Canada's Opportunity to Capture More Value from What We Grow

New analysis points to major economic potential from expanding domestic food and ingredient manufacturing

New analysis prepared in 2026 by Ernst & Young LLP (EY) for Protein Industries Canada examines Canada's opportunity to expand domestic value-added processing and grow its food and ingredient manufacturing sector. The report finds that Canadian crops can support growth across a wide range of higher-value markets—from processed food and specialized ingredients to animal feed, alternative proteins, bio-based chemicals and materials.

> **Redirecting just 10 per cent of Canada's raw crop exports to domestic value-added processing could generate up to *$5.4 billion in additional GDP*, $7.9 billion in additional Canadian food manufacturing output, approximately *34,000 full-time-equivalent jobs* and up to $1.1 billion in government revenues.**

The opportunity comes at an important time. Canada is seeking to strengthen domestic supply chains, diversify trade relationships and process more of the food it grows at home. The federal National Food Security Strategy has also identified domestic food processing as a national priority, linking increased processing capacity to greater self-sufficiency and economic growth.

Canada has a strong foundation from which to build. In 2024, the food and agriculture sector contributed approximately $149.2 billion to GDP (about seven per cent of the national economy) and supported 2.3 million jobs, or roughly one in nine Canadian jobs. More than 38,000 businesses operate in the sector, while wheat, canola and corn together account for approximately 70 per cent of Canada's annual crop production. But too often, Canadian crops leave the country before higher-value processing and manufacturing takes place.

Processing more of what Canada grows

Canada's major crops can support much more than commodity exports. With a very large agricultural base, the opportunity is in capturing more value after the farm gate.

Canadian crops including wheat, corn, canola, barley, soy, oats, potatoes and pulses already have current or emerging applications across multiple markets. Domestic processing creates more ways to generate economic activity from resources Canada already produces, through additional products, investment, manufacturing activity and export opportunities.

Four broad downstream markets for Canadian agriculture:

Consumer Food	**Animal Feed**
Ingredient Processing	**Bio-industrial Products**

It can also strengthen economic resilience. EY identifies geopolitical conflict, changing trade relationships, supply-chain disruptions and rising competition for food and industrial inputs as major forces reshaping the global agriculture and food economy. Trade tensions are reinforcing the importance of diversifying Canada's customer base and strengthening domestic capacity.

Large markets are opening for Canadian crops

EY examined 10 areas where Canadian agricultural resources and capabilities could support future growth and modelled their potential global and Canadian market sizes to 2040. Under EY's baseline scenario:

Market opportunity	Global market by 2040	Canadian market by 2040
Processed food and beverages	US$9.825T	US$178.6B
Livestock feed	US$1.071T	US$23.6B
Ingredient processing	US$801.9B	US$42.1B
Bio-based intermediates	US$247.4B	US$4.4B
Alternative proteins	US$134.9B	US$4.0B
Companion animal feed	US$103.3B	US$2.6B
Aquaculture feed	US$54.3B	US$0.7B
Bio-based materials	US$45.3B	US$1.5B
Bio-based raw chemicals	US$35.5B	US$1.4B
Disaster relief / military rations	US$6.6B	US$0.2B

Source: EY baseline forecast, 2040, US dollars.

The result is not one single market opportunity, but a portfolio: large established markets where Canada can extend existing strengths, combined with emerging sectors where investment today could build future competitive advantage.

What is holding Canada back

The challenge is not a lack of crops, ideas or global demand. EY finds that Canada needs stronger systems to help companies move from innovation to commercialization and commercial scale. EY identifies six systemic gaps that may limit opportunity development across the agrifood sector:

1. **Regulatory scale-up barriers.** Canada's regulatory complexity, lack of harmonization and limited stakeholder coordination can constrain the scale-up of crop-based industrial products and slow market deployment. EY notes that Canada ranked 26th of 38 OECD countries in product-market regulation in 2023–24.

2. **Capital shortfall.** Canada has relatively low venture-capital participation and a higher dependence on public funding than comparable markets. EY finds that venture capital backs about 40 per cent of Canadian foodtech funding rounds, compared with approximately 60 per cent in the United States and United Kingdom, while weak mid-stage commercialization supports can make it difficult for businesses to move beyond pilot projects and scale.

3. **Supply-chain bottlenecks.** Transportation constraints across rail, ports and highways, costly cold-storage capacity and rural connectivity gaps can limit supply-chain reliability and the ability to scale value-added products for domestic and export markets.

4. **Fragmented policy and standards.** A lack of cohesive policies, standards and cross-jurisdictional coordination can increase compliance costs, reduce market trust and slow the growth of industrial ecosystems.

5. **Workforce capacity constraints.** Retirements, skills gaps and tighter access to labour are converging to constrain current and future talent supply. EY estimates that 30 per cent of the workforce could retire by 2030, putting additional pressure on innovation and operational scaling.

6. **R&D capacity erosion.** EY points to underinvestment in research infrastructure and fragmented research activity as barriers to translating Canadian innovation into market-ready solutions. The report cites a 95 per cent decline in capital funding for agricultural research infrastructure between 1985–86 and 2022–23.

Creating the conditions to make more here

EY identifies practical actions that could help Canada capture more of the opportunity from its agricultural resources: faster and clearer commercialization and regulatory pathways; stronger mechanisms to attract private and international capital; improved transportation, storage and digital connectivity; better coordination across governments and provinces; stronger workforce pipelines; and more coordinated research tied to commercial market needs.

EY also recommends that Protein Industries Canada build on its existing role by acting as an "ecosystem orchestrator" across a broader value-added agriculture sector. Potential roles include coordinating activity across provinces, supporting commercial procurement pilots, mobilizing capital and helping develop the skilled workforce required by growing food and ingredient manufacturing industries.

This approach aligns with Protein Industries Canada's Make It Here initiative, which calls for food and ingredient manufacturing and value-added agriculture to be treated as national economic priorities, with a focus on capital, processing infrastructure, regulatory modernization, coordination and market access.

A national opportunity built on Canadian strengths

The opportunity begins with Canada's globally competitive crops and agricultural expertise, and expands to include capital, technology, research, manufacturing capacity and market connections that exist across Canada. Bringing those strengths together creates an opportunity to build a larger domestic food and ingredient manufacturing industry. This creates new markets for farmers, supports manufacturing and supply-chain jobs, attracts investment and strengthens Canada's food security and economic resilience.

Canada already has the crops, expertise and industrial foundation. The opportunity now is to process more of what we grow here at home—creating jobs, retaining more economic value in Canada and turning an existing Canadian advantage into greater long-term economic growth.

How to Learn More

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