

SIGNIFICANCE OF THE FOOD INDUSTRY IN CANADA

❖ The food and beverage processing industry is the largest manufacturing industry in Canada in terms of value of production with shipments worth \$89.8 billion; it accounts for 17% of total manufacturing shipments and for 2% of the national GDP.

❖ It's the largest manufacturing employer and provides employment for 270,000 Canadians. It is also the largest manufacturing employer in rural areas across Canada.

❖ It supplies approximately 77% of all processed food and beverage products available in Canada and is the largest buyer of agricultural production, absorbing approximately 45% of its output.

❖ Exports of processed food and beverage products stood at \$20.8 billion in 2010, having rebounded by 8% on the heels of the global economic recovery.

❖ Canadian processed food and beverage products are exported to 180 countries with the majority of trade going to a few countries. In 2010, 85% of the total went to five main markets: United States (66%), China (8%), Japan (7%), Mexico (2%) and Hong Kong (2%). Until 2009, the balance of trade had been positive since 1995 and peaked at \$5 billion in 2004. With the rise in the Canadian dollar, it has declined annually between 2004 and 2009 when the balance of trade reached a record deficit of \$1.9 billion. In 2010, the balance of trade recovered with a deficit of \$0.3 billion.

❖ The largest food processing industry is meat product manufacturing which accounted for 27% of all shipments or \$24 billion in sales in 2010. Dairy product manufacturing is the second largest industry with sales of \$13.4 billion, followed by beverage manufacturing with sales of \$9.3 billion. Other industries include: bakeries and tortilla manufacturing (\$8.5B), fruit and vegetable

preserving and specialty food manufacturing (\$7.1B), grain and oilseed milling (\$7.2B), animal food manufacturing (\$5.3B), sugar and confectionery product manufacturing (\$4.5B), seafood product preparation and packaging (\$4B) and other food manufacturing (\$6.5B).

❖ Food processing is the largest manufacturing industry in most provinces. While it is important to the economies of all provinces, Ontario and Quebec account for most of the production with approximately 64% of sales; Western provinces account for 27%; and Atlantic provinces for the remaining 7%. In 2009, meat was the most significant food industry in Ontario, Manitoba, Alberta, British Columbia and Quebec; grain and oilseed milling was the largest food industry in Saskatchewan; while seafood was the most important in New-Brunswick, Nova-Scotia and Newfoundland.

❖ The food and beverage processing industry invests \$1.9 billion annually in capital expenditures, with 84% of the total invested in machinery and equipment.

❖ Approximately 60% of food and beverage manufacturing sales are accounted for by domestically owned firms.

❖ About 6,400 food and beverage processing establishments exist in Canada. Ninety percent of establishments have less than 100 employees; 9% have between 100 and 500 employees; while only 1% of establishments have more than 500 employees.

❖ The largest 50 food processing firms, in terms of sales, account for approximately 60% of value of food manufacturing shipments, while the largest 4 beverage firms account for about 63% of beverage shipments.