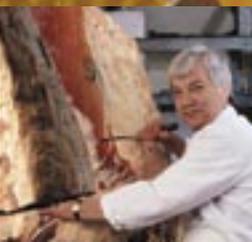
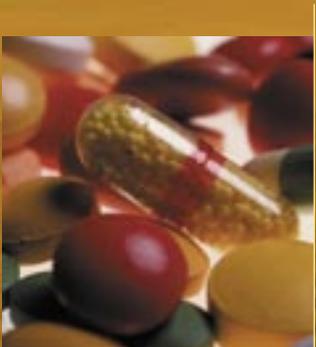


MANITOBA Canada



Business
Opportunities
in Agriculture
and Food
Processing



AGRICULTURE AND FOOD





Manitoba offers investors in the agriculture and agri-food industries an excellent opportunity to participate in our diverse and dynamic economy. Generations of Manitoba farm families have worked to build a strong foundation for the future. This tradition of efficient agricultural production provides a strong base for expanding food processing and manufacturing of agricultural commodities to serve a growing marketplace. Our diversity makes the overall economy one of the strongest and most stable in Canada.

Why MANITOBA

- ABUNDANCE OF QUALITY RAW MATERIALS
- PURE AIR, FRESH WATER AND RICH SOIL
- LOW FARM AND ANIMAL DENSITY (WIDE OPEN SPACES)
- HIGH STANDARDS OF FOOD SAFETY
- COMPETITIVE PRODUCTION COSTS
- SUSTAINABLE ENVIRONMENTAL REGULATIONS
- STRONG AGRONOMIC ENVIRONMENT BOLSTERED BY A DIVERSE RANGE OF CROPS AND LIVESTOCK
- INTERNATIONALLY RECOGNIZED RESEARCH FACILITIES
- WORLD-CLASS DESIGN, ENGINEERING AND CONSTRUCTION CAPABILITIES WITH SPECIFIC EXPERTISE RELATED TO GRAIN HANDLING, STORAGE AND PROCESSING FACILITIES
- ADVANCED FOOD PROCESSING CAPABILITIES AT STATE-OF-THE-ART FOOD DEVELOPMENT CENTRE
- LEADING-EDGE DRYLAND FARMING TECHNOLOGY
- LOWEST PUBLISHED RATES FOR ELECTRICITY IN NORTH AMERICA





Manitoba's agriculture and food industries present a variety of business opportunities for you to explore. As you read through this publication, you will see the scope of our province's agri-food sector and develop a better understanding of why Manitoba is a great place to do business.

Diverse, dynamic and energetic – that's Manitoba! We are widely recognized as one of the most diversified and stable economies in the country. We have a rich quality of life in a province situated in one of the most beautiful regions in Canada.

Add to this a strong agricultural resource base, an abundance of raw materials, a viable food and beverage industry, a strategic location, a highly efficient infrastructure and a motivated, well-educated workforce and you have all the ingredients for success – your success.

We invite you to experience the true spirit of Manitoba and its people. Please contact us or visit. We would be delighted to show you the many ways Manitoba can help your business grow and prosper.

