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Canada

Exporter Guide

Canada Exporter Guide Annual 2011

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Report Highlights: Canada is among the top destinations for U.S. agricultural exports, in CY 2010 U.S. agricultural exports to Canada reached $16.8 billion in agriculture and fish products. Consumer-oriented agricultural products accounted for 76 percent of total U.S. food and agricultural product sales to Canada in CY2010 with fresh and processed fruits and vegetables, snack foods, red meats, breakfast cereals, and fruit and vegetable juice products as the category leaders.

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.

Post:
Ottawa

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SECTION I. MARKET OVERVIEW

A) General

Canada is among the top destinations for U.S. agricultural exports, according to foreign trade statistics data from the U.S. Census Bureau. In CY 2010 U.S. agricultural exports to Canada reached $16.8 billion in agriculture and fish products. In the first three quarters of CY 2011, U.S. agricultural exports to Canada have increased by 13% compared to the previous year at the same time and U.S. agricultural exports currently are at $ 14 billion. Agricultural exports from the United States to Canada accounted for 16 percent of total U.S. food and agricultural product exports of $ 126.8 billion. Consumer-oriented agricultural products accounted for 76 percent of total U.S. food and agricultural product sales to Canada in CY2010 with fresh and processed fruits and vegetables, snack foods, red meats, breakfast cereals, and fruit and vegetable juice products as the category leaders. Products from the United States accounted for 60 percent of total Canadian agricultural and food imports in 2010.

During CY2010, a number of consumer-oriented agricultural categories posted record sales to Canada such as fish products, breakfast cereals and fruit and vegetable juices. Overall, the top 5 export categories are fresh vegetables ($1.6 billion), fresh fruit ($1.5 billion), snack foods ($1.5 billion), red meat ($1.4 billion), and processed fruits and vegetables ($1 million).

Canada is also an important market for U.S. fish and forestry exports. Canada is the second largest market for U.S. fish, and seafood exports reached $807 million in CY2010. Despite being a major producer and world exporter of forest products, Canadian imports of U.S. forest products reached about $ 2.1 billion in CY 2010. Combined, total U.S. farm, fish and forestry product exports to Canada reached an estimated $19.9 billion.

The United States and Canada have the world's largest bilateral trading relationship. During CY2010, two-way merchandise trade of all goods was valued at $ 475 billion. 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. Total bilateral agricultural trade between the United States and Canada reached $34 billion in CY2010, or more than $93 million per day.

Under the tariff elimination provisions of the North American Free Trade Agreement (NAFTA), the majority of U.S. agricultural products have entered Canada duty-free since January 1, 1998. On December 4, 1998 the United States and Canada signed a Record of Understanding, an agreement to further open Canadian markets to U.S. farm and ranch products. 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 and pleasure. Many U.S. products have gained an increased competitive edge over goods from other countries as the result of the FTA/NAFTA. Also U.S. manufacturers generally have a competitive advantage over Canadian manufacturers in the scale of production. 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, as similar as the United States and Canada are, there are differences that exporters need to recognize. Understanding the nuances of a marketplace is critical to a successful launch of a product in any foreign market.

Canadian Market Overview Summary	
Advantages	**Challenges**
Proximity	Tariff rate quotas for certain products
Similar lifestyles and consumption trends	Differences in standard package sizes
Wide exposure to U.S. culture	Differences in chemical residue tolerances
Frequent business and personal trips to United States	Differences in nutrition labeling
Duty free tariff treatment for most products under NAFTA	Conversion of measurements to metric system required
Ease of entry for business travel	Standard Canadian English required
High U.S. brand awareness	Bilingual (English & French) labeling required for products in retail
High U.S. quality and safety perceptions	A sophisticated selection of product is already available in the Canadian market.
Similar food shopping patterns	

B) Consumer Trends in Retail Food

Canada's population as of July 1, 2011 was estimated at 34.4 million. The annual growth rate is relatively slow at about 1 percent. 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 close 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.

Overview

- Population growth is slow 1.01 percent a year.
- Graying population - Canadians 45 years of age and more now account for 40% of the population and by 2016 it will be 45%.
- In 1984, persons 50 years and older accounted for 23 percent of the population. By 2008, the percentage had increased to 33 percent.
- Family structure - household size decrease from 3.7 people in 1970 to fewer than 3 people in 2008.
- Increasing number of immigrants to Canada. By 2017, one in five Canadians will be foreign-born.

Graying Population

- Seniors are well off financially, well educated, and willing to spend.
- Have time to shop for what they want.
- Increasingly interested in health and product quality.
- Demanding smaller portions, single packages, easy to open and easy-read labels.

Cultural Diversity

- Canadian ethnic diversity is different from the United States with less Hispanic influence and more Asian influence.
- Ethnic diversity – Asian immigrants make up more than half of all immigrants with Chinese and South Asians as the largest immigrant group in Canada.
- The cultural diversity is an increasingly important force in the marketplace, particularly in urban centers, creating new demands in the food industry.
- Ethnic foods like pad thai, masala and shwarma have gained in popularity.
- The growing halal sector is gaining market share among selected grocery chains.

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 are the norm but single-parent families are also prominent.
- Increasing number of women in the workforce.
- Slow economic recovery in 2010-12.

Canadian Food Expenditures

- Real spending on food and non-alcoholic beverages has decreased to a national average of about 9.3 percent for the average Canadian household income.
- Increase in consumption of fresh and frozen fruits/vegetables, alcoholic beverages, soft drinks, cereals, pulses and nuts, fish, rice, and breakfast foods.
- Between 2005 – 2009 there have been increases in grocery expenditures on baked goods,

frozen foods, fresh produce, breakfast foods, candy and chewing gum, condiments, dressings, spreads, relishes and spaghetti/lasagna sauces, dried foods, jams, jellies, preserves, syrups and spreads, dry pasta, and snacks.

Market Place Behavior

- Consumers still seek fresh, tasty, and high quality foods at affordable prices.
- Growing interest in healthy and nutritious foods.
- More consumers own microwaves than own barbeques.
- Consumers seek convenient meal solutions and thus an increased demand for home delivery, "ingredient solutions," home meal replacements, hand-held foods and microwavable products.
- Growing demand for snack foods.
- The majority of fish and seafood sales are in foodservice.
- Kosher and halal food sales are rising rapidly
- Demand for organic foods continues to increase considerably; an estimate of 18% of Canadians regularly purchases organic foods.
- Increase in private label products in which consumers have confidence.
- Foods that address dietary needs and health issues, as obesity, digestive problems or diabetes provide special opportunities.

Food Service Trends

- 80,800 foodservice establishments in Canada.
- Consumer spending on food purchased outside the home (restaurants) has decreased slightly, to 22.9% percent of food expenditures, due to economic conditions.
- Fast food restaurants are providing healthy meal choices with greater nutritional content.
- Increased demand for ethnic foods.
- Increased take-out service.

Retail Store Trends

- 24,000 retail stores in Canada.
- Grocery stores are growing in size with most new superstores of over 97,000 sq ft.
- More ready-made foods to compete with fast food take-out food service outlets.
- Big supermarkets are locked in a market share battle against the big box stores, and other non-traditional chain stores.
- Major chains increasingly have organic sections.

Increase in Food Label Consciousness

- Canadians are becoming more food label conscious regarding nutrition and ingredients.
- There is increased concern for 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.
- There are different regulations than in the United States for listing ingredients, allergens, and the content and presentation of the nutrition label.

