

## **Food Consumer Products of Canada**

### **Responses**

#### **1. Economic Recovery and Growth**

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

The food and consumer products industry is the largest employer in manufacturing in Canada and is well-positioned to contribute to our country's economic recovery and future growth. The most effective way to maximize the potential of our industry is to rapidly modernize and simplify the regulatory and legislative framework that governs our products, which are found in grocery and drug stores across the country. Current rules for food additives, health claims, novel foods, infant formula, disinfectants, sanitizers and over-the-counter products have not kept pace with technological advances and the development of new products. Regulatory approvals with Health Canada are unpredictable, lack transparency and take an average of five years longer than in the United States. The main conclusion of our report conducted by the George Morris Centre is that outdated regulations have directly resulted in the loss of innovation and jobs in Canada. The report, Food Regulatory Systems: Canada's Performance in the Global Marketplace, is available on our website at: <http://www.fcpc.ca/issues/Regulatory/FCPC%20Report%20.pdf>. To be clear, the regulatory changes that we support do not in any way compromise product safety, which is – and will remain – the number one priority of our member companies. Our main recommendations are to:

- Modernize and simplify regulations and legislation to improve approvals for food and consumer products. We encourage the government to ensure expeditious implementation of current initiatives that help achieve these objectives including the Red Tape Reduction Commission and improvements to food and drug approvals outlined in Bill C-38, The Jobs, Growth and Long-term Prosperity Act. The Safe Foods for Canadians Act (Bill S-11) is also an important piece of legislation that will help address our concerns.
- Ensure strategic regulatory alignment and cooperation with the US via timely implementation of the recommendations outlined in the Regulatory Cooperation Council (RCC) and Beyond the Border initiative. Concerning RCC, we are pleased with the progress to date and would be fully supportive of a sequel to address our concerns that were not included in the first round.

#### **2. Job Creation**

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

The food and consumer products industry provides high-paying, value-added jobs to approximately 300,000 Canadians in rural and urban areas in every region in the country. We are also responsible for thousands of other jobs such as advertising, packaging, retailing and transportation that further contribute to job creation. The most effective way to help our industry create even more jobs in Canada is to modernize Canada's food and consumer product regulations and legislation, as described above. This will help encourage manufacturers to invest and innovate in Canada thereby spurring job growth. Improving regulatory and border cooperation with Canada's largest trading partner is also a key factor. As a proud member of the Canadian Manufacturers and Exporters' (CME) Canadian

Manufacturing Coalition, Food & Consumer Products of Canada (FCPC) strongly supports CME's pre-budget recommendations to increase domestic and international trade. These recommendations are to:

- Simplify regulations and process approvals for new products.
- Increase regulatory consistency and application between provinces and with federal standards while ensuring consistency with international commitments.
- Eliminate barriers to the movement of skilled labour between provinces through normalizing provincial regulatory bodies.
- Ensure that international agreements are focused on eliminating non-tariff and other regulatory barriers to enter markets.
- Improve trade infrastructure, including transportation infrastructure and border security processes, with key trade partners, especially the United States and Asia.
- Remove protectionist procurement practices in foreign markets by implementing a reciprocal market access procurement provision.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

Canada's aging population is increasingly interested in being more proactive in managing their health through diet and reliance on self-care products. Our industry is stepping up to the plate by developing healthier-for-you foods and personal care products that support prevention and care. There is an increasing demand for functional foods, which have an added component that enhances nutritional value and can include processed foods with added ingredients (like calcium enriched fruit juice). The global functional food market has become a multi-billion dollar industry and is outpacing the traditional processed food market. In order to meet the product demands of the aging population, our industry needs to obtain regulatory approvals in a timely and predictable manner. Our main recommendation is to:

- Modernize and simplify regulations and legislation to improve approvals for food and consumer products. Canada is lacking in educational training programs that focus on the technical expertise required to meet the skilled labour demands of the food and consumer products industry. For example, there are no food engineering courses offered in Canada and technical training at colleges could be better aligned with the food industry's specific and practical needs. We are fully supportive of current federal government investments, for example in training via The Institute of Food Processing Technology at Conestoga College in Kitchener, and would like to see a continuation of this good work. Our recommendation is to:
- Implement an ambitious agenda to partner with universities and colleges across the country to help meet the skilled labour demand for the food and consumer manufacturing industry. We support incentives for on-job apprenticeship and mentoring of recent young and new hires by retiring or older staff. These incentives would increase work opportunities for young and new workers and provide companies with the skills they need. FCPC supports the Canadian Manufacturers and Exporters' recommendations which are to:
- Support workplace training by providing an Employers' Training Tax Credit.
- Increase the availability of labour for industry through the implementation of labour market inclusion strategies for unemployed, youth and aboriginals.
- Streamline the regulatory processes for companies to bring in foreign workers when needed.

### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

One key area that would help our member companies increase productivity in Canada would be to promote a national approach to packaging stewardship programs across the country. While the provincial governments are responsible for these programs, the current patchwork of regulations and program requirements is costly and administratively burdensome for industry. Our industry fully

supports the objective of these programs, which is to increase waste diversion and recycling of our products. FCPC is currently at the table and actively engaged in existing and developing programs in Ontario, Quebec, Manitoba, Saskatchewan and British Columbia advocating for programs that are cost-effective, efficient, fair, transparent, industry-led and accountable – and harmonized with other jurisdictions. As outlined in our recent survey, our member companies are clearly striving to reduce their collective environmental footprint, while still providing Canadians with the innovative and environmentally sustainable products they demand. The survey, Making an Impact: Environmental Sustainability Initiatives in Canada's Food, Beverage and Consumer Products Industry, is available on our website at:

[http://www.fcpc.ca/Userfiles/Files/Sustainability%20Report\\_FINAL%20ENG%20Apri%2019%202012.pdf](http://www.fcpc.ca/Userfiles/Files/Sustainability%20Report_FINAL%20ENG%20Apri%2019%202012.pdf)

Compliance with differing waste diversion and recycling regulations in each province, however, is a growing challenge. A national approach that aims to bring more consistency would significantly ease the administrative burden and potentially minimize inefficiencies and costs associated with managing multiple programs. Productivity could also be improved if the federal government adopts a broader global perspective while developing and modifying regulations at home. Being more cognizant of regulations in other countries could help ease access to international markets and allow Canadian operations to be more globally competitive. In addition, we strongly support the Canadian Manufacturers and Exporters' recommendations to increase productivity. These recommendations include:

- Make the Accelerated Capital Cost Allowance (ACCA) a permanent feature of Canada's tax system.
- Implement additional changes to the Scientific Research & Experimental Development (SR&ED) tax credit program in order to boost capital investments in innovation and productivity and to provide more focused support to private sector R&D.

## **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

With a stronger Canadian dollar, rising input costs, increasing off-shore competition, outdated federal regulatory framework, lack of harmonization of waste diversion programs, downloading of regulatory costs to manufacturers, shortage of skilled labour, rising labour costs, barriers to market access abroad, our industry is facing a myriad of challenges. As the top employer in manufacturing in Canada, it is important that our industry not only maintains, but also grows jobs in order to help sustain the Canadian economy. Our main recommendation to modernize regulatory approvals for food and consumer products would significantly help our industry compete in Canada and abroad, and in turn, create more jobs for Canadians. In addition to these challenges, our industry is also faced with a flood of counterfeit and illegally labelled food and consumer products in the Canadian marketplace. This illegal activity is a drain on the economy and is responsible for a loss in employment and a reduction in tax revenues for governments. Moreover, it poses serious health and safety risks to Canadian consumers due to the poor quality and hazardous nature of these products. The cost to the Canadian economy is estimated at billions of dollars and our industry is not alone: virtually no industry in Canada escapes this illegal activity. In order to protect our knowledge-based economy and encourage innovation, additional authorities, resources, training and awareness are required to address this issue. Better coordination within government is also required. Our recommendations are to:

- Provide the Canada Border Services Agency (CBSA) with the independent authority to target, detain, seize and destroy counterfeit goods.
- Provide training to improve the detection of counterfeit and illegally labelled goods at the border.
- Ramp up investigation of counterfeit food and consumer product complaints.
- Improve coordination and formalize intelligence sharing within government including the CBSA and RCMP.
- Help build awareness among consumers and retailers about the growing presence of

counterfeit and illegally labelled products.