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Canada

2008

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Report Highlights:

This report replaces GAIN report CA8084. It updates/revises some sections in the Exporter Guide 2008 published in December 2008. The Exporter Guide is a practical guide for U.S. food exporters in the Canadian market; includes updates to the organic food section, market sector reports, consumer trends, and best prospects for U.S. consumer-oriented agricultural products in the Canadian market.e

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SECTION I. MARKET OVERVIEW

Canada is the No. 1 market for U.S. agricultural exports. In FY2008 US agricultural exports to Canada reached a record \$16.2 billion. U.S. agricultural exports to Canada accounted for 14% of total U.S. food and agricultural product exports of \$115.4 billion. Consumer-oriented agricultural products accounted for 74% of total U.S. food and agricultural product sales to Canada in FY2008, with fresh and processed fruits and vegetables, snack foods, breakfast cereals, processed horticultural products, and red meat products as the category leaders. American products accounted for more than 60% of total Canadian agricultural imports in 2007.

During FY2008, a number of consumer oriented agricultural categories posted record sales to Canada. The top 5 categories are fresh vegetables (\$1.5 billion), fresh fruit (\$1.4 billion), snack foods (\$1.3 million), red meat (\$1.1 billion), and fresh vegetables (\$923 million) and breakfast cereals (\$488 million). Combined items in these categories accounted for more than half of total U.S. exports consumer-oriented agricultural products to Canada.

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 FY2008 reached \$763 million. Despite being a major producer and world exporter of forest products, Canadian imports of U.S. forest products reached \$2.4 billion in FY2008. Combined, total U.S. farm, fish and forestry product exports to Canada reached a record \$19.4 billion during FY2008, \$3.2 billion more than to Mexico, the next largest market destination. Total bilateral agricultural trade between the U.S. and Canada reached \$34.1 billion in FY2008, more than \$90 million per day. Two-way truck traffic alone exceeds 7,000 trucks per day. That's an average of almost one truck, every-other-minute, 24 hours a day. The United States and Canada have the world's largest bilateral trading relationship. During FY2008, two-way merchandise trade reached \$616 billion.

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

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. Tangible benefits of the agreement have accrued to the U.S. agricultural industry.

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. However similar the United States and Canada are, there are differences that exporters need to become aware. Understanding the nuances of a marketplace is critical to a successful launch of a product in any foreign market.

Consumer Trends in Retail Food

Canada's population as of October 6, 2008 was estimated at 33.4 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
- Demand for organic food continues to increase
- Demand for better-for-you foods on rise
- More microwaveable 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

Increase in Food Label Consciousness

- Canadians are becoming more food label conscious including nutrition labeling and ingredient labeling. There is an increased focus on the levels of trans fats, sodium, fiber, and sugar in packaged foods and increased awareness of the issues surrounding allergens, food fortification and health claims.

SECTION II. EXPORTER BUSINESS TIPS; SERVICES; FOOD REGULATION

Export Services for U.S. Food and Agricultural Exporters

USDA-FAS offers a variety of export marketing services to assist U.S. exporters find customers overseas. Whether a new or experienced exporter, USDA-FAS services are the perfect tools to grow a business.

Services:

- **Foreign Buyers List**
(http://www.fas.usda.gov/agx/buying_us/foreign_buyers_exporters.asp) - Information on over 25,000 foreign buyers of food, farm, fish, seafood and forest products in more than 80 countries. Fee: \$15 per list (per country/per product).
- **Export Directory of U.S. Food Distribution Companies**
(http://www.fas.usda.gov/agx/buying_us/directory_food_distribution.asp) - This directory provides information on U.S. suppliers of mixed containers of grocery and/or food service products to foreign buyers. *Registration is free of charge.*
- **U.S. Suppliers List**
(http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp) - A searchable database of over 3,500 U.S. exporters and their products (over 500 product categories), used by USDA-FAS to help facilitate connecting potential buyers with U.S. suppliers. *Registration is free of charge.*
- U.S. suppliers who want to inform foreign buyers about their products will be directed to the State Regional Trade Groups (SRTGs) for assistance. The SRTGs, which are FAS program participants, offer customized export assistance on a wide variety of export-related topics from "connection to collection." The SRTGs list can be obtained by accessing the FAS Web page at:
http://www.fas.usda.gov/agx/counseling_advocacy/srtg_directory.asp.

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>.