*Rosann Wowchuk
Minister of Agriculture,
Food and Rural Initiatives*

*Scott Smith
Minister of Intergovernmental
Affairs and Trade*



MANITOBA'S GROWING Agri-Food Industry

AGRICULTURE AND FOOD PLAY A KEY ROLE IN MANITOBA'S ECONOMY

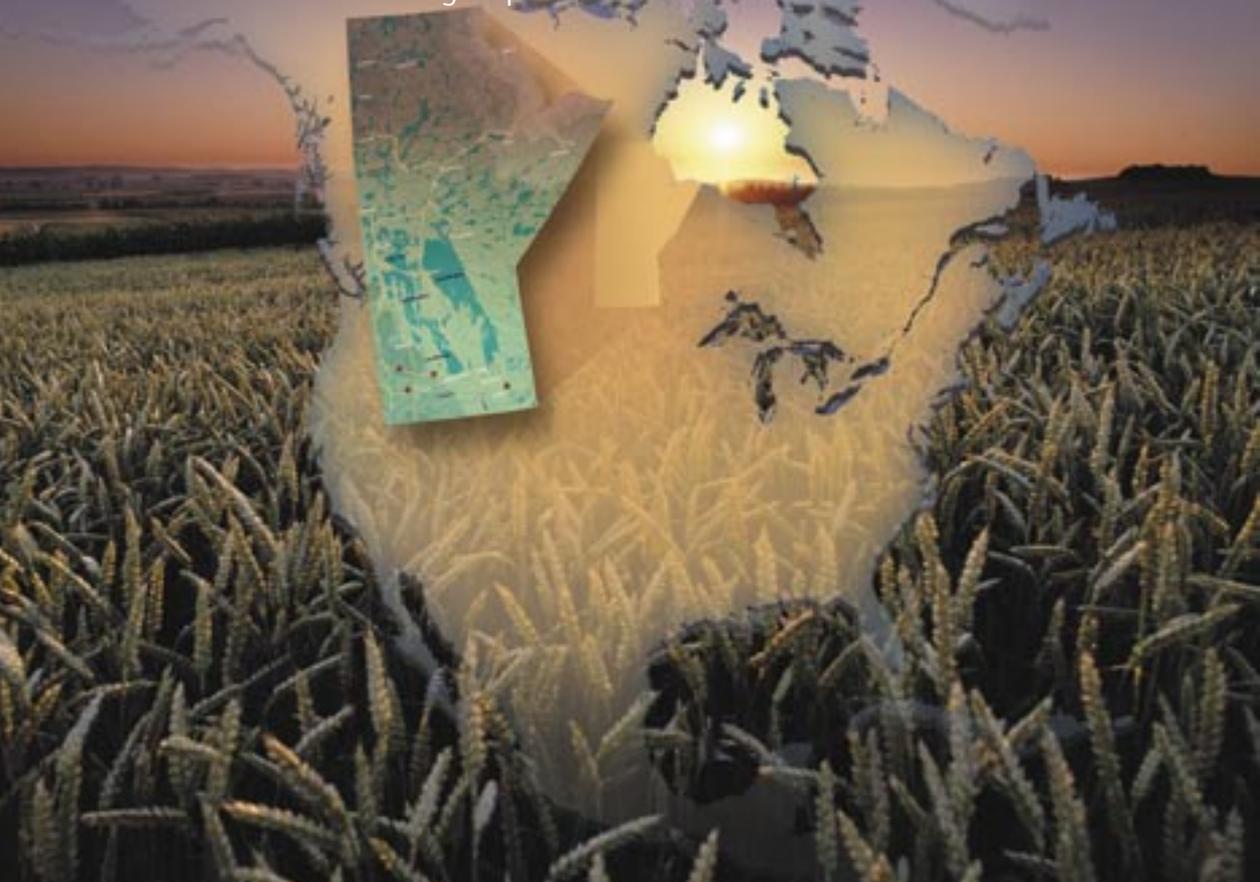
- Agricultural production represents an average of five per cent of the provincial gross domestic product. Food processing represents an estimated additional three per cent.
- One in 11 jobs depends on direct and indirect spinoffs from agriculture.

LAND RESOURCE

- Manitoba's immense size ensures continued growth for our agri-food industry.
- The total land area of Manitoba is 54.8 million hectares (135.3 million acres). Of these, 14.6 million hectares (36.2 million acres), or 26.6 per cent, have some agricultural potential.

CONTRIBUTION OF FOOD PROCESSING

- Manitoba produced more than \$3 billion of goods and services in 2004.
- This represents 25 per cent of the total manufacturing output of Manitoba.



