

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

### Retail Food Sector Report - Canada

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**Report Highlights:**

In 2011, Canada's 33 million consumers were estimated to have generated C\$ 457 billion (US\$ 451 billion) in retail sales, representing a four percent increase from 2011. Food sales in Canada contributed close to 19 percent to the retail landscape and in 2011 was projected to register at C\$ 87 billion (excluding alcoholic beverages and liquor store sales). From 2006 to 2011, sales increased by 17 percent and are forecasted to grow at a constant compound annual growth rate (CAGR) of 2 % through 2016. This report provides an overview of the Canadian retail food sector for U.S. food producers that are exploring opportunities to export their products to Canada. This report does not include information on alcoholic beverages. This subject addressed in the GAIN Report on Exporting Alcoholic Beverages into the Canadian Market (CA 11017).

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## Overview of U.S. Agricultural Products in Canada

In 2011, U.S. agricultural exports to Canada reached a record \$19 billion. The U.S. agricultural exports to Canada accounted for 14 per cent of total U.S. food and agricultural products, which totaled over \$136 billion. Consumer-oriented agricultural products accounted for 72 per cent of total U.S. food and agricultural product sales to Canada in 2011, with fresh fruits and vegetables, snack foods, processed fruits and vegetables and red meat products as the category leaders. American products account for more than 60 per cent of Canada's total agricultural imports. The U.S. agriculture exports to Canada have increased by 12 percent over the previous year.

During 2011 a number of consumer-oriented agricultural categories posted record sales to Canada. The top 5 categories are fresh vegetables (\$1.7 billion), fresh fruit (\$1.7 billion), snack foods (\$1.6 billion), red meats (\$1.9 billion), and processed fruits and vegetables (\$1.2 billion).

Canada is also an important market for U.S. fish. Canada is the largest market for U.S. fish and seafood products, with sales increasing by 13 per cent from 2010 to 2011 to reach \$900 million. Furthermore, U.S. fish and seafood products dominate Canadian imports and represent 38 percent of the country's total imports.

Under the tariff elimination provision of the North American Free Trade Agreement (NAFTA), the majority of U.S. agricultural products have entered Canada duty-free since January 1, 1998. On December 4, 1998 the United State and Canada signed a Record of Understanding, an agreement to further open Canadian markets to U.S. farm and ranch products.

Trade with Canada is facilitated by proximity, similar culture, language, common lifestyle pursuits, and the ease of travel among citizens for business or pleasure. Many American products have gained an increased competitive edge over goods from other countries as the result of NAFTA. Canada's grocery product and food service trades have been quick to seize opportunities under NAFTA which permitted them to expand their geographical sourcing area to include the United States. Declining import duties under the trade agreements and an easing of Canadian packaging requirements for processed horticultural products for the food service sector have resulted in significant gains in the Canadian market for U.S. consumer-ready foods and food service products.

### **Section 1: Market Summary**

#### **1A. The Food Sector in Canada's Retail Landscape**

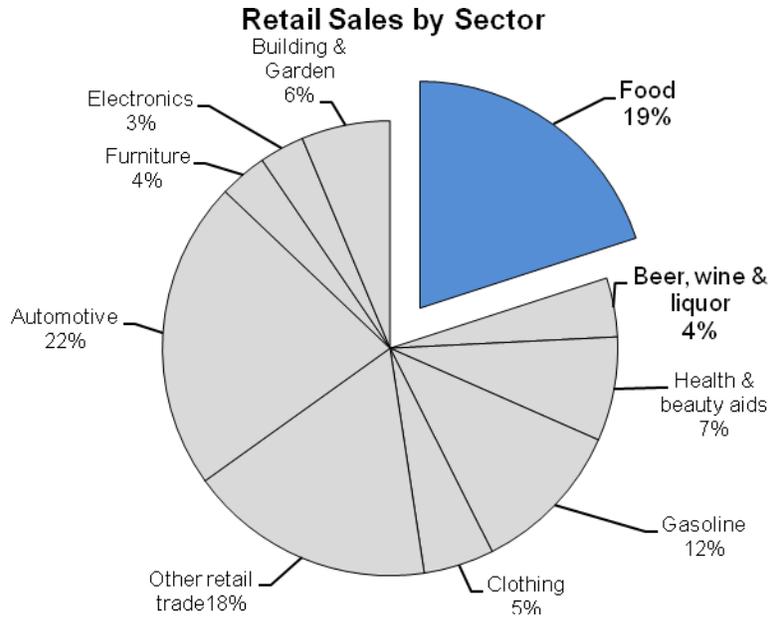
In 2011, Canada's 33 million consumers were estimated to have generated C\$ 457 billion (US\$ 451 billion) in retail sales, representing a four percent increase from 2010. Although, sales in Canada are smaller than those in the U.S., retail spending per capita in Canada equals that of the United States.

The Office of Consumer Affairs of Canada reports the retail landscape has changed considerably as there has been a shift from the independent to chain stores. The strong presence of U.S. franchises and their chain stores have resulted in a high receptivity of

American products and services. Also, most consumers recognize and are familiar with U.S. products and services due to the geographical proximity and cultural similarities.

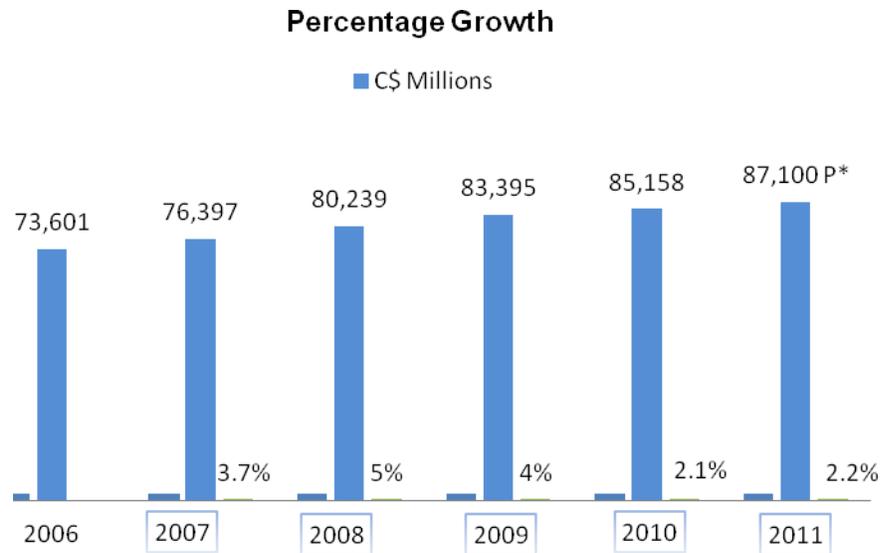
Food sales in Canada contribute close to 19 percent to the retail landscape and estimated sales of C\$ 87 billion in 2011. (excluding alcoholic beverages and liquor store sales). From 2006 to 2011, sales increased by 17 percent and are forecasted to grow at a constant value of 2 % CAGR through 2016.

**Table 1: Food Sales in Canada’s Retail Landscape in 2011**



Source: Statistics Canada

**Table 2: Six Year Trend in Food Sales**



Source: Statistics Canada

\*P = Projected

There are 21,242 stores in Canada selling food products, the vast majority of sales continue to be sold through grocery stores and supermarkets, representing 63.5 percent of the total foods sales in 2011. Foods sales through non-traditional food retailing channels as general merchandise stores, club stores convenience, drug stores, specialty stores and gas stations have grown from 33% in 2009 to 37 percent in 2011. Walmart Canada and Costco along with other non-grocery retailers as Canadian Tire, Shoppers Drug Mart, and London Drugs have been strategic in placing more food products on their store shelves, making it convenient for customers to spend some of their food dollars in these channels.

**Table 3: Definition of Retail Channels**

Type of Channel	Description
Grocery Store	Any retail store selling a line of dry groceries, canned good or non-items plus perishable items.
Supermarkets	A full-line, self-service grocery store with annual sales of C\$2 million or more.
Mass Merchandiser	A retailer of soft and hard goods wherein the selling of grocery products has been an add-on and not traditionally the prime focus of the retail format.
<i>(continued)</i>	

Type of Channel	Description
Warehouse Clubs	A membership retail/wholesale hybrid with a varied selection and limited variety of products presented in warehouse-type atmosphere. These 120,000 square-foot stores typically feature a majority of general merchandise, as well as a grocery line dedicated to large size and bulk sales.
Convenience Stores	A compact store offering a limited line of high-convenience items. Many sell gasoline and fast food. Usually fewer than 2,400 square feet in size and they are open long hours.
Drug Stores	Stores (often chain) with retail pharmacies and specializing in Over-the-Counter (OTC) medication and selling health and beauty aid products. Offering a limited range of convenient groceries.
Specialty Stores	Small specialized store, often 3,000 square feet specializing in a specific food market sector, such as meats or health foods.
Gas Stations	Convenience stores operating under or in conjunction with a gasoline banner.

Source: Canadian Grocer 2012

**Table 4: Breakdown of the Retail Channels in Canada**

Channel	2009		2010		2011P	
	Sales (C\$ Millions)	Market Share	Sales (C\$ Millions)	Market Share	Sales (C\$ Millions)	Market Share
Grocery Stores/ Supermarkets	55,874.7	67.0%	55,523.0	65.2%	55,308.5	63.5%
Mass Merchandiser	8,339.9	10.6%	9,452.0	11.1 %	10,190.7	11.7%
Warehouse Clubs	6,087.8	7.3%	6,557.2	7.7%	6,793.8	7.8%
Drug stores	4,920.3	5.9%	5,365.0	6.3%	6,271.2	7.2%
Convenience stores	4,586.7	5.5%	5,024.3	5.9%	5,226.0	6.0%
Specialty Stores	1,667.9	2.0%	1,703.2	2.0%	1,742.0	2.0%
Gas Stations	1,417.7	1.7%	1,532.8	1.8 %	1,567.8	1.8%
<b>Total</b>	<b>83,395</b>	<b>100%</b>	<b>85,158</b>	<b>100%</b>	<b>87,100</b>	<b>100%</b>

Post estimates based on Statistics Canada, 2012 Who's Who Directory, ACNielsen Banner Share

#### 1B. Imported Foods in Canada

The Centre for Food in Canada recently detailed the contribution that imported foods has had in the Canadian diet. In 2011 the total amount of imports registered at C\$ 22.5 billion, representing 24 percent of the total food sales. The leading imports into Canada were fresh fruits and vegetables, followed by fish products. In the last two decades, Canadians have changed their eating habits to include more fruits, vegetables, cereal products and nuts.

**Table 5: Top Retail Food Imports of Final Goods in 2011**

Product	Percentage of Total Canadian Food Imports	Total (C\$ Millions)
Fresh Fruit, excluding tropical	6.5 %	1,,467
Other vegetables, fresh or chilled	5.1 %	1,151
Tropical fruit	4.2 %	948
Fish and seafood products, canned or otherwise preserved	2.3 %	519
Chocolate confectionary	2.3 %	519
Fruit juices, excluding frozen concentrates	2.3 %	519
All other miscellaneous food products	2.2 %	459
Other confectionery	2.1 %	474
Other bakery products	1.9 %	429
Prepared meat products	1.8 %	406
Fish and seafood products, fresh, chilled, or frozen	1.7 %	384
Roasted coffee	1.4 %	316
Frozen fruit and juice concentrates	1.3 %	293
Nuts	1.3 %	293
Pickles, relishes, and other sauces	1.3 %	293

<i>(continued)</i> Product	Percentage of Total Canadian Food Imports	Total (C\$ Millions)
Biscuits	1.3 %	293
Beef, fresh chilled, or frozen	1.2 %	271
Other fruit products, including dried fruit and fruit peel	1.2 %	271
Pasta products, excluding dry pasta	1.2 %	271
Breakfast cereal products	1.0 %	226
Food snacks, excluding potato chips and nuts	0.9 %	203
Poultry, fresh, chilled or frozen	0.9 %	203
Cheese	0.9 %	203
Other preserved vegetables	0.9 %	203
Fish and seafood (except animal aquaculture) live, fresh, chilled or frozen	0.8 %	181

*List does not include alcoholic beverages*

**Table 6: Total Consumer Oriented Agricultural Imports into Canada**

Year	Total Imports (C\$ Millions)	Total Retail Food Sales (C\$ Millions)
2006	16,598.9	73,601.2
2007	18,167.0	76,396.8
2008	19,950.1	80,239.4
2009	20,936.0	83,395.0
2010	20,848.0	85,158.1
2011	22,563.0	87,100.0 P*

Source: Statistics Canada and Global Trade Atlas  
\*P = Projected

### 1C. The Canadian Shopper

The changing attitudes and demographics that have taken place in the last ten years in Canada are responsible for the types and choices of foods that most Canadians buy, as well as influencing the foods that are found in retail stores today.

