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Prepared By: Maria Arbulu and Aurela Delibashi

Approved By: Tyler Babcock

Report Highlights:

The Canadian food and beverage processing sector is the largest manufacturing sector in Canada in terms of both GDP and employment, representing over 16 percent of Canada's manufacturing GDP and 17 percent of Canada's manufacturing jobs. Food and beverage processing sales totaled \$116 billion USD in 2024, with the majority of facilities located in Ontario and Quebec. Canada's food and beverage processing industry is deeply integrated with the United States, as Canada's processors import food products, ingredients, and essential inputs for further processing and then reexport final products back into the United States. As a result of recent trade tensions, the Government of Canada is working with the sector to promote voluntary "Product of Canada" or "Made in Canada" claims on food labels to make it easy for Canadian consumers to spot products with Canadian input.

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Executive Summary:

Canada is a high-income country and in 2023, Canada's GDP reached \$2.14 trillion, positioning the country as the 10th largest economy in the world. Canada is a major producer of food and agricultural products and a leading player in the global marketplace. In 2024, Canada was a top market for U.S. agricultural exports at \$28 billion.

Canada's Consumer-Oriented Agricultural Imports

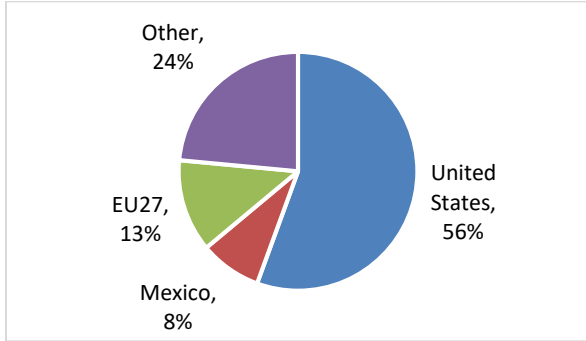


Chart 1: Market Share of Canada's Consumer Oriented Agricultural Products Imports by Exporting Countries

Food Service Industry:

Canada's food service sales reached \$85 billion in 2023. The growth forecast for 2023 is projected to be three percent, which reflects a stabilization of the market after covid-related slowdowns in 2020-2023. Inflation and labor shortages continue to be market challenges.

Food Retail Industry:

Canada's food retail sales reached \$118 billion in 2023. Canada's retail market is mature and consolidated with five leading retailers – three traditional grocers and two general merchandisers – commanding 80 percent of the market. The remainder of the market is represented by smaller regional retail chains, including over 6,900 independents and 27,000 small and independent convenience stores.

Food Processing Industry:

Canada's food processing industry is comprised of 8,500 establishments; approximately 92 percent of them are small companies with less than 100 employees. Food and beverage manufacturing sales were \$116 billion in 2024.

Quick Facts CY 2024

Imports of Consumer-Oriented Products

\$37 billion

List of Top 10 Growth Products in Canada

- | | |
|---------------------------|-------------------------|
| 1) Savory snacks | 2) Non-alcoholic bev |
| 3) Ready-to-drink bev | 4) Baked goods |
| 5) Prepared meals | 6) Protein substitutes |
| 7) Nuts, seeds, and mixes | 8) Prepared salads |
| 9) Dried fruits | 10) Frozen fruits & veg |

Food Industry by Channels (U.S. billion)

Retail Food Industry	\$118
Food Service-HRI	\$85
Food Processing	\$116
Food and Agriculture Exports	\$41

Top 10 Host Country Retailers (by sales)

- | | |
|-------------------------|--------------------|
| 1) Loblaws (28 percent) | 2) Sobeys (19) |
| 3) Metro (11) | 4) Costco (9) |
| 5) Walmart (8) | 6) Overwaittea (4) |
| 7) Co-ops (3) | 8) Couch-tard (2) |
| 9) North West Co (1) | 10) Dollarama (1) |

GDP/Population

Population (millions): 41

GDP (billions USD): \$2,140

GDP per capita (USD): \$53,300

Sources: Canadian Grocer, Trade Data Monitor, Statistics Canada and Euromonitor International

