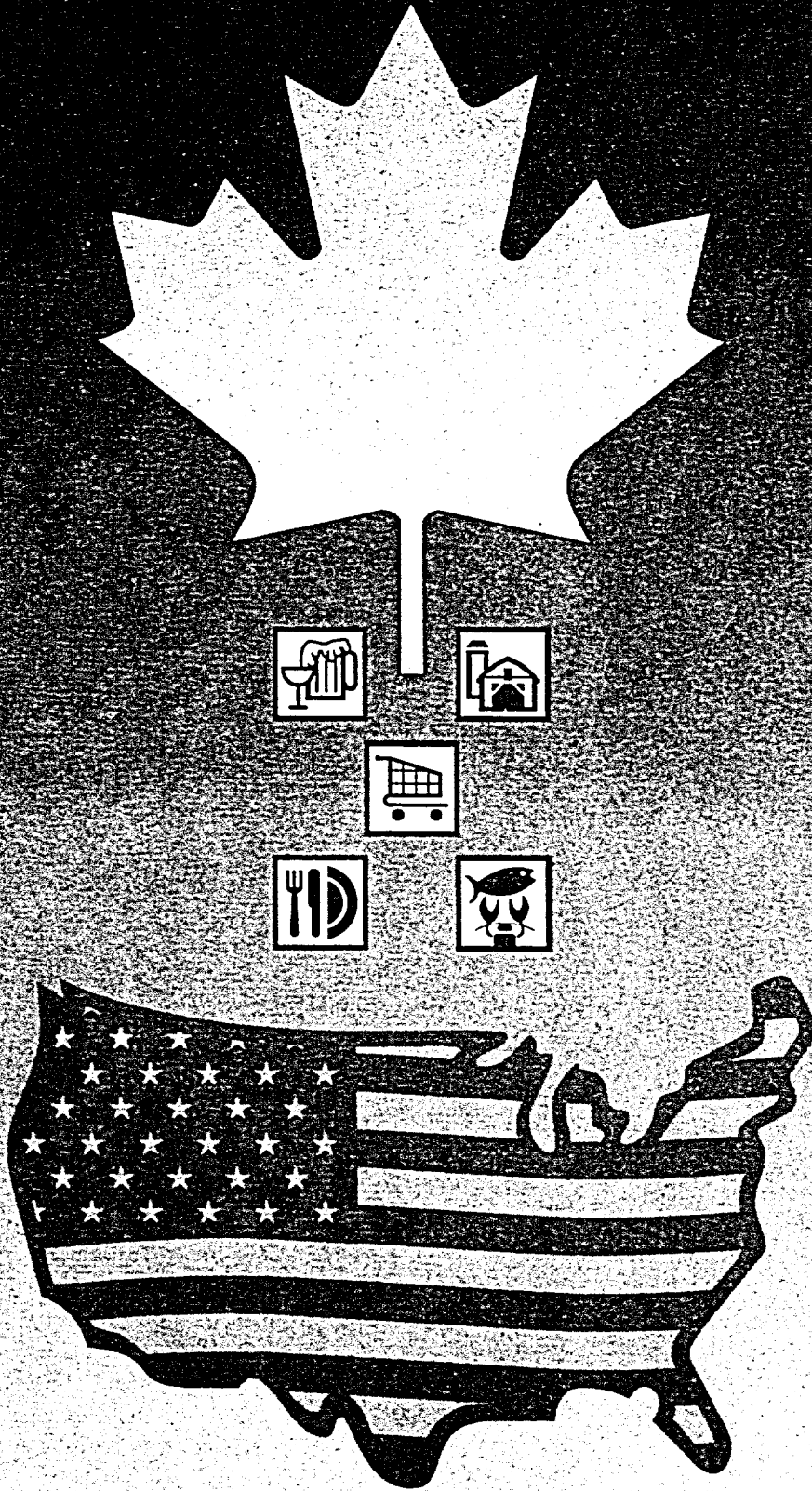


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CANADIAN EXPORTERS' HANDBOOK ON DOING BUSINESS IN THE U.S. FOOD AND SEAFOOD MARKET



External Affairs and
International Trade Canada

Canada

Exporting Canadian Agri-Food and Fish Products to the United States

Vol.1

**Canadian Exporters' Handbook on
Doing Business in the U.S. Food and Seafood Market**

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Dept. of External Affairs
Min. des Affaires extérieures

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FOREWORD

In today's increasingly competitive and demanding world market, business is recognizing it needs to find niche markets, increase product quality and provide value-added products which meet those market demands.

Canada's growing economy and future prosperity depends on trade, and the ability of Canadian businesses to compete against the best and win. Canadian agri-food and fish exporters have become increasingly aware of the opportunities -- and challenges -- provided by the Canada-United States Free Trade Agreement (FTA) in selling to the world's largest market.

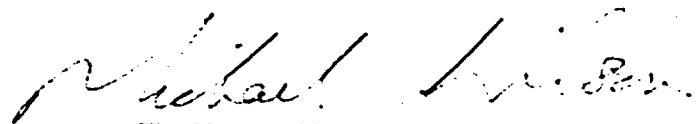
The United States is, and will remain, the most important export market for the entire range of Canadian food, beverage and seafood products. It represents immense potential for job creation for thousands of Canadians, an unparalleled testing ground for new marketing ideas and product innovations. It is the best market opportunity for aggressive, well-prepared new exporters who are willing and able to take up the challenge. Whatever opportunity a business chooses to explore, homework must be done.

This guide, "**Canadian Exporters' Handbook on Doing Business in the U.S. Food and Seafood Market**," is part of a three-volume series on Exporting Canadian Agri-Food and Fish Products to the United States, and is designed to assist Canadian agri-food and fish processors in their quest to open up new and exciting sales opportunities south of the border. The guide contains helpful hints on the basics of food marketing in the United States, an outline of the various distribution and regulatory procedures facing novice exporters, and regional market overviews prepared by our trade offices in the United States.

A companion volume, "**A Guide to Food Trade Shows in the United States, 1992-93**," lists national and regional trade exhibitions which Canadian agri-food and fish exporters may wish to attend in order to introduce their products to U.S. food and seafood buyers. External Affairs and International Trade Canada (EAITC) is directly involved in many of these promotional events, and works closely with Canadian companies in their marketing efforts.

The third publication in this series, "**How to Identify and Work with U.S. Food Brokers and Distributors: Proceedings of a Cross-Canada Seminar Series, September 22nd to October 2nd, 1992**," summarizes the salient points raised in an EAITC-sponsored programme which featured presentations by representatives of the National Food Brokers Association in Washington, the National Food Distributors Association in Chicago, the agri-food and seafood marketing officers from eight of our Canadian Consulates General, as well as Ontario and Quebec provincial government trade officers in the United States.

Prepared by EAITC's USA Trade, Tourism and Investment Development Bureau these informative publications will provide Canadian agri-food and fish exporters with timely, relevant and easily accessible information on U.S. market trends and opportunities. I hope these publications will assist you to develop your marketing strategy in the United States and successfully compete in the lucrative U.S. market.



The Honourable Michael H. Wilson
Minister of Industry, Science and Technology and
Minister for International Trade

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I. Introduction

The United States market presents many opportunities for the Canadian agri-food producer/processor. As our largest trading partner, closely linked to Canada by geographic and cultural ties, it is often the first export market for the new exporter.

This guide has been prepared by the United States Trade, Tourism and Investment Development Bureau of External Affairs and Inter-national Trade Canada (EAITC) to assist Canadian agri-food exporters to the United States. It is designed to provide general information for the novice Canadian agri-food exporter as well as contacts for additional information.

EAITC and other Federal/Provincial government departments are useful resources for the agri-food exporter and are committed to providing continued support for the Canadian business community in their export development efforts.

Canada and the United States are each other's closest neighbours and most important trading partners. The two countries share over 4000 kilometres of border, similar culture and similar language, which makes it tempting to think of the U.S. as an extension of the domestic market. While many shippers are successful using this frame of reference, it is better to remember that the U.S. is a foreign country and its market is not identical to Canada's.

In fact, it may be best to think of it not as one national market but several regional ones, each having its own requirements. Proximity to some of these regions may offer Canadian exporters an advantage over U.S. competitors who are situated a greater distance away. At the same time, however, it may be that the best market is not the closest one. Each should be assessed independently by the Canadian exporter.

Canadian businessmen venturing into the U.S. market are likely to encounter two different attitudes. Either the customer will feel, as many Canadians do, that we are not foreign to each other, in which case selling may be

straightforward; or the customer will consider Canadians unlikely to be able to meet their more rigid standards and deadlines. In this case, a trial shipment may yield the best result.

Canadians will likely find that the pace of business is faster and the competition more intense in the U.S. than it is in the Canadian domestic market. It may take more effort to become established and may require more attention to customers (such as frequent sales calls) to remain ahead of the competition in such an atmosphere. U.S. buyers generally prefer prices to be quoted on a delivered basis with all costs included; and there is a tendency to minimize inventories, so frequent deliveries may be needed, (the "just in time" philosophy).

As a general rule, when new to exporting to the U.S., it is advisable to deal through brokers or manufacturers' representatives. Exporters are urged to have price lists in U.S. dollars and should be aware of the provisions of U.S. laws that cover labelling and importation of food and beverages.

Best of luck in your exporting activities.

II. Glossary of Terms

Agents and brokers are wholesale operators who buy or sell on the account of others for a commission and who usually do not store or physically handle products.

A **chain** is a food retailer or foodservice operation comprising 11 or more stores or outlets.

The **retail sector** is made up of **retail grocers chains** (usually defined as 10 stores or more) and **independents** who are supplied by wholesalers.

Food Service refers to the dispensing of prepared meals and snacks intended for on-premise or immediate consumption. The following products qualify as food service when other foods are not available: candies, popcorn, pretzels, nuts, and drinks. Vended foods qualify as food service only when tables and counters are available in the immediate area and a person with records of food receipts is present at the establishment.

Commercial establishments are public establishments (freestanding or part of a host establishment) that prepare, serve and sell meals and snacks for profit to the public. These establishments can be further categorized as:

- Drinking Places
- Eating Places
- Lodging Places
- Recreation or Entertainment Venues

Foodservice brokers act as independent sales agents for a variety of food processors, whom they refer to as their principals. Brokers receive a commission from the supplier for arranging the sale. Their primary function is to arrange product sales. However, most of their time is spent in measuring and tracking sales and preparing marketing strategies for their product line.

Independent food retailers or foodservice operators own 10 or fewer stores or outlets.

Manufacturers' sales branches and offices are wholesale operations maintained by grocery manufacturers (apart from their manufacturing plants for sales and distribution).

Merchant wholesalers operate firms primarily engaged in buying and selling groceries and grocery products on their own account. There are four types of merchant wholesalers:

- **General line wholesale merchants** - Merchants handling a broad line of dry groceries, health and beauty aids, and household products.

- **Limited line wholesale merchants** - Merchants who handle a narrow range of dry groceries dominated by canned foods, coffee, spices, bread and soft drinks.

- **Specialty wholesale merchants** - Merchants who handle perishables, such as frozen foods, dairy products, poultry, meat, fish, fruit and vegetables.

- **Wholesale clubs** - Hybrid wholesale-retail establishments selling food, appliances, hardware, office supplies and similar products to its individual and small business members at prices slightly above wholesale.

Noncommercial establishments are distinguished as establishments where meals and snacks are prepared and served as an adjunct to the primary purpose of the establishment. These include schools, colleges, hospitals, vending areas and plants and offices.

Retail hosts are foodservice operations that operate in conjunction with or as part of retail establishments, such as department stores, limited-price variety stores, drugstores and miscellaneous retailers.

Wholesalers engage in the purchase, assembly, transportation, storage and distribution of groceries and food products for resale by retailers, institutions, and business, industrial and commercial users.

III. Overview of the Canadian Agri-food Sector

The agri-food sector has traditionally been of enormous importance to Canada. In 1990 agri-food products contributed \$51 billion, or some 8 percent, to Canada's GDP. The industry has slowed of late, and a projected sales increase of 4.1 percent in 1992 will not compensate for the 6.6 percent decline in sales between 1990 and 1991.

The recession and its attendant drop in sales certainly affected employment in the industry, as a 12 percent drop in employment was recorded between 1989 and 1991. Conventional wisdom characterises the industry as a slow and steady growth market. Real growth rates of around 3 percent should help the industry to emerge slowly from last year's losses.

Since 1980 the total value of food, feed beverages and tobacco exports to the United States has increased from \$1.7 billion (Can) to \$4.56 billion (Can). At \$1.45 billion (Can), fish exports make up the largest component of Canadian agri-food exports to the United States by value, followed by Meat and Other Foods. Of the total agri-food exports to the United States in 1991, 8 percent were bulk commodities, 34 percent were semi-processed commodities, and 58 percent were consumer-oriented products.

IV. Current Trends in the U.S. Retail and Foodservice Market

Both the Canadian and American agri-food sectors are going through a period of restructuring and consolidation. As the number of firms in sub-sectors decrease, the competition for market share heightens. However, this process may create market niches for the smaller manufacturer which are neglected or ignored by the larger producers. The increasing concentration of the food processing industry has had a major impact on the retail and foodservice distribution networks, as it creates leverage and affects both pricing structure and buying capacity.

The food and beverage sector is the second largest manufacturing sector in the United States. The total value of food and beverage shipments in 1991 was \$361 billion. Shipments are expected to increase only marginally (1.4 percent) in constant dollar terms in 1992.

U.S. imports of food products are concentrated in certain specific sub-sectors. In 1990, these sub-sectors were value-added foods such as prepared entrées, bakery goods, alcoholic beverages and gourmet fruit and vegetable products.

The market for processed foods and beverages in the United States is expanding and changing. The American population is relatively stable, but the percentage of consumers entering the 35 to 54-year age bracket is increasing by over 3 percent per year. Consumers in this age category are normally at the peak of their earning power and therefore have more disposable income. They are often more willing to try new products than other consumers and tend to purchase higher priced, value-added products. The increasing number of dual-income households means that convenience foods are in demand because of the limited time available in the household for food preparation.

Americans are eating more "ethnic" foods. A recent study by the National Restaurant

Association in the United States revealed that the number of ethnic entrées on restaurant menus has increased almost 50 percent in the last 5 years. Ethnic foods made up 30 percent of the entrée listings surveyed. Growing Hispanic and Asian groups have developed into significant markets for food producers and processors.

Data on consumer expenditures from the US Department of Labor reveal that in 1990 food expenditures rose only slightly more than the average for all expenditures. This is in contrast to 1989 when expenditures on food increased by 11 percent over the previous year.

Between 1990 and 1991, spending on food at home remained static at 8.6 percent of disposable income, as did spending on food away from home, at 4 percent. This reverses the trend in the 1980s, when spending on food outside the home (i.e. restaurant meals) increased at a faster rate than spending on food in the home.

Between 1990 and 1991 shipments of cereal and bakery products decreased by close to 1 percent; meat, poultry, fish and eggs increased by 2.6 percent; dairy products decreased by 1 percent and spending on fruits and vegetables increased by close to 3 percent.

Expenditures on food as a percentage of total expenditures has remained roughly constant near 15 percent in recent years.

Today's American consumers are looking for products that are healthful and convenient. The emphasis in the 1980s on low-calorie foods is expected to shift to nutrition in the 1990s. This shift is reflected in such initiatives as the changes in FDA labelling requirements with respect to nutrition. America's aging population will likely demand convenient and nutritionally-balanced foods, perhaps packaged in smaller portions. The trend toward "healthy" foods is affecting the retail grocery as well as the foodservice sector. Increasingly, foodservice establishments are introducing low-fat, low-cholesterol, and low-sodium menus in response to consumer demand.

In general, low fat and cholesterol levels in a product are important elements in increasing product demand.

It is possible that increased oil and gas prices in the 1990s will slow sales of products which require extensive distribution, such as bakery products. Practically speaking, most American wholesalers and distribution operators limit their distribution to a 200-mile radius, and those wholesalers who are able to deliver multiple product lines are increasing in importance as delivery costs escalate.

The alcohol beverage industry faces declining sales due to health concerns and the economic downturn.

There has been an increase in private labelling of grocery products by retailers. This is in response to consumer reaction to higher-priced, brand-name products. It is also an effort by grocers to highlight their own high quality items so as to increase consumer loyalty and their profit margins.

Red meats and Poultry

Consumption of poultry is increasing even as the demand for red meats is declining. Poultry at present makes up 40 percent of all meat consumed, up from 26 percent in 1981. The explanation for this trend is twofold: poultry costs less and is being used more in frozen entrées and other convenience foods; and there is a perception among consumers that poultry has less cholesterol than red meat and is consequently more healthful.

Per capita consumption of poultry is predicted to increase since people tend to eat less red meat and more poultry as they grow older. The market for value-added poultry products is also expected to grow. At the same time, the per capita consumption of beef is expected to fall slightly, forcing producers to focus on value-added products and branded product lines.

In 1991 Canadian exports of poultry to the United States accounted for 51 percent of the total poultry imported, mainly poultry cuts and

edible offal. Canada currently provides 99 percent of the U.S. market for quail.

Meatpackers of both beef and pork are becoming increasingly concentrated. In 1989 the top three firms accounted for more than 70 percent of the total cattle slaughter. To compensate for declining consumption, beef processors are moving to the production of higher value-added products and branded product lines.

Canada is a major supplier of red meat to the U.S. In 1991 Canada supplied 22 percent of U.S. red meat imports, slightly behind Australia which supplied 24 percent. Canadian exports accounted for 40 percent of the total fresh/chilled pork and 25 percent of the other fresh/chilled meats or frozen beef. Canada supplied 25 percent of the total fresh/chilled or frozen beef imported by the U.S.

Fish and Shellfish

Per capita consumption of fish and shellfish fell to 14.9 pounds in 1991. However, consumer demand for seafood has remained relatively constant, especially value-added frozen food items, at around 15 pounds per person per year, but chicken and turkey products appear to be winning market share.

There may be room for expansion in seafood sales at the level of the individual supermarket chains through specialty seafood counters.

Fruit and Vegetables

The trend toward "healthy" foods has meant a decline in the consumption of canned vegetables over the past ten years. At the same time, the demand for fresh and frozen vegetables has increased. The consumption of canned foods is likely to decline further as consumer preference shifts toward fresh-frozen and frozen convenience foods which emphasize nutrition. As part of this trend, the demand for salad dressings has also increased as more restaurants and grocers install salad bars.

Frozen Foods

While the frozen food industry is a mature industry, growth is predicted in the areas of frozen breakfast items, ethnic foods and low-calorie items.

The growing number of single-parent households, dual-income families and working women has reduced the time available at home for meal preparation and spurred the demand for frozen convenience foods. An increase in the number of microwave ovens has also helped frozen food manufacturers. At present 70 percent of all U.S. households have a microwave oven, up from 10 percent in 1980. Many major food companies state that 80 percent of their product line will be microwavable by 1995. As well, the growing involvement of children in meal planning will mean that meals which are easy to prepare and serve will see a rise in sales.

Ethnic Foods

Italian foods, pizza and sauces continue to be popular with the American consumer and sales are projected to exceed \$11 billion by the year 2000. Hispanic foods are the fastest growing segment of the ethnic market and the forecast for this sector is \$6 billion in annual sales by the end of this century. Pizzerias and Mexican restaurants are the two fastest growing types of foodservice establishments. Oriental foods are expected to exceed \$1.5 billion by the year 2000. Sales of spicy Thai and Korean foods should continue to grow, and the freshness, convenience and quality associated with Oriental foods will fit the consumer's desire for healthful, easy-to-prepare meals.

Pasta consumption in the U.S. is expected to continue to rise into the next decade as health-conscious Americans substitute complex carbohydrates for saturated fats. Statistics indicate a steady upward trend in consumption. U.S. per capita consumption was 18.4 lbs in 1990, up from 12.8 in 1980. In good or bad economic times pasta sells well because it is a good consumer value. The annual sales of most companies have increased 3 to 5 percent.

Rice continues to be one of the "hot" foods of the decade. Consumption of rice over the last decade has doubled, with current per capita consumption now about 20 lbs. American interest in convenience foods, particularly seasoned mixes, has contributed to increased sales.

"Healthy" Foods

Many U.S. consumers believe organic foods are safer to eat than non-organic foods and 73 percent say organic foods are safer for the environment. This fact, combined with a health-driven demand for more low-cholesterol/low fat foods is increasing the demand for "healthy food". The segments expected to grow are non-fat and frozen yogurt, low fat cheeses and desserts, frozen dinners, entrées and salad dressings.

Studies show that the emphasis on low fat/low cholesterol, high fibre diets suggests that U.S. consumers will purchase increasing amounts of diet and health-oriented foods by 1995. There are other studies, however, which indicate that taste is still the number one factor influencing food purchases. Producers must therefore balance taste and "health" concerns. There may also be an increase in vegetarian dishes. The National Restaurant Association has recently issued a bulletin advising its members to add more vegetarian dishes to their menus.

With the upcoming FDA labelling requirements manufacturers will have to be careful about using "light" and other terms on their foods in order to attract the consumer. See the section on label-ling requirements for more information.

Kosher Foods

The kosher market of the 1990s promises to be one of growth. The association of kosher products with quality, purity and health corresponds with the desires of health-conscious consumers. Kosher foods are perceived as premium products because of their stringent supervision requirements.

Specialty Foods

The specialty food sector of the industry is thriving. This sector is built on the premise that the consumer is willing to pay a premium price for products that are distinctive in taste, appearance or some other attribute.

Two growing specialty areas are salad dressings and sauces, especially those with reduced calories or based on specialty ingredients. Solid growth in this category is being predicted and sales for specialty condiments are projected to reach \$389 million by 1993 and \$6 billion by the year 2000.

In addition, the market for specialty preserves is encouraging. Their ability to claim "no preservatives, no artificial colours, flavours and sweeteners" gives these products an added contemporary cachet - integrity of ingredients.

