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SECTION I. MARKET OVERVIEW

Canada is the No. 1 market for U.S. agricultural exports. In 2005, U.S. agricultural exports to Canada reached a record \$10.6 billion. U.S. agricultural exports to Canada accounted for 17% of total U.S. food and agricultural product exports of \$63.2 billion. Consumer-oriented agricultural products accounted for 77 percent of total U.S. food and agricultural product sales to Canada in 2005, with fresh and processed fruits and vegetables, snack foods, processed horticultural products, and red meat products as the category leaders. American products account for more than 60% of total Canadian agricultural imports.

Canada is also an important market for U.S. fish and forestry exports. Canada is the No. 2 market for U.S. fish and seafood exports and sales during 2005 reached a record \$681 million. Despite being a major producer and world exporter of forest products, Canadian imports of U.S. forest products reached \$2.1 billion in 2005. Combined, total U.S. farm, fish and forestry product exports to Canada reached a record \$13.4 billion during 2005, \$1.2 billion more than to Mexico, the next largest market destination. Total bilateral agricultural trade between the U.S. and Canada reached \$22.9 billion in 2005, more than \$62 million per day. Two-way truck traffic alone exceeds 7,000 trucks/day, an average of almost one truck every other minute, 24 hours a day.

Under the tariff elimination provisions 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 States and Canada signed a Record of Understanding, an agreement to further open Canadian markets to U.S. farm and ranch products. Some tangible benefits of the agreement are already accruing to the U.S. agricultural industry.

Canadian Market Overview Summary	
Advantages	Challenges
Proximity	Low value of Canadian currency
Similar lifestyles and consumption trends	Differences in standard package sizes
Wide exposure to American culture	Differences in chemical residue tolerances
Frequent business and personal trips to U.S.	Differences in nutrition labeling
Duty free tariff treatment for most products under NAFTA	Bilingual (English & French) labeling
Ease of entry for business travel	Tariff rate quotas for certain products
Awareness and demand for product brands	
High U.S. quality and safety perceptions	
Similar food shopping patterns	

Trade with Canada is facilitated by proximity, common culture, language, similar 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 the FTA/NAFTA. Canada's grocery product and food service trades have been quick

to seize opportunities under FTA/NAFTA, which permit 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 market have resulted in significant gains in the Canadian market for U.S. consumer-ready foods and food service foods.

Consumer Trends in Retail Food

Canada's population at July 1, 2006 was estimated at 32.6 million. The growth rate is relatively slow at about 1.2%. The popularity of U.S. food products is very high and Canadian consumers are keenly aware of new product offerings in the United States. The closer integration of the North American food market under the NAFTA means that U.S. food and agricultural products are in high demand by Canadian retailers. There are some important trends in the Canadian retail food market that can help U.S. food exporters better understand the market. The following highlights are taken from an Agriculture and Agri-Food Canada review with updates and/or additional information incorporated by the Office of Agricultural Affairs at the U.S. Embassy in Ottawa. For more information on food marketing and trends in Canada, see Section III on Market Sector Structure.

Demographics

- Population growth is slow - 1.2% a year
- Graying population - double the number of seniors compared to 25 years ago.
- In 1984, persons 50 years and older accounted for 23% of the population. By 2005, the percentage had increased to 30%
- Family structure - household size 3.0 people

Graying Population

- Seniors well off financially, well educated, and willing to spend
- Have time to shop for what they want
- Becoming preoccupied with health and product quality
- Demanding smaller portions, single packages, easy to open and easy-read labels

Cultural Diversity

- Ethnic diversity - Asia is the major source of immigrants (more than half of all immigrants during the 1990s)
- The cultural diversity is an increasingly important force in the marketplace, particularly in urban centers
- Ethnic foods like Pad Thai and Shwarmas are gaining in popularity
- Canadian ethnic diversity is different from U.S. (less Hispanic influence)

Economic Trends

- Real personal disposable income growth has experienced a slowdown during the past ten years but price inflation has been low
- Dual-income families the norm but single-parent families also prominent... many more women in the work force

Canadian Food Expenditures

- Real spending on food & non-alcoholic beverages has not increased in the 1990s.... about 12% of average Canadian household income
- Spending on food outside the home (restaurants) increasing but lags behind the U.S.

Market Place Behavior

- People still want value and will price shop
- More people own microwaves than barbeques
- A lack of time to shop and prepare meals
- Increased demand for convenience foods, home delivery, "ingredient solutions," and home meal replacements
- The majority of fish and seafood sales are in foodservice
- Kosher food sales are showing a rapid rise

Buying Patterns

- More microwavable products
- More convenience, hand-held foods
- More private label products

Retail Store Trends

- Grocery stores are growing in size...up to 50,000 square feet and 40,000 different food & non-food items
- More ready-made foods... to compete with fast food take-out food service outlets
- The big supermarkets are locked in a market share battle against the big box stores, and other non-traditional chain stores
- Major chains have organic sections

Red Meat and Poultry Demand

- Canadians spend more on meat than on any other food category
- Poultry meats have performed well compared to other meats...the per capita retail weight of poultry meat is greater than either pork or beef

SECTION II. EXPORTER BUSINESS TIPS; SERVICES; FOOD REGULATION**A) Export Services for U.S. Food and Agricultural Exporters**

The Foreign Agricultural Service, United States Department of Agriculture, provides programs, information, and services to U.S. exporters to aid in exporting U.S. food, farm and forest products to foreign markets. These programs include:

Foreign Buyers List is a product- and country-specific listing of agricultural importers worldwide.

U.S. Suppliers puts your company's name and product listings in a database that foreign buyers access on-line or through USDA/FAS Overseas offices.

For more information on these services, contact:

Office of Trade Programs
AgBox 1052
OTP/FAS/USDA
Washington, DC 20250-1052
Webpage: <http://www.fas.usda.gov/buying.html>

Foreign Buyer List Info:
Phone: (202) 690-3416
Fax: (202) 690-4374

Supplier List Info:
Phone: (202) 720-7409 or 690-3421
Fax: (202) 690-4374

State Departments of Agriculture

The state departments of agriculture and associated organizations also promote U.S. food and agricultural exports and are an additional valuable source of information. The National Association of State Departments of Agriculture (NASDA) represents all 50 State departments of agriculture and those from the trust territories of Puerto Rico, Guam, American Samoa, and the Virgin Islands. In addition, there are four regional organizations associated with their respective departments of agriculture. Prospective exporters are encouraged to check with their respective state and/or regional organizations for assistance. Website: <http://www.nasda.org>

Department of Commerce District Offices

Before exporting, U.S. firms are also encouraged to contact the nearest U.S. Export Assistance Center (USEAC) located in major U.S. cities. These offices can provide up-to-date information on required export documentation and where to obtain required forms. Most Canadian forms are available from selected U.S. commercial printers. Each USEAC office has a trade specialist who can provide assistance with export documentation. For a full listing of USEAC offices, go to: <http://www.commerce.gov/statemap2.html>

The U.S. Commercial Service offers valuable assistance to help your business export goods and services to markets worldwide. From this site you can access a global listing of trade events, international market research, and practical tools to help with every step of the export process. Web page: <http://export.gov/>

Country Commercial Guides

The Country Commercial Guides (CCG) are prepared by U.S. Embassy staff annually and contain information on the business and economic situation of foreign countries and the political climate as it affects U.S. business. Each CCG contains the same chapters, and an appendix, which include topics such as marketing, trade regulations, investment climate, and business travel. Available at <http://export.gov>

B) Business Customs Import Procedures

Customs Brokers

Some U.S. firms choose to obtain the services of a Canadian customs broker (a private company operating as a trade facilitator) to help them comply with Canadian import requirements and in some cases, market their product. Canada Border Services Agency (CBSA) licenses customs brokers to carry out customs-related responsibilities on behalf of their clients. A broker's services include:

- obtaining release of the imported goods;
- paying any duties that apply;
- obtaining, preparing, and presenting or transmitting the necessary documents or data;
- maintaining records;
- responding to any Canada Customs and Revenue Agency concerns after payment.

Clients have to pay a fee for these services, which the brokerage firm establishes.

Importers who do not wish to transact business with the CBSA directly may authorize an agent to transact business on their behalf. Although importers may use an agent to transact business with the CBSA, the importer is ultimately responsible for the accounting documentation, payment of duties and taxes, and subsequent corrections such as re-determination of classification, origin and valuation. The importer remains liable for all duties owing until either the importer or the agent pays them.