SECTION II. EXPORTER SERVICES, BUSINESS PROCEDURES, AND FOOD REGULATIONS

A) 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

- United States Department of Agriculture/Foreign Agricultural Service Trade Lead System (TLS) - Is a cooperative effort between FAS overseas offices, state departments of agriculture, industry cooperator groups and U.S. agricultural exporters. The TLS sources foreign importers requests and determines the level interest. Once qualified, these requests are disseminated among U.S. cooperator groups, state entities and suppliers. To view foreign trade leads and register a U.S. company profile in the TLS, go to:
  - http://fas1.agexportservices.org/apps/rfps/info.asp
- State Regional Trade Groups - 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."
  - http://www.fas.usda.gov/agx/counseling_advocacy/srtg_directory.asp
- Export Directory of U.S. Food Distribution Companies - 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.*
  - http://www.fas.usda.gov/agx/buying_us/directory_food_distribution.asp
- U.S. Suppliers List - 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.*
  - http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp

State Departments of Agriculture

The state departments of agriculture and associated organizations promote U.S. food, beverage, 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

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. This information is available at: http://export.gov/mrktresearch/index.asp

B) Business Customs Import Procedures

The Commercial Import Process

In order to bring goods into Canada, importers must provide the proper documents to Canadian Border Services Agency including:

- Two copies of the cargo control document (CCD)
- Two copies of the invoice; http://www.cbsa.gc.ca/publications/forms-formulaires/ci1.pdf
- Two copies of a completed Form B3, Canada Customs Coding Form
- Most U.S. products receive a duty free tariff treatment under NAFTA. Shipments exceeding CAD$ 1,600 require a copy of the NAFTA certificate of origin to be retained by the importer on file for up to ten years. http://forms.cbp.gov/pdf/CBP_Form_434.pdf
- 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.

This information can be found at the site below:
http://www.cbsa-asfc.gc.ca/import/acc-resp-eng.html

Automated Import Reference System (AIRS) of the Canadian Food Inspection Agency

Shipments requiring a NAFTA certificate of origin will require a Harmonized Commodity Description (HS) tariff classification number to be filled in under section six of the form. This number can be determined by visiting AIRS at:

http://www.inspection.gc.ca/english/imp/airse.shtml

Customs Brokers

Many U.S. firms use the services of a Canadian customs broker (a private company operating as a trade facilitator). According to the Canadian Society of Customs Brokers close to 80% of import transactions into Canada are handled by a customs broker. Brokers help exporters to comply with Canadian import requirements and in some cases, where fulfillment services are offered can resell an exporter's products. The 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 must pay a fee for these services, which the brokerage firm establishes. These fees vary

based by broker and shipment. Exporters from the United States are urged to inquire about the fees prior to shipping as this may influence the cost of goods sold to the Canadian buyer.

Alternatively, importers who do not wish to transact business with the CBSA directly, or use a customs broker, 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 owed 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

Small Parcel Shipments

In recent years both Canada Post and courier companies have seen an increase in cross-border shipments. To avoid shipments being held at customs, the exporter is required to complete all necessary documentation. If applicable the U.S. exporter is expected to identify the name of their customs broker on the courier's way bill. Those product shipments exceeding C$ 20.00 are subject to custom duties, a handling fee and sales taxes (Goods and Services Tax /Harmonized Tax) that are then collected by the Canada Border Service Agency (CBSA). Exporters from the United States are encouraged to calculate all charges beforehand, including brokerage fees if applicable, as these added costs affect the acceptable selling price to the buyer.

For additional information please visit:

Canada Border Services Agency on *Importing by Mail*,
http://www.cbsa-asfc.gc.ca/import/postal-postale/duty-droits-eng.html

United States Postal Service on *Country Conditions for Mailing – Canada*,

http://pe.usps.com/text/imm/ce_003.htm

Canada's Import Notification Requirements

In 2009 the Canadian Food Inspection Agency (CFIA) announced new import notification requirements for selected commodities regulated under the Food and Drug Act and Regulations. The intent of this initiative is to improve the availability of information to assist in identification and tracking of food products in the event of a food safety issue. In order to facilitate this initiative, the new import notification requirements are being implemented in a phased-in approach for commodities using the International Harmonized System code (HS code). For up to date information on what commodities are required to provide import notification please go to the following webpage: http://inspection.gc.ca/english/fssa/invenq/20100830e.shtml

Importers and brokers are expected to notify the CFIA of the importation of these commodities via the Electronic Data Interchange (EDI) for electronic release. Failure to do so may result in the Canada Border Services Agency (CBSA) rejecting the release request. Importers and brokers who currently do not have an EDI profile must apply for one, and develop and test the compatibility of their data systems with the CFIA's system. To obtain an EDI profile, importers and brokers are required to complete the application and testing processes with both CBSA ACROSS Phase III and then with the CFIA. The *CFIA Automated Import System (AIS) Participant's Information Document* provides more information on EDI and becoming a CFIA EDI client. To obtain a copy of this document, please contact:

CFIA EDI Coordinator
Email: EDICoordianator@inspection.gc.ca
Tel.: (613) 773-5322

The Canadian Food Inspection Agency's (CFIA) Import Service Centre (ISC) serve as a control point in the import process and can respond to import information requests electronically, by phone, or by fax. The ISC works closely with the Canada Border Services Agency (CBSA) in determining the Customs release of food items. The ISC handles telephone inquiries and will review and approve proper documentation for all commodities regulated by the CFIA.

Note: Pre-clearance is available on meat items and U.S. exporters may contact ISC beforehand with further questions on their documentation.

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

National Import Service Centre
7:00 a.m. to 03:00 a.m. (Eastern Time)
Phone and EDI: 1-800-835-4486 (Canada or U.S.A.)
1-905-795-7834 (local calls and all other countries)
Fax: 1-905-795-9658
Mailing Address:
1050 Courtney Park Drive East
Mississauga, Ontario L5T 2R4

Non-Resident Importers and the Good and Services Tax/Harmonized Sales Tax

Non-Resident Importers (NRI) are companies that import goods into Canada but reside outside the country. Most NRIs export larger shipments to a number of Canadian customers. Some of the benefits of NRIs, include the ability to reclaim the federal Goods and Services Tax (GST) of 5%. Those exporters not registered as a NRI, will have no recourse to claim the GST assessed on their shipments to Canada. Some provinces (British Columbia, Ontario, and the Atlantic Provinces) have combined their provincial taxes with the federal taxes and are recognized as the Harmonized Sales Tax (HST). In Quebec, the taxes are combined as well but are recognized as the GST and the Quebec Sales Tax (QST). In these instances, the non-registered NRI shipping to Quebec will be assessed both provincial and federal taxes and will not be able to reclaim either tax. To register as a NRI, a Business Number (BN) and an import/export account registered with the Canadian Border Services Agency and Canadian Revenue Agency will be necessary. U.S. exporters can contact a customs broker for further information or visit the following sites.

More information can be found at:

Business Number: http://www.cbsa-asfc.gc.ca/import/rb-ee-eng.html#P183_14485
Goods Services Tax (GST) and Harmonized Sales Tax (HST) for Non-Residents: http://www.cra-arc.gc.ca/E/pub/gp/rc4027/README.html

Credit Checks

Besides the well-known private credit service checks that may be available, the U.S. Commercial Service (USCS) International Trade Administration offers the International Company Profile Service designed to verify the credit worthiness of companies in Canada. A U.S. company 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://export.gov/salesandmarketing/eg_main_018198.asp

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 the latest food brokers report (CA 11025) on the FAS web site: http://gain.fas.usda.gov

C) Food Regulations

Labeling Requirements

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

- Labels in English and French
- Net quantities expressed in metric units
- List of ingredients, (including food allergens)
- Durable life date (if shelf life 90 days or less)
- Common name of product
- Name and address of Manufacturer /Canadian Dealer, noted "imported for/importé pour"
- Nutrition Facts Table in accordance with the Canadian format
- Starting August 2012, declaration of food allergens on pre-packaged foods
- Follow minimum type size specifications
- Conformity to standardized package sizes stipulated in the regulations
- 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 Labelling and Advertising in Canada

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

The CFIA Guide includes information on:

- Basic labeling requirements *
- Advertising requirements
- Claims as to the composition, quality, quantity and origin of foods
- Nutrition labeling *
- Nutrient content claims *
- Health-related claims *
- New regulations on food allergens *
- Other product specific requirements for alcoholic beverages, processed fruits and vegetables, honey, meat and poultry, fish and supplementary products*

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

The full guide is available on the CFIA website at:
http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml

Food Labeling Information Service

The CFIA consolidates federal food label review under their Labelling Information Service. The labeling service is designed for new entrants into the marketplace who are not familiar with the Canadian regulatory system. This service is available at specified regional CFIA locations across Canada. These offices coordinate the requirements of the aforementioned federal departments to simplify product approval and label compliance. U.S. exporters are advised to contact the closest regional office as listed in the link below with further questions:

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

Note: Label registration is required for all processed meat products under the Meat Inspection Act and Regulations. All U.S. exporters are urged to complete the form below and provide along with the appropriate copies of the label and formulation and the specified fee.