Industry analysts predict an annual growth rate of 3.5 percent for the total jam, jelly and preserves market, which would bring sales to \$920 million by 1995.

With chocolate leading the way, the specialty confection category will expand to over \$1.6 billion by 1993, according to Frost and Sullivan. A 4 percent annual growth rate is anticipated and retail candy sales should reach \$16.8 billion by 1995.

Given the current trend among Americans, bottled water will continue to quench the thirst of active and health-conscious consumers. The market, however, may be maturing and the recent rapid growth in "New Age" beverages is expected to slow in future.

Bakery Products

Value-priced cookies and crackers should do well in the short term as the recession encourages more "brown bag" lunches; but beyond that, however, a slight decline in annual growth is predicted through 1995. Current growth is between 5.5 and 6.5 percent, declining to between 4 and 4.5 percent in 1995.

The current recession has encouraged more home entertainment. This means that while sales per customer may be down, total sales of cookies and crackers has remained unchanged.

According to U.S. Department of Commerce data the value of shipments of bakery products is estimated at \$29 billion in 1992 and projected to increase as per capita income increases.

Snack Foods

As single-parent and dual-career families become more common, consumers will continue to place greater emphasis on convenience foods. Business trend analysts estimate that during the 1990s the snack foods market will achieve a compound growth of 5.1 percent. According to some industry experts, the salted snacks market will reach \$10.1 billion by 1994, much of the recent growth occurring in popcorn. Potato chips still account for 40 percent of the over-all market, corn/tortilla chips another 19 percent and popcorn, 13 percent.

V. Overview of Structure and Characteristics of U.S. Market For Fish and Agri-Food Products

The food distribution system in the United States is less concentrated than Canada's, due in large part to a more dispersed population base. Regional, as opposed to national, grocery operations still account for a significant percentage of sales in regional markets. Canadian producers are encouraged to initially enter the U.S. market on a regional basis rather than targeting the national market.

The recession affected supermarkets less than the majority of grocery stores in the U.S. 30,670 supermarkets posted a 3.2 per-cent sales increase over 1990, a gain of 1.1 percent over the grocery store average of 2.1 percent. This average is skewed by the predominant position of supermarkets in grocery store sales, with 75.5 percent of the sales.

Grocery Store Sales

Supermarkets	
Chains	53 percent
Independents	21.5 percent
Convenience	7.3 percent
Other Grocery	18.2 percent

Chain stores played a large role in the growth, but wholesale-retail clubs appear to be gaining power in the industry. In 1991 these clubs accounted for fifteen billion dollars in food sales. U.S. manufacturers have described these clubs as the most difficult customers to deal with, and deep discounters are now running second. The increased competition from discounters such as these had led to extremely competitive tactics, including "hot" specials, an emphasis on private label marketing and cut-throat pricing.

Normally, general grocery products are sold, promoted and serviced by food brokers. With their knowledge of the territory and the buyer's company, as well as their ability to authorize deals, make calls and offer a high level of service to the buyer, brokers are generally regarded by the purchaser as more creditable

than a direct sales force.

There are some sectors which use brokers less. Baked goods, beverages, produce, seafood, meats and poultry often are serviced by specialty distributors, performing both the functions of the broker and the wholesaler or distributor. With the exception of the larger national chains, which have their own warehouse and distribution systems, retail grocers buy from privately or co-operatively owned warehouses or distributors. The larger national chains have the capability of purchasing full truck loads direct from the producer.

There are notable exceptions to this network. For example, beer, ale and wine (over certain percentages of alcohol by volume), bypass the regular distribution networks and must be sold through the state-operated stores.

Agents or manufacturers' representatives can be authorized to enter into contracts with customers on behalf of the supplier and usually work on commission or retainer. They have the flexibility to call on individual customers, provide market intelligence, obtain orders and make after-sales calls. Brokers also pursue individual sales on behalf of the supplier and provide service to the client. However, in contrast to agents, brokers may also take title to product, warehouse and ship the item.

Wholesalers and distributors generally buy the product from the supplier, warehouse the product, and then sell and deliver it to the retail customer. Food distributors are similar to a food wholesaler, though on a much smaller scale. Distributors tend to deal more in specialty foods (meats, fish, ethnic), snacks, relatively high-end products or food service bulk goods. As most of the above-mentioned products will not be suitable to appear in every store of a supermarket chain, the wholesaler (supermarket buyer) would prefer to buy from an independent distributor who is capable of providing door-to-door shipments to suitable stores.

It is also possible to ship directly to chains

which operate their own warehouse and distribution centres.

Many non-traditional food retailers are moving into the retail food sector. According to a recent article, Wal-Mart, the largest retailer in the United States, is aggressively moving into the grocery business. As part of the trend toward industry consolidation mentioned above, the sheer size of Wal-Mart enables it to obtain more favourable prices from its suppliers than its smaller competitors. Wal-Mart has stated that it intends to deal directly with product suppliers rather than through the traditional broker network, which may enable it to undercut the competition.

When approaching a new and unfamiliar market, it is highly recommended that Canadian exporters use a food broker who knows the contacts and the competition and who will investigate the best way to introduce a product. To successfully penetrate a market, it is necessary to make calls at both the retail and wholesale levels to discuss prices, discounts, advertising, listings, warehouses, etc. As business practices are different from those in Canada (i.e. listings, co-op advertising, etc.), the food broker is the best equipped to navigate the intricacies of the complex food business in the U.S. Since there is no standard way to introduce a product into the market, the food broker must be patient, resourceful and imaginative. His commission will vary in accordance with the competitiveness of the market and the volume of business expected.

Retail Grocery

This is both the largest market and the most difficult and costly to penetrate. There is always fierce competition for shelf space. Most chain supermarkets charge a fee for a product to receive shelf space. These fees, or "slotting allowances", can range from \$2,000 to \$30,000 per SKU (Stock Keeping Unit). Furthermore, stores will also charge for advertising and promotion. As a result, distributors are finding it increasingly difficult and expensive to market their products in supermarket chains. In an

interesting development, New Mexico recently taxed slotting fees by 50 percent, which forced the chain supermarkets to limit their demands. Canadian exporters should be aware of this potentially costly expense when planning their export program. The Consulate in your target market should be contacted for an estimate of stocking fee arrangements in its territory. It is possible to avoid some of these costs by selling to smaller chains (10 stores or less) and to single store independent retailers through a distributor.

Foodservice

The foodservice sector also utilizes the services of food brokers. Brokers supply foodservice distributors, who in turn deliver to the individual foodservice establishments. Note that it is also possible for the larger foodservice distributors to be supplied directly by the manufacturer, whether domestic or foreign.

Foodservice or HRI (Hotel, Restaurant and Institution) is a viable alternative export market to the retail sector as it does not require slotting fees, advertising allowances or brand identity. However, quality must be consistent and competition is driven by pricing.

Companies that package for both retail and foodservice may find the foodservice market useful in getting established in the U.S. Once established they can adapt their products for the U.S. retail market.

Alternative Food Distribution Networks

Specialty/gourmet, gift boutiques and healthfood stores can also be an interesting market, one that does not usually require entrance fees but which is very selective. Products must be unique or meet certain criteria, and quantities purchased are usually small.

30 Largest Grocery Wholesalers, Fiscal Year 1990/1991

Rank	Company Name	Sales in Million \$US
1.	FLEMING COS. INC. Oklahoma City	12,045
2.	SUPER VALU STORES INC. Eden Prairie, MN	9,200
3.	SCRIVNER INC. Oklahoma City	5,700
4.	WETTERAU INC. Hazelwood, MO	4,970
5.	WAKEFERN FOOD CORP. Elizabeth, NJ	3,024
6.	CERTIFIED GROCERS OF CALIFORNIA Los Angeles	2,500
7.	ROUNDY'S INC. Pewaukee, WI	2,331
8.	NASH FINCH CO. Minneapolis	1,960
9.	ASSOCIATED WHOLESALE GROCERS INC. Kansas City, KS	1,919
10.	SPARTAN STORES INC. Grand Rapids, MI	1,887
11.	SUPER FOOD SERVICES INC. Miamisville, OH	1,700
12.	RICHFOOD INC. Mechanicsville, VA	1,247
13.	PETER J. SCHMITT CO., West Seneca, NY	1,200
14.	GROCERS SUPPLY CO., Houston	1,000
15.	WHITE ROSE FOOD CORP., Farmingdale, NY	1,000
16.	ASSOCIATED GROCERS INC., Seattle	979
17.	TWIN COUNTY GROCERS INC., Edison, NJ	920
18.	SWEET LIFE FOODS. Windsor Locks, CT	920
19.	RISER FOODS, Bedford Heights, OH	820
20.	AFFILIATED FOOD STORES INC., Keller, TX	763
21.	SUPER RITE FOODS INC., Harrisburg, PA	756
22.	C&S WHOLESALE GROCERS, Brattleboro, VT	734
23.	ASSOCIATED FOOD STORES INC., Salt Lake City	731
24.	UNITED GROCERS INC., Portland, OR	710
25.	PROVIGO CORP., San Rafael, CA	671
26.	B. GREEN & CO., Baltimore	684
27.	MERCHANTS DISTRIBUTORS INC., Hickory, NC	655
28.	CERTIFIED GROCERS MIDWEST INC., Chicago	650
29.	KEY FOOD STORE CO-OP, Brooklyn, NY	600
30.	PIGGLY WIGGLY, Charleston Heights, SC	550

Top 50 Retail Grocery Chains, as of 1992

Rank	Company	Head Office	Sales in	Billion
(\$US)				(\$US)
1.	American Stores Co.	Utah		22.2
2.	Kroger Co.	Ohio		20.3
3.	Safeway Inc.	California		14.9
4.	A & P	New Jersey		11.4
5.	Winn-Dixie	Florida		10.1
6.	Albertson's	Idaho		8.2
7.	Food Lion	North Carolina		6.4
8.	Publix Supermarkets	Florida		5.8
9.	Ahold USA	New Jersey		5.6
10.	Vons Cos.	California		5.3
11.	Supermarkets General	New Jersey		4.4
12.	Giant Food	Maryland		3.3
13.	Stop and Shop	Massachusetts		3.2
14.	H.E.B. Grocery Co.	Texas		3.2
15.	Grand Union co.	New Jersey		3.0
16.	Ralphs Grocery Co.	California		2.8
17.	Penn Traffic co.	Pennsylvania		2.8
18.	Bruno's	Alabama		2.6
19.	Fred Meyer, Inc.	Oregon		2.5
20.	Smith's Food and Drug	Utah		2.3
21.	Hy-Vee Food Stores	Iowa		2.1
22.	Dominick's Finer Foods	Illinois		2.0
23.	Giant Eagle	Pennsylvania		2.0
24.	Shaw's Supermarkets	Massachusetts		1.9
25.	Hannaford Bros.	Maine		1.7
26.	Slater Bros. Markets	California		1.6
27.	Raley's	California		1.4
28.	Save Mart Supermarkets	California		1.3
29.	Purity	Massachusetts		1.3
30.	Weis Markets	Pennsylvania		1.3
31.	Harris Teeter	North Carolina		1.2
32.	Meijer	Michigan		1.2
33.	Wegmans Food Markets	New York		1.2
34.	Cullum Cos.	Texas		1.1
35.	Eagle Food Centers	Illinois		1.1
36.	Hughes Markets	California		1.1
37.	Marsh Supermarkets	Idaho		1.1
38.	Pueblo International	Florida		1.1
39.	Kash'n'Karry Food Stores	Florida		1.1
40.	Ingles Markets	North Carolina		1.0
41.	Schnuck Markets	Missouri		1.0
42.	Price Chopper	New York		1.0
43.	Randall's Food Market	Texas		1.0
44.	Riser Foods	Ohio		.97
45.	Deichamps	Alabama		.96
46.	Furr's Supermarkets	New Mexico		.90
47.	DeMoulas/Market Basket	Massachusetts		.90
48.	Sentry Markets	Wisconsin		.84
49.	Apple Tree Markets	Texas		.84
50.	Farm Fresh	Virginia		.77

VI. Beginning to Export

Here is a list of the most common errors made by Canadian exporters new to the U.S. market. It is based on information gathered from the Agri-food sector specialists in the U.S. consulates:

Exporters have not developed a viable product in Canada first: Realistically, the domestic market should be developed before companies consider exporting

Companies do not utilize the services of the regional International Trade Centre before approaching the Consulate in the U.S. However, firms should contact the Consulate located in the market of interest once they have dealt with the ITC and are ready to export.

Companies do not undertake sufficient market research.

The product to be exported does not offer something "different" which will interest the buyer and the consumer. Consider how it differs from the established products in the market place.

Many firms do not visit the market prior to entry so as to determine its demographic character.

Companies lack knowledge of the correct rate of U.S. duty.

Exporters do not use a qualified customs broker for correct tariff classification and to ensure that they have the proper documentation that would avert needless problems when shipping products across the border.

Companies do not retain a broker before entering a market or trade show: In most cases buyers will not buy directly and will require a local agent who can service them adequately.

Exporters often lack knowledge of the channels of distribution in each market: Each region has varying channels of distribution, which in most cases are different from those in Canada.

The labels on the exported item are not in conformity with U.S. requirements: It is not a good idea to use the label of a U.S. competitor as a guide: in many cases the U.S. company's labelling is also incorrect.

Companies often experience problems with country of origin markings either because of non-compliance or lack of knowledge of the requirements.

Exporters fail to develop C.I.F. pricing duty-paid in U.S. dollars.

Companies fail to develop a marketing plan that will provide them with a strategy to enter their selected markets: It is important to target certain segments of the market (retail, institutional, etc.) and to concentrate initially on a geographic region. To export successfully requires an investment of both time and money. The shotgun approach simply will not work.

Companies neglect to follow up their initial marketing effort: Continued calls to the broker and key clients are required. The broker needs to be "pumped up" occasionally. It is the exporter's responsibility to educate the broker on the product and to monitor how well it is being promoted. Exporting companies should develop attractive product literature and prepare samples for the brokers/agents.

Unsophisticated packaging: Packing must attract consumer attention. Packaging elicits initial sales while the product delivers the repeat business.

The financial resources and production capabilities of the would-be exporter may not be adequate for the intended market: Sometimes Canadian exporters may shift production runs destined for export customers to the domestic market to meet unexpected shortfalls. This is a sure-fire way of losing your American customers!

Lack of knowledge of the slotting allowance: The allowance, as noted above, can be a major factor in entering certain U.S. markets.

Lack of aggressiveness, commitment, and the persistence required to compete in the U.S. market.

Temporary withdrawal from the market: Once in the market it is important to maintain a presence. Re-entry is substantially more difficult than the original entry.

Lack of persistence: If the initial effort is not successful, don't give up. Examine the same clients for an alternate niche. If the frozen food buyer rejects your proposal, examine the package size and look for another opportunity, perhaps in the deli section. Upgrading your packaging may allow the product to be marketed differently.

Overly optimistic timetables for success: Once marketing starts it is not uncommon to expend 2-5 years of resources to create a successful market.

Wanting to sell to the biggest retailer first: Large operations do not want to do missionary work. The product must be a proven seller. It is best to start with some of the smaller firms.

Companies are not willing to enter trade shows in order to find reps or distributors. They feel that the expense is too great.

Insufficient research into reps or brokers, with the result that the agent is not providing the type of service the exporter wants.

Helpful Hints

- Think big but start small. Initially it may be best to target a medium-sized market rather than a large market like Los Angeles or Chicago.
- Know your lead time (the approximate time from order to delivery) in dealing with prospective buyers.
- Determine your introductory allowances/promotions as to amount and

length of offer.

- Establish your terms of sale (cash discounts, slotting fees, etc.) and be prepared to match your competition.
- Determine pallet quantities (tier and tie) for your products if shipped palletized.
- Establish minimum order quantities in pounds or cases. Wherever possible, pool truck shipments.
- Determine product liability, insurance, name of carriers, limits, etc.

The Decision to Export

A decision to export must be preceded by a thorough analysis of the financial performance of the company, its export potential, and its product line. This analysis could take the form of a series of questions. Here are some examples:

- Are you prepared to make a long-term commitment to exporting?
- What are your present domestic financing requirements?
- What resources are available?
- What will be the effect of export sales on finances and resources?
- Can the company withstand two or three years of export losses?
- What contribution to profits will exporting make?
- How much production is available for export?
- What products can be exported or adapted for export?
- Can they be delivered competitively?
- Who are the end users?

- What is the product's life cycle in the target market?
- Is special packaging required?
- What is the extent of the competition? (competition defined as other producers of the same products and competing products, both existing and potential).
- How will the competition respond?

The analysis should always emphasize the needs of the customers, asking not "what is convenient to sell" but "what will they buy"? Products that are suitable for export will often have a high domestic market share, be very profitable or have some inherent competitive advantage. Nevertheless, the ability and willingness to adapt a successful product may be crucial to penetrating a new market.

Before you make a commitment to exporting, you must know that the U.S. market is competitive and costly. It will require a great deal of money, commitment, and time - perhaps as long as two years before you begin to feel "comfortable". Does your company have the necessary management, marketing and operational strengths to make this commitment?

The Export Manager

The decision to export should be made as a commitment to a continuing program with an adequate budget. The commitment should be on the basis of a set quantity of product each year or a set percentage of overall production. Exporting will be unsuccessful if it is done on a "one-shot" basis, when surpluses exist. In short, the foreign market should be given a status commensurate to its contribution to sales.

While it may not be necessary to establish an export department, one person should be appointed to administer the program and given the necessary support. The role of the "Export Manager" is to establish an export marketing plan and sales target to serve as a guideline for all activities. (The target should be reasonable so as not to threaten the company's resources.)

The Export Manager also selects, trains, and deploys the sales team, develops sales tools, directs the sales process, assesses prospects, sets priorities and develops and updates strategies.

In addition, the Export Manager is the appropriate person to participate in trade associations, fairs, and missions. He/she would also be involved in customer relations, product development, packing and shipping and all other activities outlined in this handbook. He/she is the contact point for bankers, forwarders, shipping lines, foreign agents and distributors and brokers.

Choosing a Market

Whether a company has decided on its own to start exporting, or has been prompted by a request from a foreign buyer, it should conduct careful market research before taking the plunge. The mere fact that a customer is interested does not guarantee that there will be a profit in selling. A company that lacks the expertise or resources to conduct its own market research can engage consultants who specialize in that field. The Trade Commissioner Service of External Affairs and International Trade can also do a limited amount of research on behalf of private enterprises.

Preliminary research should be done to identify a few potential markets, after which the most promising areas should be studied in greater depth. The preliminary research should include the following:

- Size of the market
- Transportation factors (distances from ports to cities, condition of roads, etc.)
- Climate and terrain
- Size and distribution of population and rate of growth
- Income per capita and its distribution
- Level of development
- The competitive environment
- Potential demand
- Market accessibility (trade agreements, tariffs, quotas, etc.)

- General economic and political situation.

Market Analysis and Research

Study the market you are interested in, and take note of such things as demographics, ethnic population, food trends, average household size, household income, median age, blue collar or white collar, and predominance of types of advertising, whether newspaper, television or radio. Who is your competition? Take a close look at the manufacturing/industrial base in your target markets and the distribution patterns of majors elsewhere in the country. Check the number of supermarket chains and independents, convenience stores, specialty stores and try to determine their market share, percentage of sales per household and per capita. Check foodservice/HRI opportunities. How many hotels and restaurants are there? Is it an even mix of five star and budget, or does one kind of establishment predominate? Why do you want to sell in this market? Can you fill a niche? Is your product "right" for this region? Avoid the pitfalls resulting from jumping in headfirst. Do your homework.

Visit your target market, set up appointments at the local Canadian Consulate General, walk the stores, check the shelves, look at prices, assess the competition on packaging and presentation, make "courtesy call" appointments with store managers, department buyers and distributors. These are exploratory calls only; you can "talk business" once you have taken heed of the following:

The beginning exporter should keep in mind that the biggest and most prosperous market may not be the best place to start because the competition is likely to be stronger in the "best" market. Bearing this in mind, the next stage of the process is to conduct in-depth market research on the two or three most promising markets identified by the preliminary study. These may be cities, countries, or regions. This study should cover such matters as:

- Purchasing power and buying habits
- Current demand and growth potential

- Import taxes, duties, valuation, quotas, licenses and deposits
- Import statistics and trends
- Domestic production of similar products
- Price difference between domestic and imported products
- Mark-ups at all levels
- Market control
- Acceptability of new products
- Pricing basis preferred and methods of selling
- Terms of payment
- Packaging and labelling requirements
- Health, safety and technical standards
- Regulations pertaining to food additives and levels of pesticide residue
- System of buying
- Normal distribution channels
- Sales promotion
- Stock levels
- Transportation costs, routes and availability
- Documentation and insurance requirements

Market Evaluation Trips

The final stage in the process of choosing a market is the field trip. While not absolutely necessary, a visit to the foreign market to confirm the research findings, meet potential customers and generally get a feel for the conditions is desirable. The trip can be undertaken individually, perhaps with government financial assistance, or as part of a government or industry trade mission. Note: Exporters wishing to join a trade mission should contact the appropriate government departments well in advance to learn of the forthcoming work program, as the missions are often booked a year ahead.

A systematic approach to entering the market will improve your chances of success and maximize your efficiency.