Agents are required to obtain written authorization from their clients in order to transact business on behalf of their clients. This business may include but is not limited to:

- Registering for a Business Number (BN), Importer/Exporter Account
- Providing assistance in cases involving the Special Import Measures Act (SIMA)
- Submitting refund requests (B2s)
- Preparing release (interim accounting) documentation
- Preparing final accounting documentation
- Remitting payment of duties and taxes to the Receiver General of Canada

For additional information, contact:

Canadian Society of Customs Brokers
111 York Street
Ottawa, Ontario
Canada K1N 5T4
Telephone: (613) 562-3543
Facsimile: (613) 562-3548
Webpage: <http://www.cscb.ca>

Searchable list of members: http://www.cscb.ca/040/md_e.asp

After becoming familiar with the Canadian marketplace, some U.S. exporters take advantage of a special provision of Canada Customs rules that permits them to apply for Non-Resident Importer status. This enables them to control, sell, and distribute the product without intermediaries. One provision of the application for Non-Resident Importer is a requirement to make books and records available to Canadian Customs auditors and provide for their travel costs, if necessary, to their headquarters in the United States. For more information, contact the Canada Border Services Agency. The website is: <http://www.cbsa-asfc.gc.ca/menu-e.html>

Credit Checks

Besides the well-known private credit service checks that may be available, the U.S. Commercial Service (USCS) Trade Administration offers a World Trade Data Report (WTDR) service designed to verify the credit worthiness of companies in Canada. U.S. companies seeking more information on the WTDR service should contact the closest U.S. Export Assistance Center (USEAC) in the United States. The USCS also offers additional services to help U.S. exporters.

The Commercial Import Process

In order to bring goods into Canada, importers must provide the proper documents to Canada Customs and Revenue Agency including:

- two copies of the cargo control document (CCD);
- two copies of the invoice;
- two copies of a completed Form B3, Canada Customs Coding Form;
- one copy Form A - Certificate of Origin (when necessary);
- any import permits, health certificates, or forms that other federal government departments require; calculate and declare the value for duty of the imported goods (where necessary) according to the valuation provisions of the Customs Act; make sure that the goods are properly marked with their country of origin; pay any duties that apply.

Import Service Centers

The Canadian Food Inspection Agency's Import Service Centers (ISC) are a control point in the import process and can respond to import information requests electronically or by fax. The ISC works closely with the Canada Border Services Agency in determining the Customs release of food items. In addition, ISC is equipped to handle telephone inquiries regarding import requirements for all commodities regulated by the CFIA.

CFIA Import Service Centers Across Canada

Eastern ISC

7:00 a.m. to 11:00 p.m.(local time)

Telephone: 1-877-493-0468 (Canada/U.S.)

1-514-493-0468 (all other countries)

Fax: 1-514-493-4103

Central ISC

Telephone: 1-800-835-4486 (inside Canada or U.S.)

1-905-612-6285 (all other countries)

Fax: 1-905-612-6280

Western ISC
7:00 a.m. to 12:00 a.m.(local time)
Telephone: 1-888-732-6222 (inside Canada or U.S.)
1-604-666-7042 (all other countries)
Fax: 1-604-270-9247
EDI: 1-604-666-7073

Non-Resident Importers

Non-Resident Importers are companies that import goods into Canada but which have addresses outside of Canada. These companies are required to have a Business Number (BN) and an import/export account registered with the Canadian Border Services Agency. For more information: <http://www.cbsa-asfc.gc.ca/import/registerintro-e.html>

Food Brokers

For U.S. companies entering the Canadian market, it is helpful to find a Canadian food broker to help with the logistics of entering the country in addition to marketing products. For a partial listing of Canadian food brokers refer to report CA5068 on the FAS web site under Attaché Reports. <http://www.fas.usda.gov>

C) Food Regulation

Labeling Requirements

i). General Labeling Requirements

The basic packaging and labeling requirements necessary for U.S. agricultural exports to Canada are:

- labels in English and French,
- net quantities in metric,
- list of ingredients,
- durable life date (if shelf life 90 days or less),
- common name of product,
- company name and address,
- minimum type size specifications,
- conformity to standardized package sizes stipulated in the regulations, and
- Country of origin labeling on shipping container

Although the Universal Product Code (UPC) or bar code is not required or administered by government, virtually all retailers require products to be labelled with a UPC.

The Guide to Food Labeling and Advertising in Canada

The Canadian Food Inspection Agency has prepared a Guide to Food Labeling and Advertising that details the regulatory requirements for selling packaged foods in Canada. 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

-Other Product Specific Requirements

The full guide is available on the CFIA website at:

<http://www.inspection.gc.ca/english/bureau/labeti/guide/guidee.shtml>

Enforcement

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.

ii). Label Review

The Canadian Food Inspection Agency consolidates federal food label review under its Food Labeling Information Service. The labeling service, designed particularly for new entrants in the marketplace who are not familiar with the Canadian regulatory system, is provided at specified regional locations across Canada. These offices coordinate the requirements of the aforementioned federal departments to simplify product approval and label compliance. It is recommended that U.S. exporters submit their labels to the regional office closest to the targeted marketing area. In the large Ontario market, the "label window" email service (see below) can often provide prompt answers to general and specific label questions.

British Columbia

Canadian Food Inspection Agency
400-4321 Still Creek Avenue
Burnaby, British Columbia V5C 6S7
Tel. (604) 666-6513
Fax (604) 666-1261

Canadian Food Inspection Agency
1905 Kent Road
Kelowna, British Columbia V1Y 7S6
Tel. (250) 470-4884
Fax (250) 470-4899

Canadian Food Inspection Agency
103-4475 Viewmont Avenue
Victoria, British Columbia V8Z 6L8
Tel. (250) 363-3455
Fax (250) 363-0336

Alberta

Canadian Food Inspection Agency
7000 - 113 Street, Room 205
Edmonton, Alberta T6H 5T6
Tel. (780) 495-3333
Fax (780) 495-3359

Canadian Food Inspection Agency
110 Country Hills Landing NW, Suite 202
Calgary, Alberta T3K 5P3

Tel. (403) 292-4650
Fax (403) 292-5692

Saskatchewan

Canadian Food Inspection Agency
301-421 Downey Road
Saskatoon, Saskatchewan S7N 4L8
Tel. (306) 975-8904
Fax: (306) 975-4339

Manitoba

Canadian Food Inspection Agency
269 Main Street, Room 613
Winnipeg, Manitoba R3C 1B2
Tel. (204) 983-2220
Fax (204) 983-6008

Ontario

Tel. 1-800-667-2657
e-mail: labelwindow@inspection.gc.ca
Central Region:

Canadian Food Inspection Agency
709 Main Street West
Hamilton, Ontario L8S 1A2
Tel. (905) 572-2201
Fax (905) 572-2197

Northeast Region:

Canadian Food Inspection Agency
38 Auriga Drive, Unit 8
Ottawa, Ontario K2E 8A5
Tel. (613) 274-7374
Fax (613) 274-7380

Toronto Region:

Canadian Food Inspection Agency
1124 Finch Avenue West, Unit 2
Downsview, Ontario M3J 2E2
Tel. (416) 665-5055
Fax (416) 665-5069

Southwest Region:

Canadian Food Inspection Agency
1200 Commissioners Road East, # 19
London, Ontario N5Z 4R3
Tel. (519) 691-1300
Fax (519) 691-0148

Quebec

Canadian Food Inspection Agency
25 des Forges Road, Suite 418
Trois-Rivières, Québec G9A 6A7
Tel. (819) 371-5207
Fax (819) 371-5268

Nova Scotia

Canadian Food Inspection Agency
P.O. Box 1060
1992 Agency Drive
Dartmouth, Nova Scotia B2Y 3Z7
Tel. (902) 426-2110
Fax (902) 426-4844

New Brunswick

Canadian Food Inspection Agency
850 Lincoln Road
P.O. Box 2222
Fredericton, New Brunswick E3B 5G4
Tel. (506) 452-4964
Fax (506) 452-3923

Prince Edward Island

Canadian Food Inspection Agency
690 University Avenue
Charlottetown, Prince Edward Island C1E 1E3
Tel. (902) 566-7290
Fax (902) 566-7334

Newfoundland

Canadian Food Inspection Agency
Northwest Atlantic Fisheries Centre
P.O. Box 5667
St. John's, Newfoundland A1C 5X1
Tel. (709) 772-5519
Fax (709) 772-5100

Labeling of Shipping Containers

Labels of shipping containers are exempt from bilingual labeling requirements. The outer container requires a product description, the name and address of the U.S. company and a net quantity declaration in either metric or Imperial measure. If the food in the inner container(s) is not for sale directly to consumers (i.e., foodservice, etc.), that label may also be in either French or English, but all other mandatory label information, such as the list of ingredients, is required to be shown.

Nutrition Labeling

On December 12, 2005, Canada's mandatory nutrition labeling regulations for prepackaged foods come into force. Only small manufacturers, domestic or foreign, with gross sales of C\$1 million or less in Canada have an additional two years to comply. The U.S. nutrition panel is not permitted on the labels of foods sold in Canada. U.S. prepackaged food product exporters are advised to familiarize themselves with Canadian nutrition labeling regulations

and to bring their packaging into compliance to avoid entry refusals at the border or product detention. The Canadian Food Inspection Agency has set up a special web page to help food companies comply with the new regulations:

<http://www.inspection.gc.ca/english/fssa/labeti/nutrition-pagee.shtml>

Samples:

The sample Nutrition Facts tables displayed below are from Schedule L of the *Food and Drug Regulations* that illustrate the core information that is mandatory for most nutrition facts tables, and additional information that may be declared on the sample expanded version. They are presented for informational purposes only. U.S. company labeling officers are advised to consult the official CFIA versions from the nutrition labeling website.