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
Suite 320, 55 Murray Street
Ottawa, ON K1N 5M3
Tel: 613-562-3543
Fax: 613-562-3548
Email: cscb@cscb.ca
Web Site: www.cscb.ca
Searchable list of members: www.cscb.ca/040/md_e.asp

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. (<http://www.buyusa.gov/home/us.html>)

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 (CFIA) 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.

<http://www.inspection.gc.ca/english/imp/importe.shtml>

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 and Canadian Revenue Agency. For more information:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/bn-ne/menu-eng.html>

http://www.cbsa-asfc.gc.ca/import/rb-ee-eng.html#P183_14485

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/>

Food Regulation

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/fssa/labeti/guide/toce.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.

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 closest regional office. Prompt answers can often be received to general and specific label questions.

<http://www.inspection.gc.ca/english/fssa/labeti/guide/ch1e.shtml#1.6>

| Canadian Food Inspection Agency Food Labeling Information Service Regional Offices | |
|---|---|
| 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 Northeast Region: Canadian Food Inspection Agency 38 Auriga Drive, Unit 8 Ottawa, Ontario K2E 8A5 Tel: (613) 274-7374 Fax: (613) 274-7380 Canadian Food Inspection Agency 145 Renfrew Drive, Unit 160 Markham, Ontario L3R 9R6 Tel: 905-513-5977 Fax: 905-513-5971 | Central Region: Canadian Food Inspection Agency 709 Main Street West Hamilton, Ontario L8S 1A2 Tel: (905) 572-2201 Fax: (905) 572-2197 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 | Canadian Food Inspection Agency Carillon Place II 7101 Jean Talon Street East, Suite 600 Anjou, Quebec H1M 3N7 Tel: 514-493-8859 Fax: 514-493-9965 |
| Canadian Food Inspection Agency Place Iberville IV Suite 100, 2954 Laurier Boulevard Ste-Foy, Quebec G1V 5C7 Tel: (418) 648-7373 Fax: (418) 648-4792 | |
| 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, PEI 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) 772-8912 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.

<http://www.inspection.gc.ca/english/fssa/labeti/guide/ch2ae.shtml#2.15>

Nutrition Labeling

On December 12, 2007, Canada's mandatory nutrition labeling regulations for prepackaged foods came fully into force. Small manufacturers, domestic or foreign, with gross sales of C\$1 million or less in Canada were granted an additional two years to comply after December 12, 2005. 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. Nutrition Labeling Policy is set by Health Canada while the Canadian Food Inspection Agency is responsible for enforcement. The Nutrition Labeling websites are:

<http://www.hc-sc.gc.ca/fn-an/label-etiquet/nutrition/reg/index-eng.php>

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

Some 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 color, 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).

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/act-loi_reg-eng.php

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: food-aliment@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.hc-sc.gc.ca/cps-spc/pest/protect-proteger/food-nourriture/ga-mrl-lmr-qr-eng.php>

Health Canada's Health Protection Branch sets maximum residue limits (MRL) for pesticides. A full listing of Canadian MRLs is available at:

http://www.hc-sc.gc.ca/cps-spc/alt_formats/pmra-arla/pdf/protect-proteger/food-nourriture/mrls-lmr-eng.pdf

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.

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 Meats

Federally inspected USDA meat and poultry plants must be on the Food Safety Inspection Service's (FSIS) list of approved establishments to export fresh meats 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.

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 FSIS Library of Export Requirements

http://www.fsis.usda.gov/Regulations_&Policies/Export_Information/index.asp

For more information on the Export Verification Program for Bison or Buffalo to Canada visit the following web site:

<http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateP&navID=GradingCertificationandVerfication&leftNav=GradingCertificationandVerfication&page=LSEVProgram>.

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. However, in November 2007, the countries signed an arrangement to facilitate bilateral potato trade. The arrangement will provide U.S. potato producers with predictable access to Canadian Ministerial exemptions, a regulatory vehicle to import potatoes that is only granted by the Government of Canada on a case-by-case basis when there is a proven shortage of potatoes in Canada. The Arrangement, when fully implemented in the third year, will allow contracts between U.S. growers and Canadian processors to serve as sufficient evidence of a shortage in Canadian potatoes.