1. Visit the Market. It is crucial to know as much as you can about the competition and about distribution channels and

- players. Very little can take the place of a personal visit to the market. You should arrange appointments with the officer responsible for the agri-food sector in the local Canadian Consulate General. These individuals represent a wealth of knowledge and are ready to be of assistance to you.
2. Develop an overall marketing plan with geographic and sectoral priorities. Only the largest of companies is capable of mounting a marketing blitz that encompasses more than one market. Each market requires commitments of money and personnel. Once you have secured a specific market and supply/service channels have been established, you may then move to the next market.
 3. Do a marketing survey. Why will the product sell in this market? Is it unique? ___ less expensive? ___ better quality? Remember that retail shelf space is at a premium and fixed in quantity. Since only an established amount of shelf space is allotted to a given category, for every product that is added, a competing product must be removed.
 4. Develop a marketing strategy. Brokers are real experts, so draw upon their expertise to develop the best strategy on selection of trade shows, sampling, couponing, in-store demonstration, etc.
 5. When you have decided that your product is marketable, investigate the local packaging requirements and bring your product into conformity.
 6. Develop a C.I.F. duty paid price in U.S. funds. In addition, investigate the particular sector which you plan to penetrate. Discuss with your broker what quantities, discounts, terms, promotional allowances, etc. will be required. Some customers may want an inflated price with all the trimmings, while others may want a "rock bottom" price without the "frills".
 7. Interview and appoint a broker. The U.S. market uses brokers almost exclusively. Buyers want that local contact, service and assurance. Remember, this will actually be your first "sales presentation" in the market and you will be scrutinized as well. If you fail to excite the broker about your product, your line will either be refused, or he/she will have little success in establishing listings.

See the bibliography at the end of this handbook for information on publications dealing with choosing a broker.
 8. Support your local broker. Now that you have appointed a broker, your work is not over. In fact, it has just begun. Reinforce your broker's efforts with follow-up visits to the market and joint presentations to key accounts. No one can sell your product like you can. You have to try to instill the same enthusiasm you have for your product into your broker and his sales staff.
- A market evaluation or field trip is not sightseeing expedition, so it is important to go prepared to do business. The trip should be used to collect information on all matters raised in the market research, and to select an agent if one is to be used. Take along business cards and literature. Remember that no matter how well-known the product is at home, it is unknown in the American market, so brochures should be informative. It is also a good idea to have airline schedules and freight rates so that you can quote delivery dates and prices. It is recommended that you quote landed prices in American dollars.
- If you have not already established whether you can be competitive in this market, a quick calculation can be done on the spot to answer this question. Determine the selling price of your product, then deduct freight, duty,

insurance, agent's fees and other export costs. If the result compares favourably with your cost of production you may be well placed to compete.

The Role of Customs Brokers

You may wish to consider using a customs broker. U.S. customs brokers are U.S. citizens, residents or private U.S. firms licensed under U.S. law to act as agents for importers in transacting their customs business. A U.S. customs broker should not be confused with a "broker", "agent" or "manufacturer's representative" or other persons retained by the trading community for promoting its marketing activities. Canadian trade missions at the Embassy in Washington, D.C. and at Consulates in the U.S. can help you find a customs broker.

U.S. customs brokers can provide Canadian exporters with a range of services related to the entry and clearance of goods into the United States. They specialize in customs documentation requirements and are familiar with all laws, regulations and procedures affecting the importation of goods. They can, for example, assist you with country of origin markings, the labelling of food, drugs, cosmetics or alcoholic products, consumer product safety standards, and matters that concern environmental protection. They are also up-to-date on customs requirements relating to the Canada-U.S. Free Trade Agreement (FTA), changes in duty rates, import quotas and anti-dumping or countervailing duty measures.

In addition, U.S. customs brokers can provide advice regarding the proper tariff classification of goods, applicable tariff rates and value for duty. They will assist in making claims or filing appeals, and in obtaining binding tariff classification or other rulings for products which will eventually be exported to the U.S.

Most U.S. customs brokers have offices at U.S. customs ports of entry. The carrier you have contracted to transport your goods will deliver documents relating to the transaction to the customs broker's office at the port of entry. The customs broker then reviews and files all

necessary documents with U.S. customs and pays, on the client's behalf, any estimated duties and other applicable customs charges in order to obtain proper release of the goods.

To ensure that duties will be paid, U.S. customs brokers must maintain a sufficient bonding level with U.S. Customs to allow for the clearance of the goods they process. Brokers will normally be able to secure release of the goods, thereby avoiding any demurrage or storage charges.

Because of the complexity of U.S. customs regulations and the fact that the onus for clearing goods and paying tariff duties usually falls on the Canadian exporter, it is recommended that a relationship with a U.S. customs broker be established before goods are shipped. While it is not mandatory to retain the services of a customs broker, such an arrangement will facilitate entry of your product into the U.S. market.

Entry fees charged by brokers will generally be offset by the savings you make in time and energy, and by the avoidance of unnecessary delays in obtaining customs clearance for your products.

U.S. Customs officers are not authorized to act as agents or forwarders for importers. They may, nevertheless, give advice and assistance to inexperienced exporters. Only the owner of goods, the U.S. purchaser (or his authorized regular employees), or a licensed customs broker may enter goods into the United States.

To choose a customs broker the potential exporter could call a U.S. customs broker listed in directories prepared by this department or Consulates General in the United States; or he/she could ask another exporter to recommend a suitable customs broker. For further references, contact your industry association. Other sources of information are:

The Canadian International Freight Forwarders Association Inc.
P. O. Box 929
Streetsville, Ontario
L5M 2C5

Tel: (416) 567-4633

Fax: (416) 542-2716

The National Customs Brokers & Forwarders
Association of America, Inc. (NCBFAA)
Suite 1153
One World Trade Centre
New York, N.Y. 10048
Tel: (212) 432-0050
Fax: (212) 4432-5709

Note: The Directory of Customs Brokers and Freight Forwarders in the United States can be purchased from the NCBFAA for U.S. \$22.00 per copy.

Promotion and Advertising

The successful product must have the right combination of usefulness, convenience and novelty, and it must be effectively marketed. Put yourself in the buyer's chair. Why should the buyer delist a proven product and take a chance on an untested one? You must stress that the product is better, that it will please existing customers and lure new ones from his competitors. Aside from the costs incurred in removing an existing product and adding a new one, the buyer will be thinking of the obvious disadvantage: that the grocer runs the risk of alienating the customer by not stocking the "customary" brand.

Commissions

Although most broker commissions and wholesaler/retailer markups vary as a result of negotiation, by industry, and on a product-by-product basis, broker commissions are around 7 percent. Distributor and retailer mark-ups also vary by product, but are around 10 percent on cost and 35 percent on retail, respectively.

In some cases brokers may require a pioneering fee or monthly retainer to start. Pioneering is very costly to the broker. Product pioneering in many cases can be more expensive and difficult than brand pioneering. One example of this is the introduction of an ethnic food such as the perogy.

Packaging

The role of a package is frequently misunderstood. All too often it is viewed simply as a container to hold or shape the product, when actually one of its important roles is to assist in selling the product. Effective packaging can enhance the ways in which consumers think of the product, increase the product's viability, reinforce the product's image, retain existing customers and attract new ones, enhance the efficiency of the marketing budget and increase the product's competitive advantage and profits.

Despite the economic slowdown, 13,000 new grocery products were introduced in 1990 and another 15,000 in 1991. On average only 20 percent will succeed. The only way a product can be distinguished from all the other similar products is through the 4 P's: Product, Price, Promotion and Packaging. The average grocery product has one-fifth of a second to attract the eye of the consumer as he or she scans the shelf. One local retail chain acknowledged offering 120 varieties of specialty mustards in its store!

Retailers, on the other hand, are primarily interested in six things: quality, merchandising, selling aids, advertising, profit and service. Miss any one of these and the best product in the world may fail.

VII. Meeting USDA, USFDA, EPA and Other Pertinent U.S. Government Approvals

Clearing U.S. Customs

Clearing goods through U.S. Customs can be complex, time-consuming and frustrating. Improper or incomplete documentation is often the cause of delays or rejections. Customs brokers specialize in import documentation, regulations and procedures and stay abreast of the constant changes. Although a company can perform the same tasks as the customs broker, Canadian consulates in the United States unanimously recommend that their services be used so as to avoid the problems and ensure that all the procedures are followed. Documents must contain absolutely accurate information. Rigorous penalties are assessed for negligence or fraud. The penalty for ordinary negligence, which does not include clerical error, is a doubling of the duty or 20 percent of the value of the item if duty-free. The cost for the services of a customs broker usually varies with the valuation of the shipment and/or the amount of documentation or special services required.

For those companies not using the services of a customs broker, a bond must be posted for each consumption entry (over \$1,250). The amount of the bond is equal to the value of the shipment plus duty. A bond is required even for duty-free goods. An informal entry (less than \$1,250) requires no bond.

Two major tariff changes have recently occurred that will have a significant impact on all Canadian products being exported to the United States. First, Canada and the U.S. have joined other countries in adopting the "harmonized system". This system is designed to simplify and standardize commodity classifications of all products worldwide. Second, the Canada-U.S. Free Trade Act has reduced, and will eventually eliminate, all tariffs by 1999. This will be accomplished in three time phases: immediate, five years and ten years.

As a rule, the duties on food products are not high and many products will benefit from recent tariff reductions as a result of the Free Trade Act between Canada and the U.S. There are, however, certain products such as milk, cream, certain cheeses and sugar that are subject to quantitative restrictions (quotas).

There are three primary types of duties contained in the Tariff Schedule of the United States or TSUS; "ad valorem" (percentage of value), "specific" (amount per weight or quantity) and "compound" (combination of both). It is important not to rely on a past history, test shipments or verbal rulings to confirm duty or tariff rates. A binding ruling can be obtained from the nearest U.S. Customs office.

Basic Steps in U.S. Customs Clearance

1. Prepare export documents required by the Canadian Government (B-13).
2. Prepare and provide the carrier with an invoice including the customer's tax number.
3. Carrier files documents with Canada Customs during departure.
4. Carrier files manifest with U.S. Customs and provides invoice to customs broker.
5. Customs broker determines the admissibility of the product and decides which U.S. Government agencies will be involved.
6. Customs broker prepares and files an immediate release with U.S. Customs.
7. Goods are examined, released and allowed to proceed.
8. Customs broker researches proper duty and prepares entry for U.S. Customs.
9. Entry is filed and duty remitted.
10. Entry is reviewed by a commodity specialist with U.S. Customs.
11. Goods are officially appraised.
12. Entry is liquidated or finalized by U.S. Customs.

Documentation

It is important to ensure that all import and export documents are completed. The following may be required:

1. Bill of Lading
2. Commercial Invoice
3. Packing Slip
4. Export Declaration (B13)
5. Inspection Certificate (Agriculture Canada)
6. Canada/U.S. Free trade Certificate of Origin

Obtaining a U.S. Customs Ruling

The U.S. Customs District binding ruling program is designed to improve the uniformity of tariff classification. It permits the issuance of binding classification ruling decisions under chapters 1 to 97 of the Harmonized Tariff Schedule (HTS) from District Directors within 30 days of the ruling request. The classification rulings are then binding as of the date of the ruling letter and are to be accepted at all ports of entry unless revoked by the Office of Regulations and Rulings.

To obtain such a ruling, the request must be in writing and must concern prospective customs transactions, that is transactions which are not already pending before a Customs office by reason of arrival, entry, or otherwise. Questions arising in connection with on-going customs transactions, whether they are current or completed, may not be the subject of ruling requests.

The requirements for submitting a ruling request under the relevant U.S. Customs Regulations (Part 177) are as follows:

1. Ruling requests must be in writing, must be filed in triplicate and must contain a complete statement of all the relevant facts relating to the transaction. These include:
 - 1.1 the names, addresses, and other identifying information of all interested parties (if known);

the name of the manufacturer (if known);

- 1.2 The name(s) of the port(s) at which the merchandise will be entered (if known);
 - 1.3 a description of the transaction, for example prospective importation of (merchandise) from (country);
 - 1.4 a statement that there are, to the importer's knowledge, no issues on the commodity pending before the U.S. Customs Service or any U.S. court;
 - 1.5 a statement as to whether classification advice had previously been sought from a U.S. Customs officer; and if so, from whom, and the advice rendered, if any.
2. Ruling requests must contain sufficient information to determine the proper tariff classification, such as:
- 2.1 a detailed and complete description of the article;
 - 2.2 the article's principal use in the United States;
 - 2.3 the commercial, common or technical designation;
 - 2.4 the relative quantity by weight of each component for articles composed of two or more materials;
 - 2.5 samples, individually packed for mailing, or illustrative literature;
 - 2.6 chemical analysis, flow charts, CAS numbers;
 - 2.7 any special invoicing requirements (if known);

- 2.8 any other information which may assist in determining the appropriate tariff classification of the article.
3. Ruling requests must contain no more than five(5) items in order to be accepted.

If the ruling request does not provide sufficient information, a letter will be sent to the requester within three(3) calendar days detailing the additional information needed. Otherwise, the U.S. Customs Service will have thirty (30) days to issue the ruling.

Requests for tariff classification rulings should be addressed to:

Regional Commissioner of Customs
New York Region
Attention: Classification Ruling Requests
New York, New York
10048;

or to any Area or District office of the Customs Service.

Import, Product and Packaging Requirements

It is a general rule of the United States Customs Laws that each imported article produced abroad be legibly marked in a conspicuous place with the name of the country of origin in English. This procedure guarantees that the ultimate purchaser in the United States knows the country in which the article was manufactured or produced.

Labelling Requirements

There are five pieces of mandatory information that should be displayed on the packaging of a food product.

1. Common or usual name
2. Net quantity in the U.S. measurement system
3. Name and place of business or

- distributor
4. List of ingredients by common or usual name in descending order of predominance
5. Country of origin*

* Note: This is a requirement of U.S. Customs and not of the FDA.

The location, size and spacing of lettering are important to products destined for the retail market. These requirements (U.S. Fair Packaging and Labelling Act), are described in the U.S. Code of Federal Regulations, Title 21, Parts 100-169.

Although products may have been exported into the U.S. for a number of years, this is no substitute for obtaining an informal comment from the FDA. Moreover, test shipments are no assurance that the FDA examined the product or labelling for conformity.

In addition to federal regulations, the exporter is well advised to ensure that there are no state or local rules that may affect the product or packaging. For example, the State of Washington requires that enriched flour be used in the production of pasta, and that it be so stated in the labelling.

It is important that the new importer understand that the FDA does not give label approval. As mentioned earlier, it is a regulatory agency and label reviews before entry are not part of its mandate. The FDA will, however, provide the importer with an informal comment.

There is no charge for obtaining an informal comment or shipment examination by the FDA. In fact, the cost of samples for examination, if not found in violation, will be reimbursed.

Should goods be found in violation of the law, a Notice of Detention and Hearing will be issued. The importer must either bring the shipment into compliance with the law or export the shipment; if not the products will be detained and/or destroyed.

Packaging and labelling fall under the U.S. Fair

Packaging and Labelling Act. The requirements of this act can be summarized as follows:

1. That food be prepared, packaged and held under sanitary conditions
2. That food be safe, clean and wholesome
3. That labelling be honest and informative

To put these barriers into perspective, let us look at the incidence of problems for Canadian products entering the U.S. in a typical year. Out of 400,000 entries, about 100,000, or 25 percent, are FDA related. Of these 100,000 FDA related entries, about 100 are inspected, of which 16 were detained. Of these 16 detained products, 9 had label problems, 2 used incorrect forms and only 5 were found in violation. So, as you can see, with the proper home-work, exporting to the U.S. does not have to be difficult. In designing their food product label(s), and before requesting comments from the U.S. Food and Drug Administration (FDA), exporters should ensure that the following key requirements have been met:

1. All the required statements must be on the label(s), i.e.: statement of identity (name of the food); net weight statement or statement of contents; and statement of ingredients. As well, the name and address of the company, and possibly a statement of nutrition. (If a second language is used then all required information must also be shown in the second language.)
2. The statement of identity in English must be in a term that is common and can be easily understood by the public.
3. The statement of identity must appear on the principal display panel (PDP) in lines generally parallel to the base, and in a size reasonably related to the most prominent printed matter therein. (The FDA has indicated that "reasonably related" is at least one-half the height of the most prominent printed material).
4. The statement of weight must incorporate the term "net weight or "net wt". If it is a fluid measure, you should use a term that will differentiate a fluid ounce from an avoirdupois ounce.
 - a. The complete statement of weight must appear in the required type size (refer to a food labelling guide for type size requirements) and in the lower 30 percent of the PDP.
 - b. The statement of weight or contents must be expressed in avoirdupois measure, fluid measure (U.S. fluid ounces,) pints, quarts, gallons) or numerical count. (Note: metric measure may also be shown as an additional statement.)
5. The ingredients must be listed by their common or usual name and in descending order of predominance by weight on the information panel directly to the right of the PDP. And the print or type size must be at least one sixteenth (1/16) of an inch in height based on the lower case letter "o".
6. Certified colours must be listed in the ingredient declaration. (Note: If you now have labels printed which comply with the other FDA labelling regulations and all certified colours are not listed, you may use those existing labels until early 1993. Any labels printed after July 1, 1991 are required to list all the certified colours that are used.)
7. If your product is a standardized food, all ingredients - as opposed to only optional ingredients - must be listed. (Note: If you now have labels printed which comply with the other U.S. FDA labelling regulations and all ingredients are not listed in standardized foods, you will be able to use those existing labels until early 1993. Any labels printed after July 1, 1991 are required to have all ingredients listed).
8. The address of the manufacturer, packer or distributor must include the word "Canada" and the postal code,

and it must appear on the same panel as the ingredient statement. (Note: The street address may be omitted if it appears in a current city or telephone directory. The name of the province and Canada must be spelt out in full ; and the print or type size must be at least one sixteenth (1/16) of an inch based on the lower case letter "o".)

9. The spelling on the label must conform to American spelling.
10. The printed matter on the label should contrast sufficiently with the artwork/background colour to make it clear, conspicuous and easy to read.
11. The appropriate country of origin marking must appear conspicuously on the label, e.g. "Product of Canada". (Note: This is a U.S. Customs requirement, distinct from FDA labelling requirements.)

If you omit or incorrectly apply any of these stipulations, it is likely that your label will not meet FDA label requirements.

(Note: Exporters of processed foods to the United States will be subject to new mandatory labelling requirements with respect to nutrition as a result of the U.S. Nutritional Labelling and Education Act of 1990. Regulations are being developed by the FDA and it is expected that the regulations will be fully implemented by early 1993.); contact the USFDA directly for the most up-to-date information.

U.S. Regulatory Agencies for Agri-Food Products

The United States Food and Drug Administration (FDA) regulates the importation of almost all foodstuffs into the United States, except red meats and poultry which is the responsibility of the U.S. Department of Agriculture (USDA) and alcoholic beverages which are covered by the Bureau of Alcohol, Tobacco and Firearms (BATF).

The importation into the United States of food products (including beverages) is subject to the provisions and regulations of the Federal Food, Drug and Cosmetic Act. Under these regulations, all imported foods are subject to inspection by the United States Food and Drug Administration (FDA) at the time of entry into the U.S.

United States Department of Agriculture

Food Products which contain meat or meat products are subject to regulations established by the United States Department of Agriculture (USDA). Under the USDA regulations, all meat product labels must be approved by the Animal Plant Health Inspection Services (A.P.H.I.S) prior to importation into the United States.

It is also required that all meat shipments originate from a Canadian federally inspected establishment, and be accompanied by a Canadian Health Certificate and a 410 document with a complete description of the product contained in the shipment. Section 11.7.3 of the USDA's Meat Hygiene Manual contains 39 pages of instructions for exporting meat to the United States. All documents must be accurate and error free. Application for label approval of meat products must be submitted directly to the USDA before you begin to ship. For labelling assistance you may submit your label samples to the following address:

Labelling and Packaging Staff
United States Department of Agriculture
PQ Box 7406, Benjamin Franklin Station
Washington, DC 20044

A U.S. Customs broker can also submit the application. For certain products there may be additional requirements at the state level which also have to be met. Therefore it may be advisable to have the products presented to state authorities at the same time.

There is no license, certification or approval required or available for most food products. Specific exceptions include: alcoholic beverages, meat products and thermally

processed low-acid or acidified foods.

Bureau of Alcohol, Tobacco and Firearms.

All beer and ale, distilled spirits and wine with an alcohol content of 7 percent and greater must obtain label approval from the **Bureau of Alcohol, Tobacco and Firearms (BATF)**. Companies aspiring to act as their own importer must first obtain an import permit. The following office can be contacted for the proper forms for import permits and label approvals:

Bureau of Alcohol, Tobacco & Firearms
650 Massachusetts Avenue
N.W. Washington, D.C. 20226
Tel: 202-927-8500

Food and Drug Administration

Food products in general come under the authority of the **United States Food and Drug Administration**. The FDA is a regulatory agency and will not examine pre-entry samples. And, unlike the BATF and the USDA, it does not approve labels or packaging. In an effort to prevent delays or rejections at the border, it does, however, offer informal comments as work loads permit.

When a shipment of food products enters the U.S., it is only then subject to FDA sampling and examination. Although shipments are free to proceed in most cases to the consignee or customer, the shipment must remain intact until samples (if drawn) are examined. You would be well advised to ensure that the consignee is familiar with this requirement. Normally, you can allow 8 to 10 working days for this process to take place. If the FDA happens to be at the border, the shipment could be released immediately. However, depending on the laboratory work required, this process can take upward of 3 to 4 weeks. If the FDA does not wish to examine the shipment, a "may proceed notice" will be issued.

The FDA is currently planning the introduction of new food labelling guidelines which will alter existing labelling requirements to ones that provide information on nutrition that is easier to

understand.

The FDA has proposed voluntary guidelines for the labelling of raw produce and fish. If the guidelines are not complied with by 1993, it is possible that these products will be subject to the mandatory legislation that covers most processed foods. The legislation will likely take effect in May 1993 and the FDA has estimated that compliance with the labelling changes will cost \$1.5 billion.