Mandatory Core Information Table

Nutrition Facts	
Per 125 mL (87 g)	
Amount	% Daily Value
Calories 80	
Fat 0.5 g	1 %
Saturated 0 g + Trans 0 g	0 %
Cholesterol 0 mg	
Sodium 0 mg	0 %
Carbohydrate 18 g	6 %
Fibre 2 g	8 %
Sugars 2 g	
Protein 3 g	
Vitamin A 2 %	Vitamin C 10 %
Calcium 0 %	Iron 2 %

Expanded Version

Nutrition Facts	
Serving Size 125 mL (35 g)	
Servings Per Container 13	
Amount Per Serving	
Calories 90	Calories from fat 9
Calories from Saturated + Trans 0	
% Daily Value*	
Total Fat 1 g	2 %
Saturated 0 g + Trans 0 g	0 %
Omega-6 Polyunsaturated 0.5 g	
Omega-3 Polyunsaturated 0 g	
Monounsaturated 0.2 g	
Cholesterol 0 mg	0 %
Sodium 300 mg	12 %
Potassium 410 mg	12 %
Total Carbohydrate 27 g	9 %
Dietary Fibre 12 g	48 %
Soluble Fibre 0 g	
Insoluble Fibre 11 g	
Sugars 6 g	
Sugar Alcohols 0 g	
Starch 9 g	
Protein 4 g	
Vitamin A 0 %	Vitamin C 0 %
Calcium 2 %	Iron 35 %
Vitamin D 0 %	Vitamin E 6 %
Vitamin K 10 %	Thiamine 55 %
Riboflavin 4 %	Niacin 25 %
Vitamin B ₆ 10 %	Folate 10 %
Vitamin B ₁₂ 0 %	Biotin 30 %
Pantothenate 8 %	Phosphorus 30 %
Iodide 0 %	Magnesium 50 %
Zinc 25 %	Selenium 6 %
Copper 20 %	Manganese 10 %
Chromium 10 %	Molybdenum 10 %
Chloride 10 %	
* Percent Daily Values are based on a 2,000 Calorie diet. Your daily values may be higher or lower depending on your Calorie needs.	
	Calories: 2,000 2,500
Total Fat	Less than 65 g 80 g
Saturated + Trans	Less than 30 g 35 g
Cholesterol	Less than 300 mg 300 mg
Sodium	Less than 2,400 mg 2,400 mg
Potassium	3,500 mg 3,500 mg
Total Carbohydrate	300 g 375 g
Dietary Fibre	25 g 30 g
Calories per gram:	
Fat 9	Carbohydrate 4 Protein 4

Q&A on New Nutrition Labeling Regulations

What Do the New Regulations Cover?

The amendments to the *Food and Drug Regulations* pertaining to Nutrition Labeling, Nutrient Content Claims and Health Claims require that all prepackaged foods, with some exceptions, carry a Nutrition Facts table. The Regulations also set out requirements for nutrient content claims and health claims.

When Do They Come Into Force?

The requirement for prepackaged foods to carry a Nutrition Facts table came into force on December 12, 2005. For food manufacturers with total annual sales (in Canada) of less than C\$1.0 million for the 12-month period prior to December 12, 2002, the regulations come into force on December 12, 2007.

What Foods Require a Nutrition Facts Table?

The Nutrition Facts table is mandatory for most prepackaged foods. There are a few exceptions and exemptions. It may also be used on non-prepackaged foods or on prepackaged foods that are exempt from nutrition labeling on a voluntary basis.

Are U.S. Food Products Required to Comply with the New Nutrition Labeling Requirements?

Yes, imported products must meet the same labeling requirements as foods produced in Canada. U.S. food products have the same transition time period to comply as domestic food products and are subject to the same level of enforcement action as domestic products.

Do U.S. manufacturers qualify for the longer transition period?

Yes, if the U.S. manufacturer had less than \$1.0 million (Canadian) in revenues from sales of food in Canada for the 12 months prior to December 12, 2002. Importers and distributors will have to ensure that foods that they sell are compliant with the nutrition labeling regulations by December 12, 2005 unless the U.S. manufacturer is considered to be a small manufacturer.

Does Canada accept the U.S. Nutrition Facts Table on foods sold in Canada?

No, the nutrition panels of other countries are not permitted on the labels of foods sold in Canada. The use of both the Canadian Nutrition Facts table and the U.S. Nutrition Facts Table together is also not permitted.

What Foods are Specifically *Prohibited* from Declaring a Nutrition Facts Table?

The following foods must not display a Nutrition Facts table:

- formulated liquid diets;
- infant formula;
- foods containing infant formula;
- meal replacements;
- nutritional supplements (that meet the requirements of Section B.24.201 of the Food & Drugs Act); and
- foods represented for use in very low energy diets.

These products have their own nutrition labeling requirements that are different from those of the Nutrition Facts table. Consequently, they are prohibited from using the Nutrition Facts table and the titles "Nutrition Facts", "Valeur nutritive" or "Valeurs nutritives". However, they may adopt the Nutrition Facts table format to display their nutrition information.

What Prepackaged Foods are Exempt From Mandatory Nutrition Labeling?

(Excerpt from the 2003 CFIA Guide to Food Labeling and Advertising, Section 5.3)

The following products are exempt from displaying a Nutrition Facts table:

- a) foods, such as spices and some bottled waters, for which all the nutritional information (other than serving of stated size) set out in column 1 of the table to B.01.401 may be expressed as "0";
- b) beverages with an alcohol content of more than 0.5 %;
- c) fresh vegetables and fruits without added ingredients, oranges with colour, and fruit and vegetables coated with paraffin wax or petrolatum;
This category includes fresh herbs such as parsley, basil, thyme, etc. (but not dried herbs); sprouts; and fruits and vegetables that are minimally processed (e.g., washed, peeled, cut-up, shredded, etc.), including mixtures of fruits and vegetables, such as bagged mixed salad and coleslaw (without dressing, croutons, bacon bits, etc.).
NOTE: The exemption is lost if any health claim set out in the table following B.01.603 is made, including the following: "A healthy diet rich in a variety of vegetables and fruit may help reduce the risk of some types of cancer," [B.01.401 (3)(e)(ii), and item 4 of the table following B.01.603].
- d) raw, single ingredient meat, meat by-product, poultry meat, and poultry meat by-product;
NOTE: Prepackaged ground meat, ground meat by-product, ground poultry meat and ground poultry meat by-product must always carry a Nutrition Facts table [B.01.401(3)(d)].
- e) raw, single ingredient marine or freshwater animal products (such as fish, crustaceans, etc.);
- f) foods sold only in the retail establishment where the product is prepared and processed, including products made from a pre-mix when an ingredient other than water is added to the pre-mix;
NOTE: A Nutrition Facts table is required when only water is added to a pre-mix or when a product is only baked, cooked, etc. on the premises without the addition of other ingredients.
- g) foods sold only at a roadside stand, craft show, flea market, fair, farmers' market and sugar bush by the individual who prepared and processed the product;
- h) individual servings of foods that are sold for immediate consumption (e.g., sandwiches or ready-made salads), when these have not been subjected to a process or special packaging, such as modified atmosphere packaging, to extend their durable life;
- i) foods sold only in the retail establishment where the product is packaged, if the product is labeled by means of a sticker and has an Available Display Surface less than 200 cm²;
- j) prepackaged confections, commonly known as one-bite confections, that are sold individually (e.g., small individually wrapped candies, mints, etc.);
- k) prepackaged individual portions of food that are solely intended to be served by a restaurant or other commercial enterprise with meals or snacks (e.g., crackers, creamers, etc.); and
- l) a variety of cow and goat milk products sold in refillable glass containers.

Losing the Exemption

(Excerpt from the 2003 Guide to Food Labeling and Advertising, Section 5.3.1)

The last three items listed above (a one-bite confection, an individual portion served with meals, milk in glass containers) never lose their exemption. The remaining items listed above lose their exempt status and are required to carry a Nutrition Facts table when:

- a vitamin or mineral nutrient is added to the product;
- a vitamin or mineral nutrient is declared as a component of an ingredient (other than flour);
- aspartame, sucralose, or acesulfame -potassium is added to the product;
- the product is ground meat, ground meat by-product, ground poultry meat or ground poultry meat by-product; or
- the label or advertisement contains one or more of the following:
 - a nutritional reference or nutrient content claim,
 - a biological role claim,
 - a health claim,
 - a health-related name, statement, logo, symbol, seal of approval or other proprietary mark of a third party, or
- the phrase "nutrition facts", "valeur nutritive" or "valeurs nutritives".

