

Canadian food manufacturing continued to grow even during a global recession

LONDON, Ont., March 10, 2014 — Food manufacturing is an important, but generally under-appreciated, part of the Canadian economy. This paper, called *The Performance of Canada's Food Manufacturing Industry* by David Sparling and Erin Cheney at the Ivey Business School, is the first of two papers intended to shed light on the industry and its role in the economy. It examines the performance of Canada's food manufacturing industry over the period 2004-2011 and compares it to that of other manufacturing industries.



1. Food manufacturing is an important part of the Canadian economy. With revenue of more than \$88 billion in 2011, it is the second largest manufacturing industry.
2. Food manufacturing was the largest manufacturing employer in Canada, employing more than 236,000 people in 2011, more than second place transportation equipment industry, which includes the auto sector.
3. Food manufacturing is different. During the recent recession while revenue plummeted in most manufacturing industries it actually increased 7.95% in food manufacturing between 2008 and 2011. Jobs were slashed in most other industries but food manufacturing employment dipped slightly and recovered quickly. By 2010, food manufacturers were actually increasing their capital investments.
4. Although performance varied among individual food manufacturing sectors, all showed considerable stability compared to other manufacturing sectors.

There is no doubt that food manufacturers face challenges. The recession, the rising Canadian dollar during the period (2004 to 2011), increased foreign competition, retail concentration and higher input costs all put pressure on margins. Consequently, there was little real growth in output and value added over the period. However, in spite of the challenges, the Canadian food manufacturing industry managed to make gains of over 20% in both margins and net income, putting the industry ahead of the rate of inflation over that period of roughly 14%.

"While food may not be as exciting as high technology and aerospace, in a recession being steady and unexciting is something to get excited about. However, looking ahead is a different matter. Canada needs growth industries and growth in food manufacturing has to include exports. From a policy perspective this means developing trade agreements and regulatory environments that support Canadian food exports." said Dr. David Sparling, Chair of Agri-food Innovation at Ivey.

Working with a variety of partners, this report is part of a broader Canadian Agri-Food Policy

Institute (CAPI) research program to identify ways to better understand the competitiveness challenges and opportunities facing Canada's food processing sector in order to present policy and strategy ideas to support its future growth and success. All reports in this series are available on CAPI's website or are forthcoming.

About the Ivey Business School, Western University

The Ivey Business School (www.ivey.ca) at Western University is Canada's leading provider of relevant, innovative and comprehensive business education. Drawing on extensive research and business experience, Ivey faculty provide the best classroom experience, equipping graduates with the skills and capabilities they need to tackle the leadership challenges in today's complex business world. Ivey offers world-renowned undergraduate and graduate degree programs as well as Executive Development at campuses in London (Ontario), Toronto and [Hong Kong](#).

About CAPI

The Canadian Agri-Food Policy Institute (CAPI) is an independent, unbiased policy forum that is dedicated to the success of Canada's agriculture and agri-food sector. CAPI is a catalyst. It identifies emerging issues, promotes dialogue and advances alternative solutions to issues with stakeholders across diverse agri-food supply chains and among other food stakeholders. Based in Ottawa, CAPI was established as a not-for-profit corporation in 2004 by the federal government and is guided by a diverse Board of Directors and an Advisory Committee.

For more information, please contact:

David McInnes
President & Chief Executive Officer
Canadian Agri-Food Policy Institute
(613) 759-1038 / (866) 534-7593
mcinnesd@capi-icpa.ca