Further information on fruit and vegetable regulations is available on the Canadian Food Inspection Agency's Fruit and Vegetable website:

<http://www.inspection.gc.ca/english/fssa/frefra/frefrae.shtml>

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/fssa/fispoi/import/guidee.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/fn-an/gmf-agm/index-eng.php>

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 wine report (CA7006) available on the FAS website under Attaché Reports for a partial listing of agents.

- Newfoundland Liquor Corporation – <http://www.nfliquor.com>
- Nova Scotia Liquor Corporation - <http://www.nsliquor.ca>
- Prince Edward Island Liquor Control Commission - <http://www.peilcc.ca/>
- New Brunswick Liquor Corporation – <http://www.nbliquor.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://aglc.ca/>
- British Columbia Liquor Distribution Branch – <http://www.bcliquorstores.com>
- Yukon Liquor Corporation Board – <http://www.ylc.yk.ca>
- North West Territories Liquor Commission - Tel.: (867) 874-2100
<http://www.fin.gov.nt.ca/liquor/Home.aspx>

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. Wine container sizes 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.

Canadian Organic Regulations became official after they were published in the Canada Gazette, Part II, on December 21, 2006. With the support of the Canadian organic industry,

Canada's previously voluntary system for marketing organic food now falls under a federal regulatory framework.

Enforcement Date of Regulations

Federal regulations for organic products – the Organic Products Regulations – are scheduled to come into full force on June 30, 2009. On this date, organic products marketed in or imported into Canada must be certified by a certification body accredited by the Canadian Food Inspection Agency (CFIA). The National Standard for Organic Agriculture, which sets out the permitted and prohibited practices, can be accessed online at Canadian General Standards Board

(http://www.pwgsc.gc.ca/cgsb/on_the_net/organic/index-e.html)

Organic Production Standards

The definitions of Canada's production methods for organic agriculture and the substances used (i.e., permitted substances list) are laid out in the Canadian General Standards Board's (CGSB) publications entitled the *Organic Production Systems General Principles and Management Standards* and the *Organic Production Systems Permitted Substances List*. These documents are available on the following CGSB webpage:

http://www.pwgsc.gc.ca/cgsb/on_the_net/organic/index-e.html

Normally, whenever a country seeks U.S. determination of its organic standards, the U.S. follows with a similar request of the USDA National Organic program (NOP) by the foreign government in order to facilitate U.S. organic exports. Given the size of the trading relationship, Canada and the United States initiated equivalency discussions and multiple rounds have been held to evaluate equivalency, the NOP conducts a side-by-side comparison of the two systems to identify similarities and differences. In the end, equivalence may exist for some products but not for others.

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: <https://www.fas.usda.gov>

Food Fortification

The addition of vitamins and minerals to food in Canada is controlled by the *Food and Drug Regulations* and only foods fortified with certain nutrients, and to levels specified in the *Regulations*, may be sold in Canada. In 1998, Canada began a review of its food fortification policy. The review responded to concerns that the current policy and practices are too restrictive and that they limit the development of new products, as well as Canadians' access to fortified foods available in other countries. The proposed policy is outlined in the document, Addition of Vitamins and Minerals to Food, 2005: Health Canada's Proposed Policy and Implementation Plans. (http://www.hc-sc.gc.ca/fn-an/nutrition/vitamin/fortification_final_doc_1-eng.php). It would retain current fortification

practices to prevent and correct nutritional problems, such as requiring the addition of Vitamin D to milk to combat the childhood disease of rickets and the addition of folic acid to flour to reduce birth defects. Fortifying foods to restore vitamins and minerals lost through processing would also continue.

The policy would create a new provision for food fortification done at the "discretion" or "choice" of the manufacturer (within defined limits set by Health Canada) to meet a market demand, a process known as discretionary fortification. The policy also calls for an expansion of the product category of special purpose foods. The policy review is ongoing. Health Canada is expected to draft regulations to implement the policy, although no time frame has been announced. There will be a comment period when the draft regulations are published in the **Canada Gazette** Part I (<http://canadagazette.gc.ca/index-e.html>). The regulatory process usually takes about 12-18 months. For more information on food fortification, visit: www.healthcanada.gc.ca/fortification

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 or by any other governmental department. There are voluntary quality assurance programs in place that 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, glue stock, 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 an 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>

Labeling Claims

Meat Labeling Claims

All meat and meat product labels used in Canada must be registered with the following CFIA office. Ideally this should be done prior to application for the labels with the claims on them. CFIA requires three proof copies of the intended labels for Canada, as well as an application form #1478 available from CFIA), formulation and processing methods. CFIA will not review existing U.S. marketplace labels.