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. The Canadian importer must be in possession of an import permit to import TRQ commodities.

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:

- Milk & Dairy Products
- Cheese
- Turkey
- Chicken
- Broiler Hatching Eggs & Chicks
- Eggs and Egg Products
- 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). Canada did impose some import restrictions on U.S. meat and meat products following the December 2003 detection of bovine spongiform encephalopathy (BSE) in Washington State. For more information, see the subsection Beef Export Verification.

Packaging and Container Regulations

Canadian regulations governing package sizes for fruits and vegetables, processed horticultural products and processed meats stipulate standardized package sizes that can 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/reg/rege.shtml>

Food Additive Regulations

Canada's Food and Drugs Act and Regulations strictly control the use of food additives. Most foods approved for sale in the U.S. would comply with Canadian additive regulations, but differences can occur in the permissible levels and uses of food colorings and food preservatives. The food additive tables in Division 16 of the Regulations prescribe which additives may be used in foods sold in Canada, to which foods they may be added, for what purposes, and at what levels. Products containing non-permitted food additives may be refused entry into Canada. Canada's Food and Drugs Regulations are available on the Internet at:

http://www.hc-sc.gc.ca/fn-an/legislation/acts-lois/fdr-rad/index_e.html

Specific technical questions relating to Canada's Food and Drugs Regulations may be directed to:

Regulatory Assistant
Bureau of Food Regulatory, International & Interagency Affairs
Food Directorate
Health Canada
Building No. 7, Tunney's Pasture (PL 0702C1)
Ottawa, ON K1A 0L2
Telephone: (613) 957-0360
Fax: (613) 941-3537
Email: foodregulatoryprogram_reglementationaliments@hc-sc.gc.ca

Pesticide 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 that outlines Canada's options and proposals for the revocation of the 0.1 ppm maximum residue limit is available at: <http://www.pmra-arla.gc.ca/english/pdf/dis/dis2003-01-e.pdf>

Health Canada's Health Protection Branch sets maximum residue limits (MRL) for pesticides. A full listing of Canadian MRLs is available on the Pest Management Regulatory Agency's (PMRA) website at: <http://www.pmra-arla.gc.ca/english/aboutpmra/about-e.html>
The PMRA is also responsible for pesticide registration. The address is:

Pest Management Regulatory Agency
Health Canada
2250 Riverside Drive
Ottawa, Ontario K1A 0K9
Telephone: 613-736-3799

Other Regulations and Requirements

Inspection and Registration Fees

As part of a Canadian government initiative to partially recover costs associated with providing inspection services, most federal departments charge fees to industry for inspection and product registrations. Canada claims its fee structure is consistent with WTO provisions for national treatment, in that the fees apply equally to Canadian and import sales.

Beef Export Verification

Following the identification of a BSE-infected animal in Washington State, on December 23, 2003, the Canadian government introduced certain import restrictions on U.S. beef and live cattle. On several occasions beginning January 22, 2004, again on April 23, 2004, and in June 2006, the restrictions were partially eased but some special entry requirements remain in effect. An Agricultural Marketing Service (AMS) Export Verification (EV) program is no longer required for export of beef and beef products to Canada, but it is required for bison or buffalo meat. Since U.S. BSE regulations do not apply to bison or buffalo, meat and meat products derived from these species must be produced under an approved AMS EV program. The red meat export requirements for shipments to Canada are detailed in the Food Safety Inspection Service (FSIS), see [FSIS Library of Export Requirements](#). For more information on the Export Verification Program for Bison or Buffalo to Canada, go to: <http://www.ams.usda.gov/lsg/arc/bev.htm>

All federally inspected U.S. meat and poultry plants are recognized initially as eligible to export to Canada. U.S. exporters should be aware that establishments not listed in the current FSIS Meat and Poultry Inspection Directory may experience delays in getting their certificates pre-verified. Contact the FSIS Technical Service Center, Omaha, NE, phone (402) 221-7400 for assistance.

Container Sizes: Processed Meats

Canada's Meat & Poultry Inspection Regulations stipulate the standard package size requirements for processed meat and poultry products such as bacon, sausages, sliced meats and wieners. Common U.S. package sizes for these products are different from Canadian standardized sizes. For example, sliced bacon cannot be sold in a 1 lb. package in Canada. It is mostly sold in 500 g packages, one of the standardized sizes in the regulations. Schedule II of the Meat and Poultry Inspection Regulations lists all the acceptable package sizes for processed meats. It can be viewed on the Department of Justice website at:

<http://laws.justice.gc.ca/en/M-3.2/SOR-90-288/index.html>

Requirements for Fresh Fruits and Vegetables

All fruits and vegetables imported into Canada must meet specific standards and packaging regulations laid out in the Canada Agricultural Products Act's Fresh Fruit and Vegetable

Regulations and Processed Product Regulations. The regulations are available on the Internet at: <http://laws.justice.gc.ca/en/C-0.4/C.R.C.-c.285/index.html>

U.S. fresh fruits and vegetable exporters must:

- comply with Canadian grade standards and packaging regulations,
- obtain Canadian Confirmation of Sale form. Consignment selling is prohibited,
- obtain special waiver of standard container regulations for bulk products,
- file a Canada Customs invoice.

Beginning in 1995, Canada dropped the mandatory requirement (except for apples, onions, and potatoes) that U.S. exports of fresh produce be accompanied by USDA Agricultural Marketing Service (AMS) certification that the produce meets Canadian import requirements. Some U.S. exporters still choose to obtain AMS certification as evidence that the produce left the shipping point in grade and condition.

Canada requires all foreign shippers of fresh produce to place a grade on consumer size packages for which Canadian grades are established. The law also requires a country of origin declaration with the grade and weight (in metric) printed in a letter size directly proportional to the size of the package display surface.

Consignment selling of fruits and vegetables into Canada is prohibited by law and a confirmation of sale form is required for entry. Canada Customs will release only produce that is pre-sold at the border.

Where grades and standard container sizes are established in Canadian regulation, bulk imports require a special exemption from the Canadian Food Inspection Agency. This exemption is not granted unless there is a shortage of domestic supply.

Further information on fruit and vegetable regulations is available from:

Dairy, Fruit, and Vegetable Division
Canadian Food Inspection Agency
59 Camelot Drive
Nepean, Ontario, Canada K1A 0Y9
Telephone: (613) 225-2342

Processed Horticultural Products

Imported processed horticultural products are subject to the requirements of Canada's Processed Products Regulations. These regulations stipulate the standards and grades for processed fruits and vegetables. The maximum container size permitted for importation is 20 kg or 20 liters. Beyond these sizes, Canadian rules require a ministerial exemption, or bulk waiver of standardized package. The Processed Product Regulations are available for viewing at the following Justice Department website:
<http://laws.justice.gc.ca/en/C-0.4/C.R.C.-c.291/index.html>

Other Specific Standards

Fish and Seafood

Fish and fish products are subject to the Fish Inspection Act and Regulations, which contain requirements for wholesomeness, labeling, packaging, grading, and health and safety.

There is no requirement under those regulations for imported fish products to be accompanied by a health certificate. However, the person who imports fish into Canada must hold a fish import license, must provide written notification to the CFIA for each imported shipment of fish and must make the fish available for inspection. Product inspections are conducted at frequencies that depend on the product's risk and the exporter's history of compliance. The normal inspection frequency for fresh fish such as wild caught salmon from an exporter with a good history of compliance would be 2%. More information regarding the requirements to import fish into Canada can be found on the CFIA web site in the document titled Guide to Canadian Regulatory Requirements and Examination Procedures for Imported Fish. <http://www.inspection.gc.ca/english/anima/fispoi/import/importe.shtml>

Labeling requirements for packaged fish must include all mandatory information normally found on consumer packages such as:

- country of origin
- common name of the fish;
- name and address of the manufacturer;
- day, month and year of processing; and
- quantity (metric or imperial units)

Information regarding the labeling of fish products is available on the CFIA web site at: <http://www.inspection.gc.ca/english/fssa/labeti/guide/tab15e.shtml>

Novel Foods (Genetically Modified Foods)

Health Canada defines novel foods as: products that have never been used as a food; foods that result from a process that has not previously been used for food; or, foods that have been modified by genetic manipulation (i.e., genetically modified foods).

Pre-Market Notification: The Novel Foods Regulation (under the Food and Drugs Act) requires that pre-market notification be made to Health Products and Food Branch (HPFB) by any company who wants to sell a biotechnology-derived food.

