

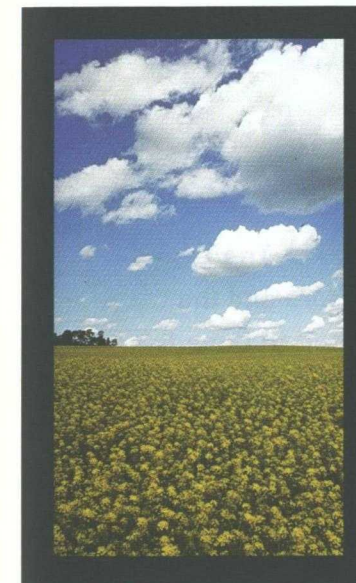


Canada is a leading producer and exporter in the increasingly sophisticated international food and beverage marketplace. Canada is not only the perfect place to shop for competitively priced products and technology, but it also presents enticing investment opportunities and partners willing to form strategic alliances.

In 1994, Canadian companies recorded \$15 billion in agri-food sales mostly to customers in the United States, Japan, the European Union, China and Mexico. The industry expects to meet its \$20-billion target by the end of the decade. The secret to Canada's success has been a combination of high quality foodstuffs and dramatically increased efficiency in processing them.

Canadian-based agri-food companies have gained preferential access to the entire North American market of 370 million consumers under the North American Free Trade Agreement. To serve this rich and demanding market, Canadian businesses offer first-rate, innovative products at competitive prices.

Many Canadian companies have recognized that success in North America can be duplicated in markets around the world, where the demand for value-added foods and beverages is booming, especially in emerging economies. Here are some sectors in which Canadian agri-food interests are internationally competitive:



CEREAL GRAINS

Canada's international reputation for high quality wheat is undisputed. Canadian grains and oilseeds and their products are known for their consistency and superior quality. In 1994, foreign customers bought close to 36 million tonnes of grain, oilseeds and related products worth nearly \$7.8 billion.

Many nutritionally and functionally superior grain varieties will emerge from ongoing work by a Canadian research network. This network, operating within a long Canadian tradition of developing new grain technologies, has committed itself to widening Canadian processors' current competitive advantages in quality and cost. It has developed cereal grains that possess superior protein composition and processing characteristics. New food ingredients and functional foods are being derived from both traditional and genetically modified grains.

Canadian grain processing industries include wheat, corn and oat milling; malting; and biscuit, breakfast cereal, pasta, gluten and starch. Current technology maximizes quality and production in these areas and is adaptable for use around the world.

SEAFOOD

New processing technologies and product innovations are transforming Canada's seafood processing industry. Canada is a world leader in processing what was once regarded as lower-value seafood, such as geoduck, horse clams, rockfish and several Pacific groundfish species. It also leads in the processing of by-products for new food ingredients and industrial products such as chitin, chitosan and bi-polymer chemicals used in industries ranging from pharmaceuticals to water treatment.

Intelligent management decisions, advanced technology and innovative marketing have responded to, and mitigated the effects of, the decline of some groundfish stocks in Canada. The industry has combined new overseas product sources and a greater emphasis on aquaculture to strengthen its position in the marketplace. Often, alliances forged with foreign firms have created new sources of supply and new potential for demand.