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> - Well-established market with modern distribution channels - Relatively high consumer disposable income levels 	<ul style="list-style-type: none"> - Strong U.S. dollar - Consolidated retail sector - High inflationary pressure
Opportunities	Threats
<ul style="list-style-type: none"> - Strong consumer demand for value, high-quality - U.S. products enter duty free under USMCA 	<ul style="list-style-type: none"> - High level of competition from U.S., domestic, and third-country suppliers - Strong "buy local" programs

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Section I: Market Overview

The Canadian food processing sector is sophisticated and among the most competitive in the world. The sector is largely concentrated in Ontario and Quebec, especially in Mississauga, Toronto, and Montreal. In 2024, the Canadian food and beverage processing industry's value of production reached \$116 billion.¹² According to Agriculture and Agri-Food Canada, approximately 70 percent of all processed food and beverage products available in Canada are sourced from its domestic food and beverage processors³.

Canada's exports of consumer-oriented food products (i.e., processed food and beverage products) reached \$33.8 billion in 2024⁴, of which \$28.1 billion was exported to the United States. At \$6.7 billion in global export sales, "baked goods, cereals, and pasta products" was the largest sub-category of consumer-oriented food product exports. Nearly all, or 97 percent, of these product exports were exported to the United States. Other major sub-categories include "beef and beef products", "pork and pork products", "fresh and processed vegetables" (i.e., greenhouse cucumbers, tomatoes, and peppers), and "chocolate and cocoa products".

The food and beverage processing industry is comprised of approximately 8,500 food and beverage processing establishments employing over 300,000 Canadians. Of these establishments, about 92 percent have less than 100 employees, 8 percent have between 100 and 500 employees, while less than 1 percent have more than 500 employees.⁵ According to a statement released by [Food and Beverage Canada in their annual report](#), the industry is facing consolidation and contraction pressure brought on by challenges of critical labor shortages, disruptions in global supply chains and transportation, and inflation.

Analysts, while still waiting for 2024 end-of-year data, estimate Canada's consumer demand for food and beverage products to be flat in 2024, as consumer demand remained depressed by inflationary prices. The [Canadian Food Price Report](#) produced by Dalhousie University forecasts continued food inflation of 2.5 to 4.5 percent through the end of 2024. Baked products, meat, and vegetables prices are forecast to post the most significant increases.

The federal government of Canada aims to increase agriculture and food exports to \$60 billion by the end of 2025⁶ and continues to support the food and beverage processing industry through Sustainable [Canadian Agricultural Partnership](#) (S-CAP) programs to reach this target. The current Canadian administration led by Prime Minister Mark Carney [released a campaign plan](#) to build more domestic processing capacity, including food processing capacity in rural and remote areas, with a new \$200 million Domestic Food Processing Fund.

¹ All values are reported in U.S. dollars, unless otherwise specified; Conversion rate used was \$1USD:\$1.45CAD.

² Statistics Canada. [Table 16-10-0047-01 Manufacturers' sales, inventories, orders and inventory to sales ratios, by industry \(dollars unless otherwise noted\)](#)

³ Agriculture and Agri-Food Canada: [Overview of the food and beverage processing industry - agriculture.canada.ca](#)

⁴ Data compiled by Trade Data Monitor and sourced from Statistics Canada

⁵ *ibid*

⁶ [AgriMarketing Program: Step 1. What this program offers - agriculture.canada.ca](#); NOTE: Canada's exports of Agricultural products jumped from \$45 billion in 2019 to \$68 billion in 2023, an increase of 51 percent over 5 years and exceeding Canada's goal of \$60 billion.

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Domestic support for the Canadian economy and the strength of Canada’s “buy local” movement drives processors to source locally whenever possible, but Canadian processors continue to rely on a wide range of imported ingredients (e.g., vegetables, fruits, sweeteners, tree nuts, edible oils, cocoa, coffee products, and other key inputs). The Canadian food and beverage processing industry also relies heavily on low priced refined sugar provided by a sophisticated domestic sugar refining sector.