The following is Health Canada's website for information concerning the sale of genetically modified foods in Canada:

http://www.hc-sc.gc.ca/food-aliment/mh-dm/ofb-bba/nfi-ani/e_novel_foods_and_ingredient.html

Contact for Novel Food Pre-Market Notification/Submission

Novel Food Notification
Food Program
Food Directorate
Health Canada
4th Floor West
Sir Frederick G. Banting Research Center
Tunney's Pasture, PL 2204A1
Ottawa, Ontario K1A 0L2

Wine, Beer and Other Alcoholic Beverages

The federal Importation of Intoxicating Liquors Act gives the provinces and territories full control over the importation of intoxicating liquor into their jurisdictions. Provincial liquor commissions control the sale of alcoholic beverages in Canada and the market structure can vary considerably from province to province. Alcoholic beverages can only be imported through the liquor commissions in the province where the product will be consumed. In general terms, U.S. exporters are required to have their products “listed” by the provincial liquor control agency. In many provinces, U.S. exporters must have a registered agent who provides the necessary marketing support within the province to obtain a provincial liquor board listing. As an initial step, U.S. exporters should contact the provincial liquor board in the target market for a listing of registered agents or consult the Office of Agricultural Affairs upcoming wine report (expected to be available on the FAS website under Attaché Reports in late November of early December 2006) for a partial listing of agents.

- Newfoundland Liquor Corporation - <http://www.nfliquor.com>
- Nova Scotia Liquor Corporation - <http://www.nслиquor.ns.ca>
- Prince Edward Island Liquor Control Commission - <http://www.peilcc.ca/>
- New Brunswick Liquor Corporation - <http://www.nблиquor.com>
- Société des alcools du Québec - <http://www.saq.com>
- Liquor Control Board of Ontario - <http://www.lcbo.com>
- Manitoba Liquor Control Commission - <http://www.mlcc.mb.ca>
- Saskatchewan Liquor and Gaming Authority - <http://www.slga.gov.sk.ca>
- Alberta Gaming and Liquor Commission - <http://www.aglc.gov.ab.ca>
- British Columbia Liquor Distribution Branch - <http://www.bliquorstores.com/en>
- Yukon Liquor Corporation Board - <http://www.ylc.yk.ca>
- North West Territories Liquor Commission - Tel.: (867) 874-2100

Canadian packaging and labeling requirements for wine and beer are administered under Canada’s Food and Drug Regulations and the Consumer Packaging and Labeling Regulations. In addition to the general packaging and labeling requirements for most foods, the regulations for alcoholic beverages cover common names and standardized container rules. For example, light beer in Canada is defined by regulation as beer with a percentage alcohol of 2.6 to 4.0, by volume. Container sizes for wine are standardized and metric. The most common containers for wine are 750 milliliters or 1, 1.5 and 2 liters. The province of Quebec has additional requirements to alcoholic beverage labeling.

Organic Foods

The import and sale of organic food products in Canada are governed by the same rules and regulations that apply to non-organic food products. No distinction is made between organic and non-organic foods with regard to import requirements. Currently, all Canadian packaging and labeling, grade, and inspection regulations apply equally to organic and non-organic foods.

The Canadian Food Inspection Agency (CFIA) has published a regulatory proposal to establish national regulations for organic food. The regulatory proposal governing the certification of organic foods and on the use of a federal organic logo was published in the Canada Gazette –Part I on September 2, 2006 and includes a 75-day public comment (until mid-November, 2006). The proposal would establish a Canadian Organic Regime whereby the GOC would assume oversight with the CFIA acting as the competent authority while permitting the existing Canadian certification bodies and accreditation bodies to continue to

deliver organic certification and accreditation services. The use of the organic product legend (i.e., logo) would be restricted to products that meet the prescribed requirements for organic food. Under Canada's proposed organic regulations, all importers who market a product identified as organic will be required to obtain an attestation issued by the competent authority of the country of origin, attesting that the product is considered to be organic in that country. For U.S. product, the National Organic Program became effective April 21, 2001 and was fully implemented on October 21, 2002. Since a large proportion of consumer oriented organic products on Canadian retail shelves are already of U.S. origin, it is expected that virtually all products meeting the U.S. National Organic Program Standard will meet the Canadian requirements.

Certification

Certification of products described as organic is voluntary in all provinces except Quebec. The province of Quebec has an organic regulation which requires certification by a certifying body accredited by the Conseil d'accréditation du Québec (CAQ). For further information, consult the [CAQ Web site: http://www.caaq.org](http://www.caaq.org)

Independent certification bodies are responsible for monitoring the growers they certify, and for taking action to remove organic claims if the standard is not being met. Copies of the National Standard for Organic Agriculture are available on the [Canadian General Standards Board \(CGSB\) Web site: http://www.pwgsc.gc.ca/cgsb](http://www.pwgsc.gc.ca/cgsb)

Kosher Foods

In the labeling, packaging and advertising of a food, Canada's Food and Drug Regulations prohibit the use of the word kosher, or any letter of the Hebrew alphabet, or any other word, expression, depiction, sign, symbol, mark, device or other representation that indicates or that is likely to create an impression that the food is kosher, if the food does not meet the requirements of the Kashruth applicable to it. Kosher style foods are defined in Canada's Guide to Food Labeling and Advertising (mentioned above). For more information on Kosher Food Marketing in Canada, see FAS Ottawa's latest Kosher Report CA5061 available under "Attaché Reports" from the FAS homepage at: <http://www.fas.usda.gov>

Pet Food

Labeling

The labeling and advertising of pet food sold in Canada is governed by the Consumer Packaging and Labeling Act and by the Competition Act as administered by Industry Canada. This oversees that pet food labels and advertising are truthful and verifiable. The manufacture and sale of pet food, however, is not regulated in Canada by the CFIA nor by any other governmental department. There are voluntary quality assurance programs in place which deal with the quality, safety and nutritional value of pet food for pets. The Canadian Veterinary Medical Association (CVMA) operates a voluntary pet food certification program for pet food manufacturers that sets basic quality standards. Manufacturers can voluntarily submit their pet foods for testing based on the CVMA nutritional and digestibility standards. For more information, go to: <http://canadianveterinarians.net>

Animal Health Requirements related to Pet Food

The Canadian Food Inspection Agency issued the following directive in 2006 regarding imports of pet foods and chews that include products of ruminant origin.

Commercially prepared Pet Food (including pet treats):

1. Cooked canned commercially prepared pet food containing animal by-products (bone meal, meat meal, blood meal, rendered animal fats, gluestock, meat, inedible meat).

From the United States: Proof of origin acceptable to the CBSA, a copy of the list of ingredients, and a written declaration from the importer (dated, signed, and linked to the shipment being imported) stating that (1) there are no ingredients derived from bovine animals in the pet food, or (2) the bovine ingredients in the pet food are not derived from Specified Risk Material (SRM), or (3) the bovine animals from which the pet food ingredients are derived originated from the U.S. or Canada or a country considered to be of negligible BSE-risk by the CFIA (Argentina, Australia, Brazil, Chile, New Zealand or Uruguay).

2. For pet food containing ingredients of ruminant (bovine, ovine or caprine) origin, the designated country must be free of foot-and mouth disease (FMD) and of negligible risk (category 1) for bovine spongiform encephalopathy (BSE). *Dried pet chews such as cattle ears, bull pizzles and cow hooves must come from countries free from foot-and-mouth disease only (BSE is not a disease of concern for these last products). For finished rawhide pet chews, there are no diseases of concern.*

Rawhide Pet Chews: From the United States: Proof of origin acceptable to the Canadian Border Services Agency, and a written declaration from the importer (dated, signed, and linked to the shipment being imported) stating that the finished product does not contain any hides or skins from the head of a ruminant.

If the pet food contains ingredients of porcine origin, designated country must be free of foot-and-mouth disease, swine vesicular disease, African swine fever, and classical swine fever (hog cholera).

If the pet food contains ingredients of avian origin, the designated country must be free from Velogenic Newcastle disease and pathogenic avian influenza (fowl plague).

Livestock Feeds

Using the authority of the federal Feeds Act, the Canadian Food Inspection Agency administers a national livestock feed program to regulate domestic and imported livestock feeds. The program is delivered by means of pre-sale product evaluation and registration by staff of the Feed Section, and post-market inspection and monitoring by Agency field staff located in all provinces of Canada. As a initial step, U.S. livestock feed exporters must apply to have the feed registered in Canada. They must also retain an agent who is resident in Canada and has the legal authority to act on their behalf. For more information on how to meet requirements for livestock feeds in Canada and the on-line forms for product registration and resident agent, go to:

<http://www.inspection.gc.ca/english/anima/feebet/feebete.shtml>

Diet-Related Health Claims

The 2002 amendments to the *Food and Drug Regulations* allow diet-related health claims on foods for the first time in Canada. These claims are based on sound scientific evidence that has established a relationship between certain elements of healthy diets and reduction of risk of certain diseases. A diet-related health claim is a statement that describes the characteristics of a diet that may reduce the risk of developing a diet-related disease or condition, such as osteoporosis or stroke, and the properties of a food that make it a suitable part of the diet.

For example, the label of or an advertisement for a food which is low in sodium might carry the following diet-related health claim (providing specific composition and labeling conditions are met): "A healthy diet containing foods high in potassium and low in sodium may reduce the risk of high blood pressure, a risk factor for stroke and heart disease. (Naming the food) is low in sodium."

