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Facing Tariffs and Turbulence:

A Conversation with Kristina Farrell on the Future of Canadian Food & Beverage Manufacturing

As Canada's food and beverage manufacturing industry continues to contend with global trade uncertainties, tariffs have become more than just a policy issue, they're a strategic obstacle. To better understand how the industry is responding, we sat down with Kristina Farrell, Chief Executive Officer of Food and Beverage Canada, for insight into the current landscape, emerging risks, and innovative paths forward.

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Q: How have tariffs influenced the competitive landscape for Canadian food and beverage manufacturers?

KF: Tariffs have created a highly unpredictable business environment for Canadian food and beverage manufacturers. This unpredictability stems from both U.S.-imposed tariffs and Canada's retaliatory response. Such instability makes it difficult for companies to plan long-term investments in capacity, infrastructure, and innovation, ultimately undermining competitiveness. It's not just about cost - it's about confidence in the future.

Q: What role do government policies play in helping manufacturers navigate these tariff challenges?

KF: The federal government does offer some helpful resources. These include assistance in clarifying whether a product qualifies under CUSMA (Canada-United States-Mexico Agreement), as well as access to programs offering tariff remissions and temporary relief measures. However, while appreciated, these supports are often short-term in nature. What we really need are policies that encourage sustained investment and make Canada a more predictable and attractive place to manufacture food and beverage products Canadians love and depend on.

Q: What are the long-term economic implications of these tariffs for the Canadian food and beverage sector?

KF: The biggest concern is the ongoing uncertainty. When companies are unsure about future trade conditions, they tend to delay or cancel investment plans. This has a cumulative effect - slower growth, reduced innovation, and potentially, a diminished presence in key markets. We risk losing our competitive edge if we don't address this volatility with more durable policy solutions.

Q: Can you provide specific examples of how tariffs have disrupted supply chains within the industry?

KF: Certainly. One striking example is aluminum cans, a key input for many food and beverage products. Canada doesn't produce enough to meet domestic demand, so we rely heavily on imports. When aluminum cans got caught up in the trade war, manufacturers had to scramble for alternatives, leading to increased costs and complex supply chain adjustments. These types of disruptions ripple across production schedules and product availability.

Q: What strategies can food and beverage manufacturers employ to enhance supply chain resilience?

KF: Diversification is key. Companies need to broaden their export markets and find alternative suppliers for critical inputs. There's also a growing push to source more ingredients and packaging materials domestically, where feasible. This can mitigate risk and increase stability in the face of unpredictable international developments.

Q: How are manufacturers fostering innovation within their supply chain teams to address these challenges?

KF: Many manufacturers are leaning into domestic solutions, like those provided by CAD MicroSolutions (now GoEngineer), which support digital transformation. Collaborations with Farm Credit Canada can also help spur innovation through financing and advisory support. On the policy front, the federal government's proposed Domestic Processing Fund could be a game changer - if it's adequately resourced. It has the potential to drive investment in infrastructure, automation, and advanced manufacturing technologies.

Q: What role does technology play in improving supply chain visibility and agility?

KF: It's absolutely critical. Technologies like real-time tracking, advanced analytics, and predictive modeling give companies a clearer view of their operations and help them react more quickly to disruptions. These tools are no longer optional - they're essential for staying competitive in a volatile environment.

The message from Kristina Farrell is clear: while Canadian food and beverage manufacturers are adapting and innovating, long-term policy support and investment initiatives are vital to ensure the sector thrives amid growing global uncertainty. With the right blend of resilience, technology, and strategic partnerships, the industry can navigate the current turbulence and emerge stronger.

Consult with our team on strategies for leveraging technology and innovation to overcome economic challenges. Contact us today.