



AGEXPORT

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TRADE SUCCESS

Some Canadian companies have found opportunities to stay afloat through seas of recession with new export initiatives:

William Neilson Ltd. of Toronto has successfully launched the *Mr. Big* and *Crispy Crunch* chocolate bars in the U.S., with 1992 sales expected to be in the millions. A distributor arrangement in Taiwan also has made *Mr. Big*, renamed *Bang Bang*, the fastest growing bar there with expected sales of \$2 million. Similar distribution agreements for Singapore, New Zealand and Hong Kong have introduced these and other products in 1992. Neilson's exports account for \$3.5 million out of \$160 million in total sales.

Rogers Foods Ltd. of Armstrong, B.C., has been successful in penetrating Pacific Rim markets for value-added flour and cereal products in an industry which has experienced a drastic loss of export markets and low margins in recent years. Through its parent, Nisshin Flour Milling Co., Ltd., Japan's largest flour miller, Rogers has improved technology, productivity and quality, and has filled a need for non-additive flour cereal products.

Golden Valley Processors Incorporated of Abbotsford, B.C. has found export markets on all continents for its line of 82 fruit jams and spreads. Current sales are sure to rise with the success of the *All Fruit Spreads* line, which has quickly accounted for 13 per cent of \$9 million in sales in 1991. The company developed the non-sugar spread with its unique deflavoured grape juice concentrate. This kind of innovative research and development

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Agri-Food Export Initiative Announced

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The federal government has placed a renewed emphasis on agri-food exports with the announcement of the Trade Opportunities Strategy (TOS).

The strategy will involve increased financial assistance for industry to expand into new markets, the placement of 10 additional agri-food specialists in Canadian diplomatic missions or embassies that serve key markets, a new international training program to promote Canada's red meats to foreign buyers, and a more industry-sensitive process to quickly respond to trade-related irritants.

International training initiatives

will increase foreign customers awareness and demand for Canadian red meat products through joint programs with the Canadian Meat Council, Canada Beef Export Federation and Canada Pork International.

TOS will also fund market development strategies brought forward by industry, especially for value-added products, and will require the participation of exporters, producers and processors.

For more information, please contact Gordon Richardson, International Programs Directorate Agriculture Canada. Tel.: (613) 993-6671. Fax: (613) 995-0949.

Lucrative Market Identified for Flax Production in Pacific Rim

Officials from The Flax Council of Canada and Agriculture Canada are excited about a new market for a linseed oil-based concrete preservative which has the potential for tens of millions of dollars in sales in the next five to ten years. A joint mission this past September and October to Hong Kong, China, Korea and Japan, found substantial interest in the product. The preservative is a mixture of linseed oil and additives which can be spread on concrete to protect major construction in the region from salt air and water damage.

Bernard Badani, Senior Commodity Officer, Oil Seeds Division, Agriculture Canada, said tests of the preservative are expected to

begin this spring in Hong Kong.

"If tests go well, which we expect they will, we could open a market worth several tens of millions because their construction industry is very huge. But time will tell," said Badani.

Canada is the sole exporter of linseed oil-based concrete preservative and only faces declining Argentinean production of linseed oil as possible competition.

"Whatever linseed oil is used for will benefit Canada directly or indirectly and right now only Canada is making it."

For more information, contact Don Frith, Executive Director, The Flax Council of Canada. Tel.: (204) 982-2115 or fax: (204) 942-1841.

China's Agri-Food Demands Poised to Rise

Although wheat accounts for 95 per cent of Canadian agricultural exports to China, there are opportunities to expand the \$925.5 million in Canadian agri-food products China consumed in 1991.

As the fourth-largest supplier of agricultural products to China, Canada's share of the Chinese agri-food market stands at 5 per cent. Unprocessed grains account for more than 99.5 per cent of this; however, Canada supplies only between one-third and one-quarter of China's imported wheat.

Diversifying Canadian exports will be difficult because of regulatory and structural obstacles. However, if economic reforms progress as expected, more resources will be diverted to the production of processed foods, creating a steady or increased demand for some

Canadian products.

The International Programs Directorate's agri-food market assessment of China has identified six areas of opportunity for Canadian agri-food exports:

- wheat (the market is believed to contain potential for continued growth: China having apparently reached yield ceilings, shrinkable usable land and a growing population with more affluent consumption habits);
- malting barley (Canada is well placed to capitalize on an expected expansion in China's brewing industry);
- canola (Canada can export oilseed expertise and technology to improve inefficient crushing methods and technology);
- breeding swine (industry is large and ready to improve quality and

could use Canadian genetics);

- breeding cattle (Canadian genetics could help the drive to increase herd productivity and efficiency of scarce feed); and

- capital equipment and direct investment (rice industry improvements include investment in storage dikes, irrigation, fertilizer, plastic sheeting; also advanced milling technology).

