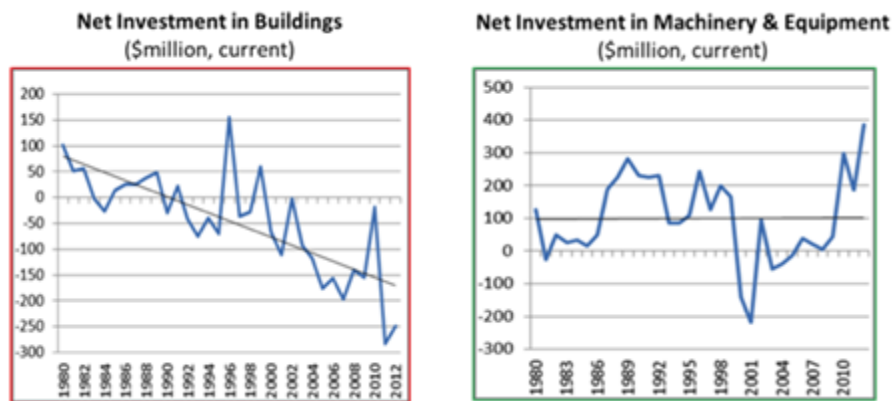


# Laying the groundwork for innovation

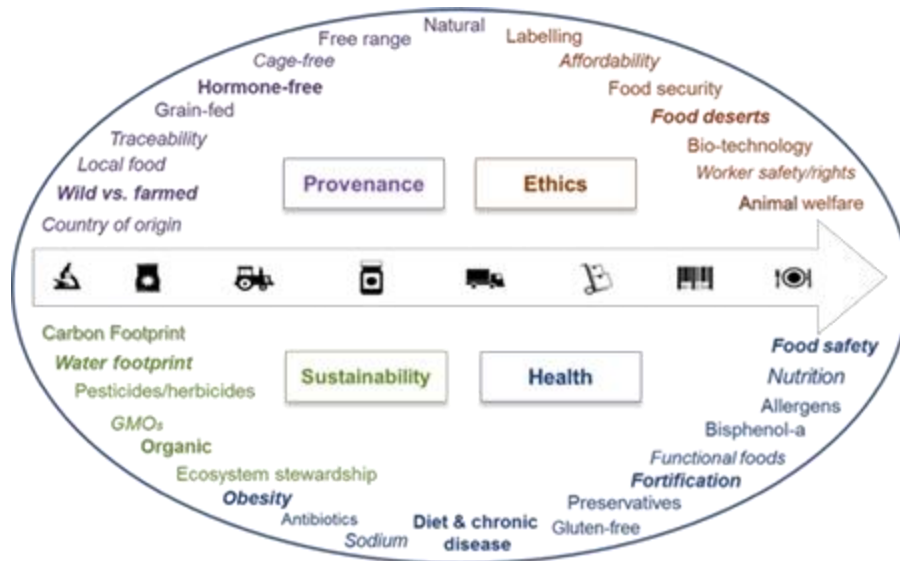
OTTAWA, June 11, 2014 — The Canadian Agri-Food Policy Institute (CAPI) releases today several reports about supporting innovation and creating new opportunities for food manufacturers, as part of its final series of work about the competitiveness of Canada's largest manufacturing sector.

Three of the papers focus on the importance of investment in driving innovation, attracting the necessary labour and skills needed in the workforce to support innovation and targeting consumers and differentiating food products to maintain not only a viable, but a leading food manufacturing sector. The last report examines how some food companies in British Columbia, specifically, are differentiating themselves in the marketplace.

[Capital Investment in Canadian Food Processing](#) presents the connection between investment trends and economic performance. It observes that falling investment in buildings (see charts below) indicates falling greenfield investments. However, if this decline can be halted and the highly positive and rising trend in machinery and equipment continues, then this bodes well for potentially turning around the sector's growing trade deficit (at \$6.8 billion). This paper also examines the rise in foreign investment here, which suggests an increase in foreign ownership or control of Canadian firms. As well, rising Canadian investment abroad signals that Canadian food firms are investing elsewhere.



[Differentiate to Compete: The Consumer Perspective](#) explores how changing consumer and societal expectations about how food is produced and supplied are creating tensions and opportunities for food manufacturers. While many consumers shop for food on the basis of price, profound shifts are underway where food purchase decisions are based on the attributes that demonstrate "trust." The question for food companies is how to turn such consumer interest about provenance, ethics, sustainability and health (see diagram below) into opportunity.



*Talent, Skills and People: Enabling Innovation in Food Processing* comments on the importance of attracting people and the talent required to help firms innovate. Given the sector is the largest manufacturer in terms of employment, action is required to ensure that this sector can attract an appropriate share of funding support in order to nurture the skills and talent of people needed to support its growth and innovation potential. CAPI suggests that an advisory group of specialists from industry, NGOs and government convene to consider how best to do so.

There are many ways to differentiate and develop new economic opportunities in the food sector. An example is touched upon in a fourth short paper entitled *Innovation and Off-Grade Food (Due to Imperfections): Drivers and Deterrents*. It provides an overview of using off-grade food among food and beverage processors in British Columbia as a basis to introduce new products to the marketplace.

CAPI will be publishing its final report on its processed food research program in June 2014.

### About CAPI

CAPI is an independent, non-partisan and non-government research catalyst. We bring leaders together. We provide balanced perspectives. We present strategic choices.

The analysis and reports that make up this comprehensive examination of Canada's food manufacturing sector, and the partners that CAPI worked with to complete this work, are available on its website [www.capi-icpa.ca](http://www.capi-icpa.ca).

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