#### Demographics

- Graying Population

Canada has an aging population whereby 40 percent of the population is 45 years or older and by 2026 this will increase to 48 percent. As there are more seniors and fewer children in the home, the types of food people eat and buy changes. Furthermore, as Canadians get older there is an increase in health related issues associated with aging. The National Institute of Nutrition rated heart/cardiovascular disease, cancer, diet, weight, diabetes and exercise the leading issues among seniors. Scientific studies show the foods people eat have a direct benefit to their health and the trend indicates that older Canadians are changing their diet in order to live better lives.

- Household Size and Women in the Labor Force

The average number of family members per household has decreased from almost 4 in 1970 to less than 3 people per household in 2008. There are more single-person households than ever before which has created market opportunities for retailers and food manufacturers to introduce smaller sized food packaging offering single portions. In addition, the number of

working mothers with children under the age of 16 has doubled from 39.1 percent in 1976 to 72.9 percent in 2009. Added time constraints on working women and mothers, who still remain as the primary decision maker in grocery purchases has created a demand for convenient meal options.

- Ethnic Diversity

Cultural diversity is a critical force in the retail marketplace and many retailers are responding to this change. The arrival of new immigrants into the country has helped to grow Canada's population. Consumers of South Asian and Chinese backgrounds make up the largest ethnic groups. Statistics Canada projects by 2031; ethnic shoppers will represent 31% of the consumers in Canada.

### Canadian Purchasing Attitudes

In a recent survey conducted by Agriculture and Agri-Food Canada, the top four attributes influencing Canadian shoppers in their selection of (in order of importance) are: price, quality, freshness and health/nutrition.

- Price

Many Canadian consumers have become bargain shoppers due to a slow economic recovery and rising food prices in 2011, which increased by 4.4 percent. These factors have caused shoppers to remain cautious in their spending habits. A recent audit conducted by Deloitte Canada for leading trade magazine, *Canadian Grocer*, predicts 'the consumer will remain just as price conscious as ever, with little to no evidence of change.'<sup>1</sup>

- Quality

Consumers associate quality with freshness, nutrition, safety, appearance and flavor. Although, the annual average household expenditures on food have decreased from 18.7 percent from 1969 to 10.2 percent in 2009, real spending per person has increased. Shoppers are buying high-value and quality items. Post estimates the annual average spent on groceries per person in 2010 was C\$ 3,494. In response to these buying preferences, retailers are offering specialty and gourmet foods to their customers.

- Freshness

Freshness is becoming synonymous with quality among Canadians as it implies good taste, nutrition, and more natural (not processed). The consumption of fruits and vegetables by Canadians has increased significantly over the last decade. Agriculture and Agri-Food Canada report Canadians have added 10.9 percent more vegetables into their diets. In 2010 retail chain, Walmart Canada seized this trend and introduced fresh produce into their stores. Also, noted earlier in Table 4 on Canada's top leading food imports, fresh and frozen fruits and vegetables were ranked at the top of the list.

- Health/Nutrition

Consumers are informed of the many health benefits and risk associated with diet and many have become conscious of reading food labels to check their nutritional value and list of

ingredients. Although, Health Canada reports Canadians have reduced their intake of daily calories from 2,500 in 2001 to 2,358 in 2009, the incidents of childhood obesity have tripled in the past 30 years. Foods that address the health concerns of younger and older consumers while offering taste will continue to show promise in the marketplace.

#### 1D. Trends Driving Grocery Purchases

##### *Value*

- **Private Label:** Traditionally, private label has been seen as lower quality and generally less desirable than national brands but this has changed. In 2011, private label represented C\$ 11.3 billion in sales and is forecasted to grow in 2012.
- **Economical Meal Solutions:** A resurgence of traditional products that offer value as dehydrated soups.

<sup>1</sup>Canadian Press. December 14, 2011. *Food Industry Weathered Economic Report.*

<http://www.canadiangrocer.com/top-stories/food-industry-weathered-economic-storm-report-10647>

- **Promotional Priced Products:** Higher retail food prices has caused consumers to seek out promotions and encouraged more Canadians to shop at discount retailers. This trend is expected to grow through 2013. However, Canadians are conscious shoppers and will not sacrifice quality for price.

##### *Quality/Freshness*

- **Fresh Foods:** Consumers are switching to fresh foods for they equate "fresh" with better value that offers taste, health and nutrition. Canadian Grocer reports that Target Canada will offer a limited selection of fresh products at a reasonable range to the consumer.
- **Frozen Foods:** Retail sales of frozen foods grew by 3% and are predicted to increase as new technology helps to keep the flavors fresh. Microwavable frozen meals that offer steam packaging have become popular.

##### *Convenience*

- **Ready to Heat and Eat Foods:** Women continue to do the majority of food purchasing, preparation and clean up. As a result, the demand for foods that are easy and quick to prepare yet tasty, fresh and nutritiously sound continues to grow.
- **One Dish Meals:** Growth in quick one-dish meal kits such as stir-fries and stew are expected to grow.
- **Custom Quick Food:** Consumers do not spend an extensive amount of time preparing meals; but it still is important to feel that they have contributed something to the preparation. Therefore, there will be an opportunity for ready meals or kits, which allow the person preparing to add their own personal touch.

- **Smaller Food Portions and Packages:** Individual portions sizes are in demand as there are more single-person households. The service of packaging is on the rise to meet the need "eat-where-you-are."
- **Flexible and Portable Packaging:** Eating in vehicles or "Dashboard Dining," as well as eating lunches at the work desk is more common.
- **Snacks and Mini Meals:** Canadian eating patterns are changing from eating three main meals a day to eating several smaller meals throughout the day. Convenient, nutritious snacks or mini meals will increase in demand (i.e. breakfast bars, wraps, sports drinks).
- **Innovation:** Convenience foods will continue to be popular but the key to success will be innovation.
- **Physical and Emotional Energy:** Stressed out consumers that are seeking energy, power and performance from food are turning to sports drinks, energy bars and snacks.

*Health and Wellness*

- **Correcting Condition:** Food and food ingredients continue to increase in popularity as a method for self-medication and disease prevention. As a result, the demand for functional and nutraceuticals foods will continue to increase and new products will be developed.
- **Healthy Foods for Kids:** Approximately 26 percent of Canadian children ages 2-17 years old are currently obese.
- **Food Safety:** Consumers are increasingly interested in food products that provide reassurances about food safety.
- **Gluten-Free:** The demand for these products will continue to grow as they have doubled since 2005.
- **Low Sodium:** Canadian consumers are becoming conscious about the level of sodium in prepackaged processed foods and in restaurant meal foods. Health Canada is currently reviewing new recommended target levels of sodium intake.
- **Low Sugar:** *Canada's Food Guide* recommends moderate consumption of sugar, glucose, fructose, and various kinds of syrups as they are the major contributors to weight gain.
- **Low Calorie:** Interest in weight loss products and lower calorie foods continues to be high among Canadians.
- **Organics:** The value of organic food products is estimated at C\$ 2 billion and is predicted to grow steadily.
- **Trans Fats and Saturated Fats:** Canadians are continually concerned about fat intake and health concerns associated with trans and saturated fats. As a result, low-fat cereals, dairy products and frozen meals are rising.

*Pleasure/Ethnic Foods*

Economic growth and rising disposable income has made Canadians more confident about spending for products and services that make their lives easier or provide pleasure.

- **Indulgence or Comfort Foods:** Although Canadians are concerned about nutritional value of food, they still are reaching out for tasty snacks that are high in fat, sugar and salt. The demand for these foods continues to be high for they are often considered a reward for healthy eating or surviving the stresses of everyday life.
- **Gourmet products of Meal Excitement:** New, unique, high quality and expensive products will be small indulgences for consumers who are seeking meal entertainment.
- **Regional Cuisine:** Consumers are becoming more interested in seasonal, regional and high flavor foods.
- **Ethnic Foods:** Immigration to Canada and the number of visible minority groups have increased dramatically. Consumers are flocking to healthful and flavorful ethnic cuisines such as Asian and Mediterranean foods where the emphasis is on ingredients such as vegetables, grains and fish. In 2010, ethnic food markets generated C\$ 65 billion in food sales and are projected to increase 15 -20 percent annually.

### *Ethical Buying*

A small but growing number of Canadians are making buying choices based on where and how their foods are grown. This trend goes beyond taste and health concern and into the realm of green politics and anti-globalization. It includes the concepts of “fair trade”, “sustainable practices”, and “food miles.”

- **Buy Local Products:** Consumers are concern for their local economy and where there foods come from. Although, U.S. foods are not viewed as local this may present opportunities for U.S. food companies. Canadians view U.S. products as safer and of better quality than imports from other countries.
- **Recycled and Biodegradable Food Packaging:** Many Canadian cities have instituted recycling programs for their citizens and businesses. Each sector is looking to maintain a ‘green image.’

**Table 7: Advantages and Challenges Facing U.S. Exporters**

Advantages	Challenges
Canadian consumers enjoy a high disposable income, coupled with a growing interest in global cuisine.	Competitive pricing as the cost of doing business in Canada for retailers and distributors are higher than in the United States pushing food prices up.
U.S. food products closely match Canadian tastes and expectations.	Tariff rate quotas for certain products.
Fruit and vegetable consumption in Canada is substantially higher than that in the United States. Except for its greenhouse industry Canada’s horticulture production is limited. This provides opportunities for U.S. producers in the off seasons. Canadian retailers rely	With consolidation, sellers often face one national retail buyer per category; this buyer will often purchase for all banners under the retailer. Buyers are constantly looking to reduce price, improve product quality and extend the product range with new entrants.

heavily on imports to supply the domestic market all year round.	
Continued,	
Advantages	Challenges
Canada and the U.S. share a 3145-mile of border with 2/3 of the Canadian population living within 200 miles of the U.S. border. This geographical proximity facilitates communication and transportation. There is also significant over flow of U.S. television and print media in most Canadian centers, which can reduce advertising costs for U.S. companies with media campaigns in U.S. cities bordering on Canada.	Canada has a very high ethnic population with specific dietary preferences. [The three largest cities consist of more than 1/3 new Canadians]. This consumer ethnic diversity tends to be a challenge for some large scale mass marketing companies with products and marketing campaigns more targeted at the U.S. market. On the other hand the different ethnic markets in Canada can create niche opportunities for smaller companies.
Canada's strong dollar is an advantage for U.S. exporters.	Retailers and brokers/distributors may charge high listing/placement fees.
Canadian ethnically diverse population provides opportunities for specialty products in populated centers.	Food labeling, including bilingual packaging requirement, and nutritional content claims are highly regulated and frequently differ from the United States.
Retail consolidation favors large-scale suppliers and increases sales efficiency with fewer retailers to approach.	Retailers are interested in category extension, not cannibalization. Products entering the market must be innovative; not duplicative.
Duty free tariff treatment for most products under NAFTA	Differences in Food Standards may require special production runs and packaging due to Canadian standard package sizes.
High U.S. quality and safety perceptions.	Differences in approved chemicals and residue tolerances.
Private label presents opportunities for custom packers of high quality products.	Private label brands continue to grow in many categories; sometimes taking shelf space from American national brands.
	The total population of Canada is slightly less than California and much more spread out, making marketing and distribution costs generally higher than in the United States

**Section 2: Road Map for Market Entry****2A. Overview**

Food processors from the United States seeking to enter the Canadian marketplace have many opportunities. The United States is Canada's largest trading partner with 63% per cent market share of Canada's manufactured food imports originating from the United States. This is a result of a number of factors, including a convenient shipping corridor and a familiarity with consumer tastes and expectations, and most importantly the North American Free Trade Agreement (NAFTA). There are a number of challenges U.S. exporters must meet before exporting to Canada. Some of these include currency, customs procedures and labeling requirements.