For more information, please contact Sally Jorgensen, International Programs Directorate, Agriculture Canada. Tel.: (613) 993-6671. Fax: (613) 995-0949.

Project Leads to Cattle Embryo Sales

In yet another example of Canadian agricultural projects bringing home the rewards of new export sales, a Canadian genetics products company, Boviteq, has recorded one of the largest sales of bovine embryos in several years.

A milk recording project, by McGill University's faculty of agriculture, led to the sale when officials from Brazil's Parana State expressed interest in improving the genetic quality of their cattle. The college was aware of Boviteq's work and brought the two parties together, starting a year of negotiations. Then last May a ministerial delegation from Brazil signed the agreement for 700 embryos, a first for the Brazilian state and its nine dairy cooperatives.

The US\$300,000 deal was one of two major sales for Boviteq last year, which included a repeat order of 400 embryos from Spain, which is hoped will be repeated again this year.

For further information, call Sylvie Des Marchais, Director of Marketing, Boviteq. Tel.: (514) 774-7949 or fax (514) 774-1740.

Holstein Registration System Key to Genetic Exports

Opportunities in Latin America are growing for exports of Holstein genetic products because Canadian classification and registration systems are increasingly becoming the industry standard. The Holstein Association of Canada systems have become a proven marketing tool for Canadian genetics products because the programs require Canadian classifiers, who then have the opportunity to market Canadian genetics to buyers.

"It's like flashing your name in front of the customer," said Alma Stevens, Manager of International Marketing for The Holstein Association of Canada.

"(In many instances) they were using the American classification system, which meant that an American classifier would go in

there, classify their cattle, and talk about all American animals that they could buy. Now, if you get down to the bottom line, our classifiers are going in there," she said.

Argentina and the Dominican Republic are two of the nations using Canadian classification and registration systems. Argentina has subsequently purchased Canadian genetic products and the Dominican Republic purchased live Canadian animals in 1992. Colombia, Brazil, and Ecuador will all embark on Canadian classification and registration systems this year, with Bolivia switching to the association's system of registering animals.

For more information, contact Alma Stevens, The Holstein Association of Canada. Tel.: (519) 756-8300. Fax: (519) 756-5878.

Blueberry Producer Increases Share in Expanding Market

Twenty years after Oxford Frozen Foods introduced Wild Blueberries to Europe and Japan, the company is overcoming cultural limitations on the use of its product. The Oxford, Nova Scotia, company is striving to convince Japanese consumers, for example, that blueberries can be used for more than jam, which is, nevertheless, the third most popular jam type. Similarly, in Germany, blueberries are largely sold in glass jars as toppings.

Loring Wilmot, Marketing Manager for Oxford Frozen Foods, said his company, together with the marketing resources of the Wild Blueberry Association of North America, has been offering products like muffins to consumers in an attempt to increase demand.

"Our broker in England would go out and give samples to bakeries and say look, we think if you take

this case of blueberries and make blueberry muffins that they will sell. And low and behold, slowly, they are. Then you just go out and give them some advertising to go along with it," said Wilmot.

"The muffin is not a big deal over there yet, although it is coming along quite nicely," he said.

Oxford introduced blueberries to Japan and Europe in the late 1960s and early 1970s and since that time it has become the largest supplier to Europe; with Germany being the single largest export market. In 1992, Oxford produced one-third of North America's 132 million-pound crop, which has grown 300 per cent since the late 1970s.

For more information, please contact Loring Wilmot, Marketing Manager, Oxford Frozen Foods. Tel.: (902) 447-2320 or fax: (902) 447-2577.

Strawberry Plants: U.S. Success

Canadian strawberry plant suppliers have all but cornered the U.S. market, with Nova Scotia's strict government quality and growing standards long setting the standard for much of the industry.

More than 20 million plants are shipped from Nova Scotia each year, with some growers exporting as much as 60 per cent of sales.

Nova Scotia's cool and relatively disease-free growing conditions have created a reputation for hearty, quality yield and quality fruit-producing plants which quickly bear fruit.

Government inspectors regularly check fields for disease and insects before offering "red tag" certification, a seal of quality according to grower Allison Woodworth, owner

of Apple Berry Farms, in Berwick.

"It is one thing to have high standards, but it is another thing not to check your fields as often or as readily," he said.

Nova Scotia produces both the northern variety and the increasingly popular southern variety, which is sold primarily to Florida. The state's producers are the second-largest group in the U.S. and their plant orders are on the rise, said Woodworth.

Prompt delivery, customer support, and proper handling also have helped to maintain Nova Scotia's place in the market beside Ontario, P.E.I. and New Brunswick.

For more information, please contact Allan Sorflaten, Agriculture Canada. Tel.: (902) 893-0050 or fax: (902) 893-9851.