MEAT AND DAIRY SECTOR



- Meat and poultry slaughtering and processing represent the largest segment of Manitoba's food processing industry.
- Pork exports were valued at \$426.9 million in 2004.
- Manitoba's share of national hog production has risen to 28.5 per cent.
- Mexico, Japan, Algeria, the U.S., Dominican Republic, South Korea and Jamaica are significant importers of dairy products.
- Manitoba is a leader in embryo-transfer technology.
- Manitoba has the resource base to meet the various production demands for all elements of the livestock industry; leading-edge expertise and labour resources, abundant land, water, energy and reasonably priced feed.
- Manitoba has two egg processors that compete internationally and provide products for the food and pharmaceutical industries.



Opportunities to explore

- *Input suppliers such as equipment and genetics for the livestock sector*
- *Specialty processed beef, pork and other meats*
- *Demand for Canadian genetics driving the use of embryo transfers*
- *Specialty processed dairy products*
- *Production of value-added egg products*
- *Emerging feedlot sector with potential for growth, poised to respond to expansion in the livestock industry.*

CEREAL GRAIN, OILSEED, SPECIALTY CROPS AND FORAGES SECTOR



- Traditional crops of wheat and barley occupied 39.4 per cent of harvested crop area in 2004.
- Manitoba has long been the centre of the grain trade and is the headquarters of Cargill Canada, Agricore United, James Richardson and Sons, the Winnipeg Commodity Exchange and the Canadian Wheat Board.
- In 2004, Manitoba produced 26 per cent of Canada's flaxseed, 23 per cent of the national canola crop and 81 per cent of the country's sunflower seed.
- Manitoba has canola-crushing facilities in Altona and Saint Agathe, producing oil for human consumption and meal products for an expanding livestock sector. A significant proportion of this production is destined for the export market.
- Manitoba supplied over 65 per cent of the Canadian buckwheat crop in 2004. Buckwheat is one of the best sources of high-quality, easily digestible protein, high in carbohydrates and numerous minerals and vitamins. It's the perfect ingredient for a range of food and nutraceutical products.
- Dry white bean production was 28 per cent of the national crop in 2004.
- Five per cent of Canada's dry pea crop, and four per cent of the canary seed crop, were produced in Manitoba in 2004.
- Manitoba has the capacity to process 170,000 tonnes (11 million bushels) of oats annually.
- Forage products are being exported to Japan, the U.S., Argentina, Italy, China and South Korea.
- Timothy seed currently goes to the U.S., Germany, the U.K., the Netherlands, Italy, Switzerland and Austria.
- Forage seed exports from Manitoba increased from \$17.4 million in 1993 to \$34.3 million in 2004.



Opportunities to explore

- *Accessing new markets for oat products through greater nutritional awareness*
- *Soybean crushing plant (Soybean acreage in Manitoba has been undergoing significant expansion, and soybeans grown for crushing are currently shipped to plants in North Dakota and Minneapolis.)*
- *Flax linoleum-flooring project, given current flax acreage*
- *Manitoba is ideally suited for expanded forage production. In addition to traditional feed uses, forage offers opportunities for extraction of base components.*



VEGETABLE SECTOR

- Vegetable production is primarily for the table market. There are sizable farming operations in Manitoba with the infrastructure to support production and distribution for potential processors.
- Manitoba is Western Canada's largest producer of potatoes and is home to four potato-processing plants.
- Manitoba grows over 120 varieties of vegetables that are not only shipped within Canada, but also to markets in the U.S., Asia, Europe, Latin America and the Caribbean.
- Manitoba has a strong horticulture industry ranging from roadside u-pick operations to multi-million dollar greenhouse enterprises which supply regional horticultural needs and the growing demand for landscape and ornamental plants.



Opportunities to explore

- *Increased consumption of fresh and processed vegetables with greater awareness of their health benefits*
- *Frozen and canned vegetable processing, including aseptic tetra-packaging capabilities*
- *Fresh vegetable product processing using modified atmosphere packaging*
- *Commercial development of oriental vegetable production*
- *Development of commercial greenhouses for year-round vegetable production*
- *Local landscape industry*
- *Export markets for nursery and bedding plants*



SPECIALTY AND PREPARED FOODS AND BEVERAGE SECTOR



- Food processing is one of Manitoba's most dynamic industries, with annual shipments over \$3 billion, representing one quarter of the province's total manufacturing output.

