

# Canada's trade deficit in secondary processed food rises to \$6.8 billion

OTTAWA, March 6, 2014 — Canada's trade deficit in secondary processed food has risen to just over \$6.8 billion in 2013 from nearly \$6.5 billion in 2012. CAPI releases today two reports, as part of a series of research, that offer explanations for the trade balance situation.

While Canada enjoys a healthy trade surplus across many parts of its agricultural commodities and a trade surplus in primary processed food due to strong exports in these areas, secondary processing has marked record trade deficits for several years largely because of rising food imports and generally flat exports.

"Overall, primary and secondary food processing is important to Canada because it is a major manufacturing sector that contributes to our economic well-being and it is a channel, on average, for nearly 40% of the country's agricultural production," says David McInnes, CAPI President and CEO. In Ontario and Quebec, this number exceeds 65%. This sector is Canada's largest manufacturing sector in terms of employment and the second largest in terms of GDP, after transportation equipment manufacturing.

The secondary processing data category, available from Statistics Canada, covers food and beverage manufacturing activity considered to be "further processed" such as pizza, sausages, bread, pasta, canned vegetables, candy, beer and wine, among many other items. Every food type has a unique trade profile. Despite an overall trade deficit, individual processed food sub-sectors, such as bakery and French fries, operate in a trade surplus. [Trade data](#) on some 140 sub-sectors are available on CAPI's website.

The report *What's Happening in Processed Food – Understanding Competitiveness in Selected Industries* has been developed in order to provide companies and organizations across the sector a basis to generate a dialogue about strategy.

CAPI also releases today a report to help better understand these trade balance changes in the sector. *Drivers of Canadian Food Processing Competitiveness: Macro Factors and Micro Decisions* was developed by the George Morris Centre and demonstrates that reasons for the trade deficit are very complex.

These reports (which are based on data up to 2012) are part of CAPI's research to identify ways to better understand the competitiveness challenges and opportunities facing Canada's processed food companies and to present policy and strategy ideas to support its future growth and success. Published reports are available on CAPI's website or will soon be published:

Project 1a: *Understanding the Processed Food Trade Balance*, CAPI. October 2013.

Project 1b: *What's Happening in Processed Food – Understanding Competitiveness in* March 6, 2014

*Selected Industries.*

Project 2: <i>Drivers of Canadian Food Processing Competitiveness: Macro Factors and Micro Decisions</i> , George Morris Centre.	March 6, 2014.
Project 3a: The performance of Canada's Food Manufacturing Industry, Ivey Business School. and Project 3b: The Changing Face of Food Manufacturing in Canada: An Analysis of Plant Closings, Openings and Investments, Ivey Business School.	Expected mid-March 2014.
Project 4a: <i>Individual case studies of thirteen food companies conducted by several business schools.</i> and Project 4b: <i>Food Processing Company "Traits of Success": Cross Case Analysis</i> , CAPI.	Expected late March 2014.
Project 5: <i>Differentiate to Compete: The Consumer Perspective</i> , CAPI.	Expected early April 2014.
Project 6: Other work to identify ways to improve innovation.	Forthcoming.
Project 7: Conclusion.	Forthcoming.

CAPI has worked closely with a variety of partners and sponsors to help bring this research to completion. A complete list of supporters is listed on CAPI's website. As well, CAPI has conducted extensive outreach across the processed food sector, among producers, academia, governments and others in the food system to share its ideas and seek input on its work.

**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.

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