INVEST IN CANADA
CANADA’S COMPETITIVE INNOVATION ADVANTAGES

AGRI-FOOD PROCESSING SECTOR
CANADA’S AGRI-FOOD INDUSTRY

QUALITY AND INNOVATION YOU CAN RELY ON

With strong regulatory and food inspection systems that support the production of world-class processed food, foreign investors can rely on Canada’s abundant agricultural product base, its network of research facilities dedicated to innovation and a collaborative environment supported by governments, universities, health institutions and industry.

Canada’s internationally respected regulatory system ensures world-class standards and safe, effective products of the highest quality. So much so that, in many instances, approval for use in Canada results in faster approval in other markets.

A WEALTH OF OPPORTUNITIES

Foreign investors have already tapped into Canada’s vast agricultural and agri-food system. It offers a modern, complex, integrated, and competitive supply chain. It is a dynamic and resilient system that adapts constantly to changing consumer demands, technological advances and globalization.

CANADA’S KEY STRENGTHS

» Rich, fertile land, abundant fresh water and vast natural resources

» Cultural and culinary diversity of Canadian consumers offers countless niche market opportunities and supports the development of innovative food products

» The most trusted and the most internationally recognized regulatory and food inspection system overseeing world-class standards and safe, nutritious, top-quality products

» A network of research facilities developing leading-edge products and technologies

» Public, private and academic collaboration encouraging the innovation, cultivation and manufacturing of diverse products with proven health benefits

THE AGRI-FOOD INDUSTRY IS THE LARGEST MANUFACTURING SECTOR in Canada. It contributes more than $110 billion to Canada’s gross domestic product (GDP), employs 2.3 million people, exports almost $56 billion and imports $44.5 billion in products and is a leading contributor to global innovation and growth. One advantage that foreign investors with established operations in Canada can rely on is a world-leading agriculture production and agri-food export base. In 2017, Canada produced almost 88 million tonnes of grains, oilseeds and specialty crops and is the world’s fifth largest exporter of agricultural products. Foreign investors can also use Canada’s agriculture-focused infrastructure to both gain easy access to markets and efficiently export their products.¹

¹ Department of Agriculture and Agri-Food.
In August 2016, Frulact Group, a food ingredient processing company, announced it had selected Kingston, Ontario for its new 75,000 square foot North American plant and research and development facility. The company bought 15 acres of land and has an option for additional adjacent land for potential future expansion.

"The amount of time that passed between when we announced our decision to invest in Kingston, Ontario and the opening of the plant was less than a year – a record time to establish this type of manufacturing plant. This has been possible with the Embassy’s help in collaboration with the province of Ontario and the municipality of Kingston. Everything from start to finish went smoothly, allowing us to supply the North American market quicker than originally anticipated."

— João Miranda, CEO & Co-founder, Frulact Group

In January 2017, French food ingredient company Roquette announced an investment of $400 million to build near Portage la Prairie, Manitoba, the largest plant in the world dedicated to pea protein processing. It is expected to employ 150 people and process more than 100,000 tonnes of peas per year.

"We investigated many sites — more than 40 sites — and at the end of the day we zoomed in on Portage because we found great access to raw materials, a very well-educated workforce, access to renewable energy, it’s easy to ship from and the really great relationship and business-friendly environment"

— Jean-Marc Gilson, Roquette CEO
CANADA’S ADVANTAGES

COSTS
Canada offers a cost competitive environment for agri-food processors. According to KPMG Competitive Alternatives 2016, food processing facilities based in Canada typically enjoy a 32.2% savings on total labour costs (including benefits) relative to their U.S.-based counterparts. In fact, when all cost factors are considered, Canada has the lowest business costs among G7 countries.

TAXATION
Progressive reductions in both federal and provincial taxes have created a significant advantage for companies operating in Canada. According to KPMG Competitive Alternatives 2016, the effective corporate income tax rate for a typical food processing facility in Canada is 23.5%, the second lowest rate among the G7 countries and 10.2 percent lower than in the United States.

NATURAL RESOURCES
Canada has an exceptional abundance of natural resources, including fresh water and diverse plant, animal and marine life, providing manufacturers with a consistent and steady supply of domestically sourced essential raw materials for the production of high-quality agri-food products.

WORLD-CLASS STANDARDS
Canada’s internationally recognized regulatory and food inspection systems ensure world-class standards meaning that products are safe, nutritious and of the highest quality.

ACCESS TO FOREIGN MARKETS
Canada has preferential access to markets in more than 40 countries representing more than 1.2 billion consumers and over US $41 trillion or more than half of global GDP. It includes preferential access to the North American and European markets with the North American Free Trade Agreement (NAFTA) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). Canada is also part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which includes 10 other economies, including Japan and Australia.

