



DRIVING CANADA'S COVID-19 RECOVERY

FCPC

Food & Consumer
Products of Canada



Food and consumer product manufacturers' extraordinary reactions, alongside governments' support to keep our essential facilities and employees working, have been key to feeding and caring for Canadians in the initial stages of the COVID-19 crisis. We will and must continue as crisis management gives way to building supply-chain resilience and economic recovery.

Canada's largest manufacturing workforce

More people work making food and consumer products than in any other Canadian manufacturing sector. We are the single largest employer in some provinces, present in more than 6000 communities across the country. We buy more than 40% of Canadian agricultural output, adding value to Canada's rich natural resources. We help Canadians put food on their tables, clean their homes, and care for their families and our environment.

Strong, collaborative crisis reactions

With welcome government support for our essential businesses and workers, manufacturers stepped up in the face of record consumer demand, sudden closures in food service, and huge disruptions at every step in the supply chain from farms to stores. FCPC continues to work collaboratively with governments to help shape pandemic response by sharing our members' concerns and providing timely, critical insights and data throughout.

Food and consumer goods enhanced COVID-19 prevention measures above and beyond existing rigorous hygiene standards, for example screening employees for COVID-19 symptoms and implementing physical distancing in facilities to the extent possible. FCPC provided guidance on best practices for hygiene and safety, as well as letters of safe passage to assist employees crossing borders between home and work.

Build resilience

Next steps toward managing continued challenges, future waves of infections, and moving toward recovery, must stabilize manufacturing capabilities, ensure open and predictable trade, and pave the way for the nation's largest manufacturing workforce to be a key pillar for Canada's economic recovery, food security, and self-reliance.

Due to the pandemic, costs are up, productivity is down, and supplies of ingredients, packaging, and personal protective equipment (PPE) are stressed. These COVID-19 impacts are expected to continue indefinitely, through potential successive waves of infections and as Canadians seek heightened assurances about health and safety.

Canada should coordinate consistent, cohesive federal and provincial approaches that

- **Include food and consumer goods manufacturing employees in "hero pay" programs and make employer-provided crisis pay tax-free;**
- **Incentivize Canadians to work in our sector, match job seekers with vacancies, and offset the costs of necessary training**
- **Prioritize food and consumer product manufacturers' access to much-needed PPE**
- **Increase funding for COVID-19 adaptation measures, PPE, and new technologies to increase productivity**
- **Lay the groundwork for a targeted, strategic Canadian manufacturing strategy**

DRIVE CANADA'S RECOVERY



Drive recovery

If properly prioritized, Canada's food and consumer goods manufacturing sector has unique capacity to power economic recovery. Unfortunately, cost, regulatory, labour, and retail constraints have long limited Canada's ability to reach our full potential as a food and consumer goods manufacturing powerhouse.

The cost to place and maintain products on grocery shelves increased by more than 22% over the last five years, while remaining flat in the United States. These high costs are driving innovation, investment, jobs, and value to more competitive environments, particularly the United States.

More than 80% of branded new products are now developed and manufactured outside of Canada.

At the same time that overall employment in food and consumer goods manufacturing has decreased, companies who do maintain domestic manufacturing find it increasingly difficult to fill jobs. This jobs paradox means Canada entered the COVID-19 crisis with 10,000 job vacancies in food processing. Labour and skills gaps exacerbate cost and productivity challenges and are a serious constraint on companies' ability to invest in Canada.

Consumer confidence and preferences will shape a "new normal" as the pandemic evolves and eventually recedes. Some will shop more online; others will seek out more locally-sourced products. Many will increasingly prioritize affordability in the face of continued hardship.

The products that feed and care for Canadians will always be in demand. The question is where those products will be made, how much they will cost, and whether Canadians will have access to the same product selection as consumers elsewhere.

Canada cannot afford to keep losing essential jobs and letting others remain unfilled while Canadians are looking for work. We cannot let food and consumer goods manufacturing falter, leaving farmers and other suppliers without valuable markets for their products. We cannot put our food security or the health of Canadians at risk by failing to prioritize growth in this critical sector.

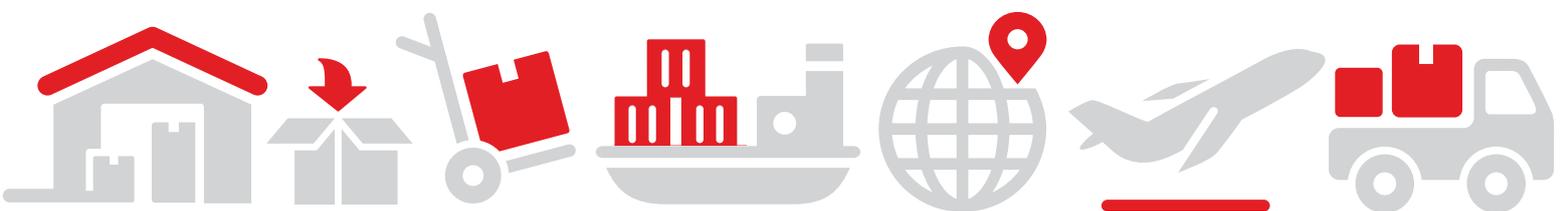
We must provide confidence and certainty that Canada is a successful destination for businesses seeking talent, customers, and markets. Increasing domestic manufacturing capacity, along with incentivizing job growth and innovation, will create a resilient, stable supply chain that ensures Canadians can find the products they need at prices they can afford, today, tomorrow, and in the face of future crises.

Simple, common-sense measures can attract investment, promote innovation, strengthen the nation's largest manufacturing workforce, and drive recovery.

Canada must urgently:

- **Create a fair retail business environment**
- **Reduce unnecessary costs and regulation, without compromising Canada's world-class reputation for quality and safety**
- **Invest in domestic manufacturing & supply chains**
- **Promote open trade**

Together, our reactions have helped reassure Canadians in the face of this crisis. We are working every day with partners throughout industry and government to build long-lasting resilience. Now, we must not delay reimagining our future and removing barriers to Canada's recovery.





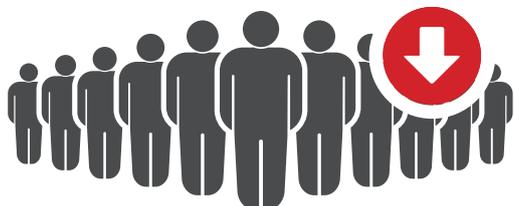
Support stable, resilient food and consumer goods supply

Top constraints



High cost of doing business

Growing regulatory burden



Labour shortages



Lack of investment & innovation incentives



Consolidated retail environment

Priorities to attract investment and promote innovation

1 Create a fair retail business environment

Enable manufacturers to provide Canadians with more innovative products at lower prices

2 Ensure regulations do not inhibit growth

Focus on evidence, consider alternatives to regulation, align North American regulatory environment

3 Invest in domestic manufacturing & supply chains

Implement tax incentives for capital investment, promote innovation in products, processes and sustainability, address labour & skills gaps

4 Ensure free movement of ingredients, products & people

Implement the Canada-U.S.-Mexico Agreement and strengthen our most important trading relationship