To meet these market challenges U.S. exporters entering the Canadian market are recommended to take the following steps:

- 1) Contact your State Regional Trade Group,
- 2) Research the market for your particular product,
- 3) Locate a Canadian partner: broker/distributor/importer, and
- 4) Understand the Canadian government standards and regulations that pertain to your product.

**2B. Entry Strategy*****Step 1. Contact your State Regional Trade Group/State Regional Office***

State Regional Trade Groups (SRTG) are non-profit organizations that offer many services to U.S. food/agricultural product exporters. They are comprised of representatives from their regions' Department of Agriculture and work together in supporting U.S. food companies. Primarily, they assist in providing privileged information about the various food sectors in a respective global market. Also, key contact information on buyers and specifics about important trade and consumer shows in Canada is available for potential exporters. Through the SRTG, branded food products and agricultural commodities can be promoted with assistance from Market Access Program (MAP) funds administered by USDA's Foreign Agricultural Service.

Packaging and label modifications, product tasting/demonstrations, in-store promotions, point-of-sale materials, advertising, and trade show participation, are some of the activities for which eligible participants can obtain partial reimbursements.

Table 8: State Regional Trade Groups

State Regional Trade Group	Web Site	States
Food Export USA Northeast	<a href="http://www.foodexportusa.org">http://www.foodexportusa.org</a>	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Food Export Association of the Midwest USA	<a href="http://www.foodexport.org">http://www.foodexport.org</a>	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
Southern U.S. Trade Association (SUSTA)	<a href="http://www.susta.org">http://www.susta.org</a>	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Puerto Rico, Virginia, West Virginia
Western U.S. Agricultural Trade Association (WUSATA)	<a href="http://www.wusata.org">http://www.wusata.org</a>	Alaska, Arizona, American Samoa, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming
National Association of State Departments of Agriculture (NASDA)	<a href="http://www.nasda.org/cms/7195/8617.aspx">http://www.nasda.org/cms/7195/8617.aspx</a>	State Directory of the State Departments of Agriculture

### Step 2: Research the Market for Your Specific Product

A thorough understanding of consumer trends and needs are required in developing an effective market strategy in Canada. There are many organizations in Canada with a wealth of information for U.S. exporters interested in researching the many aspects and particularities of the Canadian food sector. Fortunately, as Table 7 indicates, much of that information is available via the internet. Though some consumer data can only be obtained with a fee, there

are several industry specific publications that continuously report on specific developments of interest for U.S. exporters. These publications are **Canadian Grocer** ([www.canadiangrocer.ca](http://www.canadiangrocer.ca)) and **Grocery Business** ([www.grocerybusiness.ca](http://www.grocerybusiness.ca)), closely follow key developments in the food retail industry in Canada.

**Table 9: Organization and Data Sources within Canada**

Organization	Function/Purpose	Website
Agriculture and Agri-food Canada, Agri-Trade Food Service	Provides information, research and technology policies and programs. Also provides access to statistics. This Ministry is the counterpart to the U.S. Department of Agriculture.	<a href="http://www.agr.gc.ca">www.agr.gc.ca</a>
Food & Consumer Products of Canada (FCPC)	FCPC is national, non-profit organization representing the food and consumer products industry in Canada.	<a href="http://www.fcpc.ca">www.fcpc.ca</a>
Canadian Federation of Independent Grocers (CFIG)	CFIG represents Canada's independently owned and franchises supermarkets.	<a href="http://www.cfig.ca">www.cfig.ca</a>
Canadian Restaurant and Foodservices Association (CRFA)	The largest foodservice and hospitality association in Canada.	<a href="http://www.crfa.ca">www.crfa.ca</a>
Centre of Food in Canada	A non-profit organization addressing issues related to food and its impact on Canadians.	<a href="http://www.conferenceboard.ca">www.conferenceboard.ca</a>
Consumers' Association of Canada	Represents consumers to all levels of government and to all sectors of society.	<a href="http://www.consumer.ca">www.consumer.ca</a>
Industry Canada	Trade databases.	<a href="http://www.ic.gc.ca">www.ic.gc.ca</a>
Statistics Canada	The official source for Canadian social and economic statistics and products.	<a href="http://www.statcan.gc.ca">www.statcan.gc.ca</a>
I.E. Canada (Canadian Association of Importers and Exporters)	I.E. Canada is a national, non-profit organization committed to providing services to develop and enhance the international trade activity and profitability of importers and exporters.	<a href="http://www.iecanada.com">www.iecanada.com</a>

### *Step 3: Locate a Canadian Food Partner- Broker/Distributor/Importer*

It is recommended that most new entrants to the Canadian market strongly consider securing the services of a broker/distributor/importer. Local representation provides exporters with a domestic advantage to understanding the local, regional and national markets and opportunities available. Brokers and distributors provide guidance on best business practices, sales contacts, market development, logistics and government regulations. Many also provide

merchandising and marketing programs and their volume purchasing power can help reduce retail slotting fees.

A partial listing of Canadian food brokers is available on our latest brokers report, Agent/Broker Directory – Central Canada (CA 11025) available online at: <http://gain.fas.usda.gov>.

Exporters from the United States are advised to consult with their regional SRTG as export programs may be available in qualifying appropriate Canadian partners.

*Step 4: Understand Canadian government standards and regulations that pertain to your product.*

The Canadian Government has multiple acts that govern importation and sales of foods. Some of the most important ones are:

- Canada Agricultural Products Act and Associated Regulations
- Consumer Packaging and Labeling Act
- Customs Act
- Fish Inspection Act
- Food and Drug Act
- Importation of Intoxicating Liquors Act
- Meat Inspection Act
- Weight and Measures Act

The Canadian Food Inspection Agency, Health Canada, and the Department of Foreign Affairs and International Trade are the main government bodies U.S. exporters can contact for specific information when studying regulations with which they need to comply. Though Canada and the U.S. share many consumer trends, cultural similarities and lifestyles; nutritional facts, ingredient declarations and health claim labeling regulations are different.

**Table 10: Canadian Government Organizations Related to Food**

Government Bodies	Function	Information
Canadian Food Inspection Agency (CFIA)	Government of Canada's regulator for food safety [along with Health Canada], animal health and plant protection.	<a href="http://www.inspection.gc.ca">www.inspection.gc.ca</a>
Canada Customs and Revenue Agency (CCRA)	Its mission is to promote compliance with Canada's tax, trade, border legislation and regulations.	<a href="http://www.ccr-aadrc.gc.ca">www.ccr-aadrc.gc.ca</a>
Canadian Food and Drug Act	A regulatory document provided by Health Canada, which outlines information regarding specific food import restrictions.	<a href="http://www.hc-sc.gc.ca/food-aliment">www.hc-sc.gc.ca/food-aliment</a>
Health Canada	Administers the Food Safety Assessment Program, which assesses the effectiveness of the Canadian Food Inspection Agency's activities related to food safety.	<a href="http://www.hc-sc.gc.ca">www.hc-sc.gc.ca</a>
Foreign Affairs and International Trade (DFAIT), Export & Import Controls Bureau	Responsible for allocating tariff rate quotas to importers.	<a href="http://www.dfait-maeci.gc.ca/eicb">www.dfait-maeci.gc.ca/eicb</a>
Measurement Canada	Administers and enforces the Weights and Measures Act for food labeling purposes.	<a href="http://www.strategis.ic.gc.ca">www.strategis.ic.gc.ca</a>

The Canadian Food Inspection Agency (CFIA) has prepared a [Guide to Food Labelling and Advertising](#) and is accessible through the internet. The guide details the regulatory requirements for selling packaged foods and beverages in Canada. The CFIA has the authority to refuse entry, detain, return, or remove from retail shelves any imported processed food product that does not meet the federal food labeling requirements.

The CFIA Guide includes information on:

- Basic Labeling Requirements \*
- Advertising Requirements
- Claims as to the Composition, Quality, Quantity and Origin of Foods
- Nutrition Labeling \*
- Nutrient Content Claims \*
- Health Related Claims \*
- New regulations on food allergens \*
- Other Product Specific Requirements as alcoholic beverages, processed fruits and vegetables, honey, meat and poultry, fish and supplementary products.

\*Regulations differ from the United States and require adherence for retail sales in Canada.

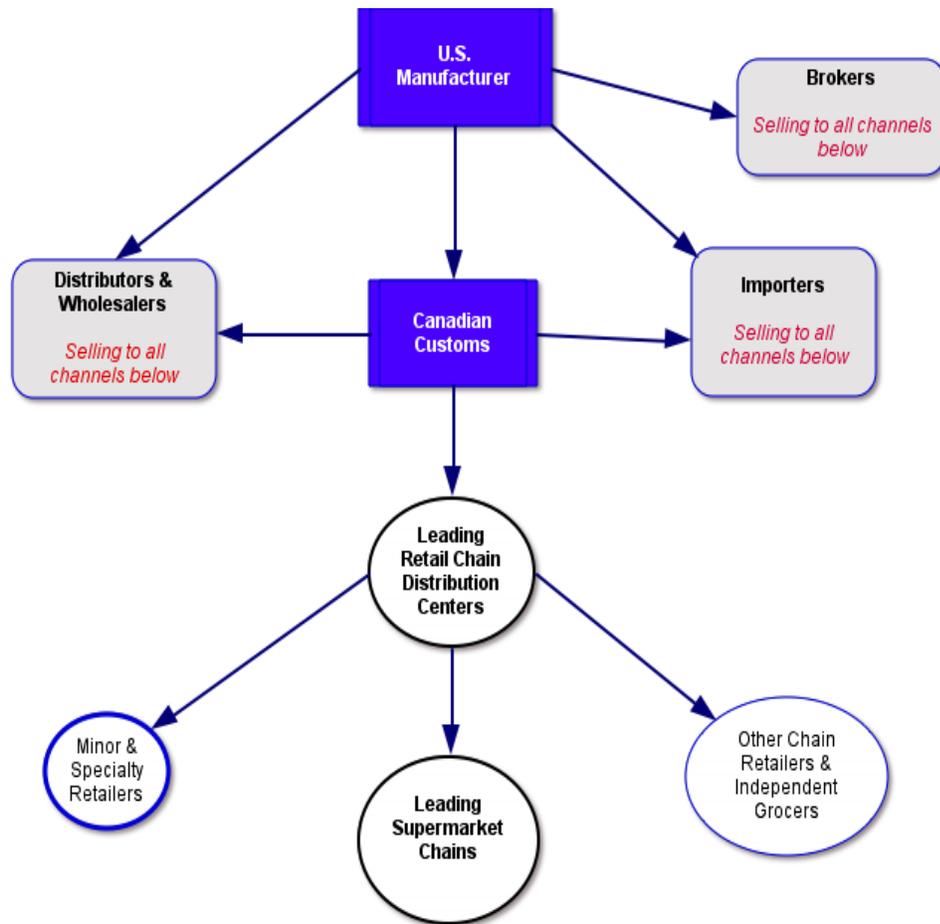
For more information on food labeling regulations and other information useful to U.S. food exporters, refer to the Exporter Guide, Canada, Annual 2011 (CA 11065) available online at: <http://gain.fas.usda.gov>.

In order to supply more and better information, The Canadian Food Inspection Agency and the Canada Border Services Agency have established three regional **Import Service Centers** across the country. The staff at these centers can be contacted to obtain pertinent information on specific import requirements and documentation.