The largest segment is meat and poultry processing. Other major segments include flour mills and bakeries, milk and cheese, and potato and vegetable processing.

- The gourmet food industry is a growing segment of the total North American food industry and is currently growing at an annual rate of over seven per cent.
- Value added processing of wheat and other cereal grains has developed significantly under the free trade agreement with the U.S.. Canada's flour exports have grown by 23 per cent in the last decade.
- The quality of Manitoba's water has been recognized internationally at the annual Berkeley Springs International Water Tasting. Manitoba companies are recognized throughout the world for coolers, liqueurs, spirits and wine.
- Market potential for liquid foods is high. There has been limited exploitation of export opportunities for value-added, liquid food products.
- Manitoba restaurants serve food for every taste – from regional cuisine to ethnic specialties – using Manitoba's finest, locally grown ingredients.
- Manitoba has an established tradition in the production of confectionary foods, ranging from fine chocolates to family favourites.



Opportunities to explore

- *Opportunities for specialty foods emphasizing quality and integrity of ingredients and production for niche markets (This includes a growing organic industry.)*
- *Exploring liquid foods processing and packaging opportunities*
- *Ethnic food markets reflecting the multicultural population of Manitoba*



GROWING OPPORTUNITIES SECTOR



- Functional foods and nutraceuticals – Manitoba is home to one of Canada’s largest manufacturers of private label vitamins, minerals, herbal products, dietary supplements and over-the-counter drugs. Currently, the manufacturer imports most materials because local supply of semi-processed product is still developing. The opportunity exists for an intermediate processing facility and production of high-quality medicinal crops.
- Manitoba is finding new uses for surplus agri-fibre. This includes processing flax straw and fibre for textiles and industrial goods as well as wheat straw for composite strawboard, pulp, insulation and geotextile.
- Wind is an emerging source of electricity in the province and the electricity generated provides a clean and efficient natural resource.

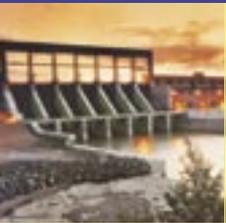


- Ethanol production is increasing as the province moves toward a mandate for ethanol-blended fuel. This mandate provides local market potential for 160 million litres (35 million imperial gallons) per year, using 460,000 tonnes (16.9 million bushels) of wheat. A marketable by-product of ethanol production is distiller’s grain – a source of high-protein livestock feed.
- Biodiesel can be produced from oilseed crops and animal fats. Biodiesel is competitive with regular diesel fuel and a local market for this product is developing quickly. Two facilities produce biodiesel in Manitoba and the government is actively working with interested groups throughout the province to develop this industry.
- The market for organic products is growing at approximately 20 per cent across product sectors. Opportunities to market private-label brands to Canadian retailers are increasing. Few companies have successfully branded natural and organic products, so the market is open to create consumer-brand loyalty.

The MANITOBA Advantage

STRATEGIC LOCATION

- Manitoba's position in the centre of North America makes it a key part of the Mid-Continent Trade Corridor, connecting Canada to half-a-billion people in the U.S. and Mexico.
- Manitoba's central time zone is a major advantage for service-sector businesses, allowing them to be in contact with clients from coast to coast, within their regular business hours.
- Transportation facilities connect Manitoba to the world via rail, road, air and sea.
- Winnipeg is on the main line for both the Canadian Pacific and Canadian National railways, with three rail links to the U.S.
- Manitoba is home to an estimated 360 for-hire trucking companies that operate nationally or internationally, with five of the country's largest employers in the industry headquartered here.
- Winnipeg's International Airport offers several international courier companies, food product-handling capabilities, round-the-clock air service and world-class brokerage support.
- Churchill, Manitoba's ocean port on Hudson Bay, is only 3,380 nautical miles from Liverpool, U.K.



