

FOREWORD

The food processing and beverage industry is one of Canada's largest manufacturing industries, with reported annual shipments in excess of \$40 billion. Although primarily oriented to the domestic market, the industry has developed billion dollar export markets in the fish and meat sectors. Firms in the industry range from large multinational world leaders to small, more specialized companies.

Although growth in overall Canadian demand for food and beverage products tends to be modest, changes in demographics, work force shifts, new family structures and varying lifestyles are creating new challenges and opportunities for Canada's food processors. A trend to higher value-added products has been established. With time for grocery shopping and food preparation often at a premium, the home consumer is demanding products that not only taste good but add shelf life, offer a fresh image, and shorten cooking time. With the food service sector (hotels, restaurants and institutions) accounting for nearly 40 per cent of Canadian consumers' food expenditures (as compared with 18 per cent twenty-five years ago), food processors are actively pursuing opportunities to develop and market unique, portion-controlled, high quality, convenient-to-cook products that eliminate the need for highly trained cooks and chefs.

The introduction of these innovative products has often required food processors to acquire special equipment. Heightened interest in the North American food market has also stimulated capital spending in Canada by globally oriented companies wanting to position themselves for the Free Trade Agreement market and to diversify their sources of raw material. As a result, recent annual expenditures on machinery by Canada's food processing and beverage industry have been estimated at over a billion dollars.

Canada's food processing equipment industry has benefited from the growth in investment spending by Canada's food and beverage processors. Nevertheless, the industry remains highly oriented to export markets, export sales averaging 66 per cent of shipments. Recognition has been growing among machinery manufacturers of the need to specialize and to pursue on an international basis the opportunities to meet the specific needs of particular market segments. As a result, small to medium-sized firms account for 70 per cent of the industry's exports.

Canadian export capability lies in selective types of standard and custom-made machines aimed at niche markets. Areas of particularly strong capability include bakery equipment (ranging from pizza ovens to complete mobile bakeries for military field camps) and meat and poultry processing equipment (including such specialty machinery as smoke houses, meat cutting bandsaws and continuous sausage processing systems). In their specialty markets, Canadian products have gained wide international acceptance. They often feature distinct design advantages, carry out unique functions or serve very particular user needs, while offering good quality and a competitive price. A significant advantage of Canadian firms is their ability to respond quickly to changing market demands. Their flexibility and wealth of experience in providing custom-engineered products for particular applications has greatly contributed to their success at home and in international markets. Much of this experience has been accumulated by addressing the demanding requirements of food processors located in the United States. Bakery equipment sales have been developed on a wider international scale.

With strong links with customers located throughout North America, Canadian firms are well-attuned to the development of new food processing technologies involving, for example, ultrafiltration, gamma irradiation, micro-electronics, microwaveable food containers, and biotechnology. They are in a position to make an important contribution to the efforts of food processors everywhere to respond to changing consumer tastes, improve their productivity and attain higher quality and sanitary standards.