The Regulations provide for claims that deal with the following relationships:

- a diet low in sodium and high in potassium, and the reduction of risk of hypertension;
- a diet adequate in calcium and vitamin D, and the reduction of risk of osteoporosis;
- a diet low in saturated fat and *trans* fat, and the reduction of risk of heart disease;
- a diet rich in vegetables and fruits, and the reduction of risk of some types of cancer; and
- minimal fermentable carbohydrates in gum, hard candy or breath-freshening products, and the reduction of risk of dental caries.

Sample Products

Food samples for research, evaluation, or display at trade shows and food exhibitions are permitted entry, but may not be offered for commercial sale. For meat, poultry, dairy or egg, and fruits and vegetable samples it is recommended that exhibitors apply for an import permit and declare that the food is not for resale. Contact: CFIA Permit Office, 59 Camelot Drive, Nepean, Ontario, K1A 0Y9, Fax: (613) 228-6605. Entry at the border will be facilitated if U.S. exporters show proof of their food exhibition participation and that the products are of U.S. origin. Up to 10 samples are permitted entry, but the weight of each may not exceed 100 kilograms (about 220 pounds). Entries for personal consumption are generally restricted to 20 kg.

Test Marketing: Processed Food Products

Canada's Processed Product Regulations permit, in special instances only, the test marketing of domestically manufactured or imported processed food products that may not meet packaging, labeling, or compositional requirements of the regulations. However, the provision is designed to facilitate the marketing of new products of a type that are new, unique and unavailable in Canada. U.S. companies should note that it does not apply to U.S. brand introductions into Canada for processed foods of a type already available on retail shelves. In the case of imported foods, applications for test marketing must be submitted to the Canadian Food Inspection Agency by the Canadian importer who may be granted authorization to test market a food product for a period of up to 12 months.

A dealer wishing to conduct a test market must, six weeks prior to conducting the test market, file a Notice of Intention to Test Market in the prescribed form and manner. The

Notice of Intention to Test Market should be completed on company letterhead and should include the following:

- a) A description of the prepackaged product, together with submission of a sample in prepackaged form or alternatively, an illustration of the prepackaged product and the label;
 - b) The quantity to be distributed;
 - c) The period of time for test marketing (maximum period is 12 months); and
 - d) The geographic area or region in which the test market is to be conducted.
- e) Dealers must also include information, with supporting data, to substantiate that the test market product was not previously sold in Canada in that form and to establish that it differs substantially from any other product sold in Canada with respect to its composition, function, state or packaging form.

The Notice of Intention to Test Market should be addressed to:

Director, Bureau of Food Safety and Consumer Protection
Canadian Food Inspection Agency
159 Cleopatra Drive
Nepean, Ontario, K1A 0Y9

Temporary Marketing Authorization Letter (TMAL)

There is a distinction between a Test Market Food and a food which has received Temporary Marketing Authorization.

A Temporary Marketing Authorization Letter (TMAL), issued by the Assistant Deputy Minister of the Health Products and Food Branch, Health Canada, authorizes the sale of a food that does not meet one or more of the compositional, packaging, labeling or advertising requirements under the *Food and Drugs Act and Regulations*. The authorization is granted for a specified period of time, within a designated area and in a specified quantity for a specific manufacturer or distributor. A TMAL does not exempt foods from the requirements under the *Consumer Packaging and Labeling Act and Regulations*.

The purpose of a Temporary Marketing Authorization is to generate information in support of a proposed amendment to the *Food and Drug Regulations*.

For example, as a condition for obtaining a TMAL for the use of non-permitted labeling on a food, the companies involved agree:

- to use only those non-permitted labeling statements approved by the Health Products and Food Branch,
- to use these to carry out studies to determine consumer attitudes to the labeling and advertising material, and
- to submit the results of these studies to the Health Products and Food Branch.

Once the TMAL is issued, those manufacturers or producers of foods that are subject to mandatory label registration through the CFIA (such as registered meats and processed products) will be expected to follow normal procedures to register their labels.

Applications for a Temporary Marketing Authorization Letter should be addressed to:
Assistant Deputy Minister
Health Products and Food Branch
Health Canada
Ottawa, Ontario K1A 0L2

Copyright and/or Trademark Laws

The federal agency responsible for registering trademarks in Canada is the Trademarks Office, part of a larger agency called the Intellectual Property Office, which is part of Industry Canada.

Registered trademarks are entered on the Trademark Register and can provide U.S. companies direct evidence of ownership. Trademark registrations are valid for 15 years in Canada.

To register a trademark, an application (with fee) must be sent to the Trademarks Office. In most instances, a trademark must be used in Canada before it can be registered. The Trademarks Office advises that companies hire a registered trademark agent to search existing trade names and trademarks. It will provide a list of registered agents upon request. For further information on making an application for a trademark in Canada, contact:

The Trade-Marks Branch
Canadian Intellectual Property Office
Industry Canada
50 Victoria Street
Place du Portage, Phase 1
Hull, Quebec K1A 0C9
Telephone: (613) 997-1936

For more information about trademarks see Industry Canada's website at:
<http://strategis.ic.gc.ca>

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Besides the market opportunities created by reduced tariffs, changing lifestyles in Canada are helping increase the demand for U.S. agricultural products.

U.S. food exporters face a knowledgeable and more demanding consumer. To be successful in the Canadian marketplace U.S. exporters should study and understand Canadian food trends. Agriculture & Agri-food Canada has identified the following as some current factors driving consumer food spending trends:

- Variety: Strong demand for new and innovative foods on store shelves and on restaurant menus. Growing popularity of imported exotic fruits and vegetables, ethnic foods and restaurant concepts.
- Quality and freshness: Consumers are willing to pay more for quality. For many consumers, freshness means quality. Many private-label products offer exceptional quality for the price (value).
- Convenience: Time pressures of dual-earner and lone-parent families increases demand for convenience foods (prepared meals, microwave foods, sauces and

condiments, fresh chilled prepared foods, "home meal replacements") and for foodservice (i.e. take-out foods).

- Health and nutrition: Health-conscious Canadians, especially ageing baby boomers, are eating more fruits, vegetables and "light" foods (low fat, cholesterol, sodium, etc). Current reviews of nutrition labeling may address heightened demand for more information about nutritional content of foods. Functional foods and nutraceuticals may offer future opportunities.
- Environmental concerns: Especially among the youth market, environmental concerns may have implications for food demand (processing, bulk packaging, organic foods, and avoidance of certain food product categories (i.e., meat).
- Safety of the food supply: Heightened media attention to such issues as mad cow disease, product recalls, food irradiation, GMOs, etc.
- Access to information: Consumers more connected, aware and demanding.

Immigration patterns have changed the face of Canadian cities, where 75 percent of Canada's population resides. Immigration in the 1990s was dominated by newcomers of Asian origin, who now account for about 10 percent of the population of Canada's two largest cities, Toronto and Vancouver. The combination of the influx of Asian, as well as other ethnic origin immigrants with contrasting dietary traditions, and the trend among consumers for a healthier diet has transformed the Canadian food supply. Compared to twenty years ago, Canadians are consuming less sugar, animal fats (including butter and lard), red meat, eggs, canned vegetables, skim milk powder, and alcoholic beverages and more rice, breakfast cereals, nuts, vegetable-based fats, chicken, fish, fresh vegetables, cheese, yogurt, coffee, and soft drinks.

The following is a listing of the Market Sector Structure and Trend Reports prepared recently by, or for the Office of Agricultural Affairs., Ottawa. The reports offer profiles of each sector and summarize the key developments and market opportunities for new U.S. sales.

Market Sector Reports

Listed below are the food sector and marketing reports submitted by the Office of Agricultural Affairs, Ottawa, Canada. For a complete listing of other Post reports and of FAS' worldwide agricultural reporting, visit the FAS home page at <http://www.fas.usda.gov> and click on "Attaché Reports". Insert the Report number in the table below into the appropriate field to access the desired report.

AGR REPORT#	Title of Report	Date
CA0174	Pet Food Industry Product Brief	11/06/00
CA1126	Exploring Canada's Food Manufacturing Industry	09/18/01
CA2001	Organic Food Industry Report	01/04/02
CA2002	Convenience & Non-Traditional Grocery Outlets Report	01/04/02
CA2021	Quebec as a Market for U.S. Wines	02/05/02
CA2026	Controversial Quebec Plan for Wine Marketing	03/15/02
CA2037	Quebec Beer Industry Overview	04/15/02
CA2075	An Overview of the Institutional Foodservice Market in Canada	07/10/02
CA2078	Canadian Seafood Industry	07/10/02
CA2100	Exporting U.S. Wine to Ontario	08/20/02
CA2115	Vending Machine Food Distribution in Canada	10/24/02
CA2124	Asian-Style Foods in the Canadian Market	10/23/02
CA2125	An Overview of Selected Segments of the Canadian Frozen	10/24/02

	Food Industry	
CA2132	Marketing In Canada Handbook	11/18/02
CA3001	Canada Introduces Mandatory Nutrition Labeling	01/03/03
CA3006	Snack Food Market In Canada	01/24/03
CA3041	Food & Beverage Shows	07/14/03
CA3075	Packaging & Retailing Trends in Fresh Produce	11/20/03
CA4068	Exporter Guide	09/30/04
CA5061	Kosher Report	09/26/05
CA5068	Food Brokers Report	10/06/05
CA5080	Retail Sector Report	11/23/05
CA6006	HRI Food Service Sector Report	02/14/06
CA6019	Private Label Report	04/28/06
CA6040	Canada Connect Matchmaker Program	09/09/05
CA6045	Export Certificate Report	09/29/06

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Canada's wholesale, retail, and food service industries watch with acute interest developments in packaged and processed foods and food service trends in the United States. While there are differences in the consumption patterns of selected food items in the two countries, there is a growing demand in Canada for new value-added foods that are market-proven in the United States.