**Table 11: Canadian Import Service Centers**

<b>Import Service Center</b>	<b>Hours of Operation</b>	<b>Contact</b>
Eastern Canada ISC	7 a.m. to 11 p.m. [local time]	Telephone: 1-877-493-0468 or 514-493-0468 Fax: 1-514-493-4103
Central Canada ISC	7 a.m. to 12 a.m. [local time]	Telephone: 1-800-835-4486 or 905-795-7834 Fax: 1-416-795-9658
Western Canada ISC	7 a.m. to 12 a.m. [local time]	Telephone: 1-888-732-6222 or 604-666-1577 Fax: 1-604-666-1577

2C. Market Structure and Retail Food Distribution Channel



Imported food products into the Canadian marketplace may be sold directly to the retailer or to importers, brokers, distributors and wholesalers. A significant amount of U.S. agricultural and food products is shipped as an intra company transfer to the Canadian corporate entity as a branch or subsidiary operation.

Traditional supermarket outlets are split between chains and independent stores. All major Canadian supermarket chains are involved in wholesaling and retailing operations. They maintain sizable distribution centers strategically across Canada. These distribution centers not only supply to their store outlets, but may also supply to franchised stores and independent grocers. Some independent grocers may be affiliated with a wholesaler through a voluntary buying group.

Convenience stores and smaller grocery retail chains are often supplied by wholesalers and the distribution arm of a leading grocery retailer.

Importers, distributors and some wholesalers can sell a specific category or line of products to the chain distribution centers, as they will breakdown the quantities to ship to their stores. In addition, as in the U.S., some brokers, distributors, and importers sell directly to specified chain units by providing a direct store delivery. However, the product and designated stores must be approved by the chain's head office.

Larger retailers often procure perishable products, such as dairy, produce, meat, poultry and value-added items, direct. Some Canadian retailers, such as Loblaw Co. Ltd. and Sobeys Inc., employ procurement offices in the United States for this purpose. On the grocery side of the business, retailers rely on brokers, importers and distributors, particularly in identifying unique products to sell in their stores.

Both retailer and supplier are seeking efficiencies to reduce costs in their operations. Among some of the strategies is reducing the number of vendors that category buyers work with. In response to this trend, the broker/distributor industry is making efforts to consolidate products while introducing unique novel products into the market. Larger firms are purchasing smaller brokers/distributors to offer national coverage, while regional organizations are forming alliances across the country to stay competitive by securing national coverage. Brokers and distributors focus on selling to the appropriate category buyer of a head office. Larger brokerage or distribution firms offer merchandising services to help in monitoring product movement and placement as smaller companies will outsource these services.

Consolidation in the food distribution sector has an important impact on the rest of the agri-food system as fewer buyers control more of the business through selected suppliers. This may place greater pressure on suppliers to deliver quality products at lower prices as well as continuously updating the product line with new offerings.

The food distribution sector is playing an increasingly important role in the Canadian agri-food system by generating significant economic activity and contributing to the provision of one of the world's most affordable food supplies.

Today's growing non-traditional channels are forcing brokers/distributors to focus on specialized sales teams to call on drug stores, c-stores, grocery stores (g-stores) clubs and mass merchandisers. Furthermore, with new technologies being introduced at the home office and store level, some brokerage and distribution firms are offering value-added services to their suppliers/principals. Services like promotional and sampling support, merchandising, computerized ordering, logistical support, and data collection remain competitive in the market.

To partner with a broker/distributor, food manufacturers pay a percentage of the product sales revenue. Fees can range from 3% to 10% depending on the volume and the amount of time and labor is required. The percentages are influenced by several factors: the type of product line, expected sales volume, additional special services such as planning promotions or data collection. Pioneering product lines may have a monthly retainer fees until the products generate enough sales volume to switch to a percentage-of-sales format. All fees are negotiated between the principal and the broker prior to future transactions.

In trying to introduce a new product and obtain a product listing, a broker will call on the head office of key store chains and wholesale groups. Once a product listing is secured, there may be a listing fee on new products unless the retailer views the product as a “must have” item. This fee will vary and will be determined by the product’s uniqueness, the demand for the item, along with the advertising and promotional expenditures required to launch the product in a store.

#### i. Retail Sub Sectors

##### Grocery Stores/Supermarkets/Superstores, Club Warehouse Outlets and Mass Merchandisers

The majority of retail foods continue to be sold through Canada’s traditional grocery retailers. Canadian-based retailers Loblaw Co., Ltd., The Empire Company Ltd. (referred to as Sobeys’s) and Metro Inc. Together, all three companies are responsible for 43% of retail food sales in the country. These market leaders have positioned themselves as the food specialists over their mass merchandising competitors. They offer discount banner stores that compete with some of the merchandisers. In the last year, the price differential on certain foods has been minimal among store, indicating retailers are responding to a price conscious Canadian shopper. All three companies have been aggressive in developing their private label brands, including their discounted private label. In the coming year, it is forecasted that these retailer leaders will aggressively compete with one another by offering discount promotions and enticing shoppers with customer loyalty programs that offer award points and specials on groceries.

Loblaw Company Limited is the largest grocery retailer in the country with 1,027 stores across the country and 20% share of the food market. The company’s 22 banner stores cover the complete spectrum in types of stores as they include: large Superstores selling one third general merchandise products, conventional supermarkets, discount units, convenience and club stores. Loblaw’s reported they attracted 14 million customers to their stores in 2010. The company has earned a strategic advantage among their competitors with their control-label brands or more commonly referred to their private label brands. Some of their brands compete head-to-head with the national brands. Last year management launched over 1,200 new control brand products. Among their 13 private label brands, their most recognizable ones are “President’s Choice (PC)” and the “No Name” brand representing over 5,200 products. (As a note of interest selected PC brands are now widely distributed in certain regions in the U.S.) With rising food prices and added discount competition, last fall, Loblaws launched an aggressive television campaign to promote their “No Name” brand in the larger urban centers. Also, the company has invested more than \$700 million in store improvements on 200 of their existing retail units. Some of the improvements included added floor space to their produce and seafood departments, along with more counter space for meals on the go. To reach the growing Asian market, Loblaws acquired T & T Supermarkets in Canada in 2009. The stores

offer Asian food products not found elsewhere. Today, there are 22 stores, primarily located in British Columbia and in Ontario.

Today, Sobeys, is behind Loblaws with 13% share of the retail market however, they offer more stores than its leading competitor; 1,334 locations across the country. Between 2008 and 2011, the company reported a 14% growth rate. In 2011, their sales topped over \$ 16 billion. The company's success has largely been attributed to real estate choices and responding to the country's changing demographics. For example, with Canada's population residing in dense urban areas, along with the growing number of single and double person households, Sobeys introduced a new banner store called 'Urban Fresh.' The stores are smaller but efficient. They are located in high traffic neighborhoods next to high-rise apartments and condominiums, catering to singles and smaller families living in downtown areas. Sobeys also moved to expand its private label category and now offers seven brands with their "Sensations Complements" line being the most recognizable one on their store shelves. To capture the ethnic and discount shopper, Sobeys moved to rebrand their former banner store, "Price Shopper" and converted the stores to "FreschCo" in 2010. The new stores were redesigned to display more produce, baked goods and meats as well as provide more shelf space to ethnic packaged goods. Lastly, the forecast for increased sales looks promising for Sobeys as its wholesale division will become the primary supplier of frozen, dairy and dry goods to Target Canada.

Metro Inc., represents 9% of the market as they operate a total 564 food stores, along with 257 drug and convenience stores in Ontario and Quebec. The conventional supermarkets make up most of Metro's portfolio of stores however the company also operates discount stores under the Food Basics banner in Ontario and Super C in Quebec. The company as well, increased their number of private label products under the "Irrestibles" and "Selection" brands. To attract shoppers with food allergens, Metro Inc., partnered with the Quebec Association of Food Allergies (AQAA) to identify certain Metro brands as "Certified Allergen Control" (CAC) products. Metro recently partnered up with Quebec based Marche Adonis, an ethnic food retailer offering Mediterranean style foods. The company intends to open stores in the Ontario markets and capture more business from the growing ethnic market.

Although, Loblaws, Sobeys and Metro continue to be the market leaders, there are regional stores that should not be overlooked. They are U.S. based Canada Safeway and Overwaitea Food Group in Western Canada, along with Federated Co-ops stores in Alberta. Many of these retailers are also moving forward with similar corporate strategies that reflect the changing demographics in the country. For instance, Overwaitea Food Group with 124 stores offers an impressive selection of international foods that includes 7,000 Asian food products to its customers. Also, Toronto based chain store, Longo's with a total of 23 stores in the metropolitan/suburban region, opened three stores in high traffic locations where available parking is at a premium.

Warehouse Clubs stores as Costco Canada have left a permanent foothold in Canada's retail landscape. With fewer weekly shopping trips made by Canadians some shoppers, particularly younger shoppers prefer the convenience of loading up on their groceries even if it means spending more on their grocery bill in a single store visit. The warehouse format does not offer much frills but do offer competitive prices by buying larger quantities directly from manufacturers. Club products carry an average profit margin of about 11 percent, while other retailers market their goods anywhere from 25 to 50%. Stores like Costco actively engage their customers by sampling all kinds of food products in their stores on a regular basis.

Walmart Canada, is the largest mass merchandiser in the country. In comparison to the market leaders, the company's share of the grocery receipts is only six percent. However, food sales grew exponentially for Walmart Canada from \$ 130 million in 2006 to \$5.2 billion in 2011. A significant gain was made in the last two years as they introduced frozen foods and produce in their stores, making it convenient for time conscious shoppers to pick up all their items in a single shopping trip. Target, another merchandising giant is scheduled to open 135 stores in 2013 and will also offer basic groceries.

ii. Convenience Stores, Mini Marts, and Gas Stations

The Canadian Convenience Store Association reported 10.4 million visits are made each day to Canada's 23,000 convenience stores and gas stations. The sector is expected to continue to grow at a steady pace. This growth has attracted newcomers and forced players to reinvent themselves to keep their position in the market. Floor space for food products such as sushi, baked goods and snacks is growing as many stores are expanding their premises to accommodate the increasing number of products and services. The focus has been on equipment to prepare and stock high quality convenience foods, particularly chilled items as soft drinks. Much like the trend in the supermarket sector, products that are perceived to be healthy are now becoming readily available in these types of stores.

iii. Drug Chains

Grocery sales through the drug stores remains small in comparison to the other retail channels however, a few drug store chains have expanded their grocery section and will continue to increase their food sales. Although, food prices are for the most part higher in drug stores, retailers like Shoppes Drug Mart have been aggressive in offering price specials on items like boxed cereal and other basic groceries. These tactics are done to capture more food dollars among regular shoppers.

The following table lists the leading retail chains and their major respective banner store as reported at the end of 2011.