Advantages and Challenges

ADVANTAGES	CHALLENGES
Mature and stable, offering a steady source of demand for U.S. agricultural raw, semi-raw, and processed ingredients.	Sophisticated selection of raw, semi-processed, and processed food inputs already available in the Canadian market from domestic suppliers.
U.S. geographic proximity lowers transportation costs and results in a high-level of U.S. brand awareness.	Current depreciation of the Canadian dollar relative to the U.S. dollar makes U.S. ingredients more expensive relative to domestic supply.
High fruit, vegetable, and tree nut consumption among Canadians creates sales opportunities as selected food inputs do not grow in sufficient quantities in Canada.	Differences in acceptable food enhancers, additives, chemicals and residue tolerances.
Canadian consumers have relatively high disposable incomes, which translate into high food and drink spending levels.	Tariff rate quotas apply for certain products such as dairy and poultry.
Many multi-national food and beverage processors have facilities in both the United States and Canada, creating opportunities for suppliers of U.S. companies to expand into the Canadian market.	Growing support for sourcing ‘locally’ and supporting local growers and processors, especially as political tension increase and domestic nationalism grows stronger.

Section II: Roadmap for Market Entry

A. Entry Strategy

To facilitate initial export success, FAS/Canada recommends the following steps for U.S. suppliers of food ingredients when entering the Canadian market:

1. Contact an international trade specialist through your state department of agriculture and email FAS/Canada (agottawa@usda.gov) to learn about the USDA programs available to support your export goals.
2. Thoroughly research the competitive marketplace.
3. Locate a Canadian partner, whether a broker, distributor, or a local representative, to help identify key Canadian accounts.

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4. Learn Canadian government standards and regulations that pertain to your food ingredient product.

For more information on these steps, please consult the [FAS/Canada Exporter Guide](#). The best entry method will depend on the specific food product and the particular food processing sub-sector the U.S. supplier is targeting. FAS/Canada encourages companies to participate in Canadian trade and consumer shows to help evaluate the market and meet with potential Canadian partners. USDA endorses [SIAL Canada](#), the largest food trade show in Canada; the annual event alternates between Montreal and Toronto with the next show taking place in Toronto April 29-May 1, 2025. In addition to industry shows, various trade associations provide excellent networking opportunities and their own trade show formats, such as the Ontario Independent Meat Processors (OIMP) or the Canadian Institute of Food Science and Technology, and Food and Beverage Canada.

FAS/Canada works with [State Regional Trade Groups](#) and their respective state departments of agriculture to provide one-on-one export counseling and trade services that include inbound trade missions, support for selected tradeshows, and identification of potential Canadian partners.

B. Import Procedures

U.S. exporters are urged to review FAS/Canada [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report](#) and [Certificate Report](#) to better understand the Canadian import regulations and standards that apply to their products. The Canadian Food Inspection Agency (CFIA) provides extensive [information on the programs and services it offers for importing commercial foods into Canada](#), including the [Automated Import Reference System service](#) (AIRS) that is a reference tool outlining the import requirements for CFIA regulated commodities. AIRS provides specific import requirements for food ingredient items organized by the Harmonized System (HS) classification, place of origin (i.e., a specific U.S. state), destination in Canada (i.e., a specific province), and end use of the food item (e.g., for animal feed, for human consumption, etc.). [Getting started: Toolkit for food businesses](#) is an online toolkit provided by CFIA to help businesses understand the traceability, labelling, and advertising requirements that apply to their products.

U.S. firms, particularly small- to medium-sized firms, entering the market are recommended to partner with a Canadian ingredient broker or distributor. In most instances, food distributors will import and take title of the shipment and warehouse the product. The ingredients will be part of their catalog of offerings. Most distributors are not in the business of further marketing or finding new business accounts for your product. Brokers, on the other hand, are prepared to serve as salespeople and will pioneer an ingredient to established industrial food processing accounts on your behalf. Please contact FAS/Canada for insight on average broker and distribution fees, and to get a list of potential brokers and distributors to work with.

C. Market Structure and Distribution Channels

Ontario, Quebec, Alberta, and British Columbia account for more than 85 percent of food and beverage manufacturing sales in Canada. The country's leading processing sectors in 2024 were meat products (\$30 billion; 26 percent), dairy products (\$13 billion; 11 percent), bakery and tortilla products (\$13 billion; 11 percent), and other food products (\$13 billion; 11 percent) – accounting for 60 percent of sales combined.

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Innovation, Science, and Economic Development Canada (ISED) maintains a directory of [food and beverage companies](#) in Canada, which serves as a valuable resource for those looking to engage with the sector.

