

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 02/17/2011

GAIN Report Number: CA11006

Canada

Post: Ottawa

Canada Food Trends - February 2011

Report Categories:

Agriculture in the News

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Report Highlights:

This is the inaugural GAIN report aimed at providing trends and information for U.S. exporters interested in entering or already exporting to the Canadian market.

Topics in this edition include:

SIAL Canada Competitions Open to Non-Exhibitors * Canadian Consumers Seeking Out More Ethnic Foods * *Update:* Canada Disbands Sodium Working Group * Simple Foods Gaining Popularity * Street Food on the Rise in Western Canada * Health Canada Publishes Amendments to Food Allergen Labeling Regulations * Canadians Love Surfing the Web * Walmart Set to Add 40 New 'Supercenters' in Canada * Target Is Moving to Canada * Canadian Health Food Association (CHFA) Annual Shows Approaching * Canadian Gift & Tableware Association (CGTA) Attracting Attention of Food Companies

SIAL Canada Competitions Open to Non-Exhibitors

This year's SIAL Canada will open its doors in Toronto, May 11-13, the fifth largest city in North America and recognized by many foodies as the 'food mecca,' of Canada. The show attracts over 12,000 visitors from sixty different nations. A series of events are planned around this year's SIAL Canada. While most are restricted to show exhibitors there are two open to non-exhibitors: [Olive D'or \(The Golden Olive Competition \)](#) North America's largest extra virgin olive oil competition and the [SIAL Canada Coffee Cup Competition](#). For more information please contact Magalie Moreau at 1-514-289-9669, ext. 2222 /Email. Magalie.moreau@comexposium.com

Canadian Consumers Seeking Out More Ethnic Foods

The Ethnic Food Market in Canada continues to grow. The Canadian Federation of Independent Grocers says the next big trend coming to stores is "making meals from all over the world right at home." Perry Caicco, grocery industry analyst with CIBC World Markets, recently estimated that the Ethnic Food sector is expected to grow by 15 to 20 percent annually in the coming years. Independent ethnic grocery stores alone account for between C\$4 billion and C\$5 billion of Canada's C\$80 billion food industry. In September of last year, Loblaw paid C\$225 million for T&T, Canada's largest Asian grocery. The changing demographics of the Canadian population play a large part in this growth, but travel habits continue to influence consumers' eating habits. Many Canadian consumers travel abroad and seek out foods they experienced on holiday when they return home. As consumers' palates become more adventurous, demand for items such as exotic fruits and spices increases. Flavors like Piri Piri (used in Portuguese and some African cuisines) are being used in unexpected ways, such as a seasoning for potato chips. Results show in-store sampling is often the most effective way of convincing consumers to try a non-traditional food.

Update: Canada Disbands Sodium Working Group

Health Canada has disbanded its Sodium Working Group, which was established in 2007. The group was tasked with finding ways to reduce the amount of sodium consumed by Canadians, including sodium found in processed foods and foods served in restaurants. Last summer the group released a plan to help Canadians reduce their sodium intake by a third while monitoring progress companies made in reducing the salt content in their products. The average Canadian consumes 3,400 milligrams of sodium per day. Health Canada states that 1,500 milligrams is adequate to maintain good health and recommends that Canadians do not exceed 2,300 milligrams per day. These levels were determined by the United States Institute of Medicine, which was commissioned by the United States and Canada to establish nutrient reference levels. The Sodium Working Group will be replaced by a new Health Canada initiative called the Food Regulatory Advisory Committee (FRAC). FRAC is made up of individuals from the academic and consumer sectors as well as industry representatives. The committee was created to provide expert advice to divisions of Health Canada responsible for creating policies and standards in all areas of the food industry. It is chaired by Dr. Paul Paquin, Ph.D., a professor of Food Sciences and Nutrition at the University of Laval. Dr. Keith Mussar, of the Canadian Association of Importers and Exporters, is Associate Chair. More information on FRAC and its terms of reference can be found at: <http://www.hc-sc.gc.ca/fn-an/consult/frac-ccra/index-eng.php>.

Simple Foods Gaining Popularity

As Canadians become more health conscious, consumers are seeking foods with fewer and less processed ingredients. Maria Charvat, Vice President of product development for Loblaws in Toronto, the largest grocery chain in Canada, noted the sales of 'single-ingredient products,' such as flour and olive oil, are growing quickly. Consumers' desire to better understand what they are eating, combined with the economic downturn, has led to an increase in at-home meal preparations. In response to demand, restaurant owners are also offering simpler, lower calorie choices on their menus. A recent survey conducted by the Canadian Restaurant and Food Services Association revealed a few of the 'up and comers' menu trends include ancient grains (e.g. kamut, spelt, amaranth), gluten-free beer, vegan entrées, organic alcohol, African and Middle Eastern cuisine, gluten-free cuisine, and new/fabricated cuts of meat.

Street Food on the Rise in Western Canada

Christine Couvelier, a top Vancouver foodie with *Culinary Concierge*, reports that 'Street food is a growing trend right now.' The trend, started in Los Angeles and in Portland with vendors offering gourmet-inspired dishes, has now crossed the border with street vendors dishing up elaborate finds for their customers. The City of Vancouver began experimenting with this trend last year with its street vendor pilot program, running a lottery for 17 new vendor permits. To encourage diversity, hot dog vendors were not eligible for the lottery. In addition, all entrants had to meet minimal nutrition standards. The city is considering imposing the same standards on all vendors to encourage healthy eating among its citizens. The selected vendors included Chinese Dim Sum, New York Style Pizza and Tex-Mex Burritos.