Low-acid or acidified products require the manufacturing facility to be registered and the manufacturing process to be filed (F.C.E.#) with the United States Food and Drug Administration. Forms are available from the national FDA office:

United States Food and Drug Administration
200 C St. S.W.
Washington, D.C. 20204
Tel: 202-485-0112

Trademarks

A trademark is a word, symbol, design or slogan (or combination of these) which identifies or distinguishes your product and which can (with renewal) last indefinitely. The rights to a trademark can result either from usage or filing an application with the U.S. Commissioner of Patents and Trademarks. Canadian companies wanting to register a trademark must designate some person residing in the U.S. to receive all official communications. For further information concerning trademarks, contact the following address:

The Commissioner of Patents and Trademarks
Washington, D.C. 20231
(703) 557-4636

Universal Product Code

With new electronic scanning systems, most major retail grocers require that products exhibit a UPC symbol. It is recommended that manufacturers obtain UPC numbers for their company and products prior to exporting to the

United States. Although membership in the Uniform Code Council is voluntary, it is a requirement if you wish to obtain a manufacturer's number assignment. The cost of membership is a function of sales volume. For further information concerning UPC, contact the following organization:

Uniform Code Council, Inc.
8163 Old Yankee Rd., Ste J
Dayton, OH 45458
(513) 435-3870

VIII. Description and Profiles of Regional U.S. Markets.

New England

The agri-food market in New England is estimated to be some Can \$7.2 billion annually. Canada exported \$113 million in product to this region in 1990, making up some 1.5 percent of the total supply.

Fish and Seafood

New England is both the principal point of entry for Canadian seafood into the United States and the major market. Furthermore, some 50-60 percent of seafood business in the United States is done through Boston. Several trends are apparent in the seafood market in Boston. These include a striking increase in the importance of aquaculture; a growing acceptance among American consumers for Alaska pollock and for moderately-priced groundfish products from Latin America; and a relatively modest profile of seafood analogs. As well, farmed species, including shrimp, freshwater salmon and crayfish, are increasing their market share in a traditionally capture-fishery market. At the same time, there has been increased production and better promotion of more established products such as oysters and mussels. These trends may reflect not only the growing sophistication of American seafood consumers and the demand for greater menu variety, but also the concerns among buyers about long-term environmental issues.

Fish consumption in the U.S. for 1991 was 14.9 pounds per capita, which represents a yearly U.S. consumption of nearly 3.75 billion lbs. The slight decline over 1990 (15.5 pounds) may indicate a flat to declining trend in fish and seafood consumption. Per capita consumption of chicken and turkey is rising and the seafood industry must make adjustments if it is to realise the National Fisheries Institute target consumption of 20 lbs per capita by the year 2000.

Canadian fish and seafood exporters will need to fight to maintain and improve their share of the U.S. market. With harvesting quotas being reduced in order to rebuild stock, the Canadian producers must discover ways of improving profits with the same or declining amounts of fish. One way to accomplish this is by increasing the value of the product through further processing such as cooking, breading or making the product easier to serve.

Specific Product Opportunities

Groundfish

The shortage in supply (July 1990) of some species of groundfish has had two main effects: first, inventories lately are particularly low; and second, some prices have increased. Although the general economy of the country has slowed, U.S. exports are increasing and demand is on the rise in Europe. The relatively low value of the U.S. dollar is helping U.S. exports, while at the same time creating a shortage of supply through declining stocks.

Lobster

Demand for lobster has been strong recently. Low prices, combined with an abundant product, help explain the increase in consumer interest in the product. Prices rose slightly, but stabilized for the 1990 fall season.

Atlantic Cod

U.S. cold storage holdings of Atlantic cod blocks is down; demand is light. Prices of cod blocks are in the \$1.60 to \$2.10 range, up slightly over last year due to concerns about supply limitations.

Redfish

There is a limited demand for redfish in this market. Supply is still high and thus prices are low.

Shrimp

Prices are lower for shrimp; the demand is

strong but over-supply explains the lower prices. The market is looking for quantity not quality.

For further general information about the region or specific information regarding agents, brokers and distributors please contact:

Mr. Jack McManus
Commercial Officer
Canadian Consulate General
Three Copley Place, Suite 400
Boston, MA 02116
United States
(617) 262-3760
(617) 262-3415

Mid-Atlantic

New York

Specialty food sales are up in terms of dollar volume, especially cookies and crackers. Bottled waters from Canada continue to appear in the marketplace, although distribution remains a problem. Most successful companies have found that they can improve their sales by having a soft drink company take on the distribution.

There are opportunities in this market for products of good quality and value. While many traditional products will continue to be sold, a greater number of people are looking for products which are convenient and nutritious.

Fish and Seafood

The market is changing in this region for many food products. The recession has caused changes in the economy and coupled with strong competition, Canadian exporters will have to emphasize merchandising and price.

Seafood remains an important product sector in this area. For a variety of reasons, including shortages in certain species, 1991 has not been a good year. Value-added products are selling at higher prices, while products offering convenience and quality can

expect to find a market, provided they are presented properly and are part of the move toward the "healthy" trend.

The Fulton Fish Market is the most important fish market in the New York area. It is a wholesale seafood market with 70 wholesalers. Located on South Street in Lower Manhattan, Fulton is open from 4 to 8 a.m and sells mainly to day distributors who arrive at 4 a.m, buy their required products through selective shopping, load onto trucks, and usually start their deliveries by 6 or 7 a.m.

The market was originally a direct-delivery dock for local fish boats. Later there was a live holding complex that kept fish in nets in the river beside the market, but pollution has stopped any live holding of fish. Delivery by boat has also ceased because of present-day commercial water travel logistics. All products are now brought in by truck. The market has been in decline in terms of volume, quality and general demand for some years now. Discussion is under way to build a new and more acceptable facility in a better location.

Cod

Nineteen-ninety was not been a banner year for the seafood industry, and even cod, a perennial favourite, did not go unscathed. Cod has been high-priced and demand was strong when supplies were lower than usual. In some cases, other species such as pollock and hake have been used as substitutes. Cod continues to be a popular fin fish, although market growth is not expected for this species. There are more Pacific species entering the market and their prospects are more promising in comparison to the Atlantic species due to availability and price. Alaskan cod is also in the market and is readily sold, while Canadian quantities appear to be limited.

Crabmeat

The huge 1991 pack went into in-shell products, combo packs and clusters, thereby causing a shortage of extracted crab meat. Despite the large production of crabmeat, the Fulton Fish

Market may have experienced a shortage in supply.

The usual pack is 6/5 or 10/5 blocks. The current price of crab-meat is about US\$6.50-6.75 per lb. Korean crabmeat was previously US\$3.00-\$3.50 per lb, but is now approaching the Canadian price. The consumption of surimi has increased at the expense of crabmeat. However, there will always be a demand for the genuine article, and Canadian crabmeat should do well in the future in this marketplace.

Flatfish (Flounder/Sole)

The past season has been depressed for flatfish. Prices were extremely high and supplies tight. Most sole and flounder fillets are so small that many in the industry are becoming concerned about the future of this resource. At one point, some fresh fillets were as high as US \$7.50 per lb., but for the most part prices fluctuated between US\$3.50-\$4.50 per lb.

Saltfish

The main problem with the saltfish market here has been supply. There seems to be a large demand for salt cod, and the Europeans have apparently purchased all available supplies of wet salted fish. This has had the effect of driving prices up to a very high level for any salted product. Unfortunately, the scarcity of fish, especially larger sizes, has had a detrimental effect on the market. Short supplies and high prices will remain the main problem in this market.

Scallops

The picture for scallops is good as far as supply is concerned. Sea scallop catches were up substantially last year. According to the National Marine Fisheries Service there were 73,613 tons harvested in Canada through September, compared to 55,819 tons for the same period in 1988. However, Canadian scallops appear to have lost some of the local market. Domestic scallops are cheaper, in some cases by at least \$0.75 per pound. Since the Canadian price is higher they are not the

item they used to be. Several domestic suppliers have been known to use sodium tri-polyphosphate to increase weight, but this does not seem to deter sales. According to one source, 20/30 count are in demand in this market, but the Canadian scallops are mostly smaller, 30/40 and 40/50 count. New Bedford scallops can currently be bought for US\$3.50-\$3.60 per lb delivered to New York City.

For further general information about the region or specific information regarding agents, brokers and distributors, please contact:

Mr. Richard Campanale
Commercial Officer
Canadian Consulate General
1251 Avenue of the Americas
New York, NY 10020-1175
United States
(212) 768-2400
(212) 768-2440

Washington, D.C.

Virtually all retailers in the Mid-Atlantic market have suffered flat sales as a result of the economic slump. Despite the lowest price inflation in 15 years, many retailers also struggled to keep market share. In the area's largest market, Baltimore-Washington, usually thought to be recession-proof, the effects of the recession plagued many of the leading players including market leader GIANT which failed to post a market share gain for the first time in 12 years.

Major Distributors in the Region

The following data indicate volume sales and market share for the region's food retailers during the past 12 months. It should be noted that several retailers increased their volume and gained market share by responding to the slump with new store openings, increased customer service and innovative promotional and merchandising programs.

Top Ten Retail Chain Grocers

(11 stores of more)

GIANT - opened three new stores for a total of 153. Total sales \$3,140 billion, 22.5 percent of total Mid-Atlantic region sales.

SAFEWAY - 146 stores (2 closings). Total sales \$1,966.5 billion, 13.1 percent of region sales.

FOOD LION - 107 stores. \$1,097 billion sales. Based in Salisbury, INC. Opened 9 new stores in the region, more than any other operator.

SUPER FRESH/AP - Sales \$870.2 million, 5.8 percent market share, lagging sales and market share.

FARM FRESH - Norfolk, VA. Operates 79 stores; sales of \$853.2 million.

SHOPPERS FOOD WAREHOUSE - Lanham, MD-based. Sales increased over \$100 million this year, from \$445.5 million to \$562.1 million. Shoppers opened 3 new stores and expects to open 6 more next year.

WEIS MARKETS - Sunbury, PA. Traditionally the nation's most profitable publicly-held retailer (about 6 percent net-to-sales ratio). Little significant sales growth. Sales \$597.5 million. Operates 49 stores (four closings). One new store in the Baltimore-Washington market.

GIANT FOOD STORES - Carlisle, PA. Ranked eighth in total regional sales. Owned by Dutch retailing conglomerate, Ahold. GF did more than half (\$496.7 million) of overall sales in the Baltimore-Washington market and made an impression with its 54,000 sq. ft. combo stores which opened in Hagerstown, MD.; Winchester, VA. (both replacing existing stores); and South York, PA (new store).

SUPER RITE FOODS' BASICS operates 28 stores. \$385.7 million sales.

UKROPS SUPERMARKETS - Richmond-based. Good year, opened two new 58,000 square foot prototype combo stores, but lost some market

share due to an aggressive price campaign from Food Lion and Winn-Dixie. Other chain retailers who underwent significant change include Acme Markets, which closed four stores. Baltimore-based Farm Fresh Supermarkets was one of the few retailers that made gains during the past 12 months by fully integrating its acquisition of the Big B stores (previously owned by Farm Fresh's wholesaler, B. Green). Farm Fresh operated 17 stores (1 opening). Sales rose from \$150.6 million to \$175.2 million.

Collectively, the 24 chain retailers operated 942 stores and realized sales of \$12,166 billion, or 80.46 percent of the region's volume.

Independents

Independent retailers also struggled this year. The leader, Santoni's, dropped almost \$10 million in volume from last year (\$81.6 million to \$72.2 million). New York-based Jay's Supermarkets gained volume by acquiring the two-store Spanglers group and now has 8 stores with sales of \$70.7 million. Others whose sales surpassed \$40 million were Klein's Super Thrifts, 4 stores, \$49M; Harrisburg-based Fox's Markets, 4 stores, \$46.9M; Nell's (subsidiary of AWI), 4 stores, \$46M; George's Super Thrifts, 4 stores, \$41.4M; Super Pride Markets, Baltimore group, 7 stores, \$40M.

The 39 independent retailers as a group operated 130 stores and posted sales of \$1,054.9 million or 7.61 percent of the region's volume. Last year independents operated 142 stores, had sales of \$1,132 million and a 6.98 percent share of the Mid-Atlantic market.

Fish and Seafood

The Mid-Atlantic tier of the United States consists of eastern Pennsylvania, Delaware, Maryland, Virginia and the District of Columbia. The area includes three key regional markets: the Delaware Valley (Philadelphia-Wilmington), the Baltimore-Washington corridor and Richmond-Norfolk. Commercially developed and affluent, the Mid-Atlantic represents some 6 percent (16 million) of the U.S. population, but a full 9 percent (\$350 billion) of American

disposable income. In 1989, the average income per household in the greater Washington area (17 cities and counties in northern Virginia, suburban Maryland and the District of Columbia) exceeded \$52,000, compared to the U.S. average of slightly over \$35,000 per household.

Growth in the region is expected to continue into the 21st century as household incomes increase together with consumer demand for seafood (particularly shrimp and salmon in this area). Consumption of most fresh seafood as well as frozen specialty products will increase, while demand for canned seafood products declines. The long-term trend toward health foods should provide Canadian seafood suppliers an opportunity to increase their share of this market.

Although Boston and New York remain the major distribution centres for seafood sold into the Mid-Atlantic states, the proximity of the Philadelphia and Baltimore-Washington markets offers considerable potential business for Atlantic Canada suppliers willing to take the time to visit with area wholesalers. This approach has recently paid off handsomely for several Canadian processors.

During recent market investigation trips, various seafood organizations from Canada have visited the Washington D.C. area and have all placed orders as a result of visiting with distributors at the Maryland Wholesale Seafood Market (the territory's largest distribution centre, serving five mid-Atlantic states). These sales/ market orientation trips allow Canadian suppliers to compare products, assess the competition from domestic and other foreign suppliers and become familiar with regional distribution practices. They provide an opportunity to establish credibility with the market wholesalers, which is critical at this exploratory stage for forging solid working relationships in the future.

With respect to market access, legislation currently before the United States Congress, if enacted into law, would require mandatory inspections of all fish products including imported seafood. The cost of implementing

the provisions of this bill and its attendant seafood safety program is expected to have an impact on U.S. wholesale and retail operations, resulting in higher costs for Canadian exporters selling into this and other regional U.S. markets.

For further general information about the region or specific information regarding agents, brokers and distributors please contact:

Mrs. Cynthia Stevenson
Commercial Officer
Canadian Embassy
501 Pennsylvania Avenue N.W.
Washington, DC 20001
United States
(202) 682-1740
(202) 682-7726

Southwest

Atlanta

This territory comprises the seven states in the Southeastern United States (Georgia, N. Carolina, S. Carolina, Mississippi, Tennessee, Alabama, Florida), along with Puerto Rico and the U.S. Virgin Islands. The combined population of approximately 43 million people represents over 16 percent of the nation's total and the growth rate over the last ten years has been almost twice that of the country as a whole. The retail market in the region is estimated at \$73.4 billion or 21 percent of the U.S. total. The region has 53,000 food stores, 7,991 supermarkets, and over 15,000 convenience stores. We estimate the foodservice market at approximately US\$50 billion.

As concerns about diet and health continue to change the eating habits of Americans, the best opportunities in the territory are in frozen entrées and other convenience foods.

There are also market opportunities for salad dressings and sauces, prepared soups, aseptically packaged juices (particularly those of a more exotic nature), and frozen convenience foods including potatoes, microwavable products and snacks.

Some opportunities are available in ethnic cheeses, high quality yoghurts, low-fat dairy products and non-dairy substitutes. Ready-to-serve, health-oriented breakfast items should do well, particularly if the packaging is well designed.

Frozen products (for the foodservice industry as well as the retail industry), cookies and crackers are in demand. Consumption of candies is increasing and gourmet/fancy varieties present the best opportunities.

Beverages

Premium wines of excellent quality are faring better in the market. Consumers are not drinking more wine but are willing to pay more for the better product. Canadian beer accounts for 22 percent of the total beer imports to the region and some opportunities may still exist in this sector. It should be noted that the U.S. demand for alcoholic beverages has flattened and that it is expected to continue to be weak for some time.

Popularly priced bottled water with eye-catching graphics and innovative packaging could do well in this market. The quality of the water and the integrity of the source must be good.

Fish and Seafood

It is thought that the southeastern United States, with a somewhat greater access to fresh, locally caught product, and a large tourist population, has a consumption that is significantly above the national average, although this is difficult to estimate.

Much of the imported fish, shellfish and fish products is brought into the territory from Boston and New York. Only now are processors and other users turning to direct suppliers such as Canada. With the exception of hake, all species find a more or less ready market. Hake, however, is exported to the territory by South American countries and the prices are much below the Canadian prices.

Fresh Fish

There are opportunities in both farmed and wild salmon (IQF, whole, head-on, gutted) for retailers and processors. A market for halibut (layer packs) exists in selected regions. Ocean perch (5 cello, IQF, layer packs) particularly the larger sizes, are in demand as a commercial substitute for the gulf redfish which is under fishing quota. Quality is the uppermost consideration whatever the species.

Shellfish

Scallops (graded blocks, IQF) can be marketed to wholesalers and distributors. Mussels (bagged, IQF, blocks) are in demand in some food service market areas. Live lobster and lobster parts (IQF, block, canned) can be sold to the retail and to the food service trades with suitable promotional effort.

For further general information about the region or specific information regarding agents, brokers and distributors please contact:

Mr. Ray Munoz
 Commercial Officer
 Canadian Consulate General
 Suite 400, South Tower, One CNN Center
 Atlanta, Georgia 30303-2705
 United States
 (404) 577-6810
 (404) 524-5046

East-Central

Buffalo/Upstate New York

Buffalo's most recent Retail Store Market Profile has determined that the Buffalo area, which includes the eight counties of Western New York, ranks 32nd nationally with a population of approximately 1.2 million and has an Effective Buying Income of more than \$11 billion. The total population of the State of New York (1989) is about 19 million, with the total population of Upstate New York (39 counties) being

approximately 5 million. The major population centres of Upstate New York and their Median Income for 1989 as reported in the 1990 "Survey of Buying Power" are listed below:

Upstate New York Major Population Centers

Rank	City	Population (millions)	Median Income
1	Buffalo/Niagara/Lockport	1.188	\$26,156
2	Rochester/adjacent towns	.994	\$29,974
3	Syracuse/adjacent towns	.656	\$27,509
4	Utica-Rome	.318	\$23,329
5	Binghamton	.264	\$27,042
6	Elmira	.094	\$22,945

The State of New York recorded \$26 billion in food sales and an additional \$13 billion in sales from eating and drinking establishments in 1990.

Upstate New York Market Area Retailers

Buffalo Market Share

Tops	50%
Bells	25%
Super Duper	8%
Wegmans	17%

Rochester

Wegmans	44%
Bells	30%
Tops	13%
Super Duper	8%
Big M	5%

Syracuse

P & C	48%
Victory	19%
Price Chopper	10%
Wegmans	8%
Bells	6%
Tops	5%
Super Duper	4%

Major Upstate New York Food Retailers

Super Duper Markets

Super Duper Markets was founded in 1900 by Smith M. Flickinger (S.M. Flickinger Inc.) and began as a wholesale food operation. The Super Duper stores evolved in the 1950s from a

Red & White retail store to the present Super Duper supermarket chain of approximately 58 stores. Five years ago S.M. Flickinger Inc. was sold to Scrivner Inc. of Oklahoma which now services over 300 stores in this region in addition to the 54 Super Duper stores. Scrivner/Flickinger also owns separate warehousing facilities for its large food service division.

Wegmans Food Markets

Wegmans Food Markets, solely owned by Wegmans and headquartered in Rochester, operates 39 stores, 26 in Rochester, 9 in Syracuse and 4 in Buffalo. These units average 85,000 sq. ft. with larger facilities being planned for any new stores. This store has become the area's innovator of the one-stop shopping "super store". It offers a large selection of gourmet foods in its Old World Shop. It also features specialty meat, cheese and bakery departments, a salad bar and carry out café, as well as complete pharmacy, stationery and household sections.

Bells Markets

Bells is owned and operated by Peter J. Schmitt Company of Buffalo. P.J. Schmitt Co. maintains a major food distribution warehouse that supplies over 200 stores. This includes the 112 Bells supermarkets that are either franchised or corporate-owned.

Tops Friendly Markets

A Buffalo-based supermarket chain, Tops Friendly Markets, recently purchased by Ahold Company (Dutch), has 58 supermarket stores, one International Super Store, 49 Wilson Farms and 15 B-Kwik convenience stores in Western and Central New York. Over the past ten years the Tops stores have gone through a major upgrading from a typical grocery store to a full-service supermarket featuring a specialty seafood shop, a complete in-store bakery, salad and snack bars, cheese shop, full-service meat and sausage departments, gourmet and ethnic sections and a carry out café.

P & C Markets

The company which began in the 1940s as Producer & Consumers in Syracuse, New York, has grown over the years into one of the Syracuse area's leading food retailers and wholesalers. To date, P & C operates 90 corporate stores, 65 of them in Upstate New York. The remainder are scattered throughout Vermont, New Hampshire, Massachusetts and Pennsylvania. The P & C Syracuse warehouse services the corporate stores and the 66 Big M franchise stores, mostly located in Upstate New York. The company also serves as wholesaler to 220 stores with service run out of both the Syracuse and the White River, Vermont warehouse.

Victory/Great American Markets

Victory/Great American operates some 90 stores, mostly in small towns in Central and Northern New York State. These stores include 72 Great American stores, 11 Chicago Markets and 8 Victory stores. Most of the stores feature bakeries, delicatessens, bulk and specialty foods, cheese departments, snack bars, service meat sections and salad bars.

Quality Markets

Penn Traffic Company's Quality Markets division operates 15 stores in the area around Jamestown in western New York State. They are conventional stores ranging in size from 10,000 sq. ft. to 34,000 sq. ft. They are now full-line grocery stores with current emphasis on expanding their services to compete with the other chains in the area.

