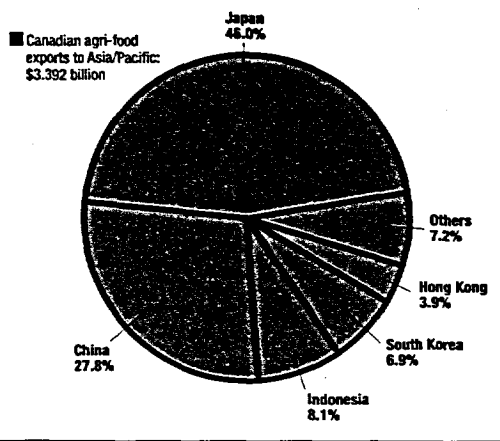


Canada's Top 5 agri-food export partners in Asia Pacific for the first 10 months of 1996



Asia-Pacific markets for agri-food are big, big business

THE CANADIAN AGRICULTURE and agri-food industry — farmers, suppliers, processors, transporters, grocers and restaurant workers — is the third largest employer in Canada, one of Canada's top five industries in terms of GDP and responsible for close to 15 per cent of the international trade surplus that Canada enjoys with the rest of the world.

Canadian agri-food exports increased 30 per cent in the past three years to an all-time record of \$17.5 billion in 1995. The most recent figures show that our exports continue to climb. In the first three quarters of 1996, Canadian agri-food exports totalled \$13.6 billion, a nine per cent increase over the same period in 1995. That's good news for Canadian farmers and food processors and for Canada's economy as a whole. Export sales are the most promising source of economic growth in the agri-food sector, and Agriculture and Agri-Food Canada is working hard to realize the promise.

Asia-Pacific markets for Canadian agri-food products are a priority for us. Canadian agri-food has been sold in Asia for many years, mostly in the form of Western grain, but trade in other food products is growing. Canadian agri-food exports to Japan, our second largest trade partner after the United States, have risen nearly 60 per cent in this decade reaching \$2.04 billion in 1995. Newer markets in South East Asian nations were worth \$2.16 billion to Canada's agri-food industry in 1995, up more than 68 per cent from their 1993 value.

Some of this increase is due to enhanced sales of value-added food products and that's even better news for Canadian producers and Canadian workers. Asia-Pacific consumers have a taste for Canadian food, recognizing that it is natural, wholesome and pure, and that it meets their highest expectations for quality, purity and safety. Our agri-food exporters are also rapidly recognizing the business potential of this part of the world.

This issue of *CYAP Forum ACAP* will highlight just a few of the Canadian export success stories that we think point to the opportunities that exist for Canadians when the agri-food industry works to sell their products to the world. It's hard work getting into Asian markets, but we have the evidence that it's worth the investment and the federal government is prepared to pull out all the stops to facilitate industry's efforts to break into these markets.

YEAR-TO-DATE COMPARISONS (in \$000)

| Partner | In \$millions, same period for: | | Change in % | Change in \$million |
|-------------|---------------------------------|----------|-------------|---------------------|
| | 1995-Oct | 1996-Oct | | |
| Total | 2,862 | 3,011 | +5 | 149 |
| Japan | 1,388 | 1,366 | -1.5 | -22 |
| China | 930 | 836 | -10 | -94 |
| Hong Kong | 111 | 122 | 9.9 | 11 |
| South Korea | 140 | 218 | 55.7 | 78 |
| Taiwan | 95 | 87 | -8.4 | -8 |
| Indonesia | 67 | 252 | 276 | 185 |
| Malaysia | 45 | 35 | -22 | -10 |
| Philippines | 35 | 25 | -28.5 | -10 |
| Singapore | 17 | 17 | 1.6 | 0 |
| Thailand | 30 | 49 | 60.8 | 19 |
| Vietnam | 4 | 4 | -76 | - |

The right Canadian product + the right Asian market = SUCCESS



CANADIAN AGRI-FOOD EXPORTERS are in the Asia-Pacific region to stay and to grow. Opportunities abound for Canada to become the highest quality supplier of traditional foodstuffs — for example, Canadian pork has become the "premium" standard in the South Korean market — or to create markets for foods that are new to Asia — like maple syrup in Taiwan.

There are, to quote a Canadian trade official in Tokyo, "essentially an unlimited number of success stories" of Canadian agri-food businesses in Asia. Here is a sample:

■ Saint Cinnamon Bakery Ltd.

Who can resist a sweet, sticky cinnamon bun, fresh from the oven?