Health Canada Publishes Amendments to Food Allergen Labeling Regulations

On February 16, 2011, Health Canada published amendments to its food allergen labeling regulations in the Canada Gazette (Part II). The new requirements required regulatory changes to the Food and Drug Regulations and are designed to help consumers with food allergies, celiac disease or sulphite sensitivity in avoiding those prepackaged products that may trigger an adverse reaction. These regulatory changes came about due to concerns that current labeling regulations do not require enough ingredient information to meet the needs of consumers with food sensitivities. The regulatory amendments require that the source of a food allergen or gluten be shown on the label of most prepackaged products when the food allergen or gluten is present in the prepackaged product. Industry has been given an 18-month window to make the necessary adjustments to comply with the new regulations. The coming into force date is set for August 4, 2012. The cost-benefit analysis states that these regulatory amendments are in line with the general approach taken by Canada's key trading partners, namely the United States, the European Union and Australia/New Zealand. More information on the regulatory amendments, and the foods subject to these amendments, are available on the Canada Gazette website at the following URL address: <http://canadagazette.gc.ca/rp-pr/p2/2011/2011-02-16/pdf/q2-14504.pdf>. The regulatory impact analysis statement is available on the Health Canada website at the following URL address: http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/project_1220_rias_eeir-eng.php. The news release issued by the Canadian Minister of Health, the Honourable Leona Aglukkaq, is available here: http://www.hc-sc.gc.ca/ahc-asc/media/nr-cp/2011/2011_23-eng.php.

Canadians Love Surfing the Web

Food firms from the United States who have company websites will be pleased to know Canadians spend more time online than users in any of the other countries tracked by measurement company *comScore*. The company reported Canadians have the highest penetration of internet access. Results show about 68 percent of the Canadian population is online, compared to 62 percent in France and the United Kingdom, 60 percent in Germany, 59 percent in the United States, 57 percent in Japan, and 36 percent in Italy. Canada was the only country in which users logged an average of more than 2,500 minutes per month, which is almost 42 hours. Israel was second with an average of around 2,300 minutes, while a few other countries were around the 2,000-minute mark.

Walmart Set to Add 40 New 'Supercenters' in Canada

Walmart has operated in Canada for the last sixteen years. It opened its first Supercenters in Ontario in 2006 and later added more in Saskatchewan, Alberta and British Columbia. The U.S. retailer now intends to convert some of their smaller stores to supercenters. These centers will range from 79,000 square feet to 200,000 square feet. As of December 31, 2010 Walmart had 323 stores in Canada, 119 of which are now supercenters. This number will grow to 164 by the end of 2011, and all will include a grocery section. Company spokesman Andrew Pelletier reported that "'bringing food,' into our stores has served as a traffic driver for people who were not coming to us for groceries before." Of 15 countries outside the United States, Canada is in Walmart's top three markets, behind Mexico and the United Kingdom

Target Is Moving to Canada

The number two U.S discount retailer, Target Corporation, announced early this year it is moving into the Canadian retail landscape through the acquisition of Canadian Zeller stores. Target executives plan on opening 100 to 150 stores in Canada at the beginning of 2013. Analysts do not foresee Target Canada as a threat anytime soon as Loblaw, Sobeys and Metro continue to be the market leaders. Mr. Gregg Steinhafel, Target's chief executive commented that the amount of food each Target Canada store will carry will be a site-by-site decision as size and shape of the store will determine the range of product offering.

Canadian Health Food Association (CHFA) Annual Shows Approaching

The CHFA continues to be the leading provider of information, conferences and trade shows for the natural products industry in Canada. Retailers from across the country attend CHFA Expos to source new products and suppliers, increase their product knowledge, develop business relationships and network with their peers. Membership is required to exhibit at either of their shows - CHFA Expo West Vancouver, BC, April 16 and 17, 2011 and CHFA Expo East, Toronto, Ontario, October 15 and 16, 2011. The association offers a special rate to new members, C\$500 for the first year, thereafter membership is based on sales revenues. In addition, CHFA offers competitive rates on booth space starting at C\$1,000. For more information, contact Judy Sharpe, Director of Trade Shows & Conferences, info@chfa.ca/Tel. 416-497-6254.

Canadian Gift & Tableware Association (CGTA) Attracting Attention of Food Companies

The CGTA includes suppliers who sell specialty gift products to Canada's diverse retail gift (including foods) tableware and household accessories industry. Most of its members are comprised of hard good suppliers however; a small but growing number of gourmet food distributors and importers are making a footprint at all their events. CGTA offers six annual trade shows in Toronto, Alberta and in Montreal. Minimal annual membership starts at C\$325 and includes access to industry news, information and research. For more information, contact Carlyne Hoshoooley, Membership/International Trade Manager, membership@cqta.org
[Tel. 800-611-6100](tel:800-611-6100).

Exchange Rate: Noon Rate, February 16, 2011 (Bank of Canada): US Dollar = C\$0.9855