During 2005, a number of consumer-oriented agricultural product categories posted record sales to Canada. The top five categories are fresh vegetables (\$1.2 billion), fresh fruit (\$1.0 billion), snack foods (\$906 million), processed fruits and vegetables (\$664 million) and, breakfast cereals (\$418 million). Combined, items in these categories accounted for more than half of total U.S. exports consumer-oriented agricultural product to Canada.

What's Hot?

What's hot in the Canadian retail grocery market? What are some of the trends in retail grocery sales that U.S. exporters can capitalize on? The following table, based on ACNielsen Canada data for Agriculture and Agri-Food Canada, lists the top market increases in the 2003 survey of retail grocery sales.

What Products are Hot

The Atkin's Diet appears to be losing popularity as baking ingredients, bread products and specialty juices made significant gains in 2005 over the previous year. Convenience is again one of the new buzzwords for 2005. According to the 'What's Hot in 2005' list, frozen foods such as fruits, yogurts and puff pastry have increased dramatically in popularity with consumers ([Table 3](#)). Drinks are also gaining in popularity with chilled orange drinks and whole bean coffee included in the top 10. Based on growth rates from the previous year, the most dynamic gains in 2005 were: chilled orange drinks (+200%), frozen fruit (+37%), whole bean coffee (+35%), frozen remaining food (excluding total frozen dinners and entrees including egg/spring rolls, frozen meat pies, and frozen and refrigerated pizza and French bread and sub and frozen pizza snacks) (+30%). Demand for healthier products is also increasing with bottled water (+23%); other chilled fruit juices/drinks (excluding apple, grapefruit, orange juices and orange drinks) (+23%); value added broad leaf produce (+21%); grain bread (+21%); frozen yogurt (+20%); rice drinks (18%), refrigerated bagged salads (12%); and olive oil (11%) seeing significant gains. While these niche

categories are not large in terms of retail dollar sales, they showed substantial growth over 2005.

Table 3: What's Products are Hot in 2005

Product	% Change 2005 vs. 2004
<i>Source: ACNielsen</i>	
Chilled Orange Drinks	>200
Frozen Fruit	37
Whole Bean Coffee	35
Frozen Remaining Foods	30
Bottled Water	23
Other Chilled Fruit Juices/Drinks	23
Value Added Broad Leaf Produce	21
Grain Bread	21
Frozen Yogurt	20
Baking Nuts	20
Rice Drinks	18
Frozen Puff Pastry	16
Chili Con Carne	15
R&G Coffee	13
Vegetable Chip Dips Incl. Refrigerated	13
Remaining Baking Mixes	13
Canned Peas - Remaining	13
Refrigerated Bagged Salads	12
Corned Beef	12
Olive Oil	11
Croutons	11
Frozen & Refrigerated Pizza, French Bread & Sub	10
Vegetable Juices	10
Refrigerated Pasta	10

SECTION V. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

U.S. food product manufacturers seeking to enter the Canadian marketplace have vast opportunities. Canada is the U.S.'s primary trading partner – more than 64 percent of Canada's manufactured food imports originate from the U.S. This is a result of a number of factors, including a convenient shipping corridor and a familiarity between consumer tastes and expectations.

Although Canadians are always on the lookout for new and innovative U.S. product, there are a number of obstacles U.S. exporters must overcome before exporting to Canada. These may include currency, customs procedures and labeling requirements.

Overcoming these obstacles is simple with the right tools. Following are the main steps to take for U.S. exporters entering the Canadian market:

1. Contact your state regional trade office.
2. Research the competitive marketplace
3. Locate a broker/distributor.
4. Understand Canadian government standards and regulations that pertain to your product.

Step 1: Contact your State Regional Marketing Association

The State Regional Trade Group offices exist to help promote the export of food and agricultural products from specific geographical regions of the country and can in some cases provide financial assistance as well as marketing advice. Contact the office in your area.

State Regional	Web Site	States
Food Export USA Northeast	http://www.foodexportusa.org	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Food Export Association of the Midwest USA	www.foodexport.org	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
Southern U.S. Trade Association (SUSTA)	http://www.susta.org	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)	http://www.wusata.org	Alaska, Arizona, American Samoa, California, Colorado, Guam, Hawaii, Idaho, Montana, New Mexico, Oregon, Utah, Washington, Wyoming

Step 2: Research the competitive marketplace

The State Regional Offices will often have information on specific markets that they can provide to aid in market research. Additionally, the CANADA CONNECT Matchmaker Program provides an element to assist in determining the acceptance of your product in Canada (See

Step 3 below). Another means of finding a broker/distributor to represent you is by exhibiting in the US Pavilion at the Canadian Food & Beverage Show, the largest foodservice show in Canada, held annually in Toronto each February and/or SIAL Montreal, which is held every other year. The next SIAL is March 2007. Information on both of these shows is available on-line or by contacting agottawa@fas.usda.gov.

Step 3: Locate A Broker/Distributor

It is recommended that most new entrants to the Canadian market secure the services of a broker and/or distributor.

The USDA/FAS Office of Agricultural Affairs, U.S. Embassy Canada can provide assistance in locating a broker/distributor. Services available to help exporters locate appropriate brokers/distributors include USDA endorsed pavilions at various Canadian trade shows and a matchmaker program entitled, CANADA CONNECT, (see FAS Report CA5060 on the FAS Web Site: www.fas.usda.gov) for details on this program that provides market information and meetings with potential, pre-screened, buyers.

A partial listing of Canadian food brokers are available on our report CA5068 on the FAS web site.

Step 4: Review this Exporter Guide for Canadian government standards and regulations that pertain to your product and contact one of the CFIA Import Service Centers across Canada listed below for further information. However, Canadian agents, distributors, brokers, and/or importers are also equipped to assist exporters through the regulatory import process.

Import Service Center	Operational	Contact
Eastern Import Service Center	7:00 a.m. to 11:00 p.m. (local time)	Telephone: 1-877-493-0468 (inside Canada/U.S.) Facsimile: 1-514-493-4103
Central Import Service Center	7:00 a.m. to 12:00 a.m. (local time)	Telephone: 1-800-835-4486 (inside Canada/U.S.) Facsimile: 1-905-612-6280
Western Import Service Center	7:00 a.m. to 12:00 a.m. (local time)	Telephone: 1-888-732-6222 (inside Canada/US) Facsimile: 1-604-270-9247

Canadian agents, distributors, brokers, and/or importers are often the best equipped to assist exporters through the regulatory import process. The best entry method depends on the food product and the sub-sector identified as appropriate for each food product. Government and industry import policies and trade acts regulate each sub-sector. Each U.S. export opportunity must be thoroughly investigated relative to the legislation that exists for the product requesting entry.

SECTION VI. QUESTIONS AND ANSWERS

The following are some of the common questions asked by U.S. food and agricultural product exporters to the staff at the Office of Agricultural Affairs in Ottawa.

1. Question: Will the FAS office in Ottawa assist me with my label review?

Answer: The Canadian Food Inspection Agency consolidates federal food label review under its "Food Labeling Information Service". At regional locations across Canada, these offices coordinate the requirements of all federal departments to simplify product approval and label compliance. It is recommended that U.S. exporters submit their labels to the regional office closest to the targeted marketing area (see list on page 11).

2. Question: How long does it take to get a label review?

Answer: If the U.S. exporter provides sufficient information with their submission to CFIA, a complete label assessment can be accomplished in about two weeks.

3. Question: How do I find a distributor?

Answer: The USDA/FAS Office of Agricultural Affairs, U.S. Embassy Canada can provide assistance in locating a broker/distributor. Services available to help exporters locate appropriate brokers/distributors include USDA endorsed pavilions at various Canadian trade shows and a matchmaker program entitled, CANADA CONNECT, (see FAS Report CA5060 on the FAS Web Site: www.fas.usda.gov) for details on this program that provides market information and meetings with potential, pre-screened, buyers.

4. Question: I know that Canada has a tariff rate quota for certain dairy and poultry products? How do I know if my particular dairy or poultry product is going to be affected by Canadian tariff rate quotas?

