 million includes \$6.4 million for the Employee Benefit Plan (EBP), accommodations, and enablers, all of which are not included in the budget figures in Table 5.

[Return to footnote 8 referrer](#)

Footnote 9

VCRT budget of \$8.2 million includes \$1.4 million in the Employee Benefit Plan (EBP), accommodations, and enablers, all of which are not included in the budget figures in Table 6.

[Return to footnote 9 referrer](#)

Footnote 10

An Overview of the Canadian Agriculture and Agri-Food System 2012 - Agriculture and Agri-Food Canada (AAFC)', 2012

[Return to footnote 10 referrer](#)

Footnote 11

AAFC 2011B

[Return to footnote 11 referrer](#)

Footnote 12

AAFC, 2012

[Return to footnote 12 referrer](#)

Footnote 13

It should be noted that the Department of Fisheries and Oceans is responsible for seafood markets as related to internal to Canada, but that AAFC is responsible for export seafood markets.

[Return to footnote 13 referrer](#)

Footnote 14

It should be noted that the Department of Fisheries and Oceans is responsible for seafood markets as related to internal to Canada, but that AAFC is responsible for export seafood markets.

[Return to footnote 14 referrer](#)

Footnote 15

Yannopoulos; p.38

[Return to footnote 15 referrer](#)

Footnote 16

'Canadian Engagement in the Global Economy,' in Christopher Ragan, France St. Hilaire, and Jeremy Leonard, eds., A Canadian Priorities Agenda: Policy Choices to Improve Economic and Social Well-Being (Montreal: Institute for Research on Public Policy, 2007).

[Return to footnote 16 referrer](#)

Footnote 17

United States International Trade Commission, 2011

[Return to footnote 17 referrer](#)

Footnote 18

<http://www.farmdoc.illinois.edu/policy/choices/20092/theme2/2009-2-11.pdf>

[Return to footnote 18 referrer](#)

Footnote 19

AAFC, 2011.

[Return to footnote 19 referrer](#)

Footnote 20

Agriculture and Agri-Food Market Access report of 2010-11

[Return to footnote 20 referrer](#)

Footnote 21

Brazil is not included because it is a net exporter of agricultural products.

[Return to footnote 21 referrer](#)

Footnote 22

Copeland 2007, Department of Economics, University of British Columbia. This paper was prepared for the Department of Foreign Affairs and International Trade, Government of Canada. The views in this paper are those of the author. Author's address: Department of Economics, 997-1873 East Mall, University of British Columbia, Vancouver, B.C. V6T 1Z1 2007

[Return to footnote 22 referrer](#)

Footnote 23

It is essential to support SMEs as they are a significant part of the Canadian economy as they represent 54.3% of the GDP produced in the business sector in 2010 though only 50% of SMEs survive past five years.

[Return to footnote 23 referrer](#)

Footnote 24

Copeland, 2007

[Return to footnote 24 referrer](#)

Footnote 25

Copeland, 2007

[Return to footnote 25 referrer](#)

Footnote 26

Lederman et al.; p.2

[Return to footnote 26 referrer](#)

Footnote 27

Copeland, 2007

[Return to footnote 27 referrer](#)

Footnote 28

Lederman et al.; p.2

[Return to footnote 28 referrer](#)

Footnote 29

Copeland, 2007

[Return to footnote 29 referrer](#)

Footnote 30

[http://www.oag-](http://www.oag-bvg.gc.ca/internet/English/parl_oag_199611_25_e_5056.html#0.2.Q3O5J2.O25UY6.WBTLQE.MR)

[bvg.gc.ca/internet/English/parl_oag_199611_25_e_5056.html#0.2.Q3O5J2.O25UY6.WBTLQE.MR](http://www.oag-bvg.gc.ca/internet/English/parl_oag_199611_25_e_5056.html#0.2.Q3O5J2.O25UY6.WBTLQE.MR)

[Return to footnote 30 referrer](#)

Footnote 31

See Annex B for more information on other governments' export promotion activities

[Return to footnote 31 referrer](#)

Footnote 32

See Annex C for a full list of federal departments/agencies involved in export promotion.

[Return to footnote 32 referrer](#)

Footnote 33

Presentation to the Senate Committee by Kindra Gurprit

[Return to footnote 33 referrer](#)

Footnote 34

DPR PCO 2011

[Return to footnote 34 referrer](#)

Footnote 35

Comparative country food and agriculture branding study - 2012

[Return to footnote 35 referrer](#)

Footnote 36

Standing Committee on Agriculture and Agri-Food (SCAAF) in the 2012 report on *Growing Forward 2*.

[Return to footnote 36 referrer](#)

Footnote 37

Branding The Nation: What Is Being Branded? Journal of Vacation Marketing, (2006) 12:1, 5-14. Ying Fan

[Return to footnote 37 referrer](#)

Footnote 38

More Than Tourism: The Challenges of Nation Branding in Asia By Keith Dinnie 2012

[Return to footnote 38 referrer](#)

Footnote 39

More Than Tourism: The Challenges of Nation Branding in Asia By Keith Dinnie 2012

[Return to footnote 39 referrer](#)

Footnote 40

Place Branding and Public Diplomacy (2007) The role and challenges of country branding in transition countries: The Central and Eastern European experience György Szondi

[Return to footnote 40 referrer](#)

Footnote 41

TNS Canadian Facts Simulation Study Consumer Selection of Labeled Products in a Simulated Grocery Retail Setting June 2010

[Return to footnote 41 referrer](#)

Footnote 42

According to the 2011 Department Performance Report, the increase in grain prices contributed to exceeding this target.