Provinces Abbreviations:

AB: Alberta	NU: Nunavut
BC: British Columbia	ON: Ontario
MB: Manitoba	PE: Prince Edward Island
NB: New Brunswick	QC: Quebec
NL: Newfoundland and Labrador	SK: Saskatchewan
NWT: Northwest Territories	YT: Yukon
NS: Nova Scotia	

Canadian Regions:

Eastern: NB, NS, PEI, NL

Central: ON & QC

Western and Prairies: AB, BC, MB, SK

Store Type:

SS: Superstore

SM: Supermarket

SC: Super Centre

C: Convenience

Price Category:

D: Discount

L: Low

M: Medium

W: Wholesale

U: Upper

Source: Canadian Grocer, Who's Who 2012 and 2012 Directory of Retail Chains in Canada, Dun and Bradstreet Canadian Business Directory 2012

\* Food sales

**Table 12: Grocery Stores/Supermarkets/Superstores Banners**

Retailer	Name of banner	Store type	Price category	No units	Location
<b>Loblaw Companies Ltd.</b> <b>loblaw.ca</b>	Total Chain Sales = C\$ 31.46 B.				
Eastern Canada	Atlantic Superstore	SS	D	51	NB, NS, PEI
	Dominion	SM	M	11	NL
	Save Easy Foods	SM	D	45	NB, NS, PEI, NL
Central Canada	Cash & Carry	SM	D	15	ON, NS
	Fortinos	SM/SS	M	20	ON
	L'Intermarche	SM	M	64	QC
	Loblaws	SM/SS	M	75	ON, QC
	Maxi	SM	D	90	QC
	Maxi & Cie	SM	D	16	QC
	NoFrills	SM	D	173	BC, AB, ON, NB, NS, NL, PEI
	Presto	SM	M	12	QC
	Provigo	SM/SS	M	76	QC
	Real Canadian Superstore	SS	D	110	BC, YT, AB, SK, MB, ON
	Real Canadian Wholesale Club	SS	D	36	BC, AB, SK, MB, ON
	Valu-Mart	SM	M	61	ON
Your Independent	SM	M	53	ON	

Retailer	Name of banner	Store type	Price category	No units	Location
	Grocer				
	Zehrs	SM/SS	M	45	ON
Western Canada/ Prairies	Extra Foods	SM	D	78	BC, YT, NT, AB, SK, MB, ON
	Real Canadian Wholesale Club	SS	D	36	BC, AB, SK, MB, ON
	Shop Easy Foods	SM	D	34	BC, AB, SK, MB
	SuperValu	SM	D	19	BC, YT, SK
	T & T	SM	M	20	BC, AB, ON
<b>Sobeys (Empire Company Ltd.) Sobeys.com</b>	Total Chain Sales = C\$ 16.25 B.				
All Provinces	Sobeys	SM	M	281	BC, AB, SK, MB, ON, NB, NS, PEI, NL
	Cash & Carry	SM	W	6	NB, NS, NL, MB
	Foodland	SM	M	197	ON, NB, NS, NL
	Freshco	SM	L/M	27	ON
	IGA Extra	SM	M	98	QC, NB
	Marché Bonichoix	SM	M/U	89	QC, NB
	Les Marché Tradition	SM	M/U	31	QC
	Price Chopper	SM	D	110	ON, MB, NB, NS, PE, NL
	Rachelle-Bery (Natural Health Foods)	SM	M/U	19	QC
<b>Metro Inc. Metro.ca</b>	Total Chain Sales = C\$ 11.44 B.				
Central Canada	Food Basics	SM	D	115	ON
	Marché Richelieu	SM	M	86	QC (1 in ON)
	Metro	SM	L/M	371	ON, QC

Retailer	Name of banner	Store type	Price category	No units	Location
	Super-C	SM	D	78	QC
<b>Canada Safeway Safeway.ca</b>	Total Chain Sales = C\$6.8 B.				
All provinces	Family Foods	SM	M		BC, AL, SK, MB
	Safeway	SM	M		BC, AB, MB, ON
<b>Federated Co-Operatives Ltd. coopconnection.ca</b>	Total Chain Sales = C\$ 3.35 B.				
Central /Western/ Prairies	Bigway Foods	SM	M		BC, AB, SK, MB, ON, YT
	Cash & Carry Depots	SM	W		AB, BC
	Co-op Food Store	SM	M		BC, AB, SK, MB
	Super A Foods	SM	M		BC, AB, SK, MB, NWT, YT, ON
	The Grocery People	SM	M		BC, NWT, YT
	TAGS	SM	M		AB, SK, YT
<b>Overwaitea Food Group Owfg.com</b>	Total Chain Sales = C\$ 2.87 B.				
Western	Bulkley Valley Wholesale	SM	D/W		BC
	Cooper's Foods	SM	M		BC
	Overwaitea Foods	SM	M		BC
	Price Smart Foods	SM	L/M		BC
	Save-On-Foods	SM	M		BC, AB
	Urban Fare	SM	M		BC
Source: Canadian Grocer, Who's Who 2012 and 2012 Directory of Retail Chains in Canada					

**Table 13: Club Warehouse Store Banner**

Retailer	Name of Banner	Store Type	Price Category	No. Units	Location
<b>Costco Canada Inc. Costco.ca</b>	Total Chain Sales = C\$ 7.0 B *				
	Costco	CW	W	82	BC, AB, SK, MB, ON, QC, NS, NB, NL

Source: Canadian Grocer, Who's Who 2012 and 2012 Directory of Retail Chains in Canada  
 \* Food sales 2011

Table 14: Mass Merchandisers

Retailer	Name Banner	Store Type	Price Category	Sales (C\$ 000)	No. Units	Location
<b>Canadian Tire Corporation</b>	Canadian Tire	MM	M	C\$10.3 B.	487	All provinces
<b>Dollar Tree Canada</b>	Dollar Giant	MM	D	N/A	101	BC, AB, SK, MB, ON
<b>Dollarama Stores</b>	Dollarama	MM	D	C\$ 1.4 B.	667	All provinces, mostly ON and QC
<b>Giant Tiger Stores</b>	Giant Tiger	MM	D	C\$ 1.4 B.	196	All provinces
<b>The Northwest Company</b>	Northern	MM	M	C\$ 1.4 B.	196	All provinces
	North Marts		L/M			
	QuickStop		L/M			
<b>Wal-Mart Canada Corporation</b>	Wal-mart	MM/SC	D	C\$ 5.2 B. *	328	All provinces
	Supercenters		D		146	
<b>Zellers Inc.- A Division of Hudson's Bay Company</b>	Zellers	MM	L/M	C\$ 5.9 B	279	All provinces

Source: Canadian Grocer, Who's Who 2012 and 2012 Directory of Retail Chains in Canada  
\* Food sales 2011

Table 15: Convenience Stores, Mini Marts, and Gas Stations

Retailer	Name of Banner	Sales (C\$ 000)	No. Units	Location
<b>Alimentation Couche-Tard, Inc.</b>	Couché-Tard	\$ 1.2 B*	1000	QC
	Becker's		12	ON, MB
	Daisy Mart		203	ON
	Dépanneur 7 jours		392	QC
	Mac's		1,171	BC, NWT, SK, MB, ON
	Tabatout		23	QC
	Winks		19	Western Canada
<b>Husky Oil Marketing Company</b>	Husky and Mohawk		500	BC, AB, SK, ON
<b>Metro</b>	Marché Ami	N/A	84	QC
	Marché Extra		209	QC
	Servi-Express		94	QC
<b>Sobeys</b>	Needs	N/A	140	Eastern Canada
<b>Parkland Industries LP</b>	Fas Gas Fas Gas Plus Short Stop Short Stop Express	N/A	150	BC, AB, SK, MB
<b>Petro Canada</b>	SuperStop SuperStop Express	N/A	1,421	All provinces
<b>Quickie Convenience Stores</b>	Quickie	N/A	50	ON, QC
<b>7-Eleven Canada Inc.</b>	7-Eleven	N/A	468	BC, AB, SK, MB, ON
<b>Shell Canada Products Limited</b>	Select	N/A	632	All provinces
<i>Source: Canadian Grocer, Who's Who 2012 and 2012 Directory of Retail Chains in Canada</i>				
<i>* Food sales 2011</i>				

Table 16: Leading Drug Chain

Retailer	Name of Banner	Sales (C\$ 000)	No. Units	Location
<b>Shoppers Drug Mart</b>	Shoppers Drug Mart	\$ 590 M *	1257	All provinces
<i>Source: Canadian Grocer, Who's Who 2012 and 2012 Directory of Retail Chains in Canada</i> <i>* Food sales 2011</i>				

Note: Internet Shopping

Grocery internet shopping has been slow to take off in Canada and very few retailers have invested in this sales channel. IGA, operated by Sobeys operates only in Quebec and Grocery Gateway, owned by Longo Brothers Fruit Market, Inc. operates only in Metro Toronto.

## Section 3: Leading U.S. Products and the Competition (Table 16)

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<b>FRESH FRUITS &amp; VEGETABLES</b>  <b>VEGETABLES:</b> CANADIAN GLOBAL IMPORTS: U.S.\$2.2 BILLION	<b>VEGETABLES:</b> 1. U.S.: 66% 2. Mexico: 25% 3. China: 2%	<ul style="list-style-type: none"> <li>▪ Canada is the largest foreign buyer of U.S. fruits and vegetables. The U.S. benefits from relatively unimpeded export access into Canada during Canada’s winter or non-growing months.</li> <li>▪ Among imports, U.S. fruits and vegetables are viewed by most Canadians as their number one choice to other imports.</li> <li>▪ Mexico gained significant share of the market due to lower prices. Their leading products are tomatoes, peppers, avocados, mangos, and limes. Recently, are offering strawberries.</li> <li>▪ Chile is competitive with their leading exports of grapes, berries. They offer apples and cherries as well.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dry onions, carrots, lettuce, sweet corn, cabbage are the leading vegetables sold in the fresh market.</li> <li>▪ Apples are the largest production item, followed by blueberries, cranberries, grapes and peaches.</li> <li>▪ Seasonality poses a constraint to growers; Canada imports 80% of its fresh vegetables between November and June.</li> <li>▪ The ‘Buy Local’ campaigns are well supported by grocery retailers starting in June through October.</li> </ul>
<b>FRUIT:</b>  CANADIAN GLOBAL IMPORTS: U.S. \$3.1 BILLION	<b>FRUIT:</b> 1. U.S.: 48% 2. Mexico: 11% 3. Chile: 10% 4. Costa Rica: 6%	<ul style="list-style-type: none"> <li>▪ Mexico gained significant share of the market due to lower prices. Their leading products are tomatoes, peppers, avocados, mangos, and limes. Recently, are offering strawberries.</li> <li>▪ Chile is competitive with their leading exports of grapes, berries. They offer apples and cherries as well.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canadian companies process a wide range of canned, chilled, and frozen products.</li> <li>▪ Adoption of advanced technologies in food processing has been fairly extensive among Canadian processors. Statistics Canada reported almost 50% companies reported adopted more than 5 new technologies in their operations.</li> <li>▪ Higher manufacturing and operation costs than in the U.S.</li> </ul>
<b>PROCESSED FRUITS AND VEGETABLES</b>  CANADIAN GLOBAL IMPORTS: U.S. \$ 1.9 BILLION	1. U.S.: 59% 2. China: 9% 3. Thailand: 4%	<ul style="list-style-type: none"> <li>▪ The U.S imports amounted to U.S\$ 1.2 billion. There is a full range of prepared and frozen products. Major products are prepared potatoes, tomato paste, mixes fruits, and variety of processed vegetables.</li> <li>▪ U.S. is a major player in the market with established process brands in the market.</li> <li>▪ China has seen a 15% growth in the category of dried fruits and vegetables.</li> <li>▪ Thailand major products are pineapples and fruit mixtures.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canadian companies process a wide range of canned, chilled, and frozen products.</li> <li>▪ Adoption of advanced technologies in food processing has been fairly extensive among Canadian processors. Statistics Canada reported almost 50% companies reported adopted more than 5 new technologies in their operations.</li> <li>▪ Higher manufacturing and operation costs than in the U.S.</li> </ul>