Dr. Mark Bielby, D.V.M.
Recipe and Label Registration Unit
Canadian Food Inspection Agency
8 Colonnade Rd.
Ottawa, Ontario, Canada K1A 0Y9
Telephone: (613) 221-1428
Fax: (613) 228-6622
Mark.Bielby@inspection.gc.ca

The term "natural " cannot be used on any meat product in Canada, as it is felt that the term cannot be defined properly in terms of the context of food production. Any natural product can only have come from completely wild and unfarmed animals that are harvested and processed. However, the Method of Production protocol can be submitted to CFIA prior to label application. The phrase must be worded exactly as printed in the Canadian policy on Method of Production claims. This can be obtained by request from Dr. Bielby's office.

A written protocol must be submitted to the Label Registration Unit. This must include a written description of the procedures that are in place to validate the claim made (e.g. ,raised without the use of antibiotics would require evidence from birth, from hatcheries and

feed mills, if applicable, from slaughter and from processing that there is segregation of the product from the conventional line). These protocols must be audited by an independent third person auditor who then will send a report to CFIA. There are 20-30 common method of production claims that have been approved by the Fair Labeling Unit. Some of these are:

- Raised without the use of antibiotics (this includes anticoccidials)
- Raised without the use of added hormones
- Raised without animal by-products
- Free-range
- Free run
- Grain Fed
- Vegetable Grain Fed
- Milk-fed veal

This above list is not exhaustive, and any company may propose a Method of Production claim for review by CFIA.

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 more information, go to:

<http://www.hc-sc.gc.ca/fn-an/label-etiquet/claims-reclam/index-eng.php>

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.

Food Allergens

In Canada, the nine Priority Food Allergens are peanuts, tree nuts (almonds, Brazil nuts, cashews, hazelnuts (filberts), macadamia nuts, pecans, pine nuts, pistachios, walnuts), sesame seeds, milk, eggs, fish (including crustaceans (e.g. crab, crayfish, lobster, shrimp) and shellfish (e.g. clams, mussels, oysters, scallops), soy, wheat and sulphites. According to the CFIA, these Priority Allergens have been shown to account for more than 90% of severe adverse reactions related to food allergens. The CFIA recommends that food companies establish effective allergen controls to minimize the potential for allergic reactions. When the CFIA becomes aware of a potential serious hazard associated with a food, such as undeclared

allergens, the CFIA investigates and takes all appropriate action to protect consumers, which may include a recall of the food product.

A CFIA industry reference guide with regard to the food allergens and labeling is available at the following website:

<http://www.inspection.gc.ca/english/fssa/labeti/allerg/allerge.shtml>

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.

Apply at:

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. By regulation, for a food to be granted a Test Market Food status, it must never have been sold in Canada in that form and must differ substantially from any other food sold in Canada with respect to its composition, function, state or packaging form. 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 that 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

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

Questions regarding any procedural details in applying for the TMAL may be addressed to:

Chief, Nutrition Evaluation Division
Bureau of Nutritional Sciences, Food Directorate
Health Products and Food Branch
Health Canada
Ottawa, Ontario K1A 0L2
Tel. (613) 957-0352
Fax (613) 941-6636

Interim Marketing Authorization

The Interim Marketing Authorization (IMA), allows the sale of foods not in compliance with the regulations while an amendment to permit their ongoing legal sale is being processed. Permission is given through the publication of a Notice of Interim Marketing Authorization in *Canada Gazette* Part I and is effective beginning on the date of publication.

Categories of amendments eligible for IMA are limited to a food which:

- a) Contains an agricultural chemical or any of its derivatives in excess of the maximum residue limit that has been established in Division 15, or for which a maximum residue limit has not been established; or
- b) Contains a veterinary drug in excess of the maximum residue limit established in Division 15, *FDR*, or for which a maximum residue limit has not yet been established; or
- c) Contains a food additive in excess of the level of use listed in Division 16, *FDR*, or for which there are no provisions in Division 16, *FDR*; or
- d) Contains an ingredient in a form not listed in the standard for that food in the *Food and Drug Regulations*; or
- e) Contains an added vitamin or mineral nutrient for which no provision is found in the Table to Division 3, Part D, *FDR*, or which is present at a level that is at variance with the prescribed level.

