WE FEED CANADA: The State of Canadian Food Sovereignty

Executive Summary

Submission to the Competition Bureau Canada: Examination of the Food Supply Chain - August 2026

What this is: The Small Scale Food Processor Association represents over 900 small and medium food and beverage manufacturers, makers, and processors across Canada. Most are micro or small businesses run by a handful of people.

Between June and July 2026 we gathered over **521 pieces of feedback from 46 contributors**, through surveys, recorded town halls, and written submissions, reaching every province and territory. This summary reflects what members told us, and nothing else.

The finding: A small food or beverage company in Canada can start, but it cannot grow. Members did not describe a sector losing on the merits. They described businesses that can make a product people want, at a standard that meets or exceeds regulation, and still cannot reach a market.

What stops them is not the cost of making food. It is the cost of being allowed to sell it: the fee to be listed, the licence required to cross a provincial border, the minimum volume a carrier will accept, the audit a customer demands beyond the federal standard. None of these reflects the quality or the safety of the food. Each is set by a party the producer cannot negotiate with, and each is priced as though every supplier were the same size.

Three walls and one condition that raises them all

Wall one: There's nowhere to make more product

The mid-sized capacity a growing business needs (like co-packers and shared-use facilities) has been shrinking for decades. What remains is at capacity, priced for large volumes, or owned by the companies members compete against.

Members described businesses leaving their province or the country, simply to find somewhere to make their product.

Wall two: There's no money to build it

Conventional and federally backed lending is largely unavailable to businesses with less than $5 million in revenue, which is most of this sector. Grant programs frequently require that the money is spent before it can be claimed.

The capacity described in wall one therefore never gets built.

Wall three: The shelf is controlled and priced for someone else

A handful of grocery chains decide which products are available to Canadians. Reaching those shelves means listing fees, free fills, flyer charges, and promotional costs set without reference to supplier size.

Fees like these can add 60%-75% in cost by the time it reaches the shelf — a cost the shopper pays and never sees itemized.

The condition: Rules written for one size

Food safety certification, labelling, licensing, and municipal permitting apply in much the same way whether a business ships a 1,000 units a year or 10,000,000.

Because the cost is largely fixed, it lands hardest per unit on the smallest producer.

Members asked repeatedly for scale-appropriate regulation. None asked for standards to be weakened.

SMALL SCALE FOOD PROCESSOR ASSOCIATION

What it looks like on the ground

- **Terms are set, not negotiated:** At times, suppliers cannot reach buyers, may not discuss prices, have contracts amended after signature, and face deductions applied after delivery
- **Charges do not scale:** The same listing fee, audit, and data subscription are applied to a business whatever its revenue, which costs a small supplier far more in proportion than a multinational
- **The customer is also the competitor:** Through private label, the buyer creates a rival version exempt from the fees the supplier pays
- **Only one side can see the market:** Retailers hold store-level sales and loyalty data that suppliers must buy back to see, if it is even offered at all

These conditions are concentrated at one point in the chain. Independent retailers, farmers markets, food hubs and direct sales were generally described as workable, but cannot deliver the volume a business needs to grow — which returns the producer to the same terms.

Where it ends

A business that reaches the ceiling of what Canada's facilities, financing and shelf access will support has two realistic outcomes: it closes, or it is bought by a foreign owner, most often American, after which the revenue, the jobs and the decisions leave the country.

Every business that exits removes a supplier, a price and an alternative from the market. A grower who stops growing a crop, or a processor bought and consolidated, is a competitor Canadian consumers no longer have.

What members asked for

- Disclosure of all fees retailers collect from suppliers — listing fees, free fills, billbacks, promotional and advertising charges, and post-delivery deductions
- Mandatory unit pricing at the shelf, applied consistently and printed large enough to be usable
- Penalties where package size or product quality is reduced without disclosure
- Limits on algorithmic and time-based retail pricing
- Restrictions on how loyalty-program and store-level sales data is used against the suppliers who generate it
- A documented listing-review process, with a stated reason when a product is rejected
- Scale-appropriate application of certification, licensing, labelling and municipal requirements
- A route for a provincially inspected producer to sell across a provincial border without rebuilding in a new facility
- Clearer labelling of origin, of what qualifies as Canadian made, produced or packaged, and full disclosure of natural flavours
- Effect given to the parts of the Grocery Code of Conduct members reported are not reaching them

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