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>SNACK FOODS</b></p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$ 1.5 BILLION (excluding nuts)</p>	<p>1. U.S.: 58%</p> <p>2. Germany: 5%</p> <p>3. Belgium: 5 %</p> <p>(U.S. share of sub category 82%)</p>	<ul style="list-style-type: none"> <li>▪ The U.S. dominates this category considering the more perishable and bulky natures of some products such as chips, which adds significantly to shipping costs.</li> <li>▪ Competitors vary by sub category with the main competitor and sub category as follows: Germany: cocoa, confectionaries and chocolate; Belgium: chocolate and confections. U.K. and Switzerland; chocolate, along with confection and non-confection items.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canada's snack food imports have grown by U.S. \$ 316 million since 2006. The category includes chocolate and non-chocolate confectionary, cookies, crackers, potato chips, corn chips, popped popcorn, pretzels, and extruded cheese snacks, seed snacks, mixed nuts, peanuts and peanut butter, as well as pork rinds.</li> <li>▪ The snack food industry is served primarily by domestic manufacturers however domestic market share is being lost to imports. The rapid increase in imports is due both to the strengthening Canadian dollar and a number of new products in the category, many targeted at specific ethnic groups</li> <li>▪ Canada does have domestic raw materials for the grain based products but has to import sugar, chocolate, cacao, and nuts for manufacturing and is not competitive on dairy and egg ingredients used in some of the processing.</li> </ul>
<p><b>RED MEATS</b> (Fresh/Chilled/Frozen)</p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$1.7 BILLION</p> <p><b>RED MEATS</b> (Prepared/Preserved)</p>	<p>1. U.S.: 79%</p> <p>2. New Zealand: 12%</p> <p>3. Australia: 6%</p> <p>1. U.S.: 94%</p> <p>2. Thailand: 2%</p> <p>3. Brazil: 2%</p>	<ul style="list-style-type: none"> <li>▪ Beef imports fall into two distinct categories. The largest portion of imports being chilled cuts traditionally from the U.S. Midwest heavily destined for the Ontario region. The other part is frozen manufacturing meat from Australia (for grinding) and New Zealand (largely for specific manufacturing purposes). South America, except for Uruguay, which is beginning to make inroads in the manufacturing market, remains ineligible for entry to Canada (except as a supplier of cooked and canned beef) due to sanitary reasons.</li> <li>▪ U.S. competitors are limited by a beef quota.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canada maintains a narrow acquired feed cost advantage.</li> <li>▪ Canada continues to grow as a key U.S. pork export market. Canadian hog production numbers have been declining across the country and U.S. pork imports are up 6.5% due to market structures and the Canadian strong dollar.</li> <li>▪ The industry has worked its way out of the inventory surge from the BSE trade disruption. Canadian exports have been sluggish due to a strong Canadian dollar but increased by 1% in 2011.</li> <li>▪ Canadian per capita basis consumption has declined since 2006 from 31 kilograms to 29 kilograms.</li> </ul>
<p><b>FISH &amp; SEAFOOD</b></p> <p>CANADIAN GLOBAL</p>	<p>1. U.S.: 36%</p> <p>2. China: 16%</p> <p>3. Thailand: 16%</p>	<ul style="list-style-type: none"> <li>▪ Two major categories make up approximately half of the imports: Crustaceans (including lobster, crab, shrimp</li> </ul>	<ul style="list-style-type: none"> <li>▪ Declining fish stocks have led to almost zero growth in fish and seafood catch over the last decade.</li> </ul>

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p>IMPORTS: U.S. \$ 2.4 BILLION</p>		<p>and prawn) totaling U.S.\$ 915 million with the U.S. representing 34% market of the share; Thailand's share is 26% and China's is 11%. The other category is fresh and frozen fish fillets. Canada world imports are U.S.\$ 1 billion with the U.S. share at 24% followed by China at 24%, Thailand at 14%., and Chile at 10%.</p> <ul style="list-style-type: none"> <li>▪ Fish filleting is extremely labor intensive, which accounts for the rapid penetration of China and Thailand in this segment.</li> <li>▪ With ocean catches having peaked, aqua culture is becoming a more important source of product and China is the dominant producer of farmed fish and seafood in the world.</li> <li>▪ A growing concern among consumers and retailers for sustainable production practices may help some U.S. fish processors.</li> <li>▪ More than two-thirds of seafood is sold by retailers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ In total, the capture fishery accounts for 76 percent of total fish and seafood production in Canada.</li> <li>▪ Lobster, crab and shrimp comprise 67% of the landed value of all fish and shellfish harvested in Canada.</li> <li>▪ Aquaculture is increasing in importance. Key products include farmed salmon, trout, steelhead, arctic char, blue mussels, oysters and manila clams.</li> <li>▪ At approximately 50 lbs. per person, Canadian consumption of fish is significantly higher than in the U.S. 16.5 lbs. per person, making Canada an excellent export market for U.S. exporters.</li> </ul>
<p><b>BREAKFAST CEREALS/PANCAKE MIXES</b></p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$ 424 MILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 93%</li> <li>2. U.K.: 2%</li> <li>3. Mexico: 1%</li> </ol>	<ul style="list-style-type: none"> <li>▪ Breakfast cereal imports have grown by over US \$150 million since 2006. The U.S. continues to dominate imports although a variety of competitors are all growing small niche positions.</li> <li>▪ Canada represents the largest market for U.S. Breakfast cereals accounting for approximately half of U.S. exports.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales and manufacturing in Canada is largely controlled by U.S. based companies.</li> <li>▪ Domestic non-U.S. owned competitors tend to be in the specialty or organic breakfast cereal business.</li> <li>▪ Canadian consumption of breakfast cereals reached an annual 9 lbs per person.</li> <li>▪ Three key trends in cereal consumption have driven continues growth, reduced sugar, high fiber whole wheat, and hot cereals.</li> </ul>
<p><b>FRUIT &amp; VEGETABLE JUICES</b></p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$739 MILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 60%</li> <li>2. Brazil 15%</li> <li>3. China 7%</li> </ol>	<ul style="list-style-type: none"> <li>▪ U.S. imports to Canada increased and fastest growing juice category, fresh orange juice.</li> <li>▪ Brazil is the leader in frozen orange juice concentrate, the second largest imported juice category, with 70% of the import share.</li> <li>▪ China's major juice export to Canada is fortified apple juice; China represents 89% of this import market.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canada is a major per capita consumer of citrus juices but is unable to grow these products. It will continue to be an exceptional value added market for the U.S.</li> <li>▪ Both Canada and the U.S. have experienced major penetration by Chinese apple juice due to the major shift of Chinese agriculture toward labor-intensive crops and labor intensive processing.</li> </ul>

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>NUTS</b></p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$609 MILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 54%</li> <li>2. Turkey: 15%</li> <li>3. Vietnam 9%</li> </ol>	<ul style="list-style-type: none"> <li>▪ In 2010 and 2011 U.S. imports of almonds, peanuts and walnuts increased between 26% to 28% from the previous year.</li> <li>▪ US products lead with peanuts and almonds is preferred by Canadian importers as it meets Canadian sanitary and phytosanitary standards consistently.</li> <li>▪ Turkey is a competitive supplier of Hazelnuts.</li> <li>▪ Vietnam competes with cashew nuts.</li> <li>▪ Growing trend of nut allergens by Canadians has caused the Canadian Food Inspection Agency and Health Canada to set specific allergen labeling regulations for all suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canadian per capita consumption of peanuts and tree nuts increased respectively from 2.4 to 2.7 kg and 1.2 to 1.3 kg from 2005 to 2006.</li> <li>▪ Canada has areas of Ontario, which can grow peanuts, but it has not done so in commercial quantities as the returns are not competitive with other crop alternatives. Similarly British Columbia and other provinces produce small quantities of a number of tree nuts including hazelnuts. However, in general, Canada is not price competitive.</li> </ul>
<p><b>PET FOOD</b> ( Dog and Cat)</p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$ 536 MILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 94%</li> <li>2. China: 2%</li> <li>3. Thailand: 2%</li> </ol>	<ul style="list-style-type: none"> <li>▪ U.S. imports of dog and cat food registered at U.S.\$ 505 million in 2011.</li> <li>▪ Canadians regard U.S. pet foods as a trusted and quality product.</li> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pet food sector is largely U.S. owned multinationals.</li> <li>▪ Canada has approximately 17 (non-raw) pet food manufacturers.</li> <li>▪ New pet food importation requirements have been in place as of June 2009.</li> <li>▪ More than 322,000 tonnes of pet food is sold in Canada.</li> </ul>

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<b>PRODUCTS IMPORTED INTO CANADA FACING SIGNIFICANT BARRIERS</b>			
<b>POULTRY</b>  CANADIAN GLOBAL IMPORTS:  U.S. \$331 MILLION	1. U.S.: 85% 2. Brazil: 12 % 3. Chile: 2 %	<ul style="list-style-type: none"> <li>▪ The U.S. is the world's largest producer of poultry meat. Brazil is the largest exporter of poultry meat and can land product in Canada at a lower cost compared to the U.S.</li> <li>▪ Brazil has rapidly expanded its share of the Canadian broiler market except with Canadian further processing plants that do not want to take the risk of commingling U.S. and Brazilian origin which would result in being unable to sell processed products to the U.S.A.</li> <li>▪ Increases in imports of U.S. chicken are due in part to imports under the Canadian Import for Re-Export Program (IREP).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Canadian poultry industry is a Tariff Regulated Industry with live bird and meat prices well above the world market. The Canadian strategy has been to differentiate the product particularly at retail through air chilling and such additional attributes as 'vegetable grain fed chicken" However the scale of plant operations in Canada remains relatively small due to the supply managed system. In an effort to mitigate this and to offset difficulty obtaining labor, Canadian processing plants are among the most highly mechanized sectors in Canadian agriculture and employ the latest in robotics.</li> <li>▪ The Canadian industry has significantly increased surveillance since the A.I. outbreaks in B.C. in 2004 and has continuously improved bio-security measures.</li> </ul>
<b>DAIRY</b>  CANADIAN GLOBAL IMPORTS:  (excluding cheese) : U.S. \$ 306 MILLION  (Cheese) : U.S. \$265 MILLION	1. U.S.: 61% 2. New Zealand: 17 % 3. Argentina: 9%  1. Italy.: 23% 2. France: 21.5% 3. U.S.: 21%	<ol style="list-style-type: none"> <li>1. The U.S.'s close proximity to market, speedy delivery, and significant freight advantage has allowed it to be competitive in the Canadian Import for Re-export Program (IREP) which allows U.S. dairy product to be imported into Canada duty free, and used in further processing, provided the product is subsequently exported.</li> <li>2. The European Union has a distinct advantage in the cheese trade since it has been allocated 66% of Canada's cheese quota as a result of the 1994 Agreement on Agriculture (AoA). Italy recently surpassed France as the largest supplier of cheese from the E.U.</li> <li>3. New Zealand has a cost leadership advantage. Low costs of production due to the availability of year-round pasturage have helped New Zealand achieve a 30% share of</li> </ol>	<ul style="list-style-type: none"> <li>▪ The Canadian dairy market operates under a supply management system, which attempts to match domestic supply with domestic demand while paying producers on a cost of production related formula. This system has tended to price dairy products above prevailing world levels. Imports are controlled under Tariff-rate-quota (TRQ) and over quota imports are subject to high tariffs.</li> <li>▪ American suppliers have taken advantage of the Import for Re-export Program (IREP), which allows Canadian processors to import dairy products used in manufacturing provided the product is exported. The U.S. is the largest user of this program due to the perishable nature of the products.</li> </ul> <p>Canadian tariff rate quotas stipulate a 50-percent dairy content guideline for imported product, resulting in the creation of ingredients and blend products that are designed to circumvent this guideline. Butter-oil-sugar blends were the first major products to be imported tariff-free, displacing Canadian milk for ice cream. More recently</p>

		world dairy exports. New Zealand has an additional advantage on butter imports into Canada and hold 61% of Canada’s import quota for butter.	there has been an increase in flavored milks imported as “beverages” and a number of milk proteins which are not captured by the dairy TRQ. For example milk albumin from whey concentrates destined for dairy manufacturing increased by U.S. \$ 10 million between 2010 to 2011.
Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>EGGS &amp; EGG PRODUCTS</b></p> <p>CANADIAN GLOBAL IMPORTS:</p> <p>U.S. \$75 MILLION</p>	<p>1. U.S.: 95%</p> <p>China: 4%</p>	<ul style="list-style-type: none"> <li>The U.S. egg industry traditionally fills Canada’s needs when supply is seasonally low. There were significant increases in U.S. imports following the Avian Flu outbreaks in B.C. to both avert shortages in the market and rebuild the hatching egg supply.</li> <li>The U.S. has also become a supplier of organic eggs to Canada.</li> </ul>	<ul style="list-style-type: none"> <li>Canada’s egg industry operates under Supply Management, which is designed to encourage production of a sufficient volume of eggs to meet market needs without creating surplus. The market is protected by high tariffs. Today, about 75% of Canada’s total egg production is sold for the table market, while the remaining 25% is used in the manufacturing of value-added food and other products (liquid, frozen or dried form). These supplies are supplemented by imports and a Tariff Rate Quota system.</li> <li>The Canadian industry has made considerable inroads at retail with differentiated egg offerings such as “free range”, Omega 3, and Organic all of which are sold at a premium.. The Canadian Egg Marketing Agency has a sustained media campaign focused on the health benefits of eggs to support retail movement.</li> </ul>



