

# From Record Deficits to Competitive Resurgence

**A CAPI RESEARCH PROJECT  
To Re-Position Canada's Processed Food Sector**

**Program & Partnership Overview**

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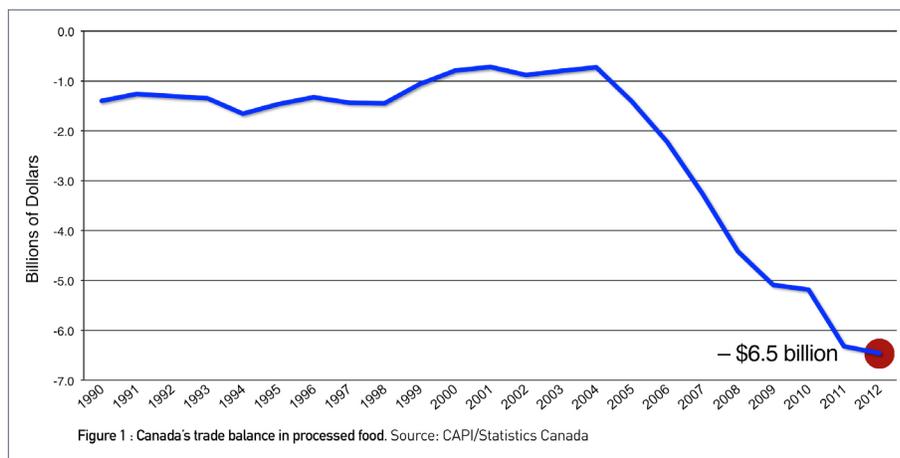
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## The hard reality

The processed food sector is vital to Canada's economic vibrancy. Yet, the country must confront a hard reality: at best, it is undergoing a rapid transition; at worst, it is facing a debilitating retrenchment. The evidence is brutally honest. In 2004, the trade balance was negative \$1 billion; in 2012, it reached negative \$6.5 billion.<sup>1</sup> The situation is deteriorating.



## A deeper understanding is needed

Do we truly understand what is occurring and the ramifications for the sector, other agri-food players and consumers? There are bright spots. Investments are being made but do we understand the nature of this activity and why? These are among the pertinent questions that must inform a dialogue about strategy, our choices and our future.

A deeper understanding is required because food companies, their partners and governments want to prepare for tomorrow's marketplace. We need to do so. Consumer food expectations are more demanding. Food processing is one of the country's largest manufacturing sectors and an essential channel for Canadian agricultural products. This is not only about our processed food sector; it is about our food future.

## Now is the time for a new approach

Canada is blessed by arable land, abundant water and energy, access to capital, and an educated work force. We are endowed with plenty but our future prosperity includes how we add value to what we produce (and being better than our competitors in doing so). Yet, the rising trade deficit is signaling deteriorating performance. Are we continuing to work with rules and attitudes that hinder success? Canadians can collaborate. We can embrace a new approach that achieves greater win-win opportunities.

Are we positioned to compete in a changing food world?

<sup>1</sup> See: The State of Canada's Processed Food Sector: Trade Balance (November 2012): [http://www.capi-icpa.ca/highlights2012/process-food-study\\_111412.html](http://www.capi-icpa.ca/highlights2012/process-food-study_111412.html)

## The call for action

CAPI is launching a research consortium to galvanize a new approach. But, we need your active involvement, your insights and financial support to proceed.

This project is focused on how to move from record deficits in the processed food sector to competitive resurgence. CAPI is not only focused on the problems but how to move forward to address them.

By committing to join us, you can help shape the thinking. You can be part of meaningful strategic dialogues. You can get early insights on the unfolding evidence. You can be part of creating change.

## A focused program

The research program has three phases.

- ① Understanding the issues & implications.
- ② Identifying inspiring practices & guiding principles.
- ③ Enabling change & positioning for success.

In short, we need to understand what is occurring in the processed food sector and how this matter also impacts producers, retailers, consumers and agri-food policy. Then, we're going to look for a way forward for Canada.

