

In the bread category (Schedule A 484010), U.S. imports from all countries reached \$38 million (U.S.) in 1987. This was an increase of 61% over 1982 imports of \$23.6 million (U.S.). Canada is the major foreign supplier of this product with over 75% of all imports. During this five-year period, Canada's bread sales to the United States increased from \$19.2 million (U.S.) (81% of the total) to \$28.7 million (U.S.) in 1987. This represented a 50% increase over the five years.

In the larger biscuits, cakes, etc., category (Schedule A 484020) the United States imported \$277.1 million (U.S.) from all countries in 1987. This was a healthy increase of 117% from the 1982 figure of \$118 million (U.S.). Canada is the major supplier in this category also, with 33% of the total imports. In 1982 Canada exported to the United States \$39.3 million (U.S.) (33% of the total) and in 1987 increased its exports to \$91.3 million (U.S.) (33% of the total). The increase over the five years was 132%.

Significant sales in this biscuit, cake category come from Denmark, West Germany, United Kingdom, Japan and Italy. The sales from these five countries to the United States totalled \$47 million in 1982 and rose to \$100 million in 1987, an increase of 113%. In 1987 the share of all imports by these five countries was 45%, as compared to 40% in 1982. The products exported from these countries to the United States are not normally the type or kind that are manufactured in Canada. Denmark's tinned butter cookies, West German gourmet packaged cookies and British shortbreads are typical of the European imports.

As a result of rising prices of Japanese and European imports, it appears that there is opportunity for further growth in Canada's market share of U.S. imports of bakery products, and there exist Canadian manufacturers able to supply the U.S. market. Under the Free Trade Agreement between the United States and Canada, these opportunities are not expected to change dramatically since most items are duty free. For the few tariff items duties, range from 5% to 10%. All tariffs, however, will be removed by 1998. The current tariffs on bakery products are to be reduced in ten equal stages. A full listing of tariffs is found in Appendix 6.

Prospects for Canadian Exporters

A number of Canadian bakery establishments are already exporting to the United States. These exports in 1987 amounted to \$120 million (U.S.) according to U.S. import statistics, or \$151.5 million (Cdn.) according to Canadian export statistics. The products supplied cover a broad range