## Section 4: Best Product Prospects with Good Sales Potential

Table 17: High Physical Growth – Year 2010/2011

Category	Growing	
	+4 % to 10%	Over 10%
<b>Beverages</b>	Whole bean coffee (5%)	Single serve coffee (126%) Traditional ground coffee (11%)
<b>Confectionery</b>	Chocolate (6%) Candy(6%)	
<b>Dry Grocery</b>	Bread – grains/diet/organic (4.4%) Specialty artisan breads (8.5%) Bagels (6.2%) Breakfast cereal (4%) Baking Nuts (10%) Baking chips chocolate (10%) Sugar (8%) Noodles (3.5%) Pasta (3.5%)	
<b>Frozen Foods</b>	Chilled Ready Meals (6%), ranging from traditional to Asian/Indian style cuisine, as well as nutritional meals.  Frozen potatoes (4%) Processed fish/seafood (5%) Ready-to-steam vegetable packs (4%) Thin Crust Pizza (8%)	Alternative pizza incl. organic, gluten-free, ethnic and seafood (18%)
<b>Poultry &amp; Meat</b>	Turkey products (6%)	
<b>Prepared Foods</b>	Dips (8%) Processed fruits – especially dried (7%)	Hummus dips (26%) Tzatsiki dips (11%)
<b>Produce</b>	Grapes (7%)	Berries (11%) Cherries (18%)
	Mushrooms (6%) Cucumbers (9%) Onions (8%) Potatoes (4%) Peppers (5%) Lettuce (5%)  Prepared Salads – pre-washed/pre-packaged (5%)	Artichokes (44%) Broad leaf (15%) Kale (19%) Ginger root (18%) Yams (17%)
<b>Refrigerated &amp; Dairy</b>	Cheese (8%)	Drinkable yogurt (15%) Yogurt in tubes (17%)

Source: AC Nielsen, Euromonitor International 2011, Canadian Grocer Category Captains 2011

#### 4B. Products Facing Significant Barriers and Regulatory Challenges

Exporters from the United States are urged to familiarize themselves with the Canadian food laws and regulations as this will help them evaluate their product's market potential and ensure their products can be legally sold in Canada. To learn more about these regulations, please read the GAIN report (CA 11073) on [Food and Agricultural Import Regulations and Standards](#). The Canadian Food Inspection Agency (CFIA) is responsible for the inspection of food products at all levels of trade. Below are some key barriers and challenges in the market.

- **Tariffs and Tariff Rate Quotas (TRQs)**

Effective January 1, 1998 the tariff provisions of the U.S.- Canada Free Trade Agreement (FTA) removed all tariffs between the two countries with the exception of those products for which Canada implemented tariff rate quotas on January 1, 1995. The provisions of the FTA were incorporated into the NAFTA to which Mexico is also a signatory. The NAFTA came into effect on January 1, 1994.

In 1995, under the World Trade Organization (WTO) agreement, Canada replaced import quotas on certain agricultural products with Tariff Rate Quotas (TRQs). Under the TRQ system, imports that are within quotas are subject to low or free rates of duty, until the quota limit has been reached. Once quota limits have been reached, over quota imports are subject to significantly higher Most-Favored-Nation (MFN) rates of duty. To import and market TRQ commodities, a business must be a registered Canadian business entity and must be in possession of an import permit. These companies are referred to as 'quota holders.' For most commodities, TRQs are already allocated with only a few available for new Canadian businesses. The Department of Foreign Affairs and International Trade (Export and Import Controls Bureau) is responsible for administering Canada's Tariff Rate Quotas for agricultural products. For more information go to: <http://www.dfait-maeci.gc.ca/trade/eicb/agric/agric-en.asp>

Canada administers TRQs that affect exporters of the following U.S. agricultural commodities:

- Broiler Hatching Eggs & Chicks
- Chicken and Chicken Products
- Turkey and Turkey Products
- Table Eggs
- Milk & Dairy Products
- Cheese
- Margarine

**Important note for U.S. meat exporters:** Canada has further TRQs that affect both the level and the tariff rates of imports from non-NAFTA origin of pork, beef, and wheat, barley and their products, but they do not apply to imports of U.S. origin (or Mexican origin when eligible).

Detailed Information is located at the link below:

[http://www.international.gc.ca/controls-controles/prod/agri/index.aspx?menu\\_id=3&menu=R](http://www.international.gc.ca/controls-controles/prod/agri/index.aspx?menu_id=3&menu=R)

### **Pesticides and Other Contaminants**

Some agricultural chemicals approved for use in the United States are not registered in Canada. As a result, these pesticides are deemed to have a zero tolerance in Canada and imported foods which contain unregistered pesticide residues above 0.1 parts per million are deemed to be adulterated under Section B.15.002 (1) of Canada's Food and Drug Regulations. The goods are subject to detention, destruction, or return.

Canada is currently reviewing its policy of the 0.1 ppm default level. A discussion document issued by Health Canada on this policy review is available at:

<http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/dis2006-01/index-eng.php>

### **Health Canada**

Health Canada continues to develop standards and policies for the safety of the food supply, which are applied by the CFIA.

All foods sold in Canada are subject to the Food and Drugs Act and Regulations which contains health and safety requirements, labeling requirements and provision preventing deception and fraud. However, many agricultural and fish products are also subject to other legislations. Consequently, the need for licensing, permits and certificates depends upon the type of food being imported and in some cases on the country or area from which the food is imported. It should be noted that in some provinces, there are additional requirements for certain foods, such as dairy products, bottled water and maple syrup.

The Food and Drug Regulations (FDR) outline the specifications and further requirements for standardized and non-standardized products. The following are just a few examples of regulatory issues, which could pose a barrier for some United States food companies attempting to sell in Canada.

**Food Additives:** In the absence of specifications under the FDR, food additives must conform to specification in the Food Chemical Codex (as required by section B.01.045 of the FDR). There are differences between Canadian and United States rules. A list of food additives permitted for use in Canada can be found at: [http://www.hc-sc.gc.ca/fn-an/securit/addit/diction/dict\\_food-alim\\_add-eng.php](http://www.hc-sc.gc.ca/fn-an/securit/addit/diction/dict_food-alim_add-eng.php).

**Food Color:** Synthetic food colors are the only additives that must be certified by the Health Products and Food Branch of Health Canada before being used in foods. Regulations concerning food colors are listed in Division 6 and Table III of Division 16 of the FDR.

**Vitamin and Mineral Fortification:** Fortification in Canada is under review. Health Canada has signaled it is looking at expanding discretionary fortification but with restrictions on which vitamins and minerals and what amounts. However, differences remain such as the folic acid exclusion on milled grain and bakery products. More information on fortification can be seen: [www.hc-sc.gc.ca/fn-an/nutrition/vitamin/index\\_e.html](http://www.hc-sc.gc.ca/fn-an/nutrition/vitamin/index_e.html).

**Trans Fats:** In July 2007, Health Canada announced that it is adopting the Trans Fat Task Force's recommendation on trans fats, but will ask industry to voluntarily limit the trans fat content of vegetable oils and soft, spreadable margarines to 2 per cent of the total fat content and to limit the trans fat content for all other foods to 5 per cent, including ingredients sold to restaurants. Canada also requires that the levels of trans fat in pre-packaged food be included on the mandatory nutrition label. Trans fat regulations are outlined at: <http://www.hc-sc.gc.ca/fn-an/nutrition/gras-trans-fats/index-eng.php>.

**Novel Foods (Foods Containing Genetically Modified Crops):** Health Canada defines novel foods as: products that have never been used as a food; foods that result from a process that has not been previously used for food; or foods that have been modified by genetic manipulation (i.e., from foods containing genetically modified (GM) crops).

Under the Novel Foods Regulations, such foods can only be sold in Canada once approved by Health Canada. To learn more go to: *GM Foods and Other Novel Foods*: <http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php>

**Diet-Related Health Claims:** The Canadian Food Inspection Agency enforces specific regulations regarding health claims that can be made about a product or ingredient. These regulations are in place to ensure accuracy and validity. For exact wording, visit <http://www.inspection.gc.ca/english/fssa/labeti/guide/ch8e.shtml#8.4>.

**Packaging and Container Regulations:** Canadian regulations govern specific package sizes for fruits and vegetables, processed horticultural products and processed meats stipulate standardized package sizes may differ from U.S. sizes. The standards of identity and the container sizes are generally stipulated in the regulations encompassing agriculture and food products. Electronic access to all Canadian food-related regulations is available through: <http://www.inspection.gc.ca/english/req/rege.shtml>

**Allergen Labeling Regulations on Pre-packaged Foods:** Health Canada has added gluten sources, mustard, and sulphites to the list of Priority Food Allergens list (see table below). As of August 4, 2012, the Canadian Food Inspection Agency (CFIA) and Health Canada will require most pre-packaged products containing these allergenic ingredients be noted on the label in a form of list or in a statement such as “*Allergy and Intolerance Information*”; *Contains (name the allergen)*. The new regulations also require manufacturers to use common names, for example spelt and kamut are to be declared as wheat for allergen labeling purposes.

Health Canada provides the following reference guidance to food companies:  
*Food Allergen Labelling Guidance for Industry*  
[http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/guide\\_ligne\\_direct\\_indust-eng.php](http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/guide_ligne_direct_indust-eng.php)

**Organic Standards:** As of June 30, 2009, the Organic Products Regulations require mandatory certification to the revised National Organic Standard for agricultural products

represented as organic in international and inter-provincial trade, or that bear the federal organic agricultural product legend (or federal logo). Due to the equivalency agreement with the United States, the USDA organic certification is fully recognized in Canada and there is no need for further certification in Canada for USDA-certified organic products. The CFIA has more information on regulations for organic products on their website at: <http://www.inspection.gc.ca/food/organic-products/eng/1300139461200/1300140373901>.

**Revised Compositional Standards for Cheese:** New cheese compositional standards came into force on December 14, 2008. These standards impose limitations on the dairy ingredients that can be used in cheese making and also bring in a regulatory scheme designed to make cheese importers more accountable for ensuring that imported product complies with the new regulations. The regulations limit dairy ingredients by requiring “minimum percentage of casein from milk” categories, and the requirement of cheeses to meet the minimum ratios. To determine whether or not cheese to be imported complies with Canadian compositional standards, refer to an official copy of the regulations, available at:

<http://laws.justice.gc.ca/en/showtdm/cr/SOR-79-840> (English)

<http://laws.justice.gc.ca/fr/showtdm/cr/DORS-79-840> (French)

## Section 5: Further Canadian Contacts and FAS/Canada Contacts

### 5A: Table 18: Government Organizations

Organization	Contact Information
Agriculture and Agri-Food Canada	1341 Baseline Road Ottawa, Ontario K1A 0C5 Telephone: 613-773-1000 Fax: 613-773-2772 TDD/TTY: 613-773-2600 Email: <a href="mailto:info@agr.gc.ca">info@agr.gc.ca</a> <a href="http://www.agr.gc.ca">www.agr.gc.ca</a>
Statistics Canada	150 Tunney's Pasture Driveway Ottawa, Ontario K1A 0T6 Online requests: <a href="mailto:infostats@statcan.gc.ca">infostats@statcan.gc.ca</a> Telephone: 1-800-263-1136 or 613-951-8116 Fax: 1-877-287-4369 or 613-951-0581 TTY: 1-800-363-7629 <a href="http://www.statcan.gc.ca">www.statcan.gc.ca</a>
Organization	Contact Information
Department of Foreign Affairs and International Trade	125 Sussex Drive Ottawa, ON, Canada K1A 0G2 Facsimile: 613-996-9709 Email: <a href="mailto:enqserv@international.gc.ca">enqserv@international.gc.ca</a>

