

Canadian food manufacturers retooled in an effort to become competitive

OTTAWA, March 12, 2014 — Canada's food manufacturing industry is going through a reorganization to retain its competitiveness and be a strong player on the global stage, according to a new report released today by the Ivey Business School. In [*The Changing Face of Food Manufacturing in Canada: An Analysis of Plant Closings, Openings and Investments*](#) David Sparling and Sydney LeGrow examine plant openings, major investments as well as plant closures.

Between 2006 and 2014, 143 Canadian food plants closed resulting in projected losses of almost 24,000 jobs. While plant closures resulted in job losses, the industry overall did not experience a long term net decline in employment. The industry went through a challenging period in 2007 and 2008 when 48 closures outnumbered the 27 openings and plant investments. However from 2008 to 2014, the 105 closures were balanced by 105 openings and plant investments. In terms of the balance of numbers, Ontario was the hardest hit while Quebec's picture was more positive.

Closures appeared not to be the sign of an industry which had lost its competitiveness, but rather one that was reorganizing production to retain its competitiveness. The most commonly cited reason for closures was that the plant was no longer competitive and, in many cases, production was being consolidated in another plant. Openings on the other hand were often large scale and incorporated new technology to drive down costs. Investments and openings helped to balance the situation, with investments coming from foreign and domestic companies, both small and medium enterprises and multinationals.

There were only slight differences between Canadian and foreign multi-nationals, with Canadian firms making more investments. In terms of numbers, the majority of the activity came from smaller firms.

“Closing a plant has impacts on many levels and no one likes to read about another manufacturing site being closed. However, what we found in our research was an industry in transition rather than one in decline,” says Dr. David Sparling, Chair of Agri-food Innovation at the Ivey Business School. “Almost 90% of closures occurred in multi-plant companies, largely the result of companies reorganizing and consolidating production in fewer large plants to achieve greater scale and efficiency. The results are leaner operations, higher productivity and stronger companies better equipped to compete.”

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.

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