



CANADA

North America's Location of Choice for Confectionery Manufacturers

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 North America.

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 400 million consumers. U.S. markets can be supplied quickly and efficiently, as most Canadian manufacturing centres are less than 90 minutes from the border and 50 per cent 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 fourfold, and in 2004, Canada enjoyed a trade surplus of US\$700 million.

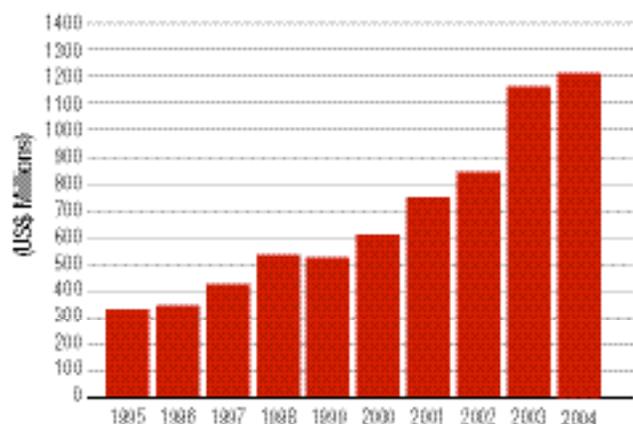
Moreover, the recent KPMG study, *The CEO's Guide to International Business Costs*, G7-2004 Edition, confirms that Canadian-based food processors, in general, enjoy significant cost advantages compared to their U.S.-based competitors.



Many of the world's largest confectionery firms have established operations in Canada. Many others have chosen to have their products co-packed in Canada, where agricultural inputs and packaging materials are readily available at competitive costs.

Firms seeking to invest in North America should consider Canada first.

Exports to the US in Confectionery Products



Source: Statistics Canada.





Consider these HARD FACTS



SUGAR REFINERS IMPORT THE VAST MAJORITY OF THEIR RAW MATERIALS AT WORLD PRICES:

Canadian sugar users enjoy a significant advantage – the average price of refined sugar is usually 30 to 40 per cent lower in Canada than in the U.S. Most manufactured products containing sugar are freely traded in the NAFTA region.



SPECIALLY PRICED DAIRY INGREDIENTS:

Confectioners benefit from highly competitive 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 5” under the Special Milk Class Permit Program. For more information, visit: www.cdc-ccl.gc.ca.



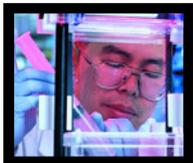
SKILLED WORKERS AND COMPETITIVE LABOUR COSTS:

Canada possesses a highly skilled workforce known for its loyalty to employers. Canada’s average labour costs are lower than in the U.S., which are attributed to Canada’s lower salaries and wages combined with Canada’s universal health coverage.* In addition, federal and provincial programs provide assistance for training and re-training of employees.



COMPETITIVE ENERGY, LAND AND BUILDING COSTS:

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



LOWEST COST R&D:

Canada’s R&D tax treatment is the most generous in the industrialized world.*



IMPORT FOR RE-EXPORT:

Confectioners manufacturing products exclusively destined for export markets may import duty-free ingredients used in the manufacturing process.

* KPMG Competitive Alternatives Study, *The CEO’s Guide to International Business Costs*, G7-2004 Edition

www.competitivealternatives.com



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

To find out more about Canada’s overall investment opportunities, visit:

www.investincanada.gc.ca

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