Although the vast majority of food and beverage processing establishments in Canada are small to medium-sized businesses, market power is concentrated among a few large companies that dominate production, sales, and distribution. These dominant players exert significant buying power, creating pricing pressures on some U.S. food and beverage companies, while creating challenges on U.S. exporters—especially when working with smaller Canadian companies or handling smaller-scale orders, where achieving economies of scale is more difficult.

Table 2. Food & Beverage Manufacturing Sales (2024, Billion USD)

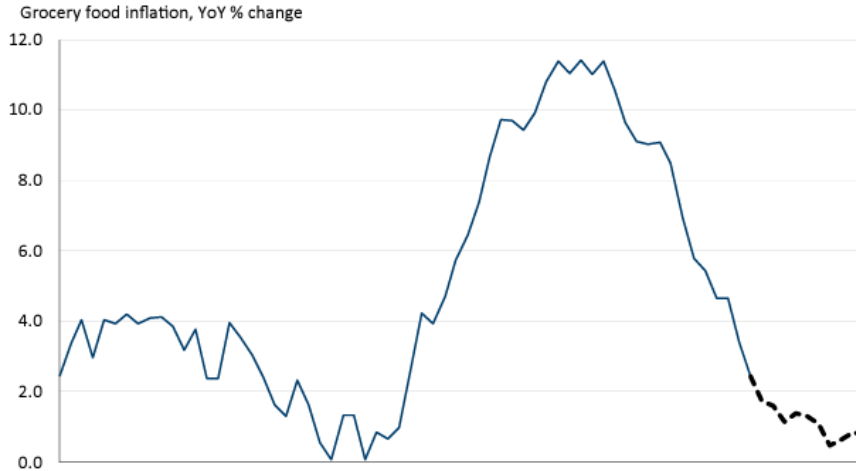
Food & Beverage Manufacturing Sub-Sector	Sales	Market Share	Leading Provinces
Food Manufacturing	\$105	90%	
Meat products	\$29.9	26%	Ontario & Alberta
Dairy products	\$13.2	11%	Ontario & Quebec
Other food	\$12.6	11%	Ontario & Quebec
Bakery and tortilla	\$12.7	11%	Ontario & Quebec
Grain and oilseed milling	\$12.4	11%	Ontario & Saskatchewan
Fruit/vegetable preserving & specialty food	\$7.8	7%	Ontario & Quebec
Animal food	\$6.9	6%	Ontario & Quebec
Seafood product preparation & packaging	\$4.7	4%	Nova Scotia & New Brunswick
Sugar and confectionery product	\$4.6	4%	Ontario & Quebec
Beverage Manufacturing	\$11	9%	
Breweries	\$4.3	4%	Ontario & Quebec
Soft drink and ice	\$4.2	4%	Ontario & Quebec
Wineries	\$1.1	1%	British Columbia & Ontario
Distilleries	\$1.1	1%	Ontario & Quebec

Source: Statistics Canada. [Table 16-10-0047-01 Manufacturers' sales, inventories, orders and inventory to sales ratios, by industry](#)

D. Sector Trends

Inflationary Pressure: While overall inflation in Canada has eased somewhat in 2024, food inflation remains high, impacting food product sales and consumer shopping behaviors. There is an increased demand for less expensive brands, low-cost product substitutes, and private-label products. Challenges related to consumer price sensitivity are product specific in the food manufacturing sector, but in general U.S. ingredient suppliers should expect food manufacturers to seek out cost effective solutions.

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Source: Statistics Canada, FCC Economics

Chart 2: Grocery food inflation rate⁷

Shifting Demographics: Canada's population continues to experience impressive growth, primarily driven by immigrants, both temporary and permanent residents. A new, young demographic has emerged with varied food preferences and demands. Healthy eating, convenience, and sustainable lifestyles are among the patterns shaping consumer preferences and product development in Canada. Processors have diversified their offerings to reach Canada's growing immigrant population and young consumers. Millennials are increasingly responsive to messages of environmental stewardship, driving the sector to offer more environmentally friendly products such as organic, low carbon footprint, and biodegradable or recyclable packaging. Consumers are paying closer attention to clean ingredients, seeking products that offer functional benefits.

Dependance on the U.S. as an Export Market: According to a [Farm Credit Canada report](#), nearly 40 percent of bread and baked goods sales are derived from exports, and the U.S. is the largest consumer, importing 95 percent of Canada's baked goods. The Government of Canada has [invested \\$5 billion into Export Development Canada programs](#) to support Canadian companies impacted by recent market uncertainty. The Government support includes loans, guarantees and working capital support.

