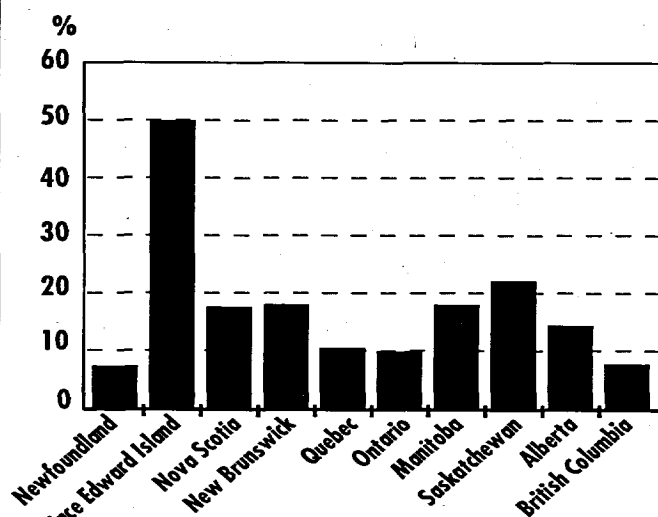


The food and beverage processing industry is diverse and well distributed across Canada. These industries make up a significant part of the economy of every one of Canada's provinces (see Figure 2). As a result, all regions of Canada offer attractive opportunities to international investors interested in agriculture or food and beverage processing.

Figure 2.
Food Processing as a Percent of
Manufacturing GDP, by Province, 1994



Source: Statistics Canada, National Accounts.

A RECEPTIVE MARKET

Canadian consumers, like those in the United States, are affluent by world standards, accustomed to a wide selection of processed foods and eager to try new food and beverage products. They expect quality, convenience and variety. In fact, these characteristics make Canadian consumers an exacting testing ground for new food and beverage products. What is more, the Canadian market is an excellent indicator of trends and preferences in the neighbouring U.S. market. Most Canadian retailers feature the same brands that lead in food and beverage sales in the United States. This makes Canada the ideal test market for products destined for all of North America.

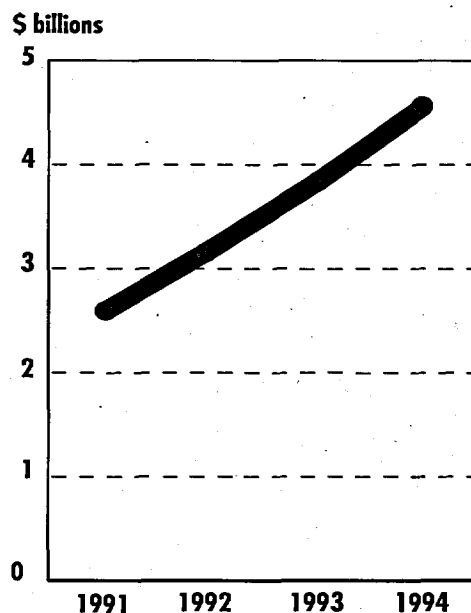
MARKET ACCESS

The North American market of 370 million people is the world's richest market. Food and beverage processors located in Canada have preferential access to the entire region through the market access guarantees of the North American Free Trade Agreement (NAFTA).

The United States has long been Canada's largest single trading partner and this relationship has been strengthened first, with the implementation of the Canada-U.S. Free Trade Agreement in 1989 and then, with its extension under the terms of NAFTA to include Mexico. As a result, Canada's processed food exports to the United States have been growing steadily (see Figure 3).

At the same time, Canada's export markets have diversified, with a number of new countries taking on added importance in recent years. Growth in exports of agri-food

Figure 3.
Canadian Food and Beverage Exports to
the United States, 1991-1994 (\$ billions)



Source: Agriculture and Agri-Food Canada, International Markets Bureau.