The top four food retail chains (Super Duper, Wegmans, Bells and Tops) account for approximately 90 percent of the food market in the Buffalo and Rochester area with P & C and Victory/Great American having a very strong hold in the Syracuse market.

Major Upstate New York Food Wholesalers

Three of the seven major food retail stores in Upstate New York are supplied by very large food wholesalers. These wholesalers are S.M. Flickinger, P.J. Schmitt and Tops Markets. They own respectively Super Duper, Bells and Tops Markets. These wholesalers are the main suppliers to their affiliates, but they also sell among themselves or, for certain lines of products, combine with the competition to market their products in the area. The Buffalo wholesalers and their affiliate stores have separate purchasing organizations and both parties must come to an agreement before a new line can be stocked by the wholesaler. It may happen, however, that the retailing chain may decide to take a line on its own account.

It can sometimes take up to two years to make a sale, but once you have made it, you can count on a very reliable market a few miles away from the Canadian border. Conducting business in the Upstate New York area without continuous representation is difficult, since service calls are required to establish a new food product in the market.

The Upstate New York market is well serviced by brokers covering retail, wholesale and institutional accounts. The Canadian Consulate in Buffalo maintains an up-to-date list of food brokers, and can be invaluable in selecting agents who have proven successful in promoting food products. The broker is knowledgeable about the cost of promotions, procedures, food chains, etc. In some cases, listing can be secured once the food chain buyer knows that he will receive broker support.

It is recommended that prospective food exporter contact the Canadian Consulate to make arrangements for an exploratory trip (2 days) to the Buffalo area. The Consulate will help you design your marketing strategy, introduce you to food brokers, and comment on your pricing structure, commissions to brokers, competitive product situation, etc. Once you have selected your food broker, it is advisable to provide him with all the necessary support, including export literature, U.S. prices at a port

of entry (e.g. Buffalo) and even to occasionally accompany him on some of his calls.

In order to help Canadian food product manufacturers, the Canadian Government organizes an annual Fall Solo Food Show in Buffalo. This show has gained in interest from year to year and both Canadian company participation and N.Y. State attendance have grown substantially. It is a great place to introduce a company to the market and provides excellent exposure for those already selling here. In addition to our Solo Food Show, the Ontario Ministry of Agriculture sponsors a P.R.O.F.I.T mission (Program for Raising Ontario International Trade) to Buffalo every spring and fall. With the assistance of the Buffalo Consulate this program is designed as an educational seminar for all new exporters of food products who wish to expand their present markets to the U.S. The Buffalo portion of the seminar includes tours of the U.S. Customs facilities at the Peace Bridge; a major food wholesaler's warehouse; and the opportunity to meet and ask questions of a local food broker, a U.S. Customs broker and a U.S. Government official from the U.S. Food and Drug Administration in Buffalo. Through the joint efforts of this program many Canadian firms have successfully penetrated the U.S. market and achieved their sales goal in Upstate New York.

Although Upstate New York is a very competitive food market, several Canadian firms have discovered the merit of selling to the more than 5 million consumers situated only miles away from the Canadian border.

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Midwest

Chicago

The Chicago post territory, comprising three states (Illinois, Missouri, and Wisconsin) represents a population base of 23 million people. Chicago alone, the 3rd largest U.S. city with a population exceeding 7 million, is considered the largest, most ethnically diverse area in the midwest. Chicago ranked 3rd in overall volume of annual food sales in the U.S. in 1990. Over half of the supermarket share was attributed to two major retail grocery chains: Dominick's Finer Foods, Inc. (95 stores/25 percent market share) and Jewel Food Stores (219 stores/36 percent market share).

The Chicago foodservice industry is even more impressive. Seven of the top 50 American foodservice distributors (Kraft Foodservice Group, Alpha Distributors, Allen Foods, Inc., etc.) are located here and in 1990 these 7 companies collectively rang up a sales total of just under US \$4.4 billion.

Even though the current recession is keeping meals at an average cost of less than U.S. \$16.00 per person, Chicago consistently reaps the profits from its impressive hospitality industry which services the 3.2 million people attending any one of the 1,099 conventions, 157 trade shows, or the 26,255 corporate meetings.

Chicago is an excellent marketplace for the promotion and sale of Canadian food products because of the significant international trade shows that are held here annually. The National Restaurant Association Show is the largest foodservice/hospitality event in the U.S. The Show features over ten miles of exhibits and attracts more than 104,000 buyers, brokers, distributors and representatives. The Food Marketing Institute Show is the nation's premiere event for the supermarket industry and attracts 40,000 key decision makers. In addition, sector specific shows rotate through Chicago, such as those held by International

Fancy Food, the National Food Brokers Association and the American Meat Institute.

Each event is a forum for increasing product exposure, viewing competitive products, establishing marketing channels, and generating on-site and future sales.

Chicago offers a favourable market for introducing cost-competitive products especially those emphasizing quality, convenience, and "healthy" ingredients. The region's receptiveness to new products is further supported by Chicago's importance as a major distribution centre and its worldwide access via rail, truck, air and water.

Fish and Seafood

Fish consumption in the United States is usually limited to the species indigenous to a particular region, but because Chicago can easily receive fish products from all parts of the world (O'Hare International Airport is number one for direct flights), the midwest enjoys the broadest variety of ocean, native, fresh-water and farm-raised products in the country. Because fresh fish, which is in great demand, can be transported quickly and easily to other midwestern states (a population base of 47 million), it is little wonder that Chicago has been deemed the "Seafood Capital of the Nation".

Chicago is very receptive to Canadian fish products. Every available species from Canada is already being purchased and marketed in the midwest. Accordingly, the Chicago fish community reports that speed is of the essence in ensuring choice goods; even the remotest suppliers can replenish inventories in less than a day, and any Canadian who cannot compete on these terms will be at a definite disadvantage here. It is also worth noting that a "good old boy" attitude toward Canadian fish suppliers exists here: Canadians are perceived as fair-minded people with quality products. Interested fish sellers can easily make contacts with appropriate buyers through the Consulate.

Recent meetings with well-established

middlemen (including a frozen fish distributor, a specialty seafoods distributor, and a broker for fresh and frozen fish), disclosed that overall sales of Canadian fish products are hampered mostly by supply, not demand or price. This was confirmed during a meeting with the world's largest wholesaler of fresh fish, The Chicago Fish House, when the Executive Vice President said that his company alone could buy everything that Canada produces. Conflicting viewpoints emerge on fresh versus frozen products. Major brokers and distributors for frozen argue that frozen products generate more volume due to their popularity in supermarkets and institutions. Representatives of the fresh products argue the opposite. Despite this, the consensus remains the same: seafood consumption has increased dramatically in recent years and the industry as a whole is projecting sales increases of 5 percent per year over the next 3-6 years.

Foodservice (hotels, restaurants, schools, hospitals, etc.) demand for high quality seafood is increasing. The Chicago Fish House alone ships 35 million lbs of seafood a year to hotels, supermarkets, clubs, restaurants and other wholesalers in 38 states as well as to several foreign countries. Volume products include cod, shrimp, salmon and even surimi which is fast becoming a product in itself. The age of hypermarkets is in full swing in the midwest and the demand at retail is also increasing.

The midwest is increasingly using aquaculture to raise fish and expand the variety of its fish stock. In the near future, most of the fish and seafood consumed will be just as much a domestic farm product as other primary protein sources (chicken, beef, pork). Aquaculture's popularity stems from several factors: continuity of supply; consumer confidence in "quality" generated from local, pollution-free waters; and controlled production resulting in stabilized prices. With continued improvements in technology and delivery systems, Chicago's wholesalers will not only be able to routinely distribute familiar species such as tuna and trout, but impressive ones such as hoki, high brown snapper, orange roughy, leather jacket, painted sweetlips and dozens of other unusual

varieties. Opportunities exist in this territory for a wide variety of species. About 200 operations exist in a 12-state territory centred on Chicago, and many additions are forecasted.

At present 8 percent of the fish consumed in the United States is the product of aquaculture. Per capita seafood consumption now stands at 15.9 lbs per year, up almost a full pound from 1988. In less than 10 years that figure is expected to rise to a substantial 20 lbs per year if current trends in consumption continue.

According to local sources, the need to capitalize on "who we are and what we stand for" is Canada's greatest challenge. It is well-known in the local trade arena that Canada has stringent inspection rules and that those standards are enforced to the letter of the law. Unfortunately, this "integrity" factor never reaches the ultimate consumer. Point of origin and quality assurance are ignored in the promotion, marketing and merchandising of Canadian fish. It has been suggested that stickers denoting "quality" (perhaps the red maple leaf) and "Product of Canada" identification tags be prominently displayed on all types of fish, all packaging (master cartons and individual pieces), and all promotional materials. Such fillips would not only reinforce an already favourable climate, but also stimulate consumer awareness, enhance acceptance, foster demand and ultimately generate consumer sales. In general, all the above comments provide a clear message to Canadian seafood exporters: The Chicago market abounds with opportunities for Canadian fish supplies.

Lobster

In the Chicago area lobster is traditionally perceived as an expensive luxury item found only in exclusive establishments and reserved for special occasions. Only people with unlimited expense accounts can enjoy it with any frequency. Fortunately, Chicago reaps the benefits of those with expense accounts who attend, as noted above, the city's numerous conventions, trade shows and corporate meetings. Even though the current

recessionary trend is keeping meals at an average of less than US\$16 a person, the demand for lobster is expected to remain stable. The identity of Canadian lobster is limited here and is certainly overshadowed by the strong image of Maine lobster.

At the retail level, lobster is not perceived -- and is seldom merchandised -- as "affordable food". Because of the finite, seasonal supply of lobster and because of its high price, it is unlikely that mass appeal promotions would ever take place in the midwest. With the most popular sizes ranging from 1-1/2 lbs, present retail per capita consumption of lobster is no more than .01 lb.

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Cleveland

Cleveland lies at the centre of the industrial and financial heartland of the United States. The trade territory administered by the Canadian Consulate encompasses Ohio, western Pennsylvania, Kentucky and West Virginia. This area, only one third the size of the province of Ontario, has a population of over 20 million, nearly the population of Canada. There are six primary distribution centres consisting of the metropolitan areas of Cleveland, Columbus and Cincinnati, Ohio; Pittsburgh, Pennsylvania; Charleston, West Virginia; and Louisville, Kentucky. Total bilateral trade between Canada and the territory totalled \$19.75 billion.

Cleveland, Columbus, Cincinnati, Dayton, Pittsburgh and Louisville are among the top 50 food markets in the United States according to a Grocery Marketing 1989 survey.

Area	Population	Foodstore Sales
Cleveland	4,593,650	\$6,511,414,000
Cincinnati (includes Louisville, Kentucky)	6,618,126	\$9,396,528,000
Pittsburgh	6,994,405	\$7,523,669,000

Many wholesale food companies such as Riser and Cardinal support hundreds of wholesale accounts in addition to their corporate accounts, such as nursing homes, restaurants, schools and other food service operations.

Super Food Services Inc., with a distribution centre servicing Southwest Ohio, Southeast Indiana and Kentucky has 290 stores and is planning a \$7 million refrigerated food facility expansion in Cincinnati.

Non-traditional food retailers in the region, like K-Mart, are increasing their food sales. As well, the national trend toward hypermarkets has been followed by Thriftway/Cubb/Biggs in this region. There is a growing market share for convenience and prepared foods with approximately 70 percent of consumers interviewed in a 1991 survey preferring those with high nutritional standards. Private labelling for store brands will be a major force in the marketplace. There are opportunities for Canadian firms that specialize in private labelling.

Canada exports a wide variety of products to this territory. These include fresh and frozen fish and shellfish (by direct or indirect shipment to seafood wholesalers), sparkling and flavoured waters, baked goods, jams and honey, dairy products, fresh, frozen and chilled meats, processed meats, fresh fruits, fresh, frozen and prepared vegetables, sugar and sugar preparations, milled cereals, whisky and beer. According to export statistics total Canadian exports of food, seafood, processed food and beverages are over \$87 million.

Although itself a major agricultural supplier, there are Canadian products being exported to this region, among them seed, apples, potatoes, livestock, livestock feed, oil seed, canola, oil kernels and nursery products.

Fish and Seafood

There are approximately 30 seafood wholesalers in the Cleveland area and many purchase Canadian seafood products. Purchases are primarily Canadian salmon, some Atlantic cod, rope-grown mussels and shellfish, primarily lobster. The trend in seafood consumption in the Cleveland area is fairly high and remains consistent. To date, most of the seafood entering the Cleveland area has been purchased through Boston and Detroit. However, local wholesalers have requested more information on Canadian seafood products and have shown an interest in future direct purchases from Canadian seafood exporters. Despite the fact that this region is not a major distribution centre for seafood, Canadian companies have made excellent strides in penetrating the market. Preferred products include wild and farmed salmon, lobster, tuna, pollock, clams, rope-grown mussels, scallops, trout, Atlantic char and snow crab.

Major Distributors in the Region

In the Consulate territory there are a number of grocery companies with in-market distribution centres that sustain a more than 10 percent share of total food sales:

Riser Foods and First National control 75 percent of the Cleveland area market.

Total Market Share

Cleveland Cincinnati Pitts Ls ville Christon

First National	12.00		
Fleming	10.52		
Riser Foods	16.86		
Peter J.Schmidt	11.73		
Tamarkin	10.00		
Kroger	30.00	30.00	32.99
Winn-Dixie			19.87
Chaney Brothers	21.04		
OK Grocery	20.61		
Penn Traffic	11.84		
Wetterau	23.21		

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Detroit

The Detroit post territory for trade promotion encompasses Michigan, Indiana and Toledo, Ohio. Within this region reside 15 million people, generating in excess of \$260 billion in Gross State Product in a broad range of industrial, agricultural and service sectors. The population is concentrated in four urban areas centred on Detroit/S.E. Michigan, Indianapolis, Toledo and Grand Rapids, Michigan.

Michigan remains a preferred export target (primarily due to proximity) for the large manufacturing base of southwestern Ontario. Statistics Canada reports fish, food and beverage exports to the state of Michigan of approximately \$200 million for the year 1990. The population of Michigan is about 9.3 million with the greater Detroit market accounting for 3.5 million.

The region presents good opportunities for value-added prepared foods, alternate fish sources, convenient/portion packaged products and, of course, competitively priced goods. Traditionally, this state's buyer network is made more accessible by using food brokers who are generally very receptive and eager to represent Canadian product lines.

Major Distributors/Retailers in Michigan

Major Supermarket Chains: A & P, Detroit - regional office - 194 units; Meijer, Inc., Grand

rapids - 55 units; Kroger, Livonia - regional office - 79 units; Spartan - buying group - Grand Rapids - 500 units.

Major Foodservice Distributors: Gordons, Grand Rapids - \$745 M; Miesel/Sysco, Canton - approx. \$400 M; The Sonneveldt, Grand Rapids - \$130 M; Caramagno, Detroit - \$40 M.

Major Restaurant Chains: Domino's Pizza, Ann Arbor - 5,336 units; Little Caesar's Pizza, Detroit - 3,173 units; Elias Brothers "Big Boy" - 1,021 units; A & W Restaurants, Livonia - 751 units.

Fish Wholesalers/Distributors: Northwest Foods, Detroit - \$26 M; Salasnek Fish, Detroit.

Indiana

Indiana is a state which is often overlooked as an export target due somewhat to its "low" profile. The state population, however, is approximately 5.5 million and the largest city, Indianapolis, the fastest growing city in North America, accounts for approximately 1.3 million. Statistics Canada reports fish, food and beverage exports to the state of Indiana of approximately \$15 million. Although a good portion of the northern state is serviced by strong distributors out of Chicago and Detroit, there are some important distributors and retail chains in the greater Indianapolis region. Indianapolis is centrally located in the state as well as in the mid-central U.S., and is accessible by many major interstate highways which makes it a fantastic distribution hub.

Major Distributors/Retailers in Indiana:

Major Supermarket Chains: Marsh Supermarkets, Yorktown - 246 units; Kroger, regional office - Indianapolis - 116 units; The Jay C Stores, Seymour - 24 units.

Major Foodservice Distributors: McFarling Foods, Indianapolis - \$50 M; Stanz Food Service Co., South Bend - \$40 M; Taurus Foods, Indianapolis - \$29 M; Sysco Food Services of Indianapolis, Inc.

Major Restaurant Chains: Consolidated Products, Inc., Indianapolis - "Steak N Shake" - 117 units; The Pizza King, Lafayette - 100 units; SunQuest Systems, Inc. Indianapolis - "Waffle House" etc. - 41 units.

Fish and Seafood

The recent reductions in the fisheries quota for both lake and ocean fish will affect both the supply and price of existing products distributed to this market. To counter the ill-effects of reductions, a concerted marketing effort to promote underutilized species of fish would be key to maintaining overall tonnage and to establishing new channels of distribution for these species.

Other opportunities are to work with the large chain restaurants to create or promote "theme meals". For example, Friday night lobster or crab dinners at a low price at family dining establishments; or to provide restaurants, suffering a shortage of kitchen labour, with pre-cooked, seasoned portions that are packaged to reduce preparation time.

Freshwater Fish

Freshwater fish is by far the largest volume sub-sector in this market, due primarily to consumer familiarity with these species of fish through physical proximity to the Great Lakes. Walleye, perch, bass and smelt are the most popular commercial species and are purchased in both the fresh and frozen state, whole or filleted. The most popular markets are restaurants at the food service level and supermarket fresh fish counters at the retail level. As well, fresh fish distributors sell a lot of product through the food markets.

Groundfish

In the groundfish sub-sector, cod, haddock, halibut and sole are the most popular species. Cod remains the dominant species in this segment as it allows for a low-cost portion to the end user and is still popular in many of the local "fish-n-chips" shops. Haddock and halibut provide for a more upscale menu item. All

species are commonly purchased in frozen block and filleted forms and the majority of volume is realized through food service channels.

Shellfish

The market for shellfish is moderate in comparison to freshwater fish. The primary reason for a weaker shellfish market is uncertain availability which ultimately discourages frequency of purchase. Moreover, restaurateurs are sometimes reluctant to feature these products on their menus because of the unpredictable fluctuations of supply and price. Most commonly found on the menu are scallops and oysters, which are used as appetizer items. Lobster, shrimp and crab are used as entrées, most often on the menus of fine dining establishments. The product group is evenly distributed to foodservice and retail users in both fresh and frozen formats.

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West Central (Upper Midwest)

Minneapolis

The Twin Cities (Minneapolis/St. Paul) is the major grocery distribution hub for the west-central portion of the United States. As the headquarters of four major warehouse distributors, including three of the ten largest in the U.S., (Super Valu Stores, the Gateway division of Scribner and Nash Finch), it is a centre of food distribution that influences the

entire central plains region.

Almost all of the grocery chains in the Upper Midwest market are independents with buying offices in the territory. National chains such as Safeway or A&P have only a weak presence in the region. For this reason, the grocery market is highly competitive and standards are high. The Upper Midwest is also a centre of distribution for the food service industry and is the headquarters of several national restaurant chains. The presence of a large number of food processing manufacturers provides further opportunities for sales of ingredients.

The Upper Midwest market resembles adjacent Canadian markets in climate, attitudes and values of the population. Outside of the major metropolitan areas (Minneapolis/St. Paul: 2.5 million; Omaha: 325,000; Des Moines: 200,000), many residents live in rural areas and derive income from agricultural activities. The metropolitan areas have a diversified industrial base with very little heavy manufacturing. The population has a disposable income higher than the national average and the demographic profile of the market makes it a good test market for consumer food products.

The Twin Cities market is a good one in which to attempt initial penetration of the United States. It is friendly and manageable in size and new exporters can find their way around relatively easily.

Canadian products that have done well in the Upper Midwest market include specialty or gourmet foods, delicatessen items, fish (freshwater, ocean and aquaculture), seafood, pork, beef, lamb, frozen foods, cookies, snack foods, beer, spring water and ingredients. Canadian products are readily accepted and have a reputation for quality. Manufacturers who have been successful in the Upper Midwest market are those who have made a decisive commitment to the territory, have maintained strong communications with the U.S. market, and have modified their product, packaging and marketing strategies to suit the needs of this market.

Fish and Seafood

The size of the seafood market in the Upper Midwest is estimated at over US\$800 million. This represents a higher than expected rate of consumption due to highly innovative merchandising efforts at the retail level. U.S. national organizations (F.M.I., N.S.M.I) indicate this market is 2-3 years ahead of the rest of the U.S. in marketing, inspection, quality control, transportation, merchandising, presentation and advertising. The market currently is divided as follows: 60 percent of fish and seafood is sold in retail stores; and 40 percent in the restaurant/foodservice trade. The major growth potential is in the retail sector, with future large increases possible if there are innovations in packaging, quality control and product formulation (e.g. boneless fillets). Current sales at the retail level are approximately 50 percent frozen and 50 percent fresh.

The domestic fishery consists mainly of walleye (200,000 lbs of the 300,000 lbs sold in the Minneapolis/St. Paul market last year were domestic). There is continuous strong demand for walleye, and demands that more be made available from Canadian sources. There are also small quantities of farmed freshwater salmon and trout being raised locally. In general, the most popular species are salmon (steaks more than fillets), cod fillets, walleye fillets, orange roughy, pollock, catfish, swordfish, shark, shrimp, clams, scallops and lobster.

The Food Distribution System

The distribution system is straightforward and buyers are accustomed to working with small to medium-sized companies. Two large warehouse-styled grocery chains, Cub Foods and Rainbow Foods, have about 55 percent of the Twin Cities grocery market, comprising 200 supermarkets and estimated weekly sales of \$53 million. Conventional supermarkets have a 33 percent market share, and upscale operators such as the trend-setting Byerly Foods have about 12 percent market share. These independent chains are serviced by four large voluntary wholesale distributors headquartered

in the Twin Cities, as well as by a number of specialty distributors.