Product	Exports (mt)	Growth
Bread, pastry, cakes, biscuits and similar baked products	700,716	9%
Other (including malt extract)	141,484	-3%
Doughs	117,894	1%
Sweet biscuits	98,845	-7%
Prep foods obtained by the swelling or roasting of cereal or cereal products	75,489	1%
Waffles and wafers	68,359	-3%
Communion wafers	47,748	9%
Cereals (other than corn), in grain or flake form	40,556	-5%
Uncooked pasta, not stuffed or otherwise prepared	40,069	13%
Rusks, toasted bread and similar toasted products	30,134	3%

Chart 3: Bakery goods exports to the United States, 2023

⁷ Statistics Canada, FCC Economics [FCC Food and Beverage Report 2024 | FCC](#)

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Section III: Competition

The Canadian food and beverage processing industry is comprised of approximately 8,500 food and beverage processing establishments. Of these establishments, about 92 percent have less than 100 employees, 8 percent have between 100 and 500 employees, while less than 1 percent have more than 500 employees. The food processing sector first focuses on sourcing ingredients and inputs domestically, but given increasing food inflation, there is a growing emphasis on sourcing ingredients from major international suppliers to achieve cost advantages. The United States currently has strong market share in almost all product categories but given changing market dynamics, the Canadian industry is looking for alternative sourcing options.

U.S. suppliers provided 56 percent of Canada’s total imports of consumer-oriented products in 2024. Although, no data exists on the total value of imported inputs/ingredients destined to the Canadian food processing sector, export data indicate that semi-raw products, selected fresh fruits and vegetables, nuts, and other products and processing inputs not readily grown in Canada are in high demand and continue to be largely imported from the United States. Below are products present in market that have had consistently good sales potential.

Table 4: Food and Beverage Processing-Related Imports (2024, Billion USD)

Description	Imports from World	Imports from U.S.	U.S. Market Share	Major Competitors
Fresh fruit	4.8	1.7	35%	Mexico, Guatemala, Peru
Bakery Goods, Cereals, & Pasta	4.0	2.8	70%	Italy, China, Mexico
Fresh vegetables	3.3	1.8	54%	Mexico, China, Guatemala
Chocolate & Cocoa Products	2.2	1.2	54%	Malaysia, Belgium, Germany
Processed Fruit	1.5	0.6	40%	Mexico, China, Turkey
Processed Vegetables	1.6	0.8	50%	China, Italy, Mexico
Beef and Beef Products	1.6	0.9	56%	New Zealand, Australia, Mexico
Tree Nuts	1	0.7	70%	Vietnam, Turkey, Chile
Pork & Pork Products	1	0.8	80%	Italy, Germany, Denmark
Dog and Cat Food	1.4	1.2	86%	Thailand, China, Italy
Condiments & Sauces	1.2	0.9	75%	Italy, China, Thailand
Non-Alcoholic Beverages	1.2	0.9	75%	Switzerland, France, Italy

Source: Trade Data Monitor

Note: Products above represent \$24.7 billion, or 67 percent, of Canada’s consumer-oriented food product imports valued at \$37 billion in 2024.

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Section IV: Best Product Prospects

A. Products Present in the Market with Good Sales Potential

Baked Goods Sector: While traditional wheat-based baked goods continue to be a staple in the majority of Canadian households, healthy baked good alternatives (e.g., gluten-free, keto-friendly, products made of widely known ingredients) continue to rise in popularity. U.S. ingredient and input suppliers should note Canadian baked goods manufacturers’ desire to reformulate baked good products to reduce dependency on additives such as preservatives, stabilizers, colorings, and flavorings. Key ingredients in demand in this sector include minimally processed edible oils (e.g., avocado oil), alternative whole grains and seeds (e.g., brown rice, quinoa, flax, and sesame seeds), tree nuts, natural fruit flavoring, and other easy to interpret ingredients.