An IMA does not have a fixed duration but remains in effect until the proposed regulatory amendment is promulgated in *Canada Gazette* Part II.

For more information, contact:

Director
Bureau of Food Regulatory, International and Interagency Affairs

A.L. 0702C
Health Canada
Ottawa, Ontario K1A 0L2
Tel. (613) 957-1828
Fax (613) 941-3537

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 Canada's Intellectual Property Office website at: http://www.cipo.ic.gc.ca/epic/site/cipointernet-internetopic.nsf/en/h_wr00002e.html

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, biotech foods, 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.

Market Sector Reports

Listed below are the food sector and marketing reports submitted by the Office of Agricultural Affairs, Ottawa, Canada. The reports offer profiles of each sector and summarize the key developments and market opportunities for new U.S. sales. 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 |
| 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 |
| 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 Food Industry | 10/24/02 |
| 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 |
| CA5061 | Kosher Report | 09/26/05 |

| | | |
|--------|--|----------|
| CA5068 | Food Brokers Report | 10/06/05 |
| CA6019 | Private Label Report | 04/28/06 |
| CA6040 | Canada Connect Matchmaker Program | 09/09/05 |
| CA7004 | Organic Regulations | 02/06/07 |
| CA7006 | Exporting Wine to Canada | 02/06/07 |
| CA7054 | Canadian Beer Market for U.S. Exporters | 10/09/07 |
| CA7063 | Retail Report | 01/23/08 |
| CA7066 | Exporter Guide | 01/07/08 |
| CA8043 | GST/HST and How it Applies to Food/Agriculture | 05/12/08 |
| CA8048 | HRI Food Service Sector Report | 07/03/08 |
| CA8050 | Food Processing Sector Report | 07/22/08 |
| CA8055 | FAIRS Report (Annual) | 08/08/08 |
| CA8069 | FAIRS Export Certificate Report | 09/23/08 |

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 FY 2008, a number of consumer-oriented agricultural product categories posted record sales to Canada. The top five categories are fresh vegetables (\$1.5 billion), fresh fruit (\$1.4 billion), snack foods (\$1.3 billion), red meat (\$1.1 billion) and processed fruits and vegetables (\$923 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? While the previous paragraphs identify the leading U.S. consumer-oriented agricultural product categories that are dominating U.S. agricultural exports to Canada, the following are some of the hottest and trendiest foods and food trends capturing consumer attention and increased market share:

Pre-packaged Foods with Low Levels of Trans Fats

Canada is the first country to require that the levels of trans fat in pre-packaged food be included on the mandatory Nutrition Facts table. That requirement took effect on December 12, 2007. It was intended, in part, to act on food labels as an incentive for the food industry to decrease the trans fat content of foods, and Health Canada (HC) says that it has clearly had the desired effect as demonstrated by the significant number of products on the Canadian market that have already been reformulated. In June 2007, the HC called on industry to voluntarily reduce the levels of trans fat in the Canadian food supply to the lowest levels recommended by the Trans Fat Task Force, and announced that the government would monitor the progress. Canada's Trans Fat Task Force recommended a trans fat limit of 2% of the total fat content for all vegetable oils and soft, spreadable margarines, and a limit of 5% of the total fat content for all other foods, including ingredients sold to restaurants. HC has asked industry to show significant progress by June 2009 to reduce trans fats levels, or it will introduce regulations to ensure the levels are met. HC has begun to monitor trans fat levels in Canada and released its second report in July 2008. The results are available on the HC website at:

http://www.hc-sc.gc.ca/fn-an/nutrition/gras-trans-fats/tfa-age_tc-tm_e.html

Organics

Sales of organic foods continue to increase. The U.S. supplies about 85% of the total market in Canada for prepackaged organic foods. In Canada, organic food sells at a moderate price premium and sales are forecast to rise, especially as quality and availability matches that of conventionally produced foods.

Canada is an important market for U.S. organic food. In fact, Canadian organic production has concentrated on exports, mostly of bulk grains and oilseeds. Canada's retail market for organic food is supplied mostly by imports from the United States. Currently, about 80-85% of the demand for organic produce and approximately 90% of the demand for organic grocery products in Canada is met by imports from the United States.

Functional Foods/Superfoods

Functional foods, often referred to as "Superfoods" are gaining wide popularity among Canadian consumers focused on choosing foods that may help prevent disease and aging. Blueberries, almonds, yogurt, kefir, and even dark chocolate are some of the foods that are gaining favor in Canada as the new "Superfoods".