Request for Registration of Labels, Markings and Containers:
http://inspection.gc.ca/english/for/pdf/c1478e.pdf

Clerk- Label and Recipe Registration
1431 Merivale Road
Ottawa, Ontario K1A 0Y9, Third Floor
Ottawa, Ontario K1A OY9
Email. Label-etiquette@inspection.gc.ca

CFIA will review a limited number of non-mandatory labels per company. A U.S. exporter may receive information about submitting their request by contacting 1-800-667-2657 or email the draft label to labelwindow@inspection.gc.ca

Canadian Food Inspection Agency Food Labeling Information Service Offices

National Headquarters

1431 Merivale Road
Ottawa, Ontario K1A 0Y9
Tel: 1-800-442-2342 or (613) 225-2342
Fax: (613) 228-6601

Newfoundland and Labrador
P.O. Box 5667
St. John's, Newfoundland A1C 5X1
Tel: (709) 772-8912
Fax: (709) 772-5100

Atlantic Provinces

New Brunswick
850 Lincoln Road, P.O. Box 2222
Fredericton, New Brunswick E3B 5G4
Tel: (506) 452-4964
Fax: (506) 452-2923

Nova Scotia
1992 Agency Drive
Dartmouth, Nova Scotia B2Y 1Y9
Tel: (902) 426-2110
Fax: (902) 426-4844

Atlantic Provinces (cont.)

Prince Edward Island
690 University Ave
Charlottetown, Prince Edward Island
C1E 1E3
Tel: (902) 566-7290
Fax: (902) 566-7334

Ontario Province

174 Stone Rd W
Guelph, Ontario N1G 4S9
Tel: (519) 837-9400
Fax: (519) 837-9766

Central Region
709 Main Street West
Hamilton, Ontario L8S 1A2
Tel: (905) 572-2201
Fax: (905) 572-2197

North East Region
Unit 7 - 38 Auriga Dr
Ottawa, Ontario K2E 8A5
Tel: (613) 274-7374
Fax: (613) 274-7380

Southwest Region
1200 Commissioners Rd E, Unit 19
London, Ontario N5Z 4R3
Tel: (519) 691-1300
Fax: (519) 691-0148

Toronto Region
1124 Finch Avenue West, Unit 2
Downsview, Ontario M3J 2E2
Tel. (416) 665-5055
Fax (416) 665-5069

145 Renfrew Drive, Unit 160
Markham, Ontario L3R 9R6
Tel: (905) 513-5977
Fax: (905) 513-5971

Quebec Province

Montreal
Carillon Place II
7101 Jean-Talon St E, Suite 600
Anjou, Québec H1M 3N7
Tel: (514) 493-8859
Fax: (514) 493-9965

Quebec
Place Iberville IV
2954, Laurier Blvd, suite 100
Ste-Foy (Quebec) G1V 5C7
Tel: (418) 648-7373
Fax: (418) 648-4792

Three Rivers
25 des Forges, Suite 418
Trois-Rivières, Québec G9A 6A7
Tel: (819) 371-5207
Fax: (819) 371-5268

Western Provinces

Calgary
110 County Hills Landing NW, Suite 202
Calgary, Alberta T3K 5P3
Tel: (403) 292-4650
Fax: (403) 292-5692

Edmonton (includes NWT and Nunavut)

7000 113 St, Room 205
Edmonton, Alberta T6H 5T6
Tel: (780) 495-3333
Fax: (780) 495-3359
Edmonton (includes NWT and Nunavut)

7000 113 St, Room 205
Edmonton, Alberta T6H 5T6
Tel: (780) 495-3333
Fax: (780) 495-3359

Western Provinces (cont.)

British Columbia Coastal Region
4321 Still Creek Dr., Suite 400
Burnaby, British Columbia V5C 6S7
Tel: (604) 666-6513
Fax: (604) 666-1261

4475 Viewmont Avenue, Suite 103
Victoria, British Columbia V8Z 6L8
Tel: (250) 363-3455
Fax: (250) 363-0366

British Columbia Mainland/Interior Region (includes Yukon)
1853 Bredin Road
Kelowna, British Columbia V1Y 7S9
Tel: (604) 363-3455
Fax: (604) 363-0336

Manitoba
269 Main St., Room 613
Winnipeg, Manitoba R3C 1B2
Tel: (204) 983-2220
Fax: (204) 984-6008

Saskatchewan
421 Downey Road, Room 301
Saskatoon, Saskatchewan S7N 4L8
Tel: (306) 975-8904
Fax: (306) 975-4339

Labeling of Shipping Containers

Labels of shipping containers used for industrial or institutional use are exempt from bilingual labeling requirements. The outside of the container requires a product description, the name and address of the U.S. company and a net quantity declaration in either metric or imperial units. If the food inside the container(s) is not for sale directly to consumers (e.g., 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 into effect. The U.S. nutrition panel is not permitted on the labels of foods sold in Canada. All U.S. prepackaged food product exporters are advised to review the 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 toolkit website is located at: http://www.inspection.gc.ca/english/fssa/labeti/nutrikit/nutrikite.shtml

Example of U.S. Nutrition Label

Example of Canadian Nutrition Label

Source: CRFA, Imported Food and Manufactured Food

- **Labeling Exemptions**

Some prepackaged foods are exempt from mandatory nutrition labeling.

The following products are exempt from displaying a nutrition facts table (excerpt from the 2011 CFIA *Guide to Food Labelling and Advertising, Chapter 5, Section 5.3):*

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 percent;
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 cm^2;
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 2011 *Guide to Food Labelling 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".

Allergen Labeling Regulations on Pre-packaged Foods

Health Canada has added gluten sources, mustard, and sulphites to the list of Priority Food Allergens list (see table below). **As of August 4, 2012, the Canadian Food Inspection Agency (CRFA) and Health Canada will require most pre-packaged** products containing these allergenic ingredients be noted on the label in a form of list or in a statement such as "*Allergy and Intolerance*

Information"; Contains (name the allergen). The new regulations also require manufacturers to use common names, for example spelt and kamut are to be declared as wheat for allergen labeling purposes.