	<p>Telephone: 1-800-267-8376 (toll-free in Canada) 613-944-4000 (in the National Capital Region and outside Canada) <a href="http://www.international.gc.ca">www.international.gc.ca</a></p>
Canada Border Services Agency	<p>Canada Border Services Agency Ottawa ON, K1A 0L8</p> <p>Call within Canada: Service in English: 1-800-461-9999 Service in French: 1-800-959-2036</p> <p>Calls outside Canada: Service in English: 204-983-3500 or 506-636-5064 Service in French: 204-983-3700 or 506-636-5067 <a href="mailto:Contact@cbsa.gc.ca">Contact@cbsa.gc.ca</a> <a href="http://www.cbsa.gc.ca">www.cbsa.gc.ca</a></p>
Canadian Food Inspection Agency	<p>1400 Merivale Road Ottawa, Ontario K1A 0Y9 Tel: 1-800-442-2342 / 613-225-2342 TTY: 1-800-465-7735 Fax: 613-228-6601 <a href="http://www.inspection.gc.ca">www.inspection.gc.ca</a></p>
Health Canada	<p>Address Locator 0900C2 Ottawa, Ontario K1A 0K9 Email: <a href="mailto:Info@hc-sc.gc.ca">Info@hc-sc.gc.ca</a> Telephone: 613-957-2991 Toll free: 1-866-225-0709 Facsimile: 613-941-5366 Teletypewriter: 1-800-267-1245 (Health Canada) <a href="http://www.hc-sc.gc.ca">www.hc-sc.gc.ca</a></p>
Industry Canada	<p>C.D. Howe Building 235 Queen Street Ottawa, Ontario K1A 0H5 Canada</p> <p>Online: <a href="mailto:info@ic.gc.ca">info@ic.gc.ca</a> Telephone: 613-954-5031 Toll-free: 1-800-328-6189 (Canada) TTY (for hearing-impaired only): 1-866-694-8389 (toll-free) Fax: 613-954-2340 <a href="http://www.ic.gc.ca">www.ic.gc.ca</a></p>

5B. **Industry Associations- Table 19**

Organization	Contact Information
Canadian Federation of Independent Grocers	<p>Canadian Federation of Independent Grocers 2235 Sheppard Ave. East, Suite 902 Willowdale, ON M2J 5B5 Tel: (416) 492-2311 or 800-661-2344</p>

	Fax: (416) 492-2347 Email: <a href="mailto:info@cfig.ca">info@cfig.ca</a> Web: <a href="http://www.cfig.ca">www.cfig.ca</a>
Canadian Produce Marketing Association [CPMA]	Canadian Produce Marketing Association 162 Cleopatra Drive Ottawa, ON K2G 5X2 Tel: (613) 226-4187 Fax: (613) 226-2984 Email: <a href="mailto:question@cpma.ca">question@cpma.ca</a> Web: <a href="http://www.cpma.ca">www.cpma.ca</a>
Food and Consumer Products of Canada (FCPC )	Food and Consumer Products of Canada 100 Sheppard Avenue East, Suite 600 Toronto, Ontario M2N 6N5 Tel. (416) 510-8024 Fax.(416) 510-8043 Email. <a href="mailto:info@fcpc.ca">info@fcpc.ca</a> Web: <a href="http://www.fcpc.ca">www.fcpc.ca</a>
Fruit and Vegetable Dispute Resolution Corporation (FVDRC)	Fruit and Vegetable Dispute Resolution Corporation Building 75, Central Experimental Farm 930 Carling Avenue Ottawa, ON K1A 0C6 Tel: 613 234-0982 Fax: 613 234-8036 E-mail: <a href="mailto:info@fvdrc.com">info@fvdrc.com</a> Web: <a href="http://www.fvdrc.com">www.fvdrc.com</a>
Food and Consumer Product Manufactures of Canada	Food and Consumer Product Manufactures of Canada 885 Don Mills Rd. Suite. 301 Toronto, ON M3C 1V9 Tel: (416) 510-8024 Fax: (416) 510-8043 Email: <a href="mailto:info@fcpmc.com">info@fcpmc.com</a> Web: <a href="http://www.fcpmc.com">www.fcpmc.com</a>

## 5C. Publications - Table 20

Publications	Contact Information
Food in Canada	Food in Canada 80 Valleybrook Drive Toronto, ON M3B 2S9 Tel: (416) 510-6775

	Fax: (416) 510-5140 Email: <a href="mailto:IEilbracht@foodincanada.com">IEilbracht@foodincanada.com</a> Web: <a href="http://www.foodincanada.com">www.foodincanada.com</a>
Canada Grocer	Canadian Grocer Rogers Media One Mount Pleasant Rd. Toronto, ON M4Y 2Y5 Tel: 1-800-268-9119, ext. 1441 Fax: (416) 764-1523 Email: <a href="mailto:michelle.iliescu@rci.rogers.com">michelle.iliescu@rci.rogers.com</a> Web: <a href="http://www.canadiangrocer.com">www.canadiangrocer.com</a>
Foodservice and Hospitality	Foodservice and Hospitality 101-23 Lesmill Road Toronto, ON M3B 3P6 Tel: (416) 447-0888 Fax: (416) 447-5333 Email: <a href="mailto:rcaira@foodservice.ca">rcaira@foodservice.ca</a> Web: <a href="http://www.foodservice.ca">www.foodservice.ca</a>
Grocery Business	Grocery Business 390 Queen's Quay West P.O. Box 4085 Toronto, ON M5V 3A6 Tel. 416-561-4744 Email: <a href="mailto:Info@grocerybusiness.ca">Info@grocerybusiness.ca</a> Web: <a href="http://www.grocerybusiness.ca">www.grocerybusiness.ca</a>
C-Store Canada	C-Store Canada 1740 Wellington Avenue Winnipeg, MB R3H 0E8 Tel: (204) 954-2085, ext. 223 or (800) 337-6372 Fax: (204) 954-2057 Email: <a href="mailto:sheilah@mercury.mb.ca">sheilah@mercury.mb.ca</a> Web: <a href="http://www.c-storecanada.com">www.c-storecanada.com</a>
Western Grocer	Western Grocer 1740 Wellington Avenue Winnipeg, MB R3H 0E8 Tel: (204) 954-2085, ext. 215 or (800) 337-6372 Fax: (204) 954-2057 Email: <a href="mailto:Melanie@mercury.mb.ca">Melanie@mercury.mb.ca</a> Web: <a href="http://www.mercury.mb.ca">www.mercury.mb.ca</a>

#### 5D. FAS/Canada Contacts

USDA/FAS Canada endorses and organizes a U.S. pavilion at SIAL Canada every year. The next SIAL Canada show is scheduled for May 9<sup>th</sup> to 11<sup>th</sup> 2012 in Montreal, Quebec.

Office of Agricultural Affairs  
U.S. Embassy, Canada  
P.O. Box 5000, MS-30  
Ogdensburg, NY 13669-0430  
Telephone: (613) 688-5267  
Fax: (613) 688-3124  
Email: [agottawa@fas.usda.gov](mailto:agottawa@fas.usda.gov)

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P.O. Box 135  
Lewiston, NY 14092-0135  
Telephone: (416) 646-1656  
Fax: (416) 646-1389  
Email: [agtoronto@fas.usda.gov](mailto:agtoronto@fas.usda.gov)

Maria A. Arbulu, Senior Marketing Specialist

**Find us on the World Wide Web**

FAS publishes timely information on the agricultural economy and market conditions in foreign countries. To access these reports go to the following search engine at <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

**Table 21: Available GAIN Reports on Canada:**

Report	Report Subject
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<b>Number</b>	
CA 12010	This Week in Canadian Agriculture, Issue 6
CA 12009	Livestock Semi-Annual
CA 12008	This Week in Canadian Agriculture, Issue 5
CA 12006	Northern Trends – Winter 2012
CA 12005	Grain and Feed Quarterly (2012)
CA12004	This Week In Canadian Agriculture, Issue 4 (2012)
CA12003	This Week In Canadian Agriculture, Issue 3 (2012)
CA12002	This Week In Canadian Agriculture, Issue 2 (2012)
CA12001	This Week In Canadian Agriculture, Issue 1 (2012)
CA11067	Marketing Freedom For Grain Farmers Act Becomes Law
CA11065	Exporter Guide
CA11062	Grain and Feed Quarterly
CA11061	Fruit Annual
CA11060	Success Story: U.S. Gourmet Company Tastes Sweet Success in Canadian Market
CA11059	Bill C-18 – Marketing Freedom for Grain Farmers Act
CA11058	Success Story: Hawaii Export International (Coffee)
CA11057	This Week in Canadian Agriculture 21
CA11056	This Week in Canadian Agriculture 20
CA11055	Livestock Annual
CA11053	Potatoes Annual
CA11051	This Week in Canadian Agriculture 19
CA11050	This Week in Canadian Agriculture 18
CA11048	Northern Trends – Fall Edition
<b>Report Number</b>	<b>Report Subject</b>
Ca 11047	This Week in Canadian Agriculture 17
CA 11046	Poultry Annual
CA11044	Grain and Feed Quarterly
CA11042	This Week in Canadian Agriculture 16

CA11040	This Week in Canadian Agriculture 15
CA11039	Biotechnology Annual
CA11037	This Week in Canadian Agriculture 14
CA11036	Biofuels Annual Report
CA11035	This Week in Canadian Agriculture 13
CA11034	This Week in Canadian Agriculture 12
CA11033	Northern Trends – Spring Edition
CA11032	Top Ten U.S. Fresh Vegetable Exports to Canada
CA11031	This Week in Canadian Agriculture 11
CA11030	This Week in Canadian Agriculture 10
CA11029	Top Ten U.S. Fresh Fruit Exports to Canada
CA11027	This Week in Canadian Agriculture 9
CA11025	Voluntary- 2011 Agent/Broker Directory – Central Canada
CA11024	This Week in Canadian Agriculture 8
CA11023	Voluntary- 2011 Canadian March Planting Intentions
CA11022	American Wines in Canada
CA11020	Meeting Report from the CGC meeting (April 4-5)
CA11019	In a Nutshell: Explaining Dairy Trade Flows Between the United States and Canada (Voluntary)
CA11017	Exporting Alcoholic Beverages into the Canadian Market
CA11016	Actions Taken Regarding Food Imports from Japan
CA11015	Oilseed and Products
CA11014	Grain and Feed Annual
CA11013	This Week in Canadian Agriculture 7
<b>Report Number</b>	<b>Report Subject</b>
CA 11011	Livestock Semi-Annual
CA 11009	This Week in Canadian Agriculture 6
CA11008	This Week in Canadian Agriculture 5
CA11007	This Week in Canadian Agriculture 4
CA11006	Canada Food Trends – February 2011

CA11005	This Week in Canadian Agriculture 3
CA11004	Grain and Feed
CA11003	This Week in Canadian Agriculture 2
CA11001	This Week in Canadian Agriculture 1

## 5E. Summary of Key Resources

Agricultural and Agri-Canada (2010). *Canadian Consumers*.  
 Colliers International (2011). *The Retail Report Canada Fall Edition*.  
 Canadian Council of Food and Nutrition. (2009)  
*Tracking Nutrition Trends 20 Year History Report*  
 Canadian Grocer (2011). *Category Captains*  
 Canadian Grocer (2010-2011). *Executive Report*  
 Canadian Grocer Who's Who (2010). *Annual Directory of Chains and Groups in Canada*  
 Canadian Press for Canadian Grocer (December 14, 2011).  
*Food Industry Weathered Economic Storm*  
 The Conference Board of Canada (June 2011).  
*Valuing Food: The Economic Contribution of Canada's Food Sector*.  
 Dun and Bradstreet Canadian Business Directory 2012.  
 Euromonitor International (January 2012). *Grocery Retailers in Canada*.  
 Euromonitor International (April 2011). *Grocery Retailers in Canada*.  
 Global Trade Information Services (2006-2011). *Global Trade Atlas*.  
 Industry Canada, Office of Consumer Affairs (August and September 2011).  
*State of the Industry- Grocery Business*.  
 Rogers Media (2012). *Directory of Retail Chains in Canada*.  
 Statistics Canada (2010). *Retail Sales by type of Stores*.  
 The Nielsen Company (2010). *Keeping it 'Fresh' in the New Economy*.  
 U.S.D.A. /FAS (2006-2011). *Global Agricultural Trade System*.