No one, it seems — not in any country. That's what Saint Cinnamon Bakery Ltd. of Markham, Ontario, is finding out. Their franchises have swept across Canada like a spicy tidal wave that's now lapping Asian shores.

Coffee and a Saint Cinnamon bun are now available at 64 locations across Asia. Saint Cinnamon works with national franchisees in each of the countries where it's present but the challenges of doing business on another continent remain.

"Importing is our chief challenge in many countries," says Bob Hassell, Vice President of Saint Cinnamon Bakery. The Canadian embassies are a big help to us. Finding a local mill to produce our sweet dough takes time, too. You want to appeal to local tastes but you need consistency of product across the franchises. It keeps us busy."

■ McCain Foods (Japan) Ltd.

Asian food tastes are changing and some Canadian companies are profiting from that trend. Fast food is becoming an integral part of Japanese life and McCain Foods (Japan) Ltd. has

positioned itself to benefit.

McCain currently supplies half of the french fries used in the Japanese food service sector. French fries from Manitoba potatoes are McCain's biggest seller in Japan, but 1400 other food items are offered to Japanese wholesalers by McCain Foods (Japan). Other products include frozen pizza from New Brunswick.

"There are essentially two markets in Japan," says Carl Morris, President of McCain Foods (Japan) Ltd. "One is local and Japanese, the other is international fast food. We serve both."

McCain started doing business in Tokyo 26 years ago. "The secret to doing business in a foreign country," according to Morris, "is being prepared to go there and drink the local wine. You've got to make the investment in time and in people."

"Canada's image abroad is a real asset to food exporters," says Morris. "We've worked with the government to reinforce the idea that Canada equals quality."

■ Yogen Früz ices out the competition

With 2600 stores world-wide, Yogen Früz has grown to be the second-largest frozen yogurt chain and the third-largest ice

cream franchiser in the world. And Asia is a big part of that success.

Since its arrival in Asia, Yogen Früz has opened an average of two stores a week — that's right, two a week! It also exports most of the ingredients and all of the machinery needed to make its finished product. The Canadian franchiser has close to 300 shops in Indonesia, Thailand, the Philippines, Hong Kong, China, Taiwan, and Singapore with plans to enter the Malaysian, South Korean and Japanese markets this year.

There are no secrets to success here — a great product, intelligent marketing and effective local partners are what's required. Yogen Früz encourages companies in the agri-food sector to use international food shows, like those sponsored and organized by Agriculture and Agri-Food Canada, to make their products known and to establish critically important contacts to Asian countries.

"Canada has established domestic standards of quality in food production that are recognized around the world," says Stephen Bogyay, Executive Vice President and Chief Operating Officer of Yogen Früz. "Opening doors to Asian countries for Canadian food products is much easier as a result."

Asia Pacific: The agri-food market of choice in Quebec

THE ASIA-PACIFIC MARKET has captured the attention of Quebec agri-food producers. And the federal and provincial governments as well as other export groups, are helping out Quebec businesses.

February 1997 will see Canada's Year of Asia Pacific launched with the presentation of *Cible Asie: Today's Food Market*, a seminar organized by Agriculture and Agri-Food Canada, in partnership with the Quebec Ministry of Agriculture, Agri-food and Fisheries (MAPAQ) and Le Club Export Agro-Alimentaire du Québec. Canadian agri-food trade commissioners posted in Asia will accompany a delegation of buyers as they are introduced to opportunities and businesses in the Quebec marketplace throughout this event.

Recent buyers' missions to Quebec from Japan, Singapore and Hong Kong have already opened the door to many exciting business opportunities for Quebec companies which produce manufactured goods.

One Quebec-based business that has succeeded in cracking the Japanese market is

Les Vergers d'Émilie. In just two years, this jam maker has carved itself an enviable niche. Two months after participating at Foodex 1994 in Tokyo, it shipped an order for 1500 cases of jam to a Japanese distributor. Sales doubled and then tripled to the point where today Les Vergers d'Émilie shipped 50,000 cases and recorded approximately \$1 million in 1996 sales to Japan.

Trade missions and seminars on the economies of Asia Pacific are also part of the calendar for 1997. A trade mission for a group of Quebec businesses organized by MAPAQ to explore the opportunities in Hong Kong, Singapore and the Philippines is set for this year. Le Club Export Agro-Alimentaire is also organizing *Le tremplin (springboard) Taiwan-Japan program*, a series of seminars designed to inform Quebec businesses of market potential in these two economies.

For further information on any of the above, contact: Lucie Roy at (514) 283-3815 ext. 562, of Agriculture and Agri-Food Canada.