products is a Canadian national priority. The government has set a target of $20 billion in agri-food exports by the year 2000 and ultimately, Canada wants to capture 3.5 percent of the world's trade in food and agricultural products.

INFRASTRUCTURE

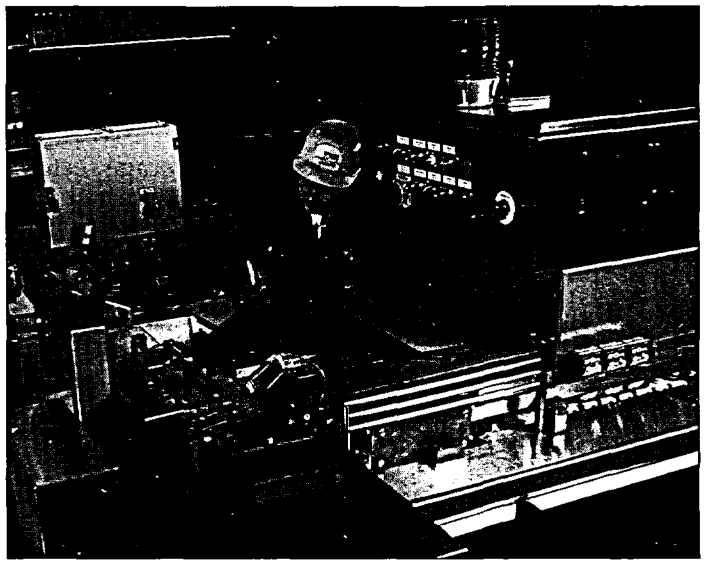
Canadian food and beverage manufacturers benefit from highly sophisticated marketing channels in Canada, the U.S. and Mexico. All three countries have established highly efficient food wholesale and distribution industries. These channels, in turn, offer growing markets for the private label brands that account for an increasing portion of processed food shipments.

The other major marketing channel for Canadian food processors is the food service industry which accounts for approximately 38 percent of all retail food and beverage sales in North America. Meeting food service industry requirements offers processors opportunities to develop a diversity of high-volume product lines while incurring lower packaging and promotional costs.

TECHNOLOGICAL SOPHISTICATION

Canadians have long been among the world's leaders in agricultural and food research. From the development of hardier strains of wheat in the 19th century to the recent development of canola, they have created grains that can take advantage of the unique characteristics of the Canadian environment. They have earned a global reputation in livestock breeding. More recently, Canadians have demonstrated leadership in several key branches of biotechnology.

This technological sophistication is sustained and enhanced by a national network of food research and development centres concentrated in several clusters around the country. Moreover, international investors interested in accessing Canadian capabilities



can benefit from R&D tax incentives that are among the most generous of any in the advanced industrial countries.

GOVERNMENT SUPPORT

Federal government departments in Canada provide a wide range of services to the food and beverage sector and to potential international investors in these industries. These include the provision of comprehensive information, referrals and contacts and the delivery of programs designed to encourage and support various parts of the industry. Similarly, provincial governments are also taking steps to foster growth and encourage investment in the food industries under their jurisdiction. Municipalities are also involved in supporting new investments.

Investors do not have to deal with 3 totally different bureaucracies, the federal government often acts as an initial point of contact and works very closely with provinces to service investors. Provinces are well positioned to provide comprehensive site location evaluations on individual projects.

Finally, governments at all levels are working aggressively to open up new international markets for Canadian food products.