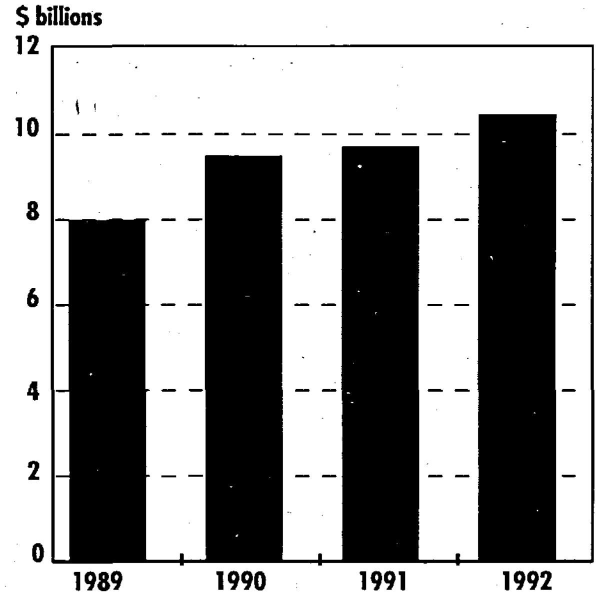
multinationals, have long had a significant presence in Canada. Of the largest 20 food manufacturers in North America, 16 have processing facilities in Canada. These include firms such as Nestlé, Campbell Soup, Cargill, Nabisco, Heinz and Kraft. Similarly, 16 of the top 25 North American restaurant chains are prominent in the Canadian food service industry: names such as McDonald's, KFC and Pizza Hut as familiar to Canadians as they are to U.S. consumers. International investment in Canada's food and beverage sector has been increasing at the average rate of 8 percent annually (see Figure 11).

Figure 11.
Foreign Investment in Canadian Food and Beverage Processing, 1989-1992 (cumulative)



Source: Statistics Canada.

Sectoral Opportunities

As an important North American food centre, Canada has a vast potential and it welcomes international partnerships in any segment of the processed food and beverage sector. The industries identified below are those in which market trends point to investment opportunities or they are industries for which provincial governments are actively seeking new investment.

Frozen Foods

Consumer preference for frozen foods is leading to rapid growth in Canada, the rest of North America and elsewhere in the world. Combined, frozen foods represent the fastest growing product category measured in retail grocery sales volume in Canada. At the same time, Canadian exports of frozen foods have increased rapidly in recent years. Although the U.S. is Canada's largest export market, Japan and a growing list of Caribbean and Central and South American countries are increasing in importance.

Meat Processing

Generally, exports of Canadian meat and meat products have been rising (see Figure 12 on following page). Demand for processed, ready-to-eat delicatessen meats has increased significantly in recent years. Retail sales of prepared foods such as frozen entrées, meat pies and other ready-to-cook foods containing meat have also increased demand for processed red meats and poultry as ingredients in further-processed foods. Exports of red meats have also increased dramatically. In addition to investment in processing, overall demand has created investment opportunities in swine production.