

FOR IMMEDIATE RELEASE**INDUSTRY REPORT CALLS FOR REGULATORY CHANGES TO BOOST
MANUFACTURING COMPETITIVENESS**

OTTAWA, February 6, 2007-- An Industry Committee report released today is sounding the alarm on Canada's regulatory system and is recommending regulatory reform to reinvigorate Canada's declining manufacturing sector. Supporting the findings is the Food & Consumer Products of Canada (FCPC), the national association representing Canada's food, beverage and consumer products industry — the second largest manufacturing sector in Canada. In the absence of reforms, Canadians could face more unemployment, as well as a lack of access to innovative products being developed and sold in markets around the world.

"The Committee's recommendations demonstrate a solid understanding of how Canada's outdated and poorly performing regulatory system is killing investment, innovation and jobs in Canadian manufacturing," said Nancy Croitoru, FCPC's President and CEO. "Now it falls to the Government to act on these recommendations and create enabling 'smart regulations' so our industry can have the chance to grow in Canada and to compete on the world stage."

The Canadian food and consumer products industry is facing unnecessarily complex and lengthy product approval procedures, under staffed and unresponsive regulatory departments, and regulatory voids that slow down innovation, frustrate new product launches, and create a drag on competitiveness, productivity, investment and growth. In the food sector alone, significant advances in food technologies are creating unprecedented opportunities for product innovation that Canada's current regulatory system is ill-prepared to meet—forcing manufacturers to develop, produce and market new products elsewhere—particularly in the much sought after category of health and therapeutic foods.

"The future is in functional foods with consumers increasingly choosing foods with specific attributes to manage their health. Simply put, our trading competitors are investing heavily to build enabling regulatory systems to commercialize and manufacture these products and Canada isn't," said Croitoru.

At a time when governments are spending billions on health care and looking for ways to add value to agriculture, does it make sense that we have a regulatory system that drives away investment in food innovation?”, she asked, noting “building enabling regulations isn’t sexy, but it is clearly what the government needs to focus on to keep manufacturing jobs in Canada.”

For example, diet related health claims allow manufacturers to communicate the health benefits of certain foods to consumers, i.e. the relationship between calcium and osteoporosis. They are critical to investment in innovation as manufacturers need to recoup increased costs by telling consumers what benefit the product has to their health. Canadian regulations allow manufacturers to make only five health claims, while our largest competitor in the race to commercialize functional food innovation, the United States, currently has 18 health claims approved and another 12 expected to be announced imminently. And the US is investing heavily in the Food and Drug Administration (FDA) to build an even more responsive regulatory approval system for health claims.

“Clearly we need to get moving on fixing the regulatory system. We know other sectors have similar challenges dealing with regulatory systems that were designed decades ago and no longer afford the responsiveness and flexibility required to allow for innovation within reasonable timelines. We look forward to working with the government to ensure a commitment to address the issues raised in the Industry Committee’s excellent report,” Croitoru concluded.

Food & Consumer Products of Canada (FCPC) is the largest industry association representing Canadian-operated food and consumer product companies that make and market retailer and national brands sold through retail and foodservice outlets. In 2005, the industry employed approximately 300,000 Canadians across the country, making it the largest employer in the Canadian manufacturing sector, and generated \$24 billion annually in GDP (13% of the Manufacturing Gross Domestic Product). On an annual basis, the industry donates an estimated \$100 million in cash donations to charitable causes and over 5 million bags of groceries to food banks in Canada. The industry has a record of embracing world-class regulatory standards and is governed by 442 federal and provincial pieces of legislation, as well as thousands of regulations and self-imposed standards.

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