Answer: For a determination as to whether or not the product you intend to export into Canada is within the scope of Canada's tariff rate quota (TRQ), contact Ms. Elizabeth Udell, Canada Border Services Agency (CBSA), Trade Policy and Interpretation Directorate at (613) 954-7013, fax (613) 954-9646.

5. Question: How do I identify the major Canadian importers of my product(s)?

Answer: On the FAS web site: www.fas.usda.gov click on "Exporter Assistance" then on "foreign buyers list" and/or Industry Canada (IC) has a database of major Canadian importers by product type. Access the database at the IC web page: http://strategis.ic.gc.ca/sc_mrkti/cid/engdoc/index.html

6. Question: Will there be import duties on my food products entering Canada?

Answer: Under provisions of the U.S./Canada Free Trade Agreement and the North American Free Trade Agreement, all Canadian import duties on all U.S. food and commercial products have been phased out (with the exception of over-quota tariffs on dairy and poultry products). However, there are federal excise taxes and surcharges on alcoholic beverages.

7. Question: I've heard that U.S. fruit and vegetable exporters can't sell apples or potatoes to Canada. Is this true?

Answer: There are package-size regulations restricting bulk imports if Canadian supplies are available but imports in consumer and wholesale sized packages are permitted. Commonly referred to as Canada's "bulk waiver" requirement (or ministerial exemption), processors or packers must apply to the Canadian Food Inspection Agency (CFIA) for a special exemption to import bulk products.

8. Question: My company is new to exporting. Can I test market my product(s) in Canada with my U.S. label? I don't want to produce a label for the Canadian market until I know it will be successful.

Answer: Canada's test marketing provision is designed to facilitate the marketing of new products of a type that are new, unique and unavailable in Canada. It does not apply to U.S. brand introductions into Canada for processed foods commonly found on retail shelves.

SECTION VII. CONTACTS

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

Gary C. Groves, Agricultural Minister-Counselor
 Lisa Anderson, Agricultural Attaché
 Marilyn Bailey, Marketing Specialist
 George C. Myles, Senior Agricultural Specialist
 Darlene Dessureault, Agricultural Specialist
 Joyce Gagnon, Administrative Assistant

Summary of Useful Websites

The following is a listing of the major Canadian websites mentioned in the body of this report:

Canada Border Services Agency	http://www.cbsa-asfc.gc.ca/menu-e.html
Canadian Food Inspection Agency	
Home Page	http://www.inspection.gc.ca/
Acts and Regulations	http://www.cfia-acia.agr.ca/english/reg/rege.shtml
Guide to Food Packaging and Labeling	http://www.inspection.gc.ca/english/bureau/labeti/guide/guide_e.shtml
Meat & Poultry Inspection Regulations	http://www.inspection.gc.ca/english/anima/meavia/meaviae.shtml
Fish Inspection Directorate	http://www.cfia-acia.agr.ca/english/anima/fispoi/fispoie.shtml
Novel Foods	http://www.hc-sc.gc.ca/food-aliment/mh-dm/ofb-bba/nfi-ani/e_novel_foods_and_ingredient.html

Department of Foreign Affairs and International Trade	http://www.dfait-maeci.gc.ca/eicb/eicbintro-en.asp
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Health Canada	
Home Page	http://www.hc-sc.gc.ca
Food and Drugs Act	http://www.hc-sc.gc.ca/food-aliment/friia-raaii/food_drugs-aliments_droques/act-loi/e_index.html
Nutrition Labeling	http://www.hc-sc.gc.ca/hppb/nutrition/labels/index.html

Justice Department	http://www.justice.gc.ca
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Pest Management Regulatory Agency	
Maximum Residue Levels	http://www.pmr-arla.gc.ca/english/aboutpmra/about-e.html

APPENDIX I. Statistics

Table A. Key Trade and Demographic Information

Agricultural Imports From All Countries/ U.S. Market Share 1/	\$15.6 billion / 57%
Consumer Food Imports From All Countries/ U.S. Market Share	\$13.2 billion / 60%
Edible Fishery Imports From All Countries/ U.S. Market Share	\$1.5 billion / 40%
Total Population, July 2006	32.6 million
Urban Population / Rural Population / Percent Rural/2001	25.9 mil./ 6.7 mil/ 19%
Number of Metropolitan Areas Over 100,000	35
Per Capita Gross Domestic Product (U.S. dollars); 2003	\$27,346
Unemployment Rate (September 2006)	6.4 %
Per Capita Food Expenditures, (U.S. dollars)	\$1,563
Total Employment / Women / Men (census 2001)	15.8 mil / 7.3 / 8.5
Exchange Rate, average annual 2005	C\$=US\$.8253

Footnotes: 1/ AAFC

Table B. Consumer Food & Edible Fishery Product Imports

Canada Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
CONSUMER-ORIENTED AG TOTAL	9,368	10,094	10,893	5,963	6,139	6,596	64%	61%	61%
Snack Foods (Excl. Nuts)	686	759	831	407	459	507	59%	60%	61%
Breakfast Cereals & Pancake Mix	170	180	226	164	172	218	96%	96%	96%
Red Meats, Fresh/Chilled/Frozen	692	744	526	344	388	267	50%	52%	51%
Red Meats, Prepared/Preserved	294	319	306	280	300	287	95%	94%	95%
Poultry Meat	150	154	244	149	150	210	99%	97%	98%
Dairy Products (Excl. Cheese)	192	211	269	40	47	68	21%	22%	22%
Cheese	137	152	165	26	23	25	19%	15%	16%
Eggs & Products	71	79	93	60	64	88	85%	81%	81%
Fresh Fruit	1,301	1,455	1,611	693	744	831	53%	51%	51%
Fresh Vegetables	1,068	1,152	1,235	872	902	938	82%	78%	77%
Processed Fruit & Vegetables	785	767	882	494	452	528	63%	59%	60%
Fruit & Vegetable Juices	388	405	412	252	266	272	65%	66%	66%
Tree Nuts	160	192	239	92	109	142	58%	57%	55%
Wine & Beer	812	1,070	1,186	116	137	153	14%	13%	13%
Nursery Products & Cut Flowers	229	249	276	110	120	130	48%	48%	48%
Pet Foods (Dog & Cat Food)	240	261	291	235	257	286	98%	98%	98%
Other Consumer-Oriented Products	1,994	1,947	2,102	1,628	1,550	1,638	82%	80%	79%
FISH & SEAFOOD PRODUCTS	1,287	1,342	1,446	576	598	630	45%	45%	44%
Salmon	91	121	140	81	106	126	89%	88%	89%
Surimi	41	43	39	22	23	20	54%	53%	51%
Crustaceans	522	483	527	215	202	197	41%	42%	38%
Groundfish & Flatfish	272	321	335	117	120	128	43%	37%	37%
Molluscs	92	109	118	41	43	53	45%	39%	40%
Other Fishery Products	269	265	287	101	104	107	38%	39%	38%
AGRICULTURAL PRODUCTS TOTAL	12,954	13,684	14,729	8,375	8,315	8,845	65%	61%	61%
AG, FISH & FORESTRY TOTAL	16,396	17,393	18,926	10,570	10,639	11,399	64%	61%	61%

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products

CANADA - Top 15 Suppliers**CONSUMER-ORIENTED AGRICULTURAL IMPORTS**

US\$'000	2002	2003	2004
United States	5,963,352	6,138,966	6,595,889
Mexico	290,140	360,787	405,092
France	315,932	397,073	401,097
Italy	237,840	293,706	318,739
New Zealand	259,959	278,693	282,825
Australia	324,873	279,586	275,229
Chile	163,916	201,127	255,369
Netherlands	138,133	158,701	175,074
China (Peoples Republic of)	129,601	147,265	173,245
Brazil	115,627	138,328	151,312
Germany	107,384	122,104	145,153
Costa Rica	80,325	111,764	114,568
Spain	93,565	102,831	111,729
United Kingdom	110,983	103,119	111,352
Colombia	87,379	95,925	105,576
Other	948,984	1,164,152	1,270,441
World	9,367,993	10,094,127	10,892,690

FISH & SEAFOOD PRODUCT IMPORTS

US\$'000	2002	2003	2004
United States	576,460	598,272	630,448
China (Peoples Republic of)	92,883	131,275	192,887
Thailand	203,767	210,094	186,107
Vietnam	21,817	29,723	55,114
Chile	26,602	45,562	52,610
India	24,847	35,842	42,414
Russian Federation	37,206	40,423	27,163
Philippines	17,514	15,697	21,809
Norway	47,438	24,829	20,541
Taiwan (Estimated)	16,475	16,315	19,558
Spec Cats	4,276	4,947	14,403
Indonesia	16,150	15,608	14,134
Iceland	20,539	12,059	12,958
Hong Kong	11,731	13,826	12,788
Japan	9,128	8,983	10,570
Other	158,774	138,642	132,383
World	1,287,438	1,342,097	1,445,887

Source: United Nations Statistics Division