Executive *Summary*

The untapped potential of Canada's value-added food sector presents an opportunity to increase international and interprovincial trade, inspire innovation, and break down barriers to economic growth across the country. While the food processing sector is already one of the country's largest employers, there is plenty of room to grow.

The value-added food sector takes raw agricultural products like:

It also finds innovative ways to cultivate primary products in order to meet emerging consumer trends, such as demands for more transparency and sustainability in food products.

That Canada currently processes only half of its agricultural output demonstrates the extent to which the food processing sector is underdeveloped.

Canada's abundance of primary products provides a comparative advantage to the value-added sector: it has a ready supply of product to which it can add value. However, the sector must ensure that it adds value through a consumer-centric approach, including innovating to develop products that meet emerging consumer trends. **The government should work to develop a global marketing program** that focuses explicitly on increasing the profile of the Canada Brand. By improving food processing capacity within our borders, supporting innovation, and strengthening our global image, Canada can increase its international exports.

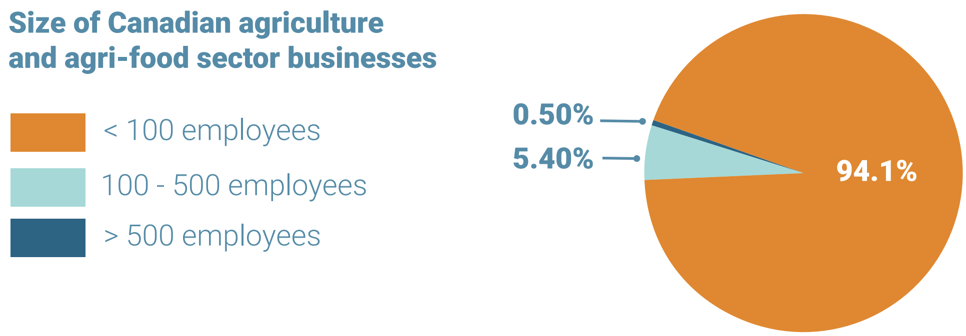
However, **regulatory barriers prevent farmers and processors from exporting some of these made-in-Canada products**. While regulatory safeguards are necessary to preserve confidence in Canada's reputation for safe and high-quality agri-food products, the current system restricts innovative practices and products.

The committee recommends updating the regulatory framework so that it encourages innovation; this will increase the ability of Canada's value-added agri-food products to reach international markets. By expanding the reach of Canadian products to international markets, Canada can increase profits and create jobs.

To further **close the export gap** between primary and value-added foods and to take advantage of international appetite for Canadian products, financial investment must be made to encourage and foster innovation, which could include developing new products, new packaging and marketing approaches, and more efficient means of production.

The Committee heard that there is much to be **learned from the Netherlands**, a country that has little agricultural land but has become the second greatest exporter of agri-food products in the world. Several factors contribute to the success of the country, including a **customer-centric approach and a deep-rooted culture of innovation**. In addition, the government of the Netherlands has implemented programs that encourage collaboration among the agri-food sector industry, the government, and research institutions; and between industrial sectors such as agri-food, health, and high-tech.

CANADIAN BUSINESSES IN THE FOOD AND BEVERAGE PROCESSING SECTOR ARE GENERALLY SMALL IN TERMS OF NUMBER OF EMPLOYEES



Regardless of their size, companies sometimes need government support to complete research or to take on new research and development projects. This R&D can increase businesses' competitiveness or help them expand their production capacity, thereby creating more jobs and producing a positive impact on the entire Canadian economy.

Innovation can drive growth in the sector but cannot take place without significant financial investment. Witnesses told the committee that launching or adapting a business to produce value-added food products requires heavy capital investment up front. It is imperative that the government expand and improve upon the existing mechanisms it uses to **support research, development, and innovation**. In particular, focus should be directed at expanding the supercluster initiative and strategies that encourage collaboration between industry, government, and research partners.

The government must also work to break down barriers to growth within our borders. This includes **facilitating interprovincial tradeand** establishing safer, more efficient modes of transportation across our geographically vast country.

A significant barrier to growth in the value-added food sector is the absence of an adequate workforce.

In 2017, the average job vacancy rate in the agriculture sector varied between 4.5% and 6.3%, while the average for all Canadian industries was only 2.8%.

The government must work to resolve the current labour shortage by making changes to the Temporary Foreign Worker Program and by raising awareness of career opportunities in the sector, particularly among students.

There is significant untapped potential in the value-added food sector. The federal government should create an environment that allows products greater access to international markets, that supports innovation, research, and development, and that breaks down barriers to growth within our borders.

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READ THE REPORT

Made in Canada: Growing Canada's Value-Added Food Sector.

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