In Iowa, the Dahl's Food Chain is headquartered in Chariton.

Omaha, Nebraska is the headquarters of Baker's Supermarkets. In this market it is necessary to have a sales agent constantly calling on the chain stores. Food brokers play a crucial role in the Upper Midwest market and it is almost impossible to penetrate the market without engaging their services.

The Canadian Consulate General in Minneapolis is active in assisting Canadian food and beverage product manufacturers through promotional activities and interaction with the local trade. The office organizes an annual Canadian Food and Beverage solo show that is well attended by brokers and buyers. This provides an excellent introduction to the market for new exporters. The Consulate also organizes educational NEBS missions and assists firms that are interested in exhibiting in regional trade shows for the food service, ingredients, bakery and beverage industries.

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South-West

Dallas

The Canadian Consulate General in Dallas is responsible for the territory which includes Arkansas, Kansas, Louisiana, New Mexico, Oklahoma and Texas. Texas is the second

largest state in the U.S., by area, and ranks third in population, after California and New York. Texas has a long border with Mexico and a long coastline on the Gulf of Mexico. It is considered a wealthy state with a population of 17 million. Approximately one-half of all Texans live in the following four major metropolitan areas: Houston (3.2 million), Dallas (2.5 million), San Antonio (1.3 million) and Fort Worth (1.2 million).

It is estimated that one-half of the retail food business in Texas is split among six supermarket chains: H.E. Butts, Kroger, Furr's, Tom Thumb, Winn Dixie and Albertsons. As well, there are a number of other smaller grocery chains that have significant volumes of retail food sales. These smaller chains do not necessarily have stores throughout the state, but are usually located in certain specific regions. Although Texas is considered to be a consumer of meat and poultry, there is a definite market for the seafood industry. All of the above mentioned supermarket chains carry a wide array of seafood (fresh, frozen and canned). The seafood is imported from Louisiana, California and Massachusetts, mainly Boston.

At the wholesale level of the food market, the following distributor are felt to have the biggest percentage of share in the Texas market: HEB, Sysco, Grocers Supply, Flemmings, Southland Foods and Scrivner. While waiting to export to this post territory, it is highly recommended that Canadian seafood producers and manufacturers find a broker and/or distributor and/or wholesaler. The Canadian Consulate General in Dallas is pursuing market opportunities and activities which could help the Canadian seafood industry. The market has definite potential.

Louisiana

Louisiana is one of the south central states, with a population of approximately 4.7 million. The state is composed of major cities such as New Orleans, Baton Rouge, Lafayette, Shreveport, Monroe and Alexandria. The mainstays of Louisiana's economic are agriculture, oil and

gas and the seafood industry. Louisiana produces 99 percent of the crawfish (or little lobster) in the world, and it represents a \$50 million-a-year industry for the state. Louisiana's warm gulf waters and fertile estuarine systems are home to more than 100 commercially valuable seafood species, a variety unmatched anywhere else in the nation. Louisiana is also the nation's second largest seafood producer, with 1.2 billion pounds landed in 1989, for a dockside value of more than \$272 million. Louisiana's commercial seafood industry contributes \$2 billion to the state's economy and employs more than 55,000 people in harvesting, processing, wholesaling and distribution. There are more than 500 companies involved in processing and wholesaling seafood in the state, handling primary and value-added processing of shrimp, crabmeat, crawfish, oysters and all species of fin fish.

Louisiana is the top producer in the nation of many valuable seafood species: crawfish (119 million pounds), shrimp (100.4 million pounds), blue crab (33.6 million pounds), oysters (11.6 million pounds), tuna (8.6 million pounds), wild catfish (6.1 million pounds), black drum (4.4 million pounds), mullet (2.4 million pounds), sea trout (1.5 million pounds) and red snapper (1.4 million pounds). In addition, Louisiana is ranked second in the nation in landings of swordfish, shark and grouper, three other very popular species nationwide. Of the top 20 ports in volume in the U.S. Louisiana has five: Cameron (No. 1), Empire/Venice (No.4), Dulac/ Chauvin (No.6), Intracoastal City (No.8) and Morgan City/Berwick (No.10).

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Pacific

Los Angeles

Southern California, Arizona, and Clark County, Nevada share one thing in common: they are among the fastest growing areas in the U.S. Los Angeles County (current population: 8.5 million) leads the national list of population increases for metropolitan areas with an expected addition of 1 million people by the year 2,000. The South Coast Basin (Los Angeles, Orange, Riverside and San Bernardino Counties), now the home of 12.8 million people, will have a population of 18.3 million by 2010. This is a projected growth of 43 percent. Further south, San Diego County, 2.3 million today, foresees about 560,000 more inhabitants by the end of the century.

Arizona's population stands at 3,480,000. The state claims to have the highest population growth rate in the nation: 3.4 percent annually.

Clark County, Nevada, consists of the cities of Las Vegas, Henderson, Boulder, Laughlin, and Mesquite. Total population: 675,000. The county has 50 percent more people now than it did in 1980, and expects a population of 950,000 by the year 2000. The total territory, then, represents a population equal to two-thirds that of Canada. Its gross product exceeds 75 percent of Canada's. Los Angeles is the second largest metropolitan areas in the U.S., closely trailing New York. A major diversified business centre, Los Angeles considers itself the trading hub of the Pacific Rim.

The Greater Los Angeles area is ranked number one in the United States with food store sales in excess of \$11 billion annually.

The remaining Southern California region, Arizona and Clark County, Nevada, account for an additional 10 billion in sales. There are over 10,000 food stores, 1,600 convenience stores, and 1,400 supermarkets.

Because of the tremendous market available to agri-food manufacturers and processors, the

competition throughout the industry is very keen. All markets, including selected regional markets such as Phoenix, Arizona; Clark County, Nevada; Orange and San Diego Counties in California, require that the Canadian supplier make a strong financial commitment to marketing if he/she hopes to develop a position in the region.

There are several trade shows taking place throughout the year in which the Los Angeles Consulate either coordinates or supports a national initiative through government-funded programs. The shows include: California Growers (October), Arizona Retail Grocers (May), Natural Products Expo West (March), Sea Fare (February), International Fancy Food (March) and the Western Restaurant Expo (August).

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San Francisco

The San Francisco post territory (northern California, Colorado, Wyoming, Nevada (except Clark County and Hawaii) with northern California as the focus, continues to be a leader in marketing and sales of food products, with approximately \$30 billion sales in both retail and foodservice. The city of San Francisco is the fourth largest restaurant market in the U.S. As a favourite U.S. tourist destination, it attracts over five million visitors annually to its restaurants, each of whom spends an average of US\$250 on food and beverages. There are over 13 million visitors annually to the San Francisco Bay area

alone. Of the top five supermarkets in the U.S., two are headquartered in this territory. American Stores (Salt Lake City, Utah) doing over U.S.\$22 billion in 1990 (owner of Lucky Stores headquartered in northern California) and Safeway stores (Oakland, CA) doing U.S. \$14.75 billion in 1990.

Food service and retail groceries in the region are increasingly overlapping, with supermarkets expanding their food service capabilities by offering, for example, in-store delis and catering services. Mergers in retail chains and the wholesale sector have affected the sales network. The merging of brokers may mean larger companies that are fewer in number. This creates niches for the small broker but threatens the future of the mid-sized broker.

The merging of supermarket chains, with fewer broker (sales) organizations may mean less choices on the supermarket shelves for the consumer, and less opportunities for the smaller manufacturer. This trend could lead to higher slotting fees for new product listings. However, given the competitive nature of this industry, constant change is to be expected. The advent of the mass discounter and the increase of food purchasing and sales by what were once exclusively drugstore and variety chains offer new opportunities for the innovative marketer.

Market opportunities are considerable in all segments of the industry, with a multitude of factors affecting the public's buying habits. There is great interest in nutrition, cholesterol and health and this has helped to change eating patterns. Sales of poultry and fish have increased as consumption of red meat has decreased. The trend is discernible in both retail and foodservice sales. The two-income lifestyle has brought about increased markets for prepared value-added food, processed and semi-processed. And gourmet, ethnic (Mexican, Oriental, etc.) and natural foods all are popular with this market's sophisticated consumer who is will-ing to try new and exotic foods.

Fish and Seafood

In the state of California, the food service

industry generated \$28.5 billion in 93,930 eating and drinking establishments. There is increased interest in and opportunities for value-added (processed) fish and fish products, both for foodservice/institutional and retail sales in northern California. Northern California consumers are typically affluent, sophisticated and educated, with a growing concern for nutrition and health foods, and a corresponding desire to increase their fish consumption.

As a major centre for the West Coast fishing industry, with a large local sales market, there are well over 100 fish brokers and wholesalers located in northern California.

We would strongly advise the Canadian manufacturer who wishes to export to utilize the services of a local broker/sales representative who will sell directly to the major buyers, as well as place your product with appropriate wholesalers and buying groups. A local presence is needed in such a large, competitive and sophisticated market.

San Francisco is home to national and regional food trade shows running the gamut from the annual international Fancy Food and Confection Show for gourmet retail sales to the annual Western Restaurant Show, (alternating yearly between southern and northern California) that focuses on the food service and institutional market, the second largest show of its kind in the U.S. Participation in the appropriate trade show is an opportunity to reinforce and enhance your local agent's efforts, and to meet buyers and sales representatives.

Serious food exporters should consider northern California as a primary market goal, but to successfully compete they must first have a quality product, the right packaging and graphics, adequate production capability and a well-conceived marketing program.

For further general information about the region or specific information regarding agents, brokers and distributors please contact:

Mrs. Arlene Holden
 Commercial Officer
 Canadian Consulate General
 50 Fremont Street, Suite 2100
 San Francisco, CA 94105
 (415) 495-6021
 (415) 541-7708

Pacific Northwest

Seattle

Owing to its proximity to Canada and similarities in lifestyles, tastes, etc., the Seattle market represents an opportunity for Canadian exporters out of proportion to its population and economic strength. In addition, a high per capita income fosters an enthusiasm for imported, gourmet and convenience food products.

The food distribution channels are more regionalized in the U.S. than in Canada. As a consequence, Canadian food products can penetrate the much larger U.S. market on a regional basis.

Seattle is the largest city in the Pacific Northwest and is situated only 100 miles from the Canadian border. The Seattle-Tacoma-Everett market is the 14th largest in the nation. From 1980 to 1989 the population of Seattle increased 16.2 percent and is projected to expand at the rate of 7 percent for the period 1988 to 1993. The economy should expand more quickly than the national average, as employment in the Seattle metro area has been growing faster than any other major metro area in the nation.

The population of the area is young, with a median age of 32.5. It is also highly educated (seventh in the nation): Almost 80 percent of adults 25 years and older have completed high school, and 28 percent of the population has completed four or more years of college. The result is salary levels which are among the highest in the nation. In 1987, the annual salary

in Seattle (\$22,543) was 8 percent higher than the national average of \$20,855. Consequently, annual buying power is \$30,000, compared to the national average of \$25,000. Food store sales in Seattle amounted to \$4.3 billion in 1983.

The propensity to purchase imported food products is demonstrated by the fact that \$532 million in food products were imported through Washington State ports in 1990, 57 percent or \$305 million of this amount coming from Canada. Examples of Canadian food and beverage products being sold in this market include: various desserts, pie shells, sausage, apples, bottled water, preserves, cookies, cheese, honey, fruit leather, perogies, wieners, bacon, hams, pizza crusts, crumpets, cereals, juices, beer, maple syrup, crackers, spirits, pasta and tea.

Fish and Seafood

The Pacific Northwest annually produces approximately 2.9 billion pounds of seafood, valued at \$1.6 billion, or 40 percent of the commercial harvest of seafood products in the United States. A wide variety of seafood is produced which includes pollock (1.2 billion pounds), salmon (500 million pounds), cod (270 million pounds), crab (210 million pounds), flounder (135 million pounds), herring (130 million pounds) and rockfish (125 million pounds). While a large volume of seafood is harvested in the Pacific Northwest, there still exists pocket opportunities in this market for Canadian exporters. This market consumes \$300 million worth of seafood annually. It is worth noting that there may be a considerable amount of commerce (fish and seafood) from other countries consumed in this region that goes unreported. And some of this which is said to be exported to this region is "passed through". The Pacific Northwest is directly responsible for \$190 million of seafood imports. Of that amount, Canadian exports account for 48 percent. Unlike other regions of the U.S., where there are significant volumes of dried or salted fish consumed, this is primarily a market for fresh or fresh frozen seafood. A fair amount of smoked product is consumed; however, there is an abundant supply of smoked product from numerous local smokers.

Canadian producers have found, and will continue to find, the Pacific Northwest a good market for farmed salmon, shrimp, scallops, lobster and mussels. Product distribution is transacted through processors with wholesale operations, brokers (mostly for canned product) and wholesalers.

Salmon

Weakened market prices for fresh farmed salmon have strengthened the demand at the institutional and retail levels and have diverted the supply of Norwegian and other offshore products to Japan. Canadian operations have already made excellent penetration into this market as a result of high quality, competitive pricing, proximity to the market, and the stringent environmental regulations that limit the entry of local operations.

There is a demand for fresh farmed chinooks and some Atlantics in 50 lb styrofoam packs with wet ice. They should be whole gutted, head-on with sizes of 4-6s and 6-9s for institutional markets, and 2-4s and 4-6s for retail markets. There is also demand for fresh farmed coho in 10 lb plastic trays in butterflied form and 8-10 oz sizes for the institutional markets. All species of wild salmon have a market for all sizes in round form, to be marketed to the world through the processors.

Groundfish

The market is strong for all types of high quality groundfish. Many buyers are unhappy with the present quality available to them and would like to see fishermen take shorter trips. Demand is good for fresh true cod, usually in 10 lb bags, trays or wet locks, no specifications for the institutional and retail sectors. Markets exist for fresh snapper, rockfish and ling cod fillets in the 7-12 oz sizes. They should be packed in 10 lb packs, properly layered, or skin to skin, flesh to flesh for institutional markets, and in various sizes for retail sectors.

Scallops

There are markets for IQF and block scallops in

5 lb boxes ranging from under 10 to 30-40 per pound for the institutional and retail sectors.

Shrimp

Demand exists for 175-225 per pound IQF shrimp in 5 lb boxes for the institutional and retail sectors.

Prawns

There is demand for all sizes of IQF prawns packed in 5 lb boxes for the institutional and retail sectors.

Lobster

Markets exist for IQF tails and live lobsters packed in 10 lb boxes. Sizes should be 5, 6, 7 and 8 oz for Atlantic, and 5-20 oz, 25 lb boxes for Australians, each for distribution in the institutional and retail sectors.

Dungeness Crab

There is a market for whole cooked crabs from 1.5 lb and up packed in 50 lb wet locks for the retail sector.

Manilla Clams or Little Necks

Demand exists for uniform, half-dollar, preferred live, clams packed in 50 lb onion sacks for use in the institutional markets, and in various sizes for the retail sector.

Mussels

Markets exist for live mussels, with no specifications, in 25 lb bags for the institutional and retail sector.

Seattle is one of the most popular test markets in the U.S. due to its manageable size, homogeneous demographics, relatively high income per capita, relative isolation from adjacent advertising media and the consumers' willingness to try new products. Seattle, as well, possesses an advantageous mix of small, medium and large grocery chains and three chains that focus on the up-scale market.

For every good opportunity, there are many competitors ready to get their share of the pie. Happily, the Seattle market attracts less competition than larger markets because of its moderate size. This is confirmed by the resistance to slotting allowances or listing fees in across-the-board products. While some of the large chains and certain product categories may require these up-front payments, the Seattle market as a rule has remained relatively isolated from these fees or allowance.

In addition to being involved in the promotion of Canadian products, the Canadian Consulate General in Seattle hosts educational seminars, assists with industrial development in Canada and supports the transfer of technology between Canada and the states of Washington, Oregon, Idaho and Alaska.

For the exporter looking at this region for the first time, we recommend that strong consideration be given to initially concentrating on the Seattle market. Other distribution centres in the Pacific Northwest are Portland, Spokane and Anchorage, and all provide excellent opportunities that require similar marketing techniques. We would be pleased to provide you with the industry contacts in these additional markets.

Our office can assist you in many ways. We can:

1. provide you with one-on-one market planning assistance
2. assist you with relevant trade show selection
3. develop lists of broker, distributor, customer and association contacts
4. assist you with media recommendations
5. help you with the contacts and offices of other Consulates General

Our office is also involved in the coordination of Canadian trade shows and Canadian pavilions at local, regional and national shows within our territory, the coordination of incoming buyer missions into Canada and educational group seminars and tours for incoming Canadian

businessmen (N.E.B.S. missions). Our office has excellent facilities at your disposal, including a business visitor's office with telephone and business machines; a library fully stocked with directories; and reception rooms for groups of ten to one hundred.

For further general information about the region or specific information regarding agents, brokers and distributors please contact:

Mr. Doug McCracken
Commercial Officer
Canadian Consulate General
2412 Plaza 600, Sixth and Stewart Streets
Seattle, Washington 98101-1286
(206) 443-1777
(206) 443-1782

IX. Working with your Canadian Trade Commissioners

Trade Commissioners and locally engaged Commercial Officers in Canadian embassies and consulates overseas, and International Trade Centres (ITCs) in Canada, can provide Canadian companies with valuable information and advice to help them market their products abroad.

These pages suggest ways of utilizing their assistance most effectively in locating and developing markets for your goods and services. They also suggest ways to avoid problems that Trade Commissioners sometimes encounter in working with Canadian companies.

What the Trade Commissioner Needs to Know about Your Company

Put yourself in the place of a Trade Commissioner in a foreign country making a telephone call to introduce your company's products to a local distributor. He/she has to make a "sales pitch" that highlights what your company does. He/she has to describe your products, explain your reputation in the world marketplace, list your key reference accounts and present the opportunity of working with your company in a favourable light. The more effective this presentation, the greater direct benefit to you in terms of sales and the quality of your agency agreements.

The checklist at the end contains the basic information required by the Trade Commissioner if an effective "sales pitch" is to be made on your behalf. We urge you to send this information to each of the posts you are approaching for assistance.

Tackle One Marketplace At A Time

Many Canadian companies take advantage of modern office technologies to send an export enquiry to every one of the more than 120 Canadian Trade Commissioners around the world. There is no way that an effective follow-

up can be made to all the leads or contacts that these Trade Commissioners will discover. Consequently, this method wastes the time of the company as well as that of the Trade Commissioner. The inability to respond will destroy the credibility of the company in the minds of potential distributors.

Develop one market at a time and wait until you have established an effective distribution process in that area before tackling the next one. For most Canadian companies new to exporting, the nearby United States is the least alien market, and that is usually a good place to start. Circumstances do differ, however, and sometimes other markets hold greater initial potential. Trade Commissioners and the International Trade Centres can help you determine the best market for your initial entry. External Affairs and International Trade Canada have a number of programs which can assist you in developing your international markets. Ask your International Trade Centre about the NEXUS and NEBS programs.

Send Product Literature

The Trade Commissioner will need five copies of your product literature for initial market research. When the time comes for you to visit the region and the Trade Commissioner is setting up appointments on your behalf, an even larger number of copies will be required.

Although English is the language most widely used for commercial purposes, it is often the second language in many countries. If possible, your product literature and promotional material should be translated into the major language of the target market area. The translation may be done locally and, given sufficient lead time, the appropriate Trade Commissioner can advise you on how to arrange this.

Anticipate Barriers to Sales

- A local price list should be available for your product. It is easier for the customer to assess interest if you have done all the cost calculations.
- Obtain a customs ruling on your

- product before you visit the region.
- Include press reviews or other references in your support material to help customers assess the marketability of your products quickly.
- Make sure your product meets local standards for power, safety, labelling, etc.

Faster Communication for Faster Response

Communication by mail is often time-consuming. For example, it takes up to 14 days for an air-mail letter to reach Australia. Thus, if four letters are exchanged, two or three months will pass before anything substantive may occur. That is why it is essential to include all necessary information in the first contact.

Also, include fax, telephone, telex or electronic mail numbers, etc., on all letters, letterhead, brochures and business cards.

Follow-up must always be by the most rapid means possible. This means telephone or fax. Most business contacts, whether agents, distributors or customers, measure professionalism or seriousness in servicing the market by the promptness of a reply to their response or inquiry. Fax, telephone and air courier are important aids to creating the right impression.

Take Advantage of Free Information

Major management consulting firms and major Canadian banks publish a series of free booklets on "How to do Business in.....". EAITC also issues many publications that will help you to understand various markets. Call External Affairs Info Export at 1-800-267-8376.

Your Existing Contacts

Many companies active in the international market send representatives to overseas trade shows or receive inquiries from abroad. If you have made any overseas contacts, please refer to them in your request for assistance to a Trade Commissioner. Even if such contacts are no longer active, they may provide the Trade

Commissioner with a starting point.

Keep Posts Informed of Developments

If Trade Commissioners are to help coordinate your marketing efforts in a professional way, it is helpful for them to have copies of your correspondence with local agents. Keep Trade Commissioners informed of successful (or unsuccessful) endeavours, and send them the details of any distribution systems that have been established. This will enable them to keep their agents' lists up-to-date, to refer potential business to your distributors, to obtain feedback on the performance of distributors, to refer other non-competing Canadian companies to them and, thus, to associate that agent more closely with Canadian interests.

Reputation

Canada's official representatives abroad often have good access to senior officials in local government and business. However, the ease of this access is dependent on the perceived professionalism of our Trade Commissioners. Companies working abroad are also representing the Canadian business community. They therefore have an obligation to protect the reputation of Canada and its representatives. Please be on time for all appointments, and feel free to ask for assistance in cancelling any appointments you cannot keep.

Following completion of a call that was arranged by a post, it is helpful to express your thanks to the potential distributor. This letter is more than courtesy and will serve to summarize the discussions. A copy to the Trade Commissioner will allow him or her to evaluate the contact and the results obtained.