COMPETITIVE ENERGY COSTS

- Manitoba's hydroelectricity rates are among the lowest in the world.
- Manitoba Hydro has a generating capacity of over 5,000 megawatts, virtually all from environmentally desirable, water-powered facilities.
- Potential hydro-power-generating sites, that could double the existing generating capacity, have been identified.
- Additionally, Manitoba is pursuing several initiatives to develop alternative sources of energy, including biodiesel, ethanol, geothermal heat pump systems, hydrogen and wind power.



MANITOBA, CANADA at a Glance

POPULATION:

1,170,300

AREA:

649,947 square kilometres
(250,946 square miles)

SIZE:

Canada's sixth largest province
(larger than England, France or Germany)

CAPITAL CITY:

Winnipeg – population 702,400

GROSS DOMESTIC PRODUCT:

\$35.4 billion (2004)

FARM CASH RECEIPTS:

\$3.9 billion (2004)

AGRICULTURE EXPORTS:

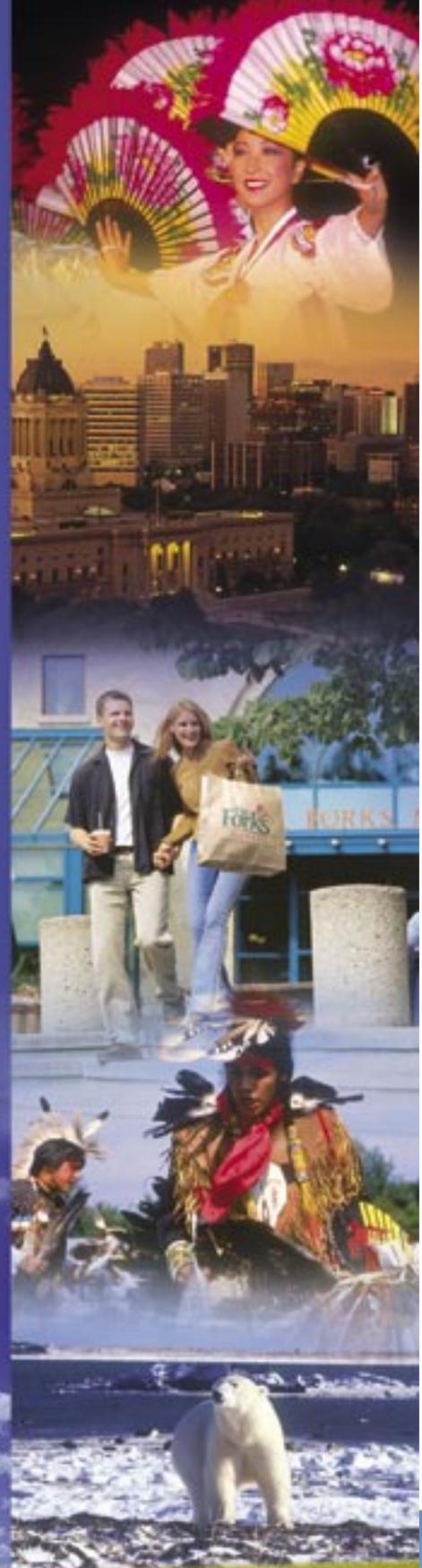
\$2.3 billion (2004)

AGRICULTURAL COMMODITIES:

(ranked by farm cash receipts 2004) hogs, canola, wheat, cattle, dairy products, potatoes, oats, poultry, eggs, flaxseed, barley

CREDIT RATINGS:

Moody's Investors Service	Aa2	Stable
Standard & Poor's	AA-	Stable
Dominion Bond Rating Service	A (high)	Stable