## A schedule to deliver results

Our work has already delivered results.

We've publicized the rising trade deficit (see footnote 1). It's been getting attention from the media and industry and we've held one dialogue among leaders to start framing the issues.

Now, CAPI is moving forward with a comprehensive research program with the assistance of a consortium of consultative partners, a research team and a steering committee. CAPI will publish its unfolding work in installments. CAPI anticipates publishing its final work in early 2014.

The objective is to create a robust dialogue on Canada's competitive advantages and we will present bold choices for industry and government about positioning the sector for resurgence.

# Research program overview

Phase ①	Phase ②	Phase ③
 <p><b>CURRENT STATE</b></p> <p>Rising trade deficit in processed food</p>	<p>Transitioning to a new state</p>	 <p><b>RESURGENCE</b></p> <p>Competing based on competitive advantage</p>
<b>Project Themes</b>		
<p><b>1. Diagnosing the trade deficit data</b> (Summer 2013)</p>	<p><b>4. Case studies on success traits</b> (Fall 2013)</p>	<p><b>7. Metrics &amp; investment scorecard</b> (Winter 2014)</p>
<p><b>2. Reasons for the trade deficit</b> (Summer 2013)</p>	<p><b>5. Differentiating consumers &amp; markets</b> (Fall 2013)</p>	<p><b>8. Implications for policy &amp; strategy</b> (Spring 2014)</p>
<p><b>3. Company impacts: Investments &amp; closures</b> (Fall 2013)</p>	<p><b>6. Innovation insights</b> (Fall 2013)</p>	<p><i>Dialogues on outcome</i></p>

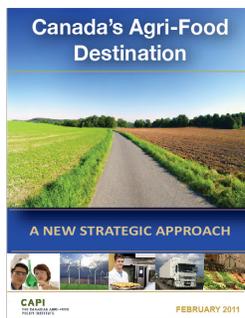
{Projects are subject to change.}

# About the Canadian Agri-Food Policy Institute (CAPI)

As an independent, non-partisan policy forum, CAPI is the neutral place for agri-food leaders to come together, dialogue and develop solutions based on sound research.

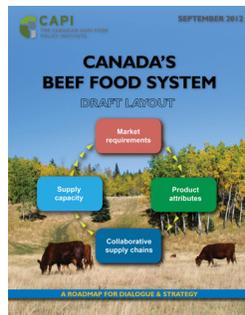
Our work reflects “systems thinking.” We know that food issues are complex and inter-connected. We can bring diverse voices to the table – from across the agri-food sector and among adjacent sectors. Solutions are optimized when a win-win approach is embraced.

Our formula is working. We are helping agri-food players to identify their pathways to achieve success. We support “champions” to further the work and build momentum for real change. We are shaping policy options and actions that foster ways to improve the competitiveness of the agri-food sector and contribute to the well-being of Canadians.



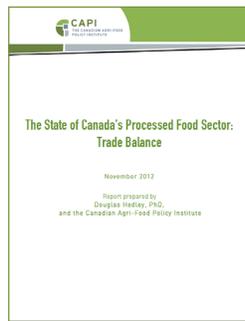
## ***Canada's Agri-Food Destination*** (2011)

To fulfill our country's potential, strategy requires moving beyond “vision statements.” But setting a “destination” (specific and bold goals) requires leveraging the food-health link, transforming the way we innovate, operating more sustainably, rethinking how to manage risk across the system and regulating differently.



## ***Canada's Beef Food System*** (2012)

As one of Canada's largest food sectors, there is a compelling desire among its stakeholders to develop a longer-term beef strategy. This report applies systems thinking to present ideas to keep the consumer interest at the forefront, deliver value across supply chains and develop a competitive advantage.



## ***The State of Canada's Processed Food Sector: Trade Balance*** (2012)

The deteriorating trade balance in processed food has broad ramifications for this sector's future competitiveness and for the agri-food sector as a whole. The paper is intended to create a dialogue on what can be done to halt and reverse the accelerating decline in the net trade in processed food.