A Few Words of Advice

All things considered, no one will do business with you unless you can convince the customer that yours is a credible and reliable company. Credibility and reliability can only be achieved through presence, i.e., meticulous attention to acknowledging correspondence or visiting your client. As part of your overseas trip to other

destinations, tell your agent that you will be dropping in to say hello; this costs little and will enhance your credibility, reassure the distributor, and enable you both to address small problems before they get out of hand.

Remember that the Trade Commissioner is your friend, confidant and advisor. All company or market information shared with him or her is confidential and is shared with no one.

The Prepared Exporter's Check List: Briefing Information for Overseas Trade Posts

Note: This Check List is designed to help summarize the information that an exporting company must furnish to an overseas Trade Commissioner in order to enlist assistance in setting up overseas markets. The list, when completed and sent to the Canadian trade post in the target area, will constitute a briefing document for the Trade Commissioner.

COMPANY:
STREET:
CITY:
PROVINCE:
POSTAL CODE:
TELEPHONE NO:
FAX NO:
ELECTRONIC MAIL:
TELEX NO:
ANSWER BACK:
COMPANY PRESIDENT:
EXPORT CONTACT:
COMPANY PROFILE:
DATE ESTABLISHED:
NO. OF EMPLOYEES:
SALES (OPTIONAL):
EXPORT SALES:
SAMPLE OF KEY CANADIAN CUSTOMERS:
PRODUCTS:

Product Description

Please describe the product you wish to sell and list two or three key selling points for your product in the target market.

Company Export Experience

Please list countries to which you currently export and comment on your successes. Also, indicate the kind of agent you are seeking.

Method of Distribution

Please describe how you would like to distribute your product (e.g., agents/distributors/direct, etc.). Indicate the price structure you have in mind.

Characteristics of an Effective Agent

Please describe in detail the characteristics/experience/back-ground that a good agent for your product should have.

Company Sales Pitch

Please list five or six key points about your company that would be of interest to prospective agents (e.g., service support policy, agent training, etc.).

Competitors

Please list the brand names, company names, city and country of your main competitors.

Market Projections

Please list your projected sales for the next three years. List key target industry sectors and potential customers in as much detail as possible.

Comments

**CANADIAN GOVERNMENT TRADE OFFICES
IN THE UNITED STATES**

For enquiries related to your agri-food and/or fisheries export promotion activities for the U.S. market, ask for the Trade Commissioners or Commercial Officers responsible for these sectors in Canadian Consulates General and "satellite" Trade Offices in the United States. Those offices undertaking activities in the agri-food and fisheries sectors are as follows:

ATLANTA (Territory - Alabama, Florida, Georgia, Mississippi, North and South Carolina, Tennessee)

Canadian Consulate General
Suite 400, South Tower
One CNN Center
Atlanta, Georgia 30303-2705
Tel: (404) 577-6810
Fax: (404) 524-5046

Canadian Government Trade Office
501 Brickell Key Drive, Suite 202
Miami, Florida 33131
Tel: (305) 372-2352
Fax: (305) 374-6774

BOSTON (Territory - Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)

Canadian Consulate General
Three Copley Place, Suite 400
Boston, Massachusetts 02116
Tel: (617) 262-3760
Fax: (617) 262-3415

BUFFALO (Territory - West, Central and Upstate New York)

Canadian Consulate General
One Marine Midland Center
Suite 3550
Buffalo, New York 14203-2884
Tel: (716) 852-1247
Fax: (716) 852-4340

CHICAGO (Territory - Illinois, Missouri, Wisconsin, Quad City region of Iowa, Kansas City)

Canadian Consulate General
2, Prudential Building
180 North Stetson Drive
Suite 2400
Chicago, Illinois 60601
Tel: (312) 616-1860
Fax: (312) 616-1877

CLEVELAND (Territory - Ohio, Kentucky, Western Pennsylvania, West Virginia)

Canadian Consulate General
Illuminating Building
55 Public Square
Suite 1008
Cleveland, Ohio 441133-1983
Tel: (216) 771-0150
Fax: (216) 771-1688

Canadian Government Trade Office
Suite 1120, Chiquita Plaza
250 East 5th Street
Cincinnati, Ohio 45202
Tel: (513) 762-7655
Fax: (513) 762-7802

Canadian Government Trade Office
One Gateway Centre, South Wing
9th Floor
Pittsburgh, Pennsylvania 15222
Tel: (412) 392-2308
Fax: (412) 392-2317

DALLAS (Territory - Arkansas, Kansas except Kansas City, Louisiana, New Mexico, Texas, Oklahoma)

Canadian Consulate General
St. Paul Place
Suite 1700
750 N. St. Paul Street
Dallas, Texas 75201-9990
Tel: (214) 922-9806
Fax: (214) 922-9815

DETROIT (Territory - Michigan, Indiana, City of Toledo)

Canadian Consulate General
600 Renaissance Center, Suite 1100
Detroit, Michigan 48243-1704
Tel: (313) 567-2340
Fax: (313) 567-2164

LOS ANGELES (Territory - Arizona, ten South Counties of California, Clark County in Nevada)

Canadian Consulate General
300 South Grand Avenue, 10th Floor
California Plaza
Los Angeles, California 90071
Tel: (213) 687-7432
Fax: (213) 620-8827

MINNEAPOLIS (Territory - Iowa, Minnesota, Montana, Nebraska, North and South Dakota)

Canadian Consulate General
701 Fourth Avenue South, Suite 900
Minneapolis, Minnesota 55415-1899
Tel: (612) 333-4641
Fax: (612) 332-4061

NEW YORK (Territory - Connecticut, New Jersey, Southern New York State)

Canadian Consulate General
1251 Avenue of the Americas, 16th Floor
New York, NY 10020 1175
Tel: (212) 768-2400
Fax: (212) 768-2440

SAN FRANCISCO (Territory - California except 10 South Counties, Colorado, Hawaii, Nevada except Clark County, Utah, Wyoming)

Canadian Consulate General
50 Fremont Street, Suite 2100
San Francisco, California 94105
Tel: (415) 495-6021
Fax: (415) 541-7708

Canadian Government Trade Office
999-18th Street, Suite 1000
Denver, Colorado 80202
Tel: (303) 291-9611
Fax: (303) 291-9615

SEATTLE (Territory - Alaska, Idaho, Oregon, Washington)

Canadian Consulate General
412 Plaza 600, Sixth and Stewart
Seattle, Washington 98101-1286
Tel: (206) 443-1777
Fax: (206) 443-1782

WASHINGTON, D.C. (Territory - District of Columbia, Virginia, Maryland, Delaware, Eastern Pennsylvania)

Canadian Embassy
501 Pennsylvania Ave. N.W.
Washington, D.C. 20008
Tel: (202) 682-1740
Fax: (202) 682-7726

OTTAWA HEADQUARTERS

For information on agri-food export promotion activities in the United States, contact:

USA Trade, Tourism and Investment
Development Bureau
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Tel: (613) 993-5726
Fax: (613) 990-9119

For information on sourcing of Canadian agri-food and fisheries suppliers, contact:

Agri-Food, Fisheries and Resources Division
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Tel: (613) 995-1712
Fax: (613) 995-8384

X. Provincial Government Offices in the United States

Most of the provincial governments operate representative trade offices in various cities of the United States. Most of these offices, which work in close cooperation with the federal government's network of Canadian Consulates General in the U.S., are able to assist their provincial agri-food and seafood clients in identifying and pursuing market opportunities south of the border. The following is a list of these provincial government offices in the United States:

Alberta

Government of Alberta Representative Office
767 - 5th Avenue, 23rd Floor
New York, New York 10111
Tel: (212) 759-2222

British Columbia

Director, Trade
British Columbia Representative Office
1050 - 2600 Michelson Drive
Irvine, California 92715-1550
Tel: (714) 852-0201

Director, Trade
British Columbia Representative Office
903 - 720 Olive Way
Seattle, Washington 98101
Tel: (206) 628-3023

Nova Scotia

Director, Trade & Investment
Office of Nova Scotia in New England
4 Copley Place, 6th Floor
Boston, Massachusetts 02116
Tel: (617) 262-7677

Ontario

Government of Ontario
Ministry of Agriculture & Food
221 North LaSalle, Suite 2700
Chicago, Illinois 60601
Tel: (312) 782-8688

Government of Ontario
Ministry of Agriculture & Food
14901 Quorum Drive, Suite 485
Dallas, Texas 75240
Tel: (214) 386-8071

Government of Ontario
Ministry of Agriculture & Food
333 South Grand Avenue, Suite 620
Los Angeles, California 90071
Tel: (213) 621-2070

Government of Ontario
Ministry of Agriculture & Food
800 Third Avenue, Suite 2800
New York, New York 10022
Tel: (212) 308-1616

Quebec

Economic Counsellor
Quebec Government House
245 Peachtree Crescent Avenue, Suite 1650
Atlanta, Georgia 30303
(404) 581-0488

Commercial Attaché
Quebec Delegation
Exchange Plaza, 19th Floor
Boston, Massachusetts 02109
(617) 723-3366

Commercial Attaché
Quebec Government Office
122 South Michigan, Suite 1910
Chicago, Illinois 60603
(312) 427-0250

Commercial Attaché
Quebec Government Office
11755 Wilshire Boulevard, Suite 2200
Los Angeles, California 90025
Tel: (213) 477-2217

Quebec (cont'd)

Commercial Attaché
Quebec Government House
17 West 50th Street
New York, New York 10020-2201
Tel: (212) 397-0200

Saskatchewan

Government of Saskatchewan
Representative Office
767 5th Avenue, 23rd Floor
New York, New York 10153
Tel: (212) 969-9100

Government of Saskatchewan
Representative Office
c/o Canadian Consulate General
Suite 900
701 Fourth Avenue South
Minneapolis, Minnesota 55415-1899
Tel: (617) 333-4641

XI. Federal Government Services/Assistance for Canadian Exporters

AGRICULTURE CANADA

Head Office:
Sir John Carling Building
930 Carling Avenue (Central Experimental Farm)
Ottawa, Ontario K1A 0C5

Agriculture Canada's objective is to promote the growth, stability and competitiveness of the agri-food sector by making available policies, programs and services that are most appropriately provided by the federal government, so that the sector can make its maximum contribution to the economy.

Agri-Food Development Branch

The Agri-food Development Branch develops and manages domestic and international programs to assist Canada's agri-food industry to improve its competitiveness and adjust to change.

Telephone (613) 995-9554
Telex 053-3283
Fax (613) 992-0921

Commodity and Food Industry Directorate

The Directorate is responsible for managing all branch programs which are specific to a particular commodity or to the food industry.

One such program is the Canadian Agricultural Market Development Initiative (CAFDI). CAFDI supports economic development in the Canadian agricultural and food products industries by providing cost-shared financial assistance for selected projects in market development, production and processing development, and human resource development.

International Programs Directorate

International Programs Directorate is responsible for providing support to industry in the development of export markets and to promote Canada's agri-food interests abroad. This Directorate is responsible for managing the Export Expansion Fund (EEF). This fund is directed at Canadian industry and is used to pay for the expenses of technical export market development projects, incoming and outgoing missions, the production of technical/generic literature, videos and display material.

Regional Offices

Agri-food Development Branch maintains offices in all ten provinces. Their main role is in implementing regional programs and extending the Department's network with stakeholders and provincial governments.

Food Production and Inspection Branch

The Food Production and Inspection Branch is responsible for measures to protect Canada's livestock and plant population from disease, for the provision of a meat inspection service and for ensuring supplies of high-quality agricultural products for consumers.

Through the Food Production and Inspection Branch, Agriculture Canada is responsible for grading, inspecting, licensing and regulating agricultural production inputs; import and export inspection services and certification; quarantine controls; and eradication procedures.
Telephone: Ottawa/Hull (613) 992-2114 or any regional office.

Agriculture Canada Regional Offices**British Columbia**

Suite 204, 620 Royal Avenue
Box 2522
New Westminster, B.C.
V3L 5A8
Telephone: (604) 666-6344
Fax: (604) 666-7235

Alberta

Canada Place, Suite 810
9700 Jasper Avenue
Edmonton, Alberta
T5J 4G5
Telephone: (403) 495-4141
Fax: (403) 495-3324

Saskatchewan

Box 8035, Room 310
2100 Broad St.
Regina, Saskatchewan
S4P 4C7
Telephone: (306) 780-5545
Fax: (306) 780-7360

Manitoba

303-275 Portage Avenue
Winnipeg, Manitoba
R3B 2B3
Telephone: (204) 983-3032
Fax: (204) 983-4583

Ontario

174 Stone Road, West
Guelph, Ontario
N1G 4S9
Telephone: (519) 837-9400
Fax: (519) 837-9782

Quebec

Gare Maritime Champlain
901, Cap Diamant, Piece 350-4
Quebec, Quebec
G1K 4K1
Telephone: (418) 648-4775
Fax: (418) 648-7342

New Brunswick

2nd Floor, 633 Queen Street
Fredericton, New Brunswick
E3B 1C3
Telephone: (506) 452-3706
Fax: (506) 452-3509

Nova Scotia

P.O. Box 698
35 Commercial Street, Suite 200
Truro, Nova Scotia B2N 5E5
Telephone: (902) 893-0068
Fax: (902) 893-9851

Prince Edward Island

P.O. Box 2949
141 Kent Street, 2nd Floor
Charlottetown, P.E.I.
C1A 8C5
Telephone: (902) 566-7300
Fax: (902) 566-7316

Newfoundland

354 Water Street, 2nd Floor
P.O. box 1878
St. John's, Newfoundland
A1C 5R4
Telephone: (709) 772-4063
Fax: (709) 772-4803

CANADIAN COMMERCIAL CORPORATION (CCC)

50 O'Connor Street, 11th Floor
Ottawa, Ontario
K1A 0S6

The Corporation facilitates the export of a wide range of goods and services from Canadian sources by serving as prime contractors in government-to-government sales transactions. In response to requests by foreign governments and international agencies for individual products or services, CCC identifies Canadian firms capable of meeting the customer's requirements, executes prime as well as back-to-back contracts, and follows through with the contract management, inspection, acceptance and payment aspects of each sale. Inquiries: Ottawa/Hull (613) 996-0034.

CANADIAN DAIRY COMMISSION (CDC)

Pebb Building
2197 Riverside Drive
Ottawa, Ontario
K1A 0Z2

The Commission administers a national dairy policy whose objective is to achieve a healthy, viable dairy industry. It aims to provide efficient milk and cream producers with the opportunity of obtaining a fair return for their labour and investment, and to provide consumers with a continuous and adequate supply of high-quality dairy products. Inquiries: Ottawa/Hull (613) 998-9490.

The CDC's Roles

Dairy Products: The commission administers a special program for whole milk products, as well as an international marketing program on behalf of milk producers to dispose of skim milk powder that is surplus to Canadian requirements.

Dairy Product Export Assistance: The CDC pays for export assistance on dairy products

approved for export and subject to certain conditions.

Subsidies on Industrial Milk Production: Under the National Dairy Program, the Commission makes direct subsidy payments to eligible farmers based on their qualifying industrial milk and cream shipments, which are used to meet domestic and export requirements.

CANADIAN GRAIN COMMISSION (CGC)

Head Office
303 Main Street, Suite 600
Winnipeg, Manitoba
R3C 3G8

The CGC is responsible for the official inspection and grading of grain and the establishment of grade specifications and standards. It issues licences to grain elevator operators and dealers, supervises bonding of licensees and insurance coverage on grain in licensed elevators, provides registration and documentation services, compiles and publishes grain handling statistics, maintains a laboratory for basic and applied research relating to cereal grains and oilseeds, and supervises the weighing of grain at terminal and transfer elevators. The Commission is also responsible for supervision for trading in grain futures. Inquiries: Winnipeg (204) 949-2770.

REGIONAL OFFICES

Calgary, Alberta
Moose Jaw, Saskatchewan
Chatham, Ontario
Prince Albert, Saskatchewan
Edmonton, Alberta
Quebec City, Quebec
Harrow, Ontario
Regina, Saskatchewan
Lethbridge, Alberta
Saskatoon, Saskatchewan
Mississauga, Ontario
Thunder Bay, Ontario
Montreal, Quebec
Vancouver, British Columbia

CANADIAN INTERNATIONAL GRAINS INSTITUTE (CIGI)

303 Main Street, Suite 1000
Winnipeg, Manitoba
R3C 3G7

The Institute is a non-profit corporation offering instructional programs in grain handling, transportation, marketing and technology, with the aim of providing market development support for Canada's grain and oilseed industry. By furnishing buyers and potential buyers of Canadian grain with a better understanding of Canada's grain industry and the world grain industry, the Institute contributes to the maintenance and enlargement of markets for Canadian grain and oilseeds and their products. Inquiries: Winnipeg (204) 949-3291.

CANADIAN WHEAT BOARD

423 Main Street
P. O. Box 816
Winnipeg, Manitoba
R3C 2P5

The Canadian Wheat Board has sole jurisdiction over export sales of wheat, oats and barley produced in Western Canada, and over the domestic sale of these grains for human consumption. It also controls the delivery of these and other major grains, and co-ordinates their movement to terminal elevators. Inquiries: Winnipeg (204) 949-3421.

REGIONAL OFFICES

Montreal, Quebec
Saskatoon, Saskatchewan
Vancouver, British Columbia

EXPORT DEVELOPMENT CORPORATION (EDC)

Head Office
151 O'Connor Street
P.O. Box 655
Ottawa, Ontario K1P 5T9

The EDC is a Crown corporation that provides a wide range of insurance and bank guarantee services to Canadian exporters and arranges credit for foreign buyers in order to facilitate and develop trade. Inquiries: Ottawa/Hull (613) 598-2500 or any regional or district office.

FEDERAL BUSINESS DEVELOPMENT BANK (FBDB)

Head Office
800 Place Victoria
(P.O. Box 335)
Montreal, Quebec
H4Z 1L4

The FBDB is a Crown corporation that exists to promote and assist businesses in Canada. It offers three principal services to Canada's business community: financial services, investment banking, and management services such as counselling, training and information. Inquiries: toll-free 1-800-361-2126 or the FBDB office in your region.

INDUSTRY, SCIENCE AND TECHNOLOGY CANADA (ISTC)

Head Office
C.D. Howe Building
235 Queen Street
Ottawa, Ontario
K1A 0H5

ISTC's mandate is to increase economic prosperity by promoting productive investments in industrial development and renewal in all regions of Canada and, in particular, in the economically less-privileged parts of the country. It encourages investment in viable industrial undertakings, in manufacturing, in resource processing and related service industries, in tourism and in small business. Inquiries: Ottawa/Hull (613) 995-8900 or any regional office.

Food Products Branch

The Food Products Branch conducts medium to long-term analyses of sectors for consideration in strategic decision making. It analyzes and advocates positions on policy matters of concern to industry within government, and also manages or provides access to various government programmes designed to assist industry sectors making primary food products, processed food and beverage products, and seafood and marine products. It provides support for export market development through its sectoral expertise and activities, product sourcing and industrial co-operation and is a source of information on developments in the food and beverage sector. The Branch produces Industry Profiles, reports and other studies. For further information, contact:

Primary Food Products Directorate
Tel: (613) 954-2936

Seafood and Marine Products Directorate
Tel: (613) 954-2927

Processed Food and Beverage Products
Directorate
Tel: (613) 954-3087

Business Opportunities Sourcing System

The department maintains a computer listing of Canadian manufacturers, inter-national trading houses, freight forwarders and service firms, which is available for tracing sources for products and services. BOSS, Market Development Branch. Inquiries: Ottawa/Hull (613) 954-5031.

WESTERN ECONOMIC DIVERSIFICATION OFFICE (WED)

Head Office
10179-105th Street, Suite 604
Corner Point Building
Edmonton, Alberta
T5J 3N1
Telephone: (403) 420-4164

The WEDO was created in 1987 to help moderate the swings inherent in resource markets by stimulating the development of complementary economic activities for Western Canada. The office works in close contact with western industry, producer associations, co-operatives, labour and provincial governments. It delivers certain business-related programs directly or jointly with the provinces. It invests the \$1.2 billion Western Diversification Fund (WDF) with western partners, where the payoff in economic development and diversification is greatest. Criteria will be further developed through consensus with western industry, producer associations, labour and provincial governments, with particular attention given to each province's economic circumstances, strengths and potential.

EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA

INTERNATIONAL TRADE CENTRES

A joint program of External Affairs and International Trade Canada and Industry, Science and Technology Canada, International Trade Centres (ITCs) are the primary delivery point in Canada's regions for the trade development programs and services of all federal government departments. Established in 1988, ITCs draw upon the resources of their colleagues in over 100 Canadian missions overseas to assist Canadian firms in their export sales efforts.

Located within the regional offices of Industry, Science and Technology Canada (ISTC), ITCs are distinct units managed by a Senior Trade Commissioner from External Affairs and International Trade Canada (EAITC) and staffed primarily by experienced EAITC Trade Commissioners with hands-on expertise in international trade. Twelve ITC offices have been established to date in Vancouver, Edmonton, Calgary, Saskatoon, Regina, Winnipeg, Toronto, Montreal, Moncton, Charlottetown, Halifax and St. John's.

International Trade Center (ITC) Services

ITCs offer a full range of trade development services to Canadian companies, including:

Export Counselling: Experienced Trade Commissioners provide professional counselling to assist firms in the development of their international marketing plans. ITC offices are part of an international network of Trade Commissioners with access to up-to-date information on trade opportunities and market access conditions from Canada's missions around the world. Trade Commissioners assist new exporters in developing an export entry strategy and work with experienced exporters to refine their approach to specific markets. They can also advise on trade fairs and missions sponsored by EAITC.

