

2019 PRE-BUDGET SUBMISSION

TOWARD GROWTH FOR VALUE ADDED

Building a more competitive food and consumer manufacturing sector

The 2019 federal budget offers an opportunity to build a more competitive Canadian manufacturing climate as future cooperation with our largest trading partner remains uncertain. There has never been a more urgent need to diversify our economy and move Canada beyond our reliance on commodities toward growth in value-added production.

Food & Consumer Products of Canada (FCPC) recommends budget 2019 implement the following recommendations to ensure a productive, competitive and prosperous food and consumer manufacturing sector that continues to contribute strongly to Canada's economy and create jobs:

- **Create a sector-specific Technology Adoption Fund of \$500 million over five years**, to encourage food and consumer manufacturers to help modernize their facilities by investing in advanced technologies and production line efficiencies.
- **Expand and improve the Accelerated Capital Cost Allowance depreciation rules**; mirroring U.S. rules will encourage and retain investments in Canada by allowing an immediate one-year depreciation of capital purchases, and be an improvement from the current 2.5 years.
- **Remove food and consumer products, and product packaging from Canada's retaliatory tariff list.** Tariffs compromise the competitiveness of manufacturers operating in Canada, disrupt our highly integrated North American supply chain, and impact consumers through increased costs and reduced choice on grocery and drug store shelves.
- **Continue to engage our North American trading partners in modernizing NAFTA and focus on finding new markets for Canada's value-added sector.** Fair and open trade enabled by NAFTA should continue and should not be encumbered by new tariffs or non-tariff barriers. It is critical to continue negotiations to improve NAFTA and support Canadian exporters looking to diversify.
- **Invest in research to explore ingredient alternatives and encourage companies to conduct product reformulation in Canada.** These investments are needed for food manufacturers to help manage the costs of the government's ambitious Healthy Eating Strategy, which introduced unprecedented and sweeping changes to how our industry makes labels and sells its products.
- **Add economic competitiveness and innovation considerations to the mandates of regulators.** FCPC supports the Canadian Chamber of Commerce's recommendation outlined in their recent report, *Death by 130,000 Cuts, Improving Canada's Regulatory Competitiveness*, on the need for government to add economic competitiveness and innovation considerations to the mandates of regulators.
- **Rebuild stakeholder confidence in the Cost-Benefit Analysis (CBA) process that informs regulatory proposals, and conduct a revised CBA for Plain Language Labelling and a comprehensive CBA for the entire Healthy Eating Strategy.** A comprehensive and balanced CBA analysis is critical to understanding the impacts of new regulations on Canadians and the economy, and avoiding unintended consequences.



- **Re-evaluate the parameters of Health Canada's Plain Language Labelling regulations for over-the-counter drugs and those proposed for Natural Health Products.** FCPC is concerned that the government's self-care proposal would require complex new labels for Natural Health Products (NHPs), similar to those now required by over-the-counter (OTCs) drugs, without significant benefit to the health and safety of Canadians.

FCPC's complete 2018 Pre-Budget Submission is available at <https://www.fcpc.ca/Industry-Resources>