



***Oh Canada: How Sweet it is! Canada's business environment is among the best in the world. Indeed, given its openness to foreign trade and capital investment, a superb infrastructure and ready access to American and Mexican markets, Canada is the location of choice for manufacturers of confectionery products wishing to supply the whole of North America.***

## North America's Location of Choice for Confectionery Manufacturers

The North American Free Trade Agreement (NAFTA) makes Canadian, American and Mexican markets a single trade entity. This provides Canadian-based businesses access to a market of more than 435 million consumers. U.S. markets can be supplied quickly and efficiently, as most Canadian food manufacturing centres are less than 90 minutes from the border and 50 percent of American consumers live within a one-day's drive.

In the last ten years the value of Canadian exports of confectionery products to the U.S. has increased more than three times, with 2005 exports producing a trade surplus of more than US\$ 650 million. Canada's share of U.S. confectionery imports continues to lead the world at 46 percent, almost three-times that of the next largest exporter, Mexico.

Moreover, a recent study entitled, Competitive Alternatives: KPMG's Guide to International Business Costs, 2006 Edition, confirms that Canadian-based food processors enjoy significant cost advantages compared to their U.S.-based competitors.\*

Many of the world's largest confectionery firms have established operations in Canada to serve the NAFTA market. Many others have chosen to have their products co-packed in Canada, where agricultural inputs and packaging materials are readily available at competitive costs. In fact, Canada is the only country where the world's top four chocolate bar manufacturers have production facilities. Firms seeking to invest in North America should consider Canada first.



Source: U.S. Department of Agriculture – Foreign Agricultural Service



## Consider these Hard Facts

### **Sugar Refiners Import the Vast Majority of their Raw Materials at World Prices**

Canadian sugar users have traditionally enjoyed a price advantage over the U.S. Canada has historically offered confectionery companies a reliable source of high quality refined sugar at prices lower than those prevailing in the U.S. In addition, most manufactured products containing sugar are freely traded in the NAFTA region.

### **Specially Priced Dairy Ingredients**

Confectioners benefit from highly competitive international dairy prices administered by the Canadian Dairy Commission (CDC) under five year agreements with the sector. Details, including administrative requirements, can be found on the CDC Web site, referenced as "Class 5C" under the Special Milk Class Permit Program. For more information, visit:

[www.milkingredients.ca](http://www.milkingredients.ca)

### **Import for Re-export**

Confectioners manufacturing products exclusively destined for export markets may import any ingredient used in the manufacturing process, duty free. Ingredients such as nuts and raisins are typically imported through this program.

### **Competitive Energy, Land and Building Costs**

Canadian electricity and gas costs are lower than those prevailing in the U.S. and most of Western Europe. Canada's serviced industrial land and factory construction costs are lower than those in Western Europe and competitive with those of the U.S.\*

### **Skilled Workers and Competitive Labour Costs**

Canada's average labour costs are the lowest in the G-7 and significantly lower than comparable American costs. Canada also leads the world in the percentage of citizens with university or college education and its multilingual labour force gives employers valuable resources to succeed in global markets. In addition, Canada's public health care system helps businesses maintain a healthy work force while providing an international competitive edge by virtue of its system of universal medical benefits.

### **Pure & Natural**

Build on Canada's pure and natural advantages – clean air, pristine water, wide open spaces – and make the maple leaf your symbol of success.

For further information about Canada's agriculture, food and beverage industry and investing in Canada, visit Agriculture and Agri-Food Canada's Web site:

[www.ats.agr.gc.ca](http://www.ats.agr.gc.ca)

To find out more about Canada's overall investment opportunities, visit: [www.investincanada.gc.ca](http://www.investincanada.gc.ca)

For additional information, please contact:

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\* Competitive Alternatives:  
KPMG's Guide to International  
Business Costs, 2006 Edition  
[www.competitivealternatives.com](http://www.competitivealternatives.com)