Low Sodium Foods

Canadian consumers are becoming more conscious about the level of sodium in prepackaged processed foods and in restaurant meal foods. A Canadian coalition of health groups is urging the Canadian government to set graduated targets for sodium according to food categories and to monitor the food industry's progress. Figures from Statistics Canada show that the average Canadian consumes in excess of 3,100 mg of sodium a day with the major source identified as processed foods. Health Canada (like the U.S. National Academy of Sciences) has determined that an appropriate daily intake for a healthy adult is 1,200mg to 1,500mg of sodium. Canada's Minister of Health recently announced the establishment of a Sodium Working Group as a first step towards the development of a long-term national strategy to reduce dietary sodium levels.

SECTION V. ROAD MAP FOR MARKET ENTRY

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 United States. 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 one of the FAS endorsed Canadian shows. FAS endorses a U.S. Pavilion at the Canadian Restaurant and Foodservice Trade Show (CRFA), the largest foodservice show in Canada, held annually in Toronto CRFA - <http://www.crfa.com/tradeshows/crfashow/> and SIAL Montreal, <http://www.sialmontreal.com/home.ch2> the largest retail food industry show in Canada, held annually in Montreal. Information on both of these shows is available on-line or by contacting email: 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 (see http://www.ats.agr.gc.ca/events/events_canada-e.htm for a complete listing of trade shows in Canada) and a matchmaker program entitled, CANADA CONNECT, a program that provides market information and meetings with potential, pre-screened, buyers.

FAS endorse two trade shows in Canada each year. The Canadian Restaurant and Foodservice Association show, a foodservice trade only show held annually in Toronto, Ontario and SIAL Montreal, primarily a retail trade only show held annually in Montreal, Quebec. Contact Sharon Cook, USDA/FAS Washington, DC Sharon.cook@usda.gov for further details on participation in the USA Pavilion at these shows.

A partial listing of Canadian food brokers is 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 (http://www.canadabusiness.ca/servlet/ContentServer?pagename=CBSC_FE/display&c=Services&cid=1081944201787&lang=en) for further information. However, Canadian agents, distributors, brokers, and/or importers are also equipped to assist exporters through the regulatory import process.

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 8).

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, aimed at assisting new to market companies.

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. Kelly Bartlett, Canada Border Services Agency (CBSA), Food, Chemicals, Plastics and Rubber Unit, at (613) 957-1468.

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

Answer: 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. In late 2007, the U.S. and Canada inked an arrangement to facilitate bilateral potato trade. The arrangement will provide U.S. potato producers with predictable access to Canadian Ministerial exemptions.

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@fas.usda.gov

Robin Tilsworth, Agricultural Minister-Counselor
Lisa Anderson, Agricultural Attaché
George C. Myles, Senior Agricultural Specialist
Darlene Dessureault, Agricultural Specialist
Joyce Gagnon, Administrative Assistant

APPENDIX I. 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 | |
|--------------------------------------|---|
| Home Page | http://www.cbsa-asfc.gc.ca/menu-eng.html |

| Canadian Food Inspection Agency | |
|--|---|
| Home Page | http://www.inspection.gc.ca/ |
| Acts and Regulations | http://www.inspection.gc.ca/english/reg/rege.shtml |
| Guide to Food Packaging and Labeling | http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml |
| Meat & Poultry Products | http://www.inspection.gc.ca/english/fssa/meavia/meaviae.shtml |
| Fish Products Manual | http://www.inspection.gc.ca/english/anima/fispoi/manman/fpimip/toctdme.shtml |

| Health Canada | |
|---|---|
| Home Page | http://www.hc-sc.gc.ca/index-eng.php |
| Food and Drugs Act | http://www.hc-sc.gc.ca/fn-an/legislation/acts-lois/act-loi_reg-eng.php |
| Nutrition Labeling | http://www.hc-sc.gc.ca/fn-an/label-etiquet/nutrition/index_e.html |
| Genetically Modified (GM) and Other Novel Foods | http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php |

| Department of Foreign Affairs and International Trade | |
|--|---|
| Home Page | http://www.dfait-maeci.gc.ca |

| Justice Department | |
|--|---|
| On-Line Access to Official Canadian Acts & Regulations | http://www.justice.gc.ca |

| Pest Management Regulatory Agency | |
|--|---|
| Pesticides and Pest Management | http://www.hc-sc.gc.ca/cps-spc/pest/index-eng.php |
| Maximum Residue | http://www.hc-sc.gc.ca/cps-spc/pest/protect-proteger/food- |

| | |
|-----------------------|--|
| Limits for Pesticides | nourriture/mrl-lmr-eng.php |
|-----------------------|--|