Health Canada provides the following reference guidance to food companies:

Food Allergen Labelling Guidance for Industry
http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/guide_ligne_direct_indust-eng.php

To help the food industry ensure the safety of food products for consumers with food allergies, and to prevent the need for costly recalls, the CFIA suggests food companies establish effective allergen controls to minimize the potential for allergic reactions . CFIA provides the following checklist for food manufacturers to help mitigate these risks. The list can be found at:

Allergen Check List for Food Suppliers and Manufacturers
http://www.inspection.gc.ca/english/fssa/invenq/inform/toualle.shtml

Priority Food Allergens
Peanut or its derivatives, e.g., Peanut - pieces, protein, oil, butter, flour, and mandelona nuts (an almond flavoured peanut product) etc. Peanut may also be known as ground nut.
Tree Nuts (almonds, Brazil nuts, cashews, hazelnuts(filberts), macadamia nuts, pecans, pine nuts (pinyon, pinon), pistachios and walnuts or their derivatives, e.g., nut butters and oils etc.
Sesame or its derivatives, e.g., paste and oil etc.
Milk or its derivatives, e.g., milk caseinate, whey and yogurt powder etc.
Eggs or its derivatives, e.g., frozen yolk, egg white powder and egg protein isolates etc.
Fish or its derivatives, e.g., fish protein, oil and extracts etc.
Crustaceans (including crab, crayfish, lobster, prawn and shrimp) and Shellfish (including snails, clams, mussels, oysters, cockle and scallops) or their derivative, e.g., extracts etc.
Soy or its derivatives, e.g., lecithin, oil, tofu and protein isolates etc
Wheat, triticale or their derivatives, e.g., flour, starches and brans etc. Includes other wheat varieties such as spelt, durum, kamut, emmer etc.
Mustard or its derivatives, e.g., mustard seeds, mustard flour, ground mustard, prepared mustard etc.
Sulphites, e.g., sulphur dioxide and sodium metabisulphites etc.

Tariffs and Tariff Rate Quotas (TRQs)

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

In 1995, under the World Trade Organization (WTO) agreement, Canada replaced import quotas on certain agricultural products with Tariff Rate Quotas (TRQs). Under the TRQ system, imports that

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

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

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

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

Detailed Information is located at the link below:
http://www.international.gc.ca/controls-controles/prod/agri/index.aspx?menu_id=3&menu=R

Packaging and Container Regulations

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

- **Container Sizes: Honey**

Imported honey without added flavors must meet specific grades and standards. All honey must be sold in standard container sizes in specific net quantities and are outlined under the *Honey Regulations.* The regulations are available under CRFA's *Canadian Import, Export and Interprovincial Requirements for Honey*:
http://www.inspection.gc.ca/english/fssa/honmiel/cdnreqe.shtml#pres

- **Container Sizes: 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

- **Container Sizes: Fresh Fruit and Vegetables**

CFIA specifies container sizes for certain regulated produce commodities in Canada which may not be marketed in a container larger than 50 kg net weight, except for apples where the maximum container size is 200 kg. These requirements can be reviewed at:

General Packaging and Labelling Requirements for Fresh Fruit and Vegetables:
http://www.inspection.gc.ca/english/fssa/frefra/qual/fruveglabetie.shtml

Please see other requirement for grading, licenses and waivers under **Requirements for Fresh Fruits and Vegetables** on page 22.

- **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 Inspection Regulations* lists all the acceptable package sizes for processed meats. It can be viewed on the Department of Justice website at:
http://laws-lois.justice.gc.ca/eng/regulations/SOR-90-288/page-36.html#h-34

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 United States comply with Canadian additive regulations, but differences can occur at the permissible levels and in the use of food colorings and food preservatives. The food additive tables in Division 16 of the Food and Drug Regulations prescribe which additives are permitted in Canada, and those that can be added to food and their allowable levels. Products containing restricted food additives may be refused entry into Canada. Canada's Food and Drugs Act and Regulations are available on the Internet at:

Food and Drug Regulations, Division 16 B. 16.001 -
http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._870/page-147.html#h-110

Food Additive Dictionary
http://www.hc-sc.gc.ca/fn-an/securit/addit/diction/dict_food-alim_add-eng.php

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

directed to:

Bureau of Chemical Safety, Food Directorate
Health Products and Food Branch
Health Canada
251 Sir Frederick Banting Driveway, Tunney's Pasture
Ottawa, Ontario K1A 0K9
Tel. 613-957-0973
Email: bcs-bipc@hc-sc.gc.ca
Website: http://www.hc-sc.gc.ca/fn-an/securit/addit/sub_prep_demande-eng.php

Health Canada will review 'new' food additives upon request. They are to be submitted to Health Canada either by email or mail, along with the food additive submission checklist. For further information please visit:

Food Additive Submission Checklist:
http://www.hc-sc.gc.ca/fn-an/pubs/additive-checklist_additifs-aide-memoire-eng.php

Pesticides and Other Contaminants

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

Canada is currently reviewing its policy of the 0.1 ppm default level. A discussion document issued by Health Canada on this policy review is available at:
http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/_dis2006-01/index-eng.php

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

Pest Management Regulatory Agency
Health Canada
2720 Riverside Drive
Ottawa, Ontario K1A 0K9
Email. Pmra-arla.docs@hc-sc.gc.ca
Tel.: (613) 736-3799

D) 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 domestic and import sales.

- **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. All 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 Policy Development Division for assistance:

Tel.: (402) 344-5000
Fax: (402) 344-5005
Hotline: 1-800-233-3935 (6 a.m.-5 p.m. CT) Website: http://askfsis.custhelp.com/

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. bovine spongiform (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

- **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 (CAPA), Fresh Fruit and Vegetable Regulations and Processed Product Regulations. For details visit:
Fresh Fruit and Vegetable Regulations: http://laws.justice.gc.ca/en/C-0.4/C.R.C.-c.285/index.html

All U.S. fresh fruits and vegetable exporters must:

- Comply with Canadian grade standards and packaging regulations
- Obtain Canadian Confirmation of Sale form
- Know consignment selling is prohibited
- Obtain a Canadian fresh fruit and vegetable license
- Obtain a Canadian 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.

If grades and standard container sizes are specifically addressed 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 United States and Canada 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, while not yet fully implemented, will allow contracts between U.S. growers and Canadian processors to serve as sufficient evidence of a shortage in Canadian potatoes.

For more on the potato arrangement, see the following website:
http://www.inspection.gc.ca/english/corpaffr/newcom/2007/20071101e.shtml

Canadian Import Requirements for Fresh Fruit and Vegetables can be found below.
http://www.inspection.gc.ca/english/fssa/frefra/cdnreqe.shtml

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

E) 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 and must provide written notification to the Canadian Food Inspection Agency (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 trader'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 percent. More information regarding the requirements to import fish into Canada can be found on the CFIA web site under the *Import Inspection Program:* http://www.inspection.gc.ca/english/fssa/fispoi/import/inspe.shtml

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

The Fish Inspection Act can be found at:
http://laws-lois.justice.gc.ca/en/F-12

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
- Quantity (metric or imperial units)

Novel Foods (Foods Containing Genetically Modified Crops)

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

Under the Novel Foods Regulations, such foods can only be sold in Canada once approved by Health Canada. More information can be found at:

GM Foods and Other Novel Foods
http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php

Approved GM products
http://www.hc-sc.gc.ca/fn-an/gmf-agm/appro/index-eng.php

- **Pre-Market Notification for Novel Foods**

To obtain approval, companies must submit scientific data and safety assessment data to Health Canada. Guidelines for the pre-submissions can be found at:

Pre-submission consultation procedures for novel foods and feeds derived from plants with novel traits: http://www.hc-sc.gc.ca/fn-an/gmf-agm/pre-sub-proc-eng.php

The following offices are responsible for reviewing submissions:

Novel Food:

Submission Management and Information Unit
Food Directorate, Health Products and Food Branch,
Health Canada
251, Sir Frederick Banting Driveway
Postal Locator: 2202E
Ottawa, Ontario K1A 0K9
Phone: (613) 960-0552
Fax: (613) 946-4590
Email: smiu-ugdi@hc-sc.gc.ca

Novel Feed/Plants with Novel Traits:
Canadian Food Inspection Agency
59 Camelot Drive
Ottawa, Ontario K1A 0Y9
Fax: (613) 228-6614 or (613) 228-6140
Email: presubmissionconsultations@inspection.gc.ca

