

SECTOR: Agriculture and Food Products

SUB-SECTOR: SEMI-PROCESSED AND PROCESSED FOOD & BEVERAGES

Officer: P. Egyed

U.S. Market Opportunities: The United States is by far the most important export market for Canadian agri-food products in terms of both the volume and range of products sold. In 1990, the total value of sales at both the retail and foodservice levels reached \$410 billion will grow to \$440 billion by the end of 1991. The US is a buyers' market with a growing demand at the retail level for nutritious, convenient, and attractively packaged products. Foodservice offers the best opportunities for Canadian manufacturers.

Particularly promising opportunities lie in high-quality convenience foods (ready-to-eat entrées, microwaveable products, finger foods, etc.), ethnic food, prepared and specialty foods, and food products that conform to the US consumer's desire for wholesome, environmentally friendly and gourmet-style eating. The combined US/Canadian market for processed, value-added food products is growing at three times the rate for raw commodities.

Canadian Capabilities: The agri-food sector is the second-largest component of the Canadian economy, representing approximately 10% of Canada's GDP. Processed food & beverage shipments accounted for a total value of \$55 billion and some 232,000 jobs in 1990. Total domestic shipments were valued at \$43 billion while export sales amounted to \$12 billion. The United States accounted for 60% of this total. The major groupings of sectoral activity are meat and poultry, seafood & marine products, dairy products, crop-based products, further processed foods and beverages. The latter two groupings characterized by high levels of value-added manufacturing have traditionally been geared towards the domestic market.

The further processing and sale of foodstuffs in an integrated North American economic environment will be critical for the future survival of this important sector.

Strategy: - The primary concept will be to continue to introduce new, export ready companies to the market place in contiguous and nearby US regions and to enhance the efforts of medium and large scale producers through support at major, national US trade events.

- To promote greater export awareness on the part of small to medium-sized Canadian firms by organizing programmes at strategic food industry events.