



GEORGE MORRIS CENTRE

News Release

New Comparison of Canada/US Food Processing Competitiveness Underscores Need for New Canadian Agri-Food Policy

Guelph, ON (November 9, 2005) A special report released today by the George Morris Centre shows that productivity in Canada's food processing industries lags behind its US counterpart and is falling further behind.

The report defines competitiveness as 'the sustained ability to profitably gain or maintain market share.' It is measured using labour productivity and market share. The eleven industries analyzed in the study include Red Meat, Poultry, Fluid Milk, Other Manufactured Dairy Products, Processed Fruits and Vegetables, Frozen Fruits and Vegetables, Grain Milling, Oilseed Processing, Dry Pasta Manufacturing, Feed, and Bread and Bakery Products. While the Red Meat, Frozen Fruit and Vegetable, Grain Milling, and Bread and Bakery industries showed gains in market share, all eleven industries were outperformed by their US counterparts with respect to productivity.

Larry Martin, the Centre's CEO says, "The trend in productivity has to be a matter of concern. While we measure labour productivity, it reflects a lack of investment in plant and advanced equipment in the food industry: labour productivity rises when workers have modern equipment in plants that are of optimum scale. Canada is behind in these areas."

Kate Stiefelmeyer, author of the study says "The results of this analysis imply that, while Agriculture and Agri-Food Canada has championed value adding and diversification in the agri-food sector, it needs to go much farther. There are no specific policies or programs to support investment and increase productivity in agri-food processing. In addition, no effort has been made to improve the constraints to investment, such as Canada's regulatory environment and burdensome tax structure."

The complete report, *A Comparative Analysis of Productivity and Competitiveness in Agri-Food Processing in Canada and the United States: An Update*, is available on the George Morris Centre website, www.georgemorris.org.