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 (CA 11017) available at the Foreign Agriculture Service website under Attaché Reports for a partial listing of agents: http://gain.fas.usda.gov

Provincial Liquor Commissions:

- Alberta Gaming and Liquor Commission – http://www.aglc.ca
- British Columbia Liquor Distribution Branch – http://www.bcliquorstores.com
- Liquor Control Board of Ontario – http://www.lcbo.com
- Manitoba Liquor Control Commission – http://www.liquormartsonline.com
- New Brunswick Liquor Corporation – http://www.anbl.com
- Newfoundland Liquor Corporation – http://www.nlliquor.com
- Northwest Territories Liquor Commission - http://www.fin.gov.nt.ca
- Nova Scotia Liquor Corporation - http://www.mynslc.com/
- Prince Edward Island Liquor Control Commission - http://www.peilcc.ca
- Saskatchewan Liquor and Gaming Authority – http://www.slga.gov.sk.ca
- Société des alcools du Québec – http://www.saq.com
- Yukon Liquor Corporation Board – http://www.ylc.yk.ca

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 include common names and standardized container rules. For example, light beer in Canada is defined by regulation as beer with a percentage alcohol of 1.0 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 that requires the label to be in French and English.

For additional information on the specific requirements, please consult this link:

Chapter 10, Labelling of Alcoholic Beverages, Guide to Food Labelling and Advertising
http://www.inspection.gc.ca/english/fssa/labeti/guide/ch10e.shtml

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 – came 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, sets out the permitted and prohibited practices. These can be downloaded through the Public Works and Government Services of Canada at:

Organic Agriculture
http://www.tpsgc-pwgsc.gc.ca/ongc-cgsb/programme-program/norms-standards/internet/bio-org/index-eng.html

- **Organic Equivalency Agreement**

On June 17, 2009, the United States and Canada jointly announced an organics equivalency agreement, the first one of its kind. The equivalency agreement follows a review by both nations of the other's organic certification program and a determination that products meeting the standard in the United States can be sold as organic in Canada, and vice versa.

Under a determination of equivalence, producers and processors that are certified to the National Organic Program (NOP) standards by a U.S. Department of Agriculture accredited certifying agent do not have to become separately certified to the Canada Organic Product Regulation (COPR) standards in order for their products to be represented as organic in Canada. Likewise, Canadian organic products certified to COPR standards may be sold or labeled in the United States as organically produced. Both the USDA Organic seal and the Canada Organic Biologique logo may be used on certified products from both countries. The COPR has been in effect since June 30, 2009. More information can be found at: http://www.inspection.gc.ca/english/fssa/orgbio/orgbioimporte.shtml

Organic Production Standards

The definitions of Canada's production methods for organic agriculture and the substances used (e.g., permitted substances list) are laid out in CGSB publications entitled the *Organic Production Systems General Principles and Management Standards* and the *Organic Production Systems Permitted Substances List*. These documents are available in the previously mentioned CGSB publication.

Kosher Foods

In the labeling, packaging and advertising of a food product, 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 Labelling and Advertising* in:

Chapter 4, Section 16: Kosher Foods
http://www.inspection.gc.ca/english/fssa/labeti/guide/ch4ae.shtml

For more information on Kosher Food Marketing in Canada, see FAS Ottawa's latest Kosher Report CA5061 available at: https://gain.fas.usda.gov

Halal Foods

"Halal" is an Arabic word meaning lawful or permitted and is the dietary standard of observant Muslims. There about 1 million Muslims in Canada representing a $1.5 billion niche market. The largest Canadian Muslim population lives in the Greater Toronto Area (GTA), and other large Muslim populations are located in Montreal, Vancouver, Ottawa, Calgary, and Edmonton. Canadian halal consumers may have different ethnic heritages but they share religious-based dietary restrictions.

Examples of halal ingredients:

- Grains, starches, sees, nuts, fruits and vegetables
- Milk from cow, sheep or goat
- Cheese (but not with pork rennet or other haram ingredients)
- Egg or egg ingredients
- Fish (with scales)
- Shellfish (not accepted by all groups)
- Microorganism-based ingredients are permitted such as yeast and enzymes from microbiological sources
- Spices/seasoning/flavors with no alcohol
- Bovine, sheep, goat, poultry meat/ingredient/derivative from animals must be slaughtered according to Islamic requirements (Zabiha).

Haram, or prohibited, foods include but are not limited to:

- Alcohol, alcohol flavoring, or alcohol containing products
- Pork products and by-products
- Meat of dead animals
- Blood or food containing blood
- Foods with questionable ingredients
- Foods that come in contact with any of the above

It is recommended for companies to maintain a recognized halal certification, which is accepted by the target consumer, for its products. Halal certification agencies include Islamic Society of North

America (ISNA) and the Halal Product Development Service (HPDS). Halal processing requires no cross-contact with haram ingredients, including storage; Zabiha halal methods must be carried out by practicing Muslims; secondary production of a halal meat product or vegetarian product does not necessarily require the presence of a practicing Muslim; and new employee and annual refresher training of employees to understand halal requirements. Equipment blessing or presence of a cleric at manufacturing is not required.

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, *Policy Development and Regulatory Amendments for the Voluntary Fortification of Foods with Vitamins and Minerals*. The policy proposes retaining 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 document can be found here:

Addition of Vitamins and Minerals to Foods 2005, Health Canada's Proposes Policy and Implementation Plans
http://www.hc-sc.gc.ca/fn-an/nutrition/vitamin/fortification_final_doc_1-eng.php

Information Sheet- Food Fortification in Canada- Current Practices
http://www.hc-sc.gc.ca/fn-an/nutrition/vitamin/fortification_factsheet1-fiche1-eng.php

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. The regulatory process usually takes about 12-18 months. For more information on food fortification, visit http://www.hc-sc.gc.ca/fn-an/nutrition/vitamin/faqs-eng.php

Pet Food

- **Labeling**

The labeling and advertising of pet food sold in Canada is governed by the *Consumer Packaging and Labelling Act* and the *Competition Act* administered by the Competition Bureau of Industry Canada. The Bureau oversees that pet food labels and advertising are truthful and verifiable.

There are voluntary labeling and advertising standards in place, these guidelines are restricted to pet food for dogs and cats, and do not apply to pet treats or to food for other pets. Further information

can be found at:

Guide for the Labelling and Advertising of Pet Foods
http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01229.html

In addition, 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

Pet Food Program: http://www.inspection.gc.ca/english/anima/petfaani/petfaanie.shtml

- **Animal Health Requirements Related to Pet Food**

CFIA regulates pet food imports and related products to prevent animal diseases from being introduced into Canada under the *Health of Animals Regulations*. All U.S. exporters of pet food must meet three critical provisions.

First, products must be Specified Risk Material (SRM) free. Information on SRM is located here: http://www.inspection.gc.ca/english/anima/heasan/disemala/bseesb/enhren/enhrene.shtml

Canada requires import permits, facility inspections and health certificates by the U.S. Animal and Plant Health Inspection Service (APHIS) for products with bovine ingredients. This provision will be enforced.

Second, facilities exporting pet food with bovine ingredients must either be dedicated or have a dedicated line. A dedicated line reinforces the fact that the product must be SRM-free.

Third, facilities exporting only non-bovine based pet food, are allowed to use a U.S. Food and Drug Administration (FDA) approved flushing and separation protocol to prevent product contamination.

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

1. Cooked canned commercially prepared pet food containing animal by-products (bone meal, meat meal, blood meal, rendered animal fats, glue stock, meat, and inedible meat):
   From the United States: Proof of origin acceptable to the Canadian Border Services Agency (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 United States or Canada or a country considered to be of negligible BSE-risk by the CFIA (Argentina, Australia, Brazil, Chile, New Zealand or Uruguay).