These trade agreements allow investors in Canada to benefit from integrated global supply chains in the agri-food sector and seize new export market opportunities.
SUPPORT PROGRAMS AND INNOVATION

STRONG SUPPORT FOR RESEARCH AND DEVELOPMENT

Government spending in support of research and development (R&D) in agriculture and agri-food is important for the future growth and competitiveness of the agri-food industry. Public investments in research and development (R&D) in the agriculture and agri-food sector represent a critical source of innovation and productivity growth. According to Agriculture and Agri-Food Canada, these expenditures rose by approximately 7% to $649.5 million in 2016.

As part of Canada’s collaborative approach to R&D in agri-food industry, undergraduate and postgraduate programs in human nutrition and food science exist in several Canadian universities, including the University of Alberta, the University of British Columbia, the University of Manitoba, the University of Toronto, McGill University and the University of Guelph.

Canadian universities house a number of globally recognized research institutes:

- Food and Science Group and Human and Animal Nutrition Group (University of British Columbia, Vancouver, BC)
- Richardson Centre for Functional Foods and Nutraceuticals (University of Manitoba, Winnipeg, Manitoba)
- Department of Agricultural, Food and Nutritional Science (University of Alberta, Edmonton, Alberta)
- Food Processing Development Centre (Leduc, Alberta)
- POS Bio Sciences (Saskatoon, SK)
- Canadian International Grains Institute (Winnipeg, MB)

Furthermore, the Canada’s Department of Agriculture and Agri-Food manages 20 research centres across the country, aiming to find better agricultural practices and market opportunities through research and innovation benefiting Canadian farmers, the industry and consumers.

Canada’s Scientific Research & Experimental Development (SR&ED) program provides tax credits and refunds for expenditures on eligible R&D activity in Canada on wages, materials, some overhead and SR&ED contracts.

Foreign investors can also avail themselves of Canada’s Industrial Research Assistance Program (IRAP), which supports innovative R&D and commercialization of new products and services by small and medium-sized firms.

Export Development Canada (EDC) and Business Development Bank of Canada (BDC) provide flexible financing programs and solutions tailored to support foreign direct investment in Canada.

The government supports companies in investing in manufacturing and processing machinery and equipment by providing an accelerated capital cost allowance (ACCA). The ACCA allows a tax deduction of 50 per cent straight-line depreciation rate allowing businesses to defer taxes and to recover the cost of capital investments more quickly.

Canada has implemented major initiatives to eliminate tariffs on all manufacturing inputs and is the first country in the G20 to offer a Foreign Trade Zone (FTZ) for industrial manufacturers which applies across the entire country, making Canada one large FTZ for firms importing manufacturing inputs. By reducing the cost of importing key factors of production, tariff relief encourages innovation, enhances productivity, reduces customs compliance costs and eliminates the administrative burden of complying with various rules and regulations.

The Canadian Agricultural Partnership (CAP) is a five-year, $3 billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector, featuring services that are easier to access and simplified and streamlined programs and activities to help:

- improve market development and market access activities and help expand domestic and international markets and trading opportunities
- enhance the competitiveness of the sector by advancing its science and innovation capacity, and adoption of innovative products and practices, with an emphasis on sustainable and clean growth
- strengthen the sector by better reflecting the diversity of our communities, enhancing collaboration across different jurisdictions, and securing and supporting public trust in the sector

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AN ENABLING BUSINESS ENVIRONMENT

A WELCOMING BUSINESS ENVIRONMENT
Canada is among the best places for business in the G20.
Sources: Forbes, EIU

A HIGHLY EDUCATED AND TALENTED WORKFORCE
Canada has the most educated talent pool in the OECD with more than half of its population aged 25-64 having a tertiary level education.
Source: OECD

LOW BUSINESS TAX RATES
Canada is one of the most tax competitive countries in the G7.
Sources: KPMG, Finance Canada

WORLD-CLASS CLUSTERS OF INNOVATION, WITH GOVERNMENT AS PARTNER
Canada has strong geographic and sectoral clusters, as well as R&D-intensive sectors with one of the lowest business costs in the G7.
Source: KPMG

FINANCIAL STABILITY
Canada’s banking system remains one of the soundest in the world.
Source: World Economic Forum

A GREAT PLACE TO INVEST, WORK AND LIVE
Canada ranked first among 60 countries for quality of life. Canada is ranked first in the G7 and the G20 for overall prosperity of citizens.
Sources: U.S. News and the Legatum Prosperity Index

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The content is based on the latest available information at the time of publication.

Images: Department of Agriculture and Agri-Food.
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