FIRST CLASS R & D FACILITIES

- Manitoba's commitment to growth in the food industry is demonstrated by the recent multi-million dollar investment in the Food Development Centre located in Portage la Prairie. The centre provides state-of-the-art facilities for applied research and development. Clients can develop and produce new food products in this federally-licensed pilot plant.
- The Food Development Centre, in partnership with Great Plains Aseptic Processors, has the technical capability to package a wide variety of liquid products.
- The Canadian Science Centre for Human and Animal Health is the first and only global centre with Level 4 bio-containment capability for the study of both human and animal disease. It was recently named the home of Canada's new Public Health Agency.
- The National Centre for Agri-Food Research in Medicine, in Winnipeg, studies the health-related benefits of natural food products (nutraceuticals, functional foods and health foods).
- At the University of Manitoba, in Winnipeg, several departments and two faculties carry out research to assist industry in food processing and consumer acceptance.
- Agriculture and Agri-Food Canada, at the Cereal Research Centre in Winnipeg, and research stations in Morden and Brandon, brings together expertise in the development of and uses for crops such as canola, wheat, oats, barley and pulses.
- The Canadian International Grains Institute, in Winnipeg, offers technical expertise and strong commercial experience with on-site processing and testing facilities.
- Smartpark is a multi-tenant facility, located at the University of Manitoba, which brings industry and the university together to encourage technology development and commercialization.
- The new \$25-million Richardson Centre for Functional Foods and Nutraceuticals unites researchers from a variety of disciplines, along with industry partners, to study and develop functional foods and nutraceuticals.
- The Manitoba Crop Diversification Centre evaluates irrigation technologies, field tests crop performance and evaluates specialty and niche crops.
- The Canadian Grain Commission's Grain Research Laboratory is an internationally recognized centre for research on the quality of grain.



BUSINESS ENVIRONMENT

- Virtually all industrial land in Winnipeg is within 20 to 30 minutes of the Winnipeg International Airport and national railway facilities.
- Brandon has an estimated 1,500 acres of undeveloped industrial land. Prices range from approximately \$10,000 per unserviced acre to approximately \$65,000 per serviced acre.
- Other communities, such as Morden, Winkler, Portage la Prairie and Steinbach, have industrial land available.
- Industrial land is available for as low as \$7,500 per acre in some areas.
- Various investment incentives exist throughout the province – negotiable based on anticipated job creation and development agreements.
- Manitoba has a highly educated, skilled and experienced labour pool.

QUALITY OF LIFE

- Manitoba's low cost of living allows residents to live better for less, with housing costs among the lowest in Canada.
- Kindergarten to Senior 4 (Grade 12) public education is free.
- Manitoba's four universities and three community colleges offer high-quality advanced education with some of Canada's lowest tuition fees.
- With 100,000 lakes and just over 1.1 million people, Manitoba is one place where the dream of owning your own lakeside retreat is a realistic one.
- In Manitoba, smog is virtually non-existent, and clean, clear water is readily available.
- With a reputation for natural scenic beauty, friendly people and cultural diversity, Manitoba offers a high quality of life and many opportunities for active living.
- Cultural activities and diverse entertainment options provide a wide range of recreational choices at a relatively low cost.
- Manitobans receive most health care services free of charge through a national health insurance system that guarantees universal, equal and accessible medical care.

EXISTING VALUE-ADDED CAPABILITIES

- Pork slaughtering and processing
- Egg products processing
- Poultry slaughtering and processing
- Oat milling
- Potato processing
- Flour milling
- Oilseed crushing plants
- Industrial milk products and cheese plants
- Hay compaction
- Livestock genetics transfer

OPPORTUNITIES TO CAPTURE

- Specialty processed beef, pork, bison, sheep, goats and elk
- Input suppliers for the livestock industry
- Specialty processed dairy products
- Soybean crushing facilities
- Flax linoleum flooring
- Available land for forage and growth of the cow/calf sector
- Increased potato production and processing
- Frozen and canned vegetable processing
- Food ingredients
- Gourmet food products
- Functional foods and nutraceuticals
- Ethanol production
- Organic food products processing





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