   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).

2. Rawhide Pet Chews: *From the United States:* Proof of origin acceptable to CBSA, 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. For finished rawhide pet chews, there are no diseases of concern.

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 (CFIA) 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 online forms for product registration and resident agent, go to: http://www.inspection.gc.ca/english/anima/feebet/feebete.shtml

Meat Labeling Claims

All meat and meat product labels used in Canada require a label/recipe registration issued by the Canadian Food Inspection Agency (CFIA). 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 (Form #1478 available from CFIA), formulation and processing methods. CFIA will not review existing U.S. marketplace labels.

- **"Natural" Meat Claims**

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 Chris Hansen's office.

Chris Hansen, Manager

Recipe and Label Registration Unit
Canadian Food Inspection Agency
1431 Merivale Road
Ottawa, Ontario, Canada K1A 0Y9
Telephone: (613) 221-5202
Email. chris.hansen@inspection.gc.ca

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. meat 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 Labelling Unit. Some of these claims include:

- 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

There has been some tightening of definitions of the above label claims. A practical definition and review is available through contacting the office above. This above list of claims is not exhaustive, and a company may submit a Method of Production claim for review by CFIA.

General Health Claims

Health claims must be truthful and not misleading. It is mandatory that health claims be substantiated before they are used on food labels in Canada. The Canadian government classifies health claims into three categories: general health claims, function, and disease risk reduction.

General health claims do not require approval by the Canadian government as they promote healthy eating or provide a dietary guidance. This kind of claim does not refer to a health effect, disease, or health condition. Statements that imply 'healthy choice' or use a logo or symbol are subject to review and must not be false, misleading or deceptive. The *Guide to Food Labelling and Advertising* provides information on general health claims as they relate to vitamin and mineral nutrients, body weight, the use of educational material, third-party endorsements and logos, heart symbols, and guidance for healthy eating. U.S. exporters are urged to review the summary of acceptable health claims in Canada and CRFA guidelines at:

Summary – Acceptability of New Health Claims in Canada:
http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1274468348954&lang=eng#e3

Chapter 8, Health Claims:

http://www.inspection.gc.ca/english/fssa/labeti/guide/ch8e.shtml

- **Function Claims**

Health Canada defines function claims as those claims that describe the beneficial effects of foods or food constituents on normal functions or biological activities of the body associated with health or performance. They are based on the role that the food or food constituent plays when consumed at level consistent with normal dietary patterns. There are conditions of use, including minimum levels and content requirements, before a function claim can be made. Scientific evidence should be available to present if requested by Health Canada.

- **Disease Risk Reduction Claims**

Disease risk reduction claims were formerly recognized as diet-related health claims. They are those statements that link a food or a constituent of a food to reducing a risk of developing a diet-related disease or condition. These claims are substantiated by sound scientific evidence that have established a relationship between certain elements of healthy diets and the risk reduction of certain diseases. The list of permitted claims and as how they should be worded can be found in Chapter 8.4 of the *Guide to Food Labelling and Advertising*. For more information, go to: http://www.hc-sc.gc.ca/fn-an/label-etiquet/claims-reclam/index-eng.php

An example of a label advertising a food which is low in sodium and reduces risk of high blood pressure might carry the following disease risk reduction claim (assuming 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 a good source of potassium and is low in sodium."

The Food and Drugs Act and Regulations provide for claims that deal with the following relationships:

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

Sample Products

Food samples for research, evaluation, or display at trade shows and food exhibitions are permitted temporary entry, but may not be offered for retail or 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. The Canadian Food Inspection Agency will direct inquiries for permits to the appropriate office. U.S. exporters are urged to contact the nearest CFIA Import Service Center with further questions. These locations can be found at the following site: http://www.inspection.gc.ca/english/imp/importe.shtml

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. In general, 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. Regulations vary by product. More information is available by searching specific commodities on the automated import reference system (AIRS) available here: http://inspection.gc.ca/english/imp/airse.shtml

Also, U.S. exporters may request a copy of a Canada Border Services Agency letter from the show manager or event planner that refers to tariff item 9993.00.00.00; a temporary entry of goods. U.S. exporters are advised to attach a copy of this letter, along with the required documents to all shipments. To avoid cross border delays, U.S. exporters are reminded to note on their commercial invoice; *products not for commercial sale*.

Test Marketing Authorization (TMA): 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. The TMA is designed to facilitate the marketing of new products of a type that are new, unique and unavailable in Canada. Exporters are to take note that only Canadian companies or importers with a registered establishment may submit an application directly to CFIA . TMA authorizations are granted for a period between 12 to 24 months. The authorizations do not apply to U.S. brand introductions into Canada for processed foods of a type of food 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.

There are two procedures that a Canadian importer can follow to apply for the TMA and are outlined here:

CRFA, Test Market Authorizations:
http://www.inspection.gc.ca/english/fssa/protra/auto/guidee.shtml#a1

Applications are to be submitted to:

Director, Agrifood Division
Canadian Food Inspection Agency
1400 Merivale Road, T1-4-334
Ottawa, Ontario K1A 0Y9
Email: PPRTMA-RPTEMM@inspection.gc.ca

- **Interim Marketing Authorization (IMA)**

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:

- contains an agricultural chemical or any of its derivatives in excess of the maximum residue limit that has been established in Division 15of the *Food and Drugs Act and Regulations* (FDR), or for which a maximum residue limit has not been established; or
- 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
- 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
- contains an ingredient in a form not listed in the standard for that food in the *Food and Drug Regulations*; or
- 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. Exporters may familiarize which IMAs are currently being reviewed:

Health Canada
http://www.hc-sc.gc.ca/fn-an/legislation/ima-amp/index-eng.php
The application procedure is similar as mentioned above and can be found at

CRFA, Interim Marketing Authorizations:
http://www.inspection.gc.ca/english/fssa/protra/auto/guidee.shtml#a1

For more information on the IMA contact:

Director
Bureau of Food Regulatory, International and Interagency Affairs
Health Canada
A.L. 0702C
Ottawa, Ontario K1A 0L2
Tel: (613) 957-1828
Fax: (613) 941-3537
Website: http://www.hc-sc.gc.ca/fn-an/legislation/ima-amp/interim_market_authorization-autorisation_mise_marche-eng.php

- **Temporary Marketing Authorization Letter (TMAL)**

There is a distinction between a Test Market Food and a food that has received **Temporary Marketing Authorization Letter (TMALs).** Under unique conditions, these letters are 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 (e.g. registered meats and processed products) will be expected to follow normal procedures to register their labels.