Competitive landscape

Company Shares of Baked Goods

% Share (NBO) - Retail Value RSP - 2024

Canada Bread Co	11.4%	▲
FGF Brands Inc	10.6%	▲
Loblaw Cos Ltd	10.1%	▲
Sobeys Inc	5.8%	▼
Culinar Inc	2.7%	▼
Kellogg Canada Inc	1.6%	▼
Metro Inc	0.8%	▼
Ozery Bakery/Pita Break	0.8%	▲
Boulangerie St-Methode, ...	0.7%	▼
General Mills Canada Cor...	0.7%	▼
Chudleigh's Ltd	0.4%	▼
Stonemill Bakehouse Ltd	0.3%	▼
Mondelez Canada Inc	0.3%	▲
McCain Foods Ltd	0.2%	▼
Kraft Heinz Canada ULC	0.2%	▼
Smucker Foods of Canada ...	0.1%	▼
Kinnikinnick Foods Inc	0.1%	▼
Artisanal	34.1%	▼
Other Private Label	3.8%	▼
Others	15.2%	▼

Chart 4: Market share of major baked good producers

Source: Euromonitor

Fruit & Vegetable Processing Sector: Albeit at a decreasing rate, shelf-stable fruit and vegetable options continue to suffer from the perception that they are not as healthy as fresh or frozen fruits and vegetables. This perception has resulted in lost sales despite the convenience they may provide. The fruit and vegetable processing sector largely requires innovation and new product development to attract consumers that are increasingly price sensitive but demand healthy alternatives. Key ingredients in demand in this sector include lentils, legumes, beans, carrots, green beans, peas, and other green vegetables.

Sales of Baked Goods

Retail Value RSP - CAD million - Current - 2010-2029

11,770

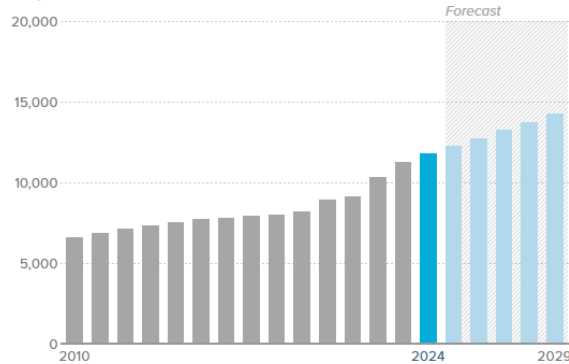


Chart 5: Sales of baked goods in Canada reached \$8.1 billion USD in 2024

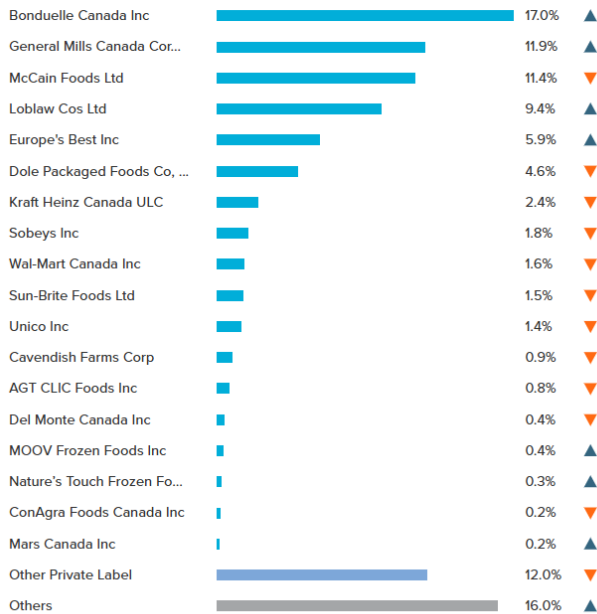
Source: Euromonitor

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Competitive landscape

Company Shares of Processed Fruit and Vegetables

% Share (NBO) - Retail Value RSP - 2024



Sales of Processed Fruit and Vegetables

Retail Value RSP - CAD million - Current - 2010-2029

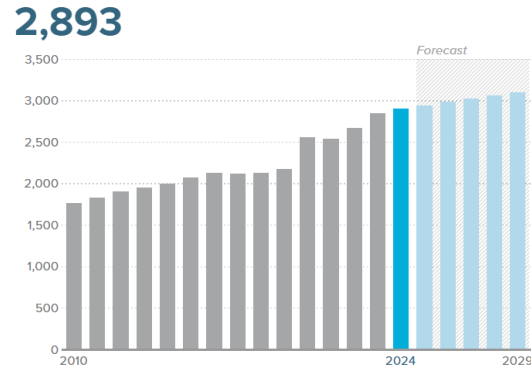


Chart 7: Sales of processed fruit and vegetables in Canada reached \$2 billion USD in 2024

