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acteristics of the Canadian environment. Areas of demonstrated Canadian strength include:

- livestock breeding;
- fermentation technologies;
- disease resistant crops;
- new types of edible oils;
- superior grain varieties;
- new seafood species;
- new meat processing technologies; and
- food irradiation.

### Exports

The processed food and beverage sector features prominently in Canada's international trade. On a per capita basis, Canada's agri-food exports are nearly double those of the United States. As a percentage of GDP, Canada's agrifood trade is more than twice that of the U.S. and Mexico and it continues to grow. Canada's agri-food exports rose by more than 40 percent between 1991 and 1994.

Much of this growth is directly attributable to the Free Trade Agreement between the U.S. and Canada. There are many cases of food and beverage categories where trade has increased significantly in both directions.

The advent of free trade with Mexico under the terms of the NAFTA will further stimulate agri-food exports to that large and growing market. With its 380 million consumers, North America is the richest single

market in the world. Combined retail food, beverage and food service sales reach an estimated \$850 billion annually.

### Agrifood 2000

To focus the sector's export efforts, the food industry and governments have set a minimum target of \$20 billion worth of agri-food exports by the year 2000, or better, a 33 percent increase over the \$15 billion worth of exports recorded in 1994.

To meet this goal, agri-food businesses will need additional international investment. Canada has long recognized the role international investment plays in developing the country's vast potential and it welcomes new international partnerships to achieve its growth objectives.

Agrifood 2000 has also developed a "new look" for promoting Canadian foods abroad. This new image, symbolizes to international customers that Canadian products are made in the spirit of the land – natural, wholesome and pure – and meet their expectations for quality and safety. It reflects a national theme, developed cooperatively by federal and provincial governments and industry, to enhance the presence of Canadian agri-food products in export markets. 🍁



## KPMG Study - Comparison of Canadian and U.S. Business Costs

A recent KPMG study compared the costs of setting up and operating businesses in Canada and the United States for a number of industries including frozen food manufacturing. The study found that the average initial capital investment required to construct a new frozen food facility in Canada would be about 20 percent lower in the eight Canadian cities studied than in comparable U.S. cities.

The same study determined that frozen food production labour costs would be 31 percent lower in Canada than in the U.S. Canadian electricity and transportation costs are also significantly lower.

Basing the study on a model food processing facility, and drawing data from eight Canadian and seven American cities, KPMG considered what costs would be involved from start-up to the end of ten years. Comparisons were made in a number of locational categories, including initial facility investment costs as well as labour, electricity, transportation and taxation. In a majority of these categories, the Canadian cities were less expensive than the U.S. centres.

Canada is highly cost competitive for start-ups. Typically, initial facility investment costs represent 30-35 percent of the costs of a start-up. KPMG found that a model food processing plant would incur an average of \$2.5 million in facility investment costs in Canada, as compared to \$3 million in the U.S. – an initial saving of \$500,000.

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