APPENDIX II. STATISTICS**Table A. Key Trade and Demographic Information**

| | |
|--|---------------------------|
| Agricultural Imports From All Countries/2007/U.S. Market Share 1/ | \$23.6 billion / 59% |
| Consumer Food Imports From All Countries/2007/U.S. Market Share | \$17.5 billion / 61% |
| Edible Fishery Imports From All Countries/2007/ U.S. Market Share | \$1.7 billion / 41% |
| Total Population, July 2008 | 33.3 million |
| Urban Population / Rural Population / Percent Rural/2006 | 26.9 mil./6.3 mil/ 19% |
| Number of Metropolitan Areas Over 100,000 | 35 |
| Per Capita Gross Domestic Product (U.S. dollars); 2007 2/ | \$46,687 |
| Unemployment Rate (October 2008) Statistics Canada | 6.2% |
| Per Capita Food Expenditures, 2007; (U.S. dollars) 3/ | \$1,444 |
| Total Employment / Full & Part Time; Nov. 2008 SC Labor Force Survey | 18.3 million |
| Exchange Rate, average annual 2007; Bank of Canada | C\$=US\$.9304 |

Footnotes: 1/ AAFC; 2/ National Income and Expenditure Accounts, quarterly estimates (StatCan) Cat. 13-001-XIB, Table 2 converted to \$US; 3/ National Income and Expenditure Accounts, SC; Table 17

Table B. Consumer Food & Edible Fishery Product Imports

| CANADA | | | | | | | | | |
|---------------------------------------|-------------------------------|-------------|-------------|------------------------------|-------------|-------------|--------------------------|-------------|-------------|
| \$US Millions (Cal. Year Data) | | | | | | | | | |
| | Imports from the World | | | Imports from the U.S. | | | U.S. Market Share | | |
| | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 |
| Consumer-Oriented Agricultural | 13.0 | 14.9 | 17.5 | 8.1 | 9.3 | 10.7 | 62% | 62% | 61% |
| Fish & Seafood | 1.6 | 1.7 | 1.7 | 0.7 | 0.7 | 0.7 | 43% | 41% | 41% |
| Total Agricultural | 17.7 | 19.9 | 23.6 | 10.6 | 12.0 | 14.0 | 60% | 60% | 59% |
| Agricultural, Fish & Forestry | 22.0 | 24.3 | 27.8 | 13.4 | 14.8 | 17.0 | 61% | 61% | 61% |

Sources: Estimates Derived from AAFC,U.S. Bureau of Census BICO & World Trade Atlas

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

CANADA – Top 15 Supplier

Consumer-Oriented Agricultural Imports*

| US\$'000 | 2005 | 2006 | 2007 |
|-----------------|-------------|-------------|-------------|
| -- The World -- | 13.0 | 14.9 | 17.5 |
| United States | 8.1 | 9.3 | 10.7 |
| Mexico | 0.4 | 0.5 | 0.6 |
| France | 0.3 | 0.4 | 0.5 |
| Italy | 0.3 | 0.3 | 0.4 |
| Australia | 0.3 | 0.3 | 0.3 |
| Chile | 0.3 | 0.3 | 0.3 |
| China | 0.2 | 0.3 | 0.3 |
| New Zealand | 0.3 | 0.3 | 0.3 |
| Brazil | 0.2 | 0.2 | 0.3 |
| Netherlands | 0.2 | 0.2 | 0.2 |

Fish & Seafood Product Imports*

| US\$'000 | 2005 | 2006 | 2007 |
|-----------------|-------------|-------------|-------------|
| -- The World -- | 1.7 | 1.7 | 1.7 |
| United States | 0.7 | 0.7 | 0.7 |
| China | 0.2 | 0.2 | 0.2 |
| Thailand | 0.2 | 0.2 | 0.2 |
| Vietnam | 0.1 | 0.1 | 0.1 |
| Chile | 0.0 | 0.1 | 0.1 |

* based on selected HS codes and World Trade Atlas & StatsCan

See Also: Annual Fish & Seafood Report [CA8071](#)