Source: Euromonitor

Chart 6: Market share of major Processed Fruit and Vegetable Processors

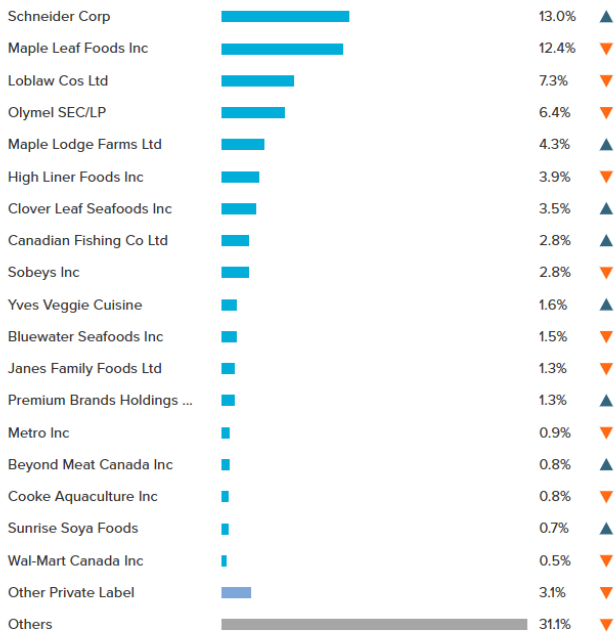
Source: Euromonitor

B. Products Not Present in Market with Good Sales Potential

Seafood and Alternatives to Meat Sector: Driven by health-conscious consumers and a large immigrant population seeking non-meat options, Canada's alternative to meat and seafood sector continues to steadily grow. However, U.S. suppliers should note Canadian consumers' increasing caution with ultraprocessed food (UPC) items and their concern of additives in meat substitutes. Canadian manufacturers are rapidly developing new products in this sector. Key ingredients in demand include fava beans, seitan, oats, chickpeas, tofu and soy proteins, jackfruit, zucchini, spinach, bulgar wheat, starch (corn, wheat, rice), and pea proteins.

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Company Shares of Processed Meat, Seafood and Alternatives to Meat
% Share (NBO) - Retail Value RSP - 2024



Sales of Processed Meat, Seafood and Alternatives to Meat
Retail Value RSP - CAD million - Current - 2010-2029

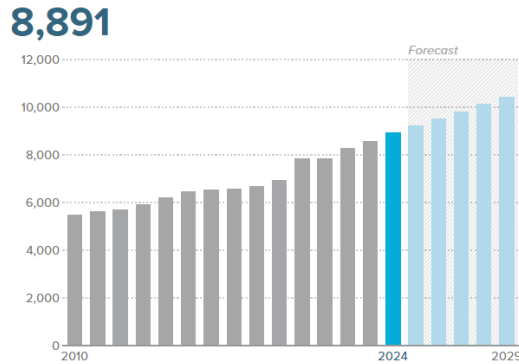


Chart 9: Sales of seafood and alternative meat in Canada reached \$6.1 billion USD in 2024

Source: Euromonitor

Chart 8: Market share of major seafood and alternative meat processors

Source: Euromonitor

C. Other Products

As USMCA compliant goods exported from Canada to the United States currently receive a zero percent tariff, Canadian food and beverage processors exporting to the U.S. market will increasingly seek out ingredients and inputs from the United States, Mexico, or Canada to ensure the final processed food or beverage product is USMCA compliant. A claim for preferential treatment under the USMCA is set out in the USMCA’s Annex 5-A (Minimum Data Elements) and constitute a Certification of Origin. They must indicate that the good claiming preferential treatment originates and meets the requirements of USMCA Chapter 5. For more information, see [Chapter 5 Origin Procedures, Article 5.2 and Annex 5-A](#).

Section V: Key Contacts and Further Information

Office of Agricultural Affairs Ottawa
Physical Address: 490 Sussex Drive
Ottawa, Ontario K1N 5P3
<http://www.fas.usda.gov>

Phone: (613) 688-5267
Email: AgOttawa@state.gov

Attachments:

No Attachments