Applications for a Temporary Marketing Authorization Letter and questions regarding procedures should be addressed to:

Submission Management and Information Unit
Food Directorate, Health Products and Food Branch
Health Canada
251 Sir Frederick Banting Driveway
Postal Locator 2202E
Ottawa, Ontario K1A 0K9
Phone: 613-960-0552
Fax: 613-946-4590 Email address: smiu-ugdi@hc-sc.gc.ca

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, Room C-114
Gatineau, Quebec K1A 0C9
Telephone: 1-866-997-1936
Fax: (819) 953-7620 Website: http://www.ic.gc.ca/cipo/internet.nsf/gi-eng?readform

More information Test Marketing, Trademarks and further labeling requirements can be found here: http://www.inspection.gc.ca/english/fssa/labeti/guide/ch2ae.shtml

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

In addition to 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 Canadian 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 spending trends by consumers:

- Convenience: Time pressures of dual-earner and lone-parent families' increases demand for convenience foods (e.g. prepared meals, microwave foods, sauces and condiments, fresh chilled prepared foods, "home meal replacements") and for foodservice (e.g. take-out foods and dine-in).
- Quality and Freshness: Willingness to pay more for quality. For many consumers, freshness means quality. Many private-label products offer exceptional quality for the price (value).
- Health and Nutrition: Health-conscious Canadians, especially ageing baby boomers, are eating more fruits, vegetables and "light" foods (e.g. 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.
- Variety: Strong demand for new and innovative foods on store shelves and restaurant menus. Growing popularity of imported exotic fruits and vegetables, ethnic foods and restaurant concepts.
- Safety of the Food Supply: Heightened media attention to such issues as product recalls, mad cow disease, food irradiation, biotech foods, etc. has led to more scrutinizing by consumers.
- Organic: Domestic supply growth is not keeping pace with domestic demand.
- Environmental Concerns: Especially among the youth market, environmental concerns may

have implications for food demand (e.g. processing, bulk packaging, organic foods, and avoidance of certain food product categories (such as meat).
- Access to Information: Consumers are more connected, aware and discriminating. Canadians as a group spend more time on-line than any other national group in the world.
- Immigration patterns have changed the face of Canadian cities, where 75 percent of Canada's population resides. Chinese and South Asians are the largest group of immigrants in the country and now account for about 10 percent of the population of Canada's two largest cities, Toronto and Vancouver. Along with Asians, there is a wave of other immigrants from Africa, Eastern Europe, South America, and the Middle East that is influencing the traditional Canadian diet.
- 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 total alcoholic beverages and consuming more rice, breakfast cereals, nuts, vegetable-based fats, chicken, fish, fresh vegetables, cheese, yogurt, coffee, and soft drinks.
- A 46% increase in wine consumption from a decade ago.

The following is a listing of the market sector structure and trend reports prepared by the two FAS offices in Canada (Ottawa and Toronto). The reports offer profiles of each sector and summarize the key developments and market opportunities for new U.S. export sales.

Market Sector Reports

Listed below are the food sector and marketing reports published by the Office of Agricultural Affairs in -Ottawa and Toronto, Canada. For a complete listing of other Post reports and of FAS' worldwide agricultural reporting, visit the FAS GAIN web page at:
http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Each report will be located in one of the two databases, depending on the date it was produced. Additional information is provided on the webpage.

AGR REPORT#	Title of Report	Date
CA 11048	Northern Trends – Fall Edition	09/15/11
CA 11033	Northern Trends – Spring Edition	06/02/11
CA 11032	Top Ten U.S. Fresh Vegetables Exports to Canada	05/27/11
CA 11029	Top Ten U.S. Fresh Fruit Exports to Canada	05.19/11
CA 11025	2011 Agent/Broker Directory – Central Canada	05/02/11
CA 11017	Exporting Alcoholic Beverages into the Canadian Market	04/08/11
CA 11022	U.S. Wine Exports to Canada Show Explosive Growth	04/21/2011
CA 0047	Canada Trends – Natural/Health Foods	12/01/10
CA 0042	HRI Food Service Annual Report	11/01/10
CA0033	FAIRS Export Certificate Report	09/29/10
CA9052	FAIRS Country Report	09/29/09
CA9046	Canada Retail Food Sector Report 2009	08/28/09
CA9039	Organics Annual	07/21/09

CA8087	Guidance Document on Exporter Compliance with Canadian Cheese Standards	12/12/08
CA8071	Fishery Products Annual	10/09/08
CA8050	Food Processing Sector Report	07/22/08
CA8043	GST/HST and How it Applies to Food/Agriculture	05/12/08
CA7054	Canadian Beer Market for U.S. Exporters	10/09/07
CA6019	Private Label Report	04/28/06
CA5061	Kosher Report	09/26/05

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 2010, a number of consumer-oriented agricultural product categories posted record sales to Canada including fish products, breakfast cereals and fruit and vegetable juices. The top five categories were fresh vegetables ($1.6 billion), fresh fruit ($1.5 billion), snack foods ($1.5 billion), red meat ($1.4 billion), and processed fruits and vegetables ($ 1 billion). Combined, items in these categories accounted for more than half of total U.S. exports consumer-oriented agricultural products 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.

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 1,200 mg to 1,500 mg of sodium. Health Canada has established a Food Regulatory Advisory Committee (FRAC) to help in new policies and standards in reducing dietary sodium levels. FRAC and its predecessor, the Sodium Working Group has since set a target of 33 percent reduction in average sodium intake to 2300 mg/day by year 2016. These are voluntary targets for food processors and are not mandated by the Canadian government.

Functional Foods/Superfoods

Functional foods, often referred to as "super foods" 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 "super foods." Antioxidants as immune boosting foods are receiving special attention as well.

Organics

Sales of organic foods continue to increase, and Canada is an important market for U.S. organic food. The U.S. supplies about 74 percent of the total market in Canada for prepackaged organic foods. Canadian organic production has concentrated on exports, mostly of bulk grains and oilseeds. In Canada, organic food sells at a price premium and sales are forecasted to rise, especially as quality and availability matches that of conventionally produced foods. The total retail market is estimated to be over C$2 billion in value and growing at 15 – 20 percent per year.

Gluten Free

With an estimated 1 in every 133 Canadians effected by Celiac Disease, there has been a strong push in Canada to offer more gluten-free food products. Celiac Disease is a medical condition in which the absorptive surface of the small intestine is damaged by gluten. Gluten is a protein commonly found in wheat, rye, tritcale, and barley. This has led towards growing popularity in ancient grains that are gluten free like millet, sorghum, taro, and yams. Other gluten-free foods growing in popularity are soybeans, corn, potatoes, rice, and tapioca. There is also growing evidence that a gluten-free diet may improve other chronic health issues.

Pre-packaged Foods with Low Levels of Trans Fats

Canada was 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 percent of the total fat content for all vegetable oils and soft, spreadable margarines, and a limit of 5 percent of the total fat content for all other foods, including ingredients sold to restaurants. HC has asked industry to show significant progress to reduce trans fats levels, or it will introduce regulations to ensure the levels are met. HC has been monitoring trans fat levels in Canada and released its fourth report in December 2009. The fourth set of data is the last data set for the two-year Trans Fat Monitoring Program. Currently, Health Canada is analyzing the impact of the two year monitoring program on the average trans fat intake of Canadians to determine what the best approach would be to reach the targets recommended by the Trans Fat Task Force. 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

Snack Foods

Snacking continues to be an important contributor to Canadians' daily food consumption as research shows Canadian are snacking more today than 10 years ago. It is estimated that 67 percent of Canadians eat 1-2 snacks daily. Controlled portions like 100 calorie snacks have grown in popularity. The savory snack category is expected to grow by 20.8% in Canada by 2020 and the sweet category will grow a 6.2% over the same period.

Clean Diet

Clean diet is a trend that is coming from Canadian mothers as primary caregiver for their family and children. A clean diet focuses on eating foods and food ingredients that the average consumer can pronounce. The objective is to reduce the consumption of artificial preservatives and non-natural occurring food products.

SECTION V. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Food product manufacturers from the United States seeking to enter the Canadian marketplace have vast opportunities. Canada is the U.S.'s primary trading partner – more than 61 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. products, 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 are attainable with the right tools. Following are the main steps for U.S. exporters to take to enter the Canadian market:

1. Contact your state regional trade office or the international specialist of your State Department of Agriculture.
2. Research the competitive marketplace.
3. Locate a Canadian broker/distributor/importer.
4. Understand Canadian government standards and regulations that pertain to your product.

Step 1: Contact your State Regional Trade Office or the international specialist of your State Department of Agriculture.

The State Regional Trade Group (SRTG) offices exist to help promote the export of U.S. food and agricultural products from specific geographical regions of the United States and can in some cases

provide financial assistance as well as marketing advice. Contact the SRTG office covering your state. The respective SRTGs are comprised of representatives from their regions' Department of Agriculture and work together in supporting U.S. food companies.