[Return to footnote 42 referrer](#)

Footnote 43

Factors such as the value of the Canadian dollar, the price of oil, the rate of inflation, the contribution of other AAFC programs etc.

[Return to footnote 43 referrer](#)

Footnote 44

Moini, 1998; Hanraha, 2000; Yannopoulos, 2010

[Return to footnote 44 referrer](#)

Footnote 45

Seafood Exhibition (ESE); SIAL-PARIS; and FOODEX0 and six non-flagship shows Alimentaria; Summer Fancy Food Show (SFFS); America's Food and Beverage Show (AFBS); Winter Fancy Food Show (WFFS); BioFach; and International Boston Seafood Show (IBSS)

[Return to footnote 45 referrer](#)

Footnote 46

A Canada Brand initiated survey of its members in 2010 resulting in 133 respondents

[Return to footnote 46 referrer](#)

Footnote 47

A list of industry associations receiving AMP support is provided in the Document Review.

[Return to footnote 47 referrer](#)

Footnote 48

International fairs and missions included India, China, Mexico, Japan, Norway Germany, Israel, France, Scandinavia, Asia, Brazil and Australia

[Return to footnote 47 referrer](#)

Footnote 49

See Technical report – document review for a list of AMP projects funded.

[Return to footnote 49 referrer](#)

Footnote 50

This study was contracted out to a consultant by the AMP program and the results are not whole attributable to AMP support. Exports in this study are measured in volume.

[Return to footnote 50 referrer](#)

Footnote 51

There are a total of five networks involved in policy research of sector's competitiveness and innovation. Specifically, the research focused on the environment, trade, consumer and market demands, and the structure and performance of the industry.

[Return to footnote 51 referrer](#)

Footnote 52

Members included industry, grocery stores, shippers and conference facilities.

[Return to footnote 52 referrer](#)

Footnote 53

As mentioned earlier, SMEs and associations funded by AMP are required to become Canada Brand members. Hence though there is minimal evidence to show if the coordination between the two programs resulting in the increased membership or if there was greater industry uptake of the CB program apart from AMP.

[Return to footnote 53 referrer](#)

Footnote 54

It is important to note that this report evaluated services received from both AAFC-funded Trade Commissioners and also services from non-AAFC missions.

[Return to footnote 54 referrer](#)

Footnote 55

Only the 2010/11 report was made available for the evaluation.

[Return to footnote 55 referrer](#)

Footnote 56

Agriculture and Food Trade Commissioners Abroad Annual Report (2010-2011)

[Return to footnote 56 referrer](#)

Footnote 57

Agriculture and Food Trade Commissioners Abroad Annual Report (2010-2011)

[Return to footnote 57 referrer](#)

Footnote 58

Agriculture and Food Trade Commissioners Abroad Annual Report (2010-2011)

[Return to footnote 58 referrer](#)

Footnote 59

Agriculture and Food Trade Commissioners Abroad Annual Report (2010-2011)

[Return to footnote 59 referrer](#)

Footnote 60

The Canadian Trade Commissioner Service and Export Performance (2010), DFAIT.

[Return to footnote 60 referrer](#)

Footnote 61

Canada's State of Trade, The Canadian Trade Commissioner Service and Exporter Performance 2010

[Return to footnote 61 referrer](#)

Footnote 62

The Canadian Trade Commissioner Service and Export Performance (2010), DFAIT.

[Return to footnote 61 referrer](#)

Footnote 63

TNS Canadian Facts Simulation Study Consumer Selection of Labeled Products in a Simulated Grocery Retail Setting June 2010

[Return to footnote 63 referrer](#)

Footnote 64

TNS Canadian Facts Simulation Study Consumer Selection of Labeled Products in a Simulated Grocery Retail Setting June 2010

[Return to footnote 64 referrer](#)

Footnote 65

Ipsos Reid Canadian Domestic Branding Study 2007

[Return to footnote 65 referrer](#)

Footnote 66

Round Two Consultations on the Next Generation of Agriculture and Agri-Food Policy 2007.

[Return to footnote 66 referrer](#)

Footnote 67

Round Two Consultations on the Next Generation of Agriculture and Agri-Food Policy 2007.

[Return to footnote 67 referrer](#)

Footnote 68

Other sectors represented at the roundtables include input suppliers, producers, processors, further processors, retailers and traders.

[Return to footnote 68 referrer](#)

Footnote 69

Organizational Change in 100 Days: A Fast Forward Guide By Elspeth J. Murray, Peter R. Richardson

[Return to footnote 69 referrer](#)

Footnote 70

"DFO's Science Advisory process is the main, formal process for obtaining science advice to inform policy and management decisions for all DFO priorities, including fisheries management. Developing the science peer review schedule is an annual process whereby various DFO client sectors submit formal requests to obtain science around specific issues or questions, the result of which are peer reviewed science products that emerge to respond to such requests. The main DFO Science Advisory Process is coordinated by the Canadian Science Advisory Secretariat (CSAS). In line with the decentralized nature of the department, CSAS has regional Centres for Science Advice (CSAs), that conduct their resource assessment reviews independently, tailored to regional characteristics and stakeholder needs" (DFO, 2011).