

## II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The bakery industry encompasses a range of product sectors. The products included in this study are plain and fancy biscuits including soda and sweet biscuits, bakery products including leavened bread, sweet buns and frozen pastry. These products account for the largest U.S. imports of bakery products.

The U.S. market for bakery products is expected to exceed \$23 billion (U.S.) in 1988 and imports are expected to increase by 9% to \$350 million (U.S.). Major foreign suppliers to the U.S. market are Canada, Denmark, West Germany, United Kingdom, Japan and Italy.

The survey conducted early in 1988 indicated that over 90% of respondents were facing rising costs for their European (and to a lesser extent, their Japanese) imports due to the devaluation of the dollar. As a consequence, many expressed interest in looking at Canadian sources of supply as alternatives. Approximately 20% of U.S. importers contacted reported that they would increase their purchases from Canada in the event of a Free Trade Agreement between Canada and the United States. Many, however, felt that such an agreement would not alter their purchasing patterns. U.S. importers interested in Canadian products said that they would prefer to obtain product information directly from the company through brochures and product listings and through attendance at trade fairs. Availability of the product in the United States was the key consideration in the importers' decisions to source outside the United States while price was the least significant. Product quality was important to approximately 25% of the respondents, while a few of those surveyed imported products to supplement their domestic supplies. The survey of U.S. associations connected with the bakery industry indicated that Canadian goods are well regarded in the U.S. market.

Some specific opportunities have been uncovered during the course of this survey. Sources of supply are being sought for specialty biscuits and crackers and baking products in general.

Information on these companies is found in Appendix 1, while a list of companies generally interested in knowing more about Canadian sources of supply of bakery products has been compiled in Appendix 2.