OPPORTUNITIES IN CANADA'S FOOD INDUSTRIES

INVESTMENT IN THE CANADIAN FOOD INDUSTRY

Investment is critical if Canada is to remain internationally competitive, to develop new consumer products and to increase its exports of processed foods and beverages. International investment has long played a major role in Canada's economic development and it continues to support expansion of the country's manufacturing and high technology bases. Indeed, the need for investment is all the greater in an environment characterized by the globalization of markets, corporate restructuring and the need to adjust to the North American Free Trade Agreement.

Canada's food and beverage processing industry is keenly looking to attract new capital and new technology. Foreign subsidiaries, already located in Canada, are working harder than ever to secure world or North American product mandates for their divisions.

> ***"We are the supplier for Wal-Mart's controlled label brand. We are convinced that we can compete in a North American market and our association with Wal-Mart is one example of that.***
> ***They solicited from the top four pickle producers in North America. Bick's was invited, competed with U.S.-based companies and passed all the hurdles — the biggest one being quality."***
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> Don Twiner
> President, Consumer Products
> Robin-Hood Multifoods Inc.

Capital investment in Canada's processed food and beverage sector has increased dramatically since the implementation of the Canada-U.S. Free Trade Agreement. This investment was made not only by the many new entrants, including small and medium-sized companies, but by long-established firms in what were previously considered to be "mature" industries such as grains and oilseeds processing, brewing, distilling and dairy processing.

The restructuring of Canada's "traditional" food and beverage sector is substantially completed. The pace of mergers and consolidation in that segment of the industry has slowed. Today, capital investment is increasingly flowing into new firms, products and processes and now exceeds $2.0 billion annually, much of which is directed toward meeting volume and quality demands of export markets. This rate of new investment compares very favourably with that of the U.S. food and beverage sector.

Canada's food and beverage sector has a long history of attracting international investors. There is substantial investment in Canada on the part of multinational food and beverage firms. Many of the world's largest food and beverage processors, including U.S. food