Japan

Pheasant Producer Now Rules the Roost

Lorne Neyedly believes he controls the Japanese pheasant market because he has refused to diversify or expand into other markets. By solidifying his initial export success in one niche market, he has managed to transform what was a hobby in 1981 into Tartan Farms, a million-dollar business exporting 58,000 pheasants annually.

"We have had potential in other countries but you have to put all your efforts where you can realize your most success. I think that is a mistake that a lot of would-be exporters do," said Neyedly.

With the help of world-class Winnipeg chef, Takashi Murakami, Tartan Farms gained a foothold in Japan's fine dining restaurants and eventually acceptance into two widely recognized industry reference books. Soon the dominant buyer of pheasants contacted Tartan Farms and exports jumped.

Because Japanese expectations of quality in this market are so high, Tartan Farms has slavishly maintained the standard of pheasant required. As a result, the industry has praised Tartan Farms for single handedly increasing pheasant use in Japan. Tartan Farms now uses three processing facilities and uses four contract growers in B.C., Manitoba and Ontario.

For more information, contact Tartan Farms. Tel.: (204) 757-4532 or fax: (204) 757-4837.

Korea

Canadian Beef Standards Now Accepted

Korean markets have just been opened to substantial portions of the Canadian beef industry, allowing exporters to capitalize on a market expected to grow by more than 40 per cent in the coming decade.

The announcement came after officials in Seoul accepted the Canadian AA standard, upon completion of tests on carcasses. Financial assistance for these tests was provided by Agriculture Canada. Earlier in the summer, the Korean Livestock Products Marketing Organization had accepted the Canadian AAA standard, which represents about 15 per cent of Canadian beef production. Elwood Hodgins, of the International Programs Directorate at Agriculture Canada, said government had been working closely with the Canada Beef Export Federation for about two years to open the door for the Canadian AA beef. The two grades represent over 55 per cent of Canadian production.

"With the registration of Canada AA graded beef in addition to Canada AAA, Canadian exporters can select from a much larger pool of beef, which will allow them to actively bid for Korea's grain-fed beef market," said Hodgins.

Korea has based its imported beef on U.S. standards for many years. This effectively kept Canadian beef out of Korea. About three years ago some exports of carcasses were made; however, the shipments were challenged as not being equivalent to U.S. grades and Canada has remained with an insignificant share.

"We consider our grades superior. This position is shared by everyone else who does any testing.

But from the buyer's standpoint, the absolute demand for equivalent gives them quite a loophole to get out of a deal," said Hodgins. Registration of our Canadian grades has given Canadian beef exporters the confidence to aggressively pursue the Korean market.

The change in Korean policy was "quite an example of industry and government joint co-operation," Hodgins said.

"There has been a lot of activity by the embassy in Korea and by ourselves here in International Programs in terms of taking every opportunity to remind the Koreans that it is essential for them to accept our standards," he said.

During a trip to Korea in September, Hodgins met with Korean officials who then agreed to test carcasses. Afterwards, Ted Haney, Director of Canadian Operations for the Canada Beef Export Federa-

tion, met with officials in Korea to offer the carcasses and to negotiate the terms by which they would be judged. Technical assistance was provided by the Meat and Poultry Products Division and the Lacombe Research Centre of Agriculture Canada. Follow-up meetings were held between the Canadian Ambassador, Len Edwards and Korean officials to confirm the testing results. At each step communication channels were wide open.

"The one-two punch resulted in this agreement by the Koreans."

Korean beef consumption increased 184 per cent between 1970 and 1989 and is expected to increase from 3.38 kg to 5.7 kg per capita or 267,000 tonnes by 2001.

For more information, please contact Elwood Hodgins, International Programs Directorate, Agriculture Canada. Tel.: (613) 993-6671. Fax: 995-0949.

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and effective marketing have sealed Golden Valley's export success.

The entrance by **Stone County Specialties Inc.** of Don Mills, Ont., into the US\$27 billion specialty food industry has left the company well-placed for expected growth of specialty foods in the 1990s. Stone County's line of *Honeycup Sweet* and *Hot Prepared Mustard* is the largest selling imported mustard in the U.S., with sales in all 50 states. The specialty foods market is expected to grow annually by 10 per cent through the 90s.

Nature's Path Foods of Delta, B.C. exports half of its organic breakfast cereals to markets in Europe, the Middle East and the Pacific Rim, and

hopes to increase this by working with the new B.C. Food Marketing Council. The certified organic cereals support small Canadian farms and allow Canadian producers a better return.

Inniskillin Wines Inc. of Niagara-on-the-Lake, Ont., has been pioneering the promotion of products at international competition and establishing industry standards.

Riese-Vermont of La Ronge, Sask., has increased sales of wild rice by 1,000 per cent over the past three years, since expanding exports to Europe, the U.S., and Asia-Pacific. 90 per cent of sales are exports, with 60 per cent going to Euro-



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