Export Programs: ITCs are responsible for the delivery of the Program for Export Market Development (PEMD), New Exporters to Border States (NEBS) and New Exporters to the U.S. South (NEXUS) programs. In addition, they provide input to the New Exporters Overseas (NEXOS) program and the Technology Inflow Program (TIP), and recruit local firms for participation in EAITC's worldwide trade fairs and missions programs.

Export Education: ITCs arrange and sponsor a variety of seminars and workshops on the fundamentals of exporting, federal trade programs and export market opportunities. They also sponsor special program initiatives dealing with such topics as Europe 1992 and the Canada-U.S. Free Trade Agreement. In addition, ITCs arrange for speakers to participate in locally organized export events.

WIN Exports Computerized Trade Information Network: The WIN Exports system enables the ITCs to provide Canadian exporters with key, up-to-date information on market opportunities, trade-promotion events (both domestic and international) and federal government export promotion plans. Firms can also register in the WIN Exports data bank, which can be accessed by Canadian trade offices world-wide. These data are updated regularly and keep Trade

Commissioners abroad aware of company capabilities and interests, providing valuable trade leads.

Business Service Centres: BSCs are operated by the ISTC/ITC Office and offer, on behalf of the ITC, a wide selection of trade-related publications, including country market profiles, "how to" guides, trade statistics and international trade fair catalogues.

Other Services: ITCs also provide access to the services offered by the Export Development Corporation (export financing insurance), the Canadian International Development Agency (development-assistance contracts in developing countries) and other government agencies such as the Canadian Commercial Corporation (government-to-government contracts, including U.S. defence procurement).

FEDERAL TRADE PROMOTION PROGRAMS

Program for Export Market Development (PEMD)

The objective of PEMD is to increase export sales of Canadian goods and services. The program accomplishes this by sharing the costs of activities that companies normally could not, or would not, undertake alone. This reduces the risks firms face in penetrating a foreign market.

Through refundable contributions, PEMD covers up to 50 percent of the costs of commercially oriented export promotion activities.

ITCs are responsible for the following industry-initiated activities: participation in recognized fairs outside Canada; visits outside Canada to identify markets as well as visits of foreign buyers/sales agents to Canada and marketing agreements aimed at medium-sized companies experienced in exporting.

In addition, ITCs can provide information and referral for companies interested in PEMD support for other industry-initiated activities,

including: project bidding for specific projects outside Canada, and special activities for non-profit, non-sales trade associations (for the benefit of their members).

New Exporters to Border States (NEBS)

Launched in 1985, the NEBS program is a crash course on the essentials of exporting to the United States for small and medium-sized businesses. It provides practical information and first-hand exposure to a nearby market in a U.S. border state. Participants are taken to the nearest Canadian Trade Mission across the U.S. border and, over a one to three-day period, are led through all stages of exporting, from customs clearance procedures to warehousing and distribution of goods. At briefings organized by the mission, participants are addressed by a variety of experts from the United States and Canada, including manufacturers' representatives, freight forwarders, customs brokers, bankers and others familiar with the process of selling Canadian goods and services in the U.S.

Fifty percent of the participants on NEBS missions go on to make an export sale. Some 50 to 60 NEBS missions are organized annually involving approximately 2,000 companies.

Canada International Trade Month (CITM)

October was established as Canada International Trade Month in 1983. Its primary purpose is to make the business community more aware of the importance of international trade to the Canadian economy. EAITC, in cooperation with public and private sector organizations and the ITCs, offers a month-long program of seminars, workshops and presentations across Canada. CITM is launched each year with the presentation of the Canada Export Award.

Marketplace, created in 1985, is a program to bring Canadian Trade Commissioners from missions abroad to meet with the Canadian

business community. This tour represents a unique opportunity for exporters to establish individual contacts and gain valuable information on market opportunities through interviews with experienced Canadian Trade Commissioners.

Technology Inflow Program (TIP)

The TIP promotes the acquisition of recent foreign technology needed by Canadian firms to develop new or improved products, processes and services. It makes use of Canadian government offices abroad to locate and facilitate linkages with foreign sources of technology (TIP Post Services).

ITCs assist Canadian businesses in accessing the program.

Investment Development Program (IDP)

Launched in 1985, the IDP is a federal government initiative designed to encourage both foreign and domestic investment in Canada. The program promotes and supports investments that bring new technologies, capital and employment opportunities to Canada.

Through its network of Trade Commissioners abroad, the IDP informs investment counsellors of opportunities in Canada. The IDP also promotes investments in the form of joint ventures, strategic partnerships and technology transfers.

INTERNATIONAL TRADE CENTRE LOCATIONS

Newfoundland Regional Office

International Trade Centre
Atlantic Place
215 Water Street, Suite 504
St. John's, Newfoundland A1B 3R9
Tel: (709) 772-5511
Fax: (709) 772-2373

Prince Edward Island Regional Office

International Trade Centre
P.O. Box 1115
Confederation Court Mall
134 Kent Street, Suite 400
Charlottetown, Prince Edward Island C1A 7M8
Tel: (902) 566-7400
Fax: (902) 7450

Nova Scotia Regional Office

International Trade Centre
P.O. Box 940, Station M
1801 Hollis Street
Halifax, Nova Scotia B3J 2V9
Tel: (902) 426-7540
Fax: (902) 426-2624

New Brunswick Regional Office

International Trade Centre
P.O. Box 1210, Assumption Place
770 Main Street
Moncton, New Brunswick E1C 8P9
Tel: (506) 851-6452
Fax: (506) 851-6429

Quebec Regional Office

International Trade Centre
Stock Exchange Tower, P.O. Box 247
800 Victoria Square, Suite 3800
Montreal, Quebec H4Z 1E8
Tel: (514) 283-8185
Fax: (514) 283-8794

Ontario Regional Office

International Trade Centre
Dominion Public Building, 4th Floor
One Front Street West
Toronto, Ontario M5J 1A4
Tel: (416) 973-5053
Fax: (416) 973-8161

Manitoba Regional Office

International Trade Centre
P.O. Box 981
331 Portage Avenue, 8th Floor
Winnipeg, Manitoba R3C 2V2
Tel: (204) 983-8036
Fax: (204) 983-2187

Saskatchewan Regional Offices

International Trade Centre
The S.H. Cohen Building, Room 401
119-4th Avenue South
Saskatoon, Saskatchewan S7K 5X2
Tel: (306) 975-5315
Fax: (306) 975-5334

International Trade Centre
1955 Smith Street, 4th Floor
Regina, Saskatchewan S4P 2N8
Tel: (306) 780-5020
Fax: (306) 780-6679

Alberta Regional Offices

International Trade Centre
Canada Place
9700 Jasper Avenue, Room 540
Edmonton, Alberta T5J 4C3
Tel: (403) 495-2944
Fax: (403) 495-4507

International Trade Centre
510 - 5th Street S.W., Suite 1100
Calgary, Alberta T2P 3S2
Tel: (403) 292-6660
Fax: (403) 292-4578

British Columbia Regional Office

International Trade Centre
P.O. Box 11610
900-650 West Georgia Street
Vancouver, British Columbia V6B 5H8
Tel: (604) 666-0434
Fax: (604) 666-8330

XII. Suggested References

GENERAL REFERENCE

Canadian Exporters' Guide to the U.S. Market, USA Trade, Tourism and Investment Development Bureau, External Affairs and International Trade Canada

Export Guide: A Practical Approach, External Affairs and International Trade Canada

U.S./Canada Free Trade Agreement: Customs Administration, U.S. Customs Service, Department of the Treasury, Pub. No. 592, February 1991

Importing into the United States, U.S. Customs Service, Department of the Treasury, Pub. No. 504, March 1990

U.S. Industrial Outlook, U.S. Department of Commerce, January 1992 (published annually)

How to Select Food Brokers, National Food Brokers Association, 1010 Massachusetts Avenue, N.W. Washington, D.C. 20001

Guides for Developing Food Broker-Principal Agreements, National Food Brokers Association, 1010 Massachusetts Avenue, N.W. Washington, D.C. 20001

Federal Register, Wednesday November 27, 1991, Part III Department of Health and Human Services, Food and Drug Administration - Food Labelling General Provisions; Nutrition Labelling etc.

Selecting and Using Foreign Agents and Distributors, External Affairs and International Trade Canada, 1991

A Taste of Tomorrow: Trends and Outlook in the Food and Beverage Processing Industry, 4th Annual Edition, June 1992 - Industry, Science and Technology Canada (Food Products Branch)

U.S. FOOD AND SEAFOOD TRADE MAGAZINES

AMI (American Meat Institute) Newsletter
Washington, DC
Tel: (703) 841-2400

Beverage World
Great Neck, NY
Tel: (516) 829-9210

Cookies and Crackers
New York, NY
Tel: (212) 725-4550

Fancy Food Magazine
Chicago, IL
Tel: (312) 664-4040

Food Business
Chicago, IL
Tel: (312) 644-2020

Food Distribution Magazine (FDM)
Clearwater, FL
Tel: (800) 556-7826

Food Institute Report
Fair Lawn, NJ
Tel: (201) 791-5570

Frozen Food Report
McLean, VA
Tel: (703) 821-0776

Frozen Food Age
New York, NY
Tel: (212) 697-4727

Gourmet Retailer
Fort Lauderdale, FL
Tel: (305) 446-3388

Institutional Distribution
New York, NY
Tel: (212) 986-4800

Modern Baking
Des Plaines, IL
Tel: (708) 299-4430

Nation's Restaurant News

New York, NY
Tel: (212) 756-5000

Natural Foods Merchandiser

New Hope, PA
Tel: (215) 862-9414

Prepared Foods

Chicago, IL
Tel: (312) 693-3200

Private Label Product News

New York, NY
Tel: (212) 541-5870

Progressive Grocer

Stamford, CT
Tel: (203) 325-3500

Restaurant Business

New York, NY
Tel: 986-4800

Seafood Business

Rockland, ME
Tel: (207) 594-6222

Seafood Leader

Seattle, WA
Tel: (206) 789-6506

Simply Seafood

Seattle, WA
Tel: (206) 789-5333

Snack Food

Duluth, MN
Tel: (218) 723-9343

XIII. Food Industry Associations

U. S. ASSOCIATIONS

American Association of Meat Processors
PO Box 269
Elizabethtown PA 17022
Tel: (717) 367-1168
Contact: Anne Tantum, Director Special Projects

American Frozen Food Institute
1764 Old Meadow Lane
Suite 350
McLean, VA 22102
Tel: (703) 821-0770
Fax: (703) 821-1350
Contact: Susan Brkow

American Meat Institute
P.O Box 3556
Washington, D.C. 20007
Tel: (703) 841-2400
Fax: (703) 527-0938
Contact: J. Patrick Boyle

American Shrimp Processors Association
Box 50774
New Orleans, LA 70150
Tel: (504) 368-1571
Fax: (504) 368-1573
Contact: William Chauvin

American Spice Trade Association
Box 1267
Englewood Cliff, NJ 07632
Tel: (201) 568-2163
Fax: (201) 568-7318
Contact: Peter Furth, Executive Vice President

Association for Dressings and Sauces
5775 Peachtree-Dunwoody Road
Building G, Suite 700
Atlanta, GA 30342
Tel: (404) 252-3663
Fax: (404) 252-0774
Contact: Richard Cristol, Executive Director

Association of Food Industries Inc.
PO Box 776
Matawan, NJ 07747
Tel: (908) 583-8188
Fax: (908) 583-0798
Contact: Richard Sullivan, Executive Vice President

Association of Operative Millers
4901 Main, #414
Kansas City, MO 64112
Tel: (816) 561-4171
Fax: (816) 561-8813
Contact: Harvey McCray, Executive VP

Bakery Equipment Manufacturers Association
401 North Michigan Avenue, Suite 2200
Chicago, IL 60611
Tel: (312) 644-6610
Fax: (312) 321-6869
Contact: Rosemary Zuern

Biscuit and Cracker Manufacturers Association
1400 L Street N.W., Suite 400
Washington, D.C. 20005
Tel: (202) 898-1636
Fax: (202) 898-1668
Contact: Frank Rooney, President

Carbonated Beverage Institute
1101 16th Street, N.W.
Washington, D.C. 20036
Tel: (202) 463-6745
Fax: (202) 463-8178
Contact: Donald Prescott, Admin Consultant

Corn Refiners Association
1100 Connecticut Avenue, N.W.
Suite 1120
Washington, D.C. 20036
Tel: (202) 331-1634
Fax: (202) 331-2054
Contact: Terry Claassen, President

Dairy and Food Industries Supply Association
6245 Executive Blvd.
Rockville, MD 20852
Tel: (301) 984-1444
Fax: (301) 881-7832
Contact: John Martin, Vice President

Distilled Spirits Council of the United States

1250 Eye Street, N.W.
Suite 900
Washington, D.C. 20005
Tel: (202) 628-3544
Fax: (202) 682-8888
Contact: Public Affairs

Flavor and Extract Manufacturers Assoc. of the United States

1620 Eye Street, N.W.
Suite 900
Washington, D.C. 20006
Tel: (202) 293-5800
Fax: (202) 463-8998
Contact: Daniel Thompson, President

Food Marketing Institute

1750 K Street, N.W.
Washington, D.C. 20006
Tel: (202) 429-4519
Fax: (202) 429-4519
Contact: Barbara McBride, Director Info Services

Food Processing Machinery and Suppliers Association

200 Dangerfield Road
Alexandria, VA 22314
Tel: (703) 684-1080
Fax: (703) 548-6563
Contact: Kathleen Elrod, Membership

Frozen Potato Products Institute

1764 Old Meadow Lane
Suite 350
McLean, VA 22102
Tel: (703) 821-0770
Fax: (703) 821-1350
Contact: Frank Williams, Executive Vice President

Grocery Manufacturers of America

1010 Wisconsin Avenue, N.W.
Suite 800
Washington, D.C. 20007
Tel: (202) 337-9400
Fax: (202) 337-4508
Contact: Hilarie Hoting, Director Meetings & Conferences

The Food Institute American Institute of Food Distribution Inc.

28-12 Broadway
Fair Lawn, NJ 07410
Tel: (201) 791-5570
Fax: (201) 791-5222

Institute of Food Technologists

221 North LaSalle Street
Suite 300
Chicago, IL 60601
Tel: (312) 782-8424
Fax: (312) 782-8348

International Bottled Water Association

113 N. Henry Street
Alexandria, VA 22314
Tel: (703) 683-5213
Fax: (703) 683-4074

International Frozen Food Association

1764 Old Meadow Lane
Suite 350
McLean, VA 22102
Tel: (703) 821-0770
Fax: (703) 821-1350

International Jelly and Preserve Association

5775 Peachtree-Dunwoody Road
Suite 500G
Atlanta, GA 30342
Tel: (404) 252-3663
Fax: (404) 252-0774

Millers' National Federation

600 Maryland Avenue, S.W.
Suite 305W
Washington, D.C. 20024
Tel: (202) 484-2200
Fax: (202) 488-7416

National Association for the Specialty Food Trade

8 West 40th Street
4th Floor
New York, NY 10018-3901
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Fax: (212) 921-1898

National Association of Food Equipment Manufacturers (NAFEM)
401 North Michigan Avenue
Chicago, IL 60611
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Fax: (312) 321-6869
Contact: William Carpenter, Executive Vice President

National Association of Fruits, Flavors and Syrups
PO Box 776
Mattawan, NJ 07747
Tel: (908) 583-3872

National Association of Margarine Manufacturers
1101 15th Street, N.W., Suite 202
Washington, D.C. 20005
Tel: (202) 785-3232
Fax: (202) 223-9741
Contact: Belva Jones

National Association of Meat Purveyors
1920 Association Drive, Suite 400
Reston, Va 22091-1547
Tel: (703) 758-1900
Fax: (703) 758-8001
Contact: Stanley J. Emerling

National Coffee Association of USA Inc.
110 Wall Street, 13th Floor
New York, NY 10005
Tel: (212) 344-5596
Fax: (212) 425-7059
Contact: Robert N. DeChillo, Secretary

National Confectioners Association of the US
7900 Westpark Drive, Suite A-320
McLean, VA 22102
Tel: (703) 790-5750
Fax: (703) 790-5752
Contact: Sue Cantwell, Mgr.
Convention/Exposition & Member Services

National Dairy Council
6300 N. River Road
Rosemont, IL 60018
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Fax: (708) 696-1033
Contact: W. Speckmann, President

National Fisheries Institute
2000 M Street N.W.
Washington, D.C. 20036
Tel: (703) 524-8880
Fax: (703) 524-4619
Contact: Lee Weddig, Executive Director

National Food Brokers Association
1010 Massachusetts Avenue N.W.
Washington, D.C. 20001
Tel: (202) 789-2844
Fax: (202) 842-0839
Contact: Mark Baum, Executive VP

National Food Distributors' Association
401 North Michigan Avenue
Chicago, IL 60611-4267
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Fax: (312) 321-6869
Contact: Art Klawans, Managing Director

National Food Processors Association
1401 New York Ave., N.W.
Washington, D.C. 20005
Tel: (202) 639-5900
Fax: (202) 639-5932
Contact: Cindy Machman, Director Meetings & Conventions

National Frozen Food Association
4755 Linglestown Road, Suite 300
Harrisburg, PA 17112
Tel: (717) 657-8601
Fax: (717) 657-9862

National Frozen Pizza Institute
1764 Old Meadow Lane, Suite 350
McLean, VA 22102
Tel: (703) 821-0770
Fax: (703) 821-1350
Contact: Frank William, Executive Director

National Honey Packers and Dealers Association
PO Box 776
Mattawan, NJ 07747
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Fax: (908) 583-0798
Contact: Richard Sullivan, Executive VP

National Ice Cream Mix Association
5610 Crawfordsville Road, Suite 805
Indianapolis, IN 46224
Tel: (317) 243-9342
Contact: Peter Holm, Executive Director

National Independent Dairy-Foods Association
321 D. Street, N.E.
Washington, D.C. 20002
Tel: (202) 543-3838
Fax: (202) 543-4575
Contact: Jennifer Flynt

National Meat Canners Association
1700 North Moore St., Suite 1600
Arlington, VA 22209 OR
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Fax: (703) 527-0938
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Washington, D.C. 20037
Tel: (202) 452-8040
Fax: (202) 835-0400
Contact: Hady Nash, Executive Assistant

National Paperbox & Packaging Association
1201 East Abingdon Drive
Suite 203
Alexandria, VA 22314
Tel: (703) 684-2212
Fax: (703) 683-6920
Contact: R. Mickey Gorman, Executive Director

National Pasta Association
2101 Wilson Blvd.
Suite 920
Arlington, VA 22201
Tel: (703) 841-0818
Fax: (703) 528-6507

National Shrimp Processors Association
55 Park Place
Suite 400
Atlanta, GA 30335
Tel: (404) 577-5100
Fax: (404) 527-4790

National Soft Drink Association
1101 16th Street, N.W.
Washington, D.C. 20036
Tel: (202) 463-6771
Fax: (202) 463-6731
Contact: William L. Ball, President

Packaging Machinery Manufacturers Institute
1343 L Street, N.W.
Washington, D.C. 20005
Tel: (202) 347-3838
Fax: (202) 628-2471
Contact: Bonnie Kilduff, Expositions Manager

Peanut Butter & Nut Processors Association
9005 Congressional Court
Potomac, MD 20854
Tel: (301) 365-4080
Fax: (301) 365-7705
Contact: Russell Barker, Managing Director

Pet Food Institute
1101 Connecticut Avenue, N.W.
Suite 700
Washington, D.C. 20036
Tel: (202) 857-1120
Fax: (202) 223-4579

Refrigerated Foods Association
2971 Flowers Road S.
Suite 266
Atlanta, GA 30341
Tel: (404) 452-0660
Fax: (404) 455-3879
Contact: Judy Stokes, Executive Director

Snack Food Association
1711 King Street
Suite 1
Alexandria, VA 22314
Tel: (703) 836-4500
Fax: (703) 836-8262
Contact: Peggy Batzhchelore, Director Meetings

Soyfoods Association of America
1101 Connecticut Avenue, N.W.
Suite 700
Washington, D.C. 20036
Tel: (202) 857-1133
Fax: (202) 223-4579
Contact: Pam Dallstream, Convention Manager

Soy Protein Council
1255 23rd Street, N.W.
Washington, D.C.
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Contact: Danah McElfresh

Specialty Coffee Association of America
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The Sugar Association Inc.
1101 15th Street, N.W.
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Tea Council of the USA & Tea Association of the USA
230 Park Avenue
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New York, NY 10169
Tel: (212) 986-6998
Fax: (212) 697-8658
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Western States Meat Association
Cathedral Building
1615 Broadway, Suite 1200
Oakland, California 94612
Tel: (415) 763-1533
Fax: (415) 763-6186
Contact: Rosemary Mucklow

**CANADIAN ASSOCIATIONS
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Agri-Food Export Club of Québec
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Tel: (416) 510-8036
Fax: (416) 510-8043
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Association of Canadian Distillers
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Fax: (613) 238-3411
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Bakery Council of Canada
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Fax: (604) 660-4166
Contact: Mr. Brian Messent, Executive Director

Brewers' Association of Canada
155 Queen Street, Suite 1200
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Tel: (613) 232-9601
Fax: (613) 232-2283
Contact: Mr. R.A. Morrison, President

Canada Beef Export Federation

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Fax: (403) 274-0007

Canada Pork International

75 Albert Street, Suite 1101
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Fax: (613) 236-6658
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Canadian Federation of Agriculture

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Canadian Federation of Independent Grocers

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Canadian Health Food Association

102A - 1093 West Broadway
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Canadian Meat Council

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Canadian Produce Marketing Association

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Canadian Restaurant & Foodservice Association

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Canadian Wine Institute

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Confectionery Manufacturers Association of Canada

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Food Institute of Canada

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Grocery Products Manufacturers of Canada

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Ontario Food Processors' Association

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Canadian Atlantic Lobster

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