

## **Summary of the Outcomes of the Research Workshop: Food and Beverage Manufacturing**

### **Introduction**

On February 16, 2018, the Department of Food, Agricultural and Resource Economics, Ontario Agricultural College, University of Guelph organized a research workshop on “Research: Food and Beverage Manufacturing” to stimulate discussion around data and research. In the workshop, industry and government participants discussed three important topics with academics: 1) current and emerging issues associated with food and beverage processing; 2) a comprehensive white paper prepared by a team of the University of Guelph researchers; and 3) opportunities and challenges in collecting and disseminating information related to the food and beverage processing industry. The workshop mainly focused on issues related to data and research in food manufacturing in Ontario. Below we provide takeaway summaries of the outcome of the discussion at the workshop.

**Takeaway 1:** There is a need to recognize and strengthen collaboration between academics, industry and government departments to generate data that can inform business and policy decisions. This will involve, for example, but not limited to, a partnership between industry organizations and the University of Guelph to collect data and creating a databank of data sources that can be shared. For example, Food and Beverage Ontario are willing to partner on public-private-partnerships to “test the waters” and to play a facilitating role.

**Takeaway 2:** In the food and beverage manufacturing industry, plant and firm-level heterogeneities play a major role in explaining the aggregate performance of the industry and

within industry resource allocations, and the modelling process at the University of Guelph must be supported by plant and firm-level micro data to provide meaningful evidence-based policy recommendations. Lack of information on key industry structure (e.g., firm size, innovation, the degree of substitution between capital and labour, inventory and location of the firms) was raised as one of the issues in understanding the industry. To better understand the industry and design policies that support the industry, there is a need for data by firm size (e.g., micro, small, medium and large), by geographical location, on job creations and destructions by location (e.g., rural, urban, northern and southern Ontario). Information on new business entrants and exits by location and size, as well as reasons for business closure/relocation, would be of interest for future policy design. We have limited information on how many raw ingredients from the primary agriculture goes to food and beverage manufacturing for further processing, or how much of the raw materials are imported from abroad. Public information on who and how businesses use government funds - e.g., R&D, investment in innovation, exports development – is also limited. The participants suggested some of the current data gaps could be addressed in several ways through collaborations or partnership between different level of governments (e.g., AAFC, OMAFRA, Statistics Canada), industry (e.g., FBO) and university: (1) case studies; (2) surveys; (3) existing Statistics Canada survey and enhancing Statistics Canada survey by including contemporary issues. Some participants in the workshop emphasized that companies are not willing to respond to surveys for a number of reasons - e.g., the lack of incentives to the company, fear of lack of confidentiality.

**Takeaway 3:** There was also a consensus by the participants on the need to conduct micro (plant or firm level) research at sector and subsector level to understand the competitiveness of Ontario food and beverage processing plants or firms relative to domestic and international peers. For

example, how do government regulations (e.g., minimum wage, cap-and-trade, carbon pricing) and programs in other jurisdictions (i.e., national or provincial, foreign) compare and what are the implications of the differences in government regulations on firm survival/success? What are the variations in organic food and food labelling standards by jurisdictions? What are the variations in environmental policies/standards and their implications? There is interest to better understanding the effects of government regulations and programs by all parties. What are the implications for the industry and the economy of disruptive technologies, products and practices such as blockchains, laboratory-grown protein foods, automation, artificial intelligence and machine learning