State Regional Trade Groups	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	http://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, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming
National Association of State Departments of Agriculture (NASDA)	http://www.nasda.org/cms/7195/8617.aspx	State Directory of the State Department of Agriculture

Step 2: Research the competitive marketplace

The State Regional Trade Groups will often have information on specific markets that they can provide to aid in market research. Furthermore, the USDA/FAS Office of Agricultural Affairs, U.S. Embassy, Ottawa publishes market reports through the Global Agriculture Information Network (GAIN) for certain agriculture and food products. See http://gain.fas.usda.gov/

Step 3: Locate a broker/distributor

It is recommended that most new entrants to the Canadian market consider appointing a broker and/or distributor to enter the Canadian market.

The USDA/FAS Office of Agricultural Affairs, U.S. Embassy Canada can provide some assistance in identifying 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-sea.agr.gc.ca/eve/eve-eng.htm for a complete listing of trade shows in Canada) and referrals to the appropriate State Regional Trade Group.

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

USDA also endorses SIAL Canada, a primarily retail trade show that rotates between Montreal, Quebec in the even years and Toronto, Ontario in the odd years. U.S. food companies wanting to exhibit in the USA Pavilion may contact Sharon Cook, USDA/FAS Washington, DC at sharon.cook@fas.usda.gov Trade shows provide an opportunity to exhibit products and meet potential buyers, distributors, and brokers.

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

Review this Exporter Guide for Canadian government standards and regulations that pertain to your product and contact the Canadian National Import Service Centre listed below for further information. Canadian agents, distributors, brokers, and/or importers are also generally equipped to assist exporters through the import regulatory process.

Canadian National Import Service Centre
7:00 a.m. to 03:00 a.m. (Eastern Time)
Telephone and EDI: 1-800-835-4486 (Canada or U.S.A.)
1-905-795-7834 (local calls and all other countries)
Fax: 1-905-795-9658
Mailing Address:
1050 Courtney Park Drive East
Mississauga, Ontario L5T 2R4

Canadian agents, distributors, brokers, and/or importers are often the best equipped to assist exporters through the import regulatory 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. For additional information on the broadest Canadian regulations see the Food and Agricultural Import Regulations and Standards (FAIRS) Country Report and the FAIRS Export Certificate Report available online at: http://gain.fas.usda.gov

SECTION VI. QUESTIONS AND ANSWERS

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

1. Question: Will the FAS office in Ottawa or Toronto 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 in "Label Review").

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 three weeks.

3. Question: How do I find a distributor?

Answer: The USDA/FAS Office of Agricultural Affairs, U.S. Embassy Canada can provide marketing lists in helping companies identify a potential broker/distributor. Services available to help exporters locate appropriate brokers/distributors include USDA endorsed pavilions at various Canadian trade shows and referrals to the appropriate State Regional Trade Group (see "Entry Strategy" section).

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 Canada Border Services Agency. Contact information can be found at the following webpage: http://www.cbsa-asfc.gc.ca/contact/general-generaux-eng.html

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://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home

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 (NAFTA), the majority of Canadian import duties on all U.S. food and commercial products have been phased out with a few exceptions like over-quota tariffs on dairy and poultry products. However, there are federal excise taxes and surcharges on alcoholic beverages. If using the services of a customs broker, there will be clearance and handling fees as well.

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 United States 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 (see "Test Marketing" section). We encourage U.S. exporters to work with their respective State Regional Trade Group to see if they qualify for their export assistance programs as some of the costs on packaging and labeling modifications may be covered.

SECTION VII. CONTACTS

Office of Agricultural Affairs
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Summary of Useful Websites

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

Canada Border Services Agency	http://www.cbsa-asfc.gc.ca/menu-eng.html

Canadian Food Inspection Agency	
Home Page	http://www.inspection.gc.ca
Acts and Regulations	http://www.cfia-acia.agr.ca/english/reg/rege.shtml
Guide to Food Labelling and Advertising	http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml
Meat & Poultry Inspection Regulations	http://www.inspection.gc.ca/english/fssa/meavia/meaviae.shtml
Fish Inspection Directorate	http://www.inspection.gc.ca/english/fssa/fispoi/fispoie.shtml

Department of Foreign Affairs and International Trade	http://www.international.gc.ca/international/index.aspx

Industry Canada	
Home Page	http://www.ic.gc.ca/eic/site/ic1.nsf/eng/home
Canadian Importers	http://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home
Trade Data Online	http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home

Health Canada	
Home Page	http://www.hc-sc.gc.ca/index-eng.php
Food and Drugs Act	http://laws.justice.gc.ca/en/F-27/
Nutrition Labeling	http://www.hc-sc.gc.ca/fn-an/label-etiquet/nutrition/index_e.html
Natural Health Products	http://www.hc-sc.gc.ca/dhp-mps/pubs/natur/index-eng.php
Food Allergen Labeling	http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/index-eng.php
Novel Foods	http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php

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

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

APPENDIX I. Statistics

Table A. Key Trade and Demographic Information

Agricultural Imports/from All Countries/2010/U.S. Market Share [1/]	$ 27.1 billion/ 60 percent
Consumer Food Imports/from All Countries/2010/U.S. Market Share [1/]	$20.2 billion/ 62 percent
Total Population, July 2011 [2/]	34.5 million

Urban Population / Rural Population / Percent Urban/2006 [2/]	29.3 mil./5.2 mil/ 85 percent
Number of Metropolitan Areas Over 100,000	39
Per Capita Gross Domestic Product (U.S. dollars); 2010 [3/]	$39,400
Unemployment Rate (October 2011), Statistics Canada	7.3 percent
Average Household Spending on Food and Drink, Foodservice/Retail, 2009; (U.S. dollars) [4/]	$1,600 / $5,500
Total Employment / Full & Part Time; October 2011 [5/]	17.3 million
Exchange Rate, average annual 2010 [6/]	1USD$=1.03 CAD

Footnotes:
[1]/Global Trade Atlas
[2]/Statistics Canada
[3]/ CIA World Factbook
[4]/ 2009 Survey of Household Spending Statistics Canada/based on 12.2 million households
[5]/ Canada: Economic and Financial Data, Statistics Canada
[6]/ Bank of Canada

Table B. Consumer Food & Edible Fishery Product Imports into Canada

	Imports from the World			**Imports from the U.S.**			**U.S. Market Share**		
	2008	**2009**	**2010**	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**
Consumer-Oriented Agricultural	18.8	18.3	20.2	11.6	11.6	12.6	62 percent	63 percent	62 percent
Fish & Seafood	1.9	1.9	2.1	0.7	0.7	.8	37 percent	35 percent	38 percent
Total Agricultural	25.4	24.4	27.2	15.6	15.1	16.1	61 percent	62 percent	60 percent
Agricultural,							59	61	

Fish & Forestry	31.6	29.1	32.8	18.7	17.6	19.2	percent	percent	60 percent
Source: Estimates Derive from Global Trade Atlas									

Table C. Top 10 Suppliers of Consumer Foods & Edible Fishery Products

Consumer-Oriented Agricultural Imports into Canada

$US billion	**2008**	**2009**	**2010**
World	**18.7**	**18.3**	**20.2**
United States	**11.6**	**11.6**	**12.6**
U.S. market share	***62%***	***63%***	***62%***
Mexico	0.85	0.85	1.10
Italy	0.56	0.54	0.61
France	0.58	0.51	0.56
Chile	0.44	0.41	0.48
China	0.42	0.40	0.44
Australia	0.38	0.34	0.37
New Zealand	0.32	0.28	0.28
Brazil	0.23	0.21	0.24
Netherlands	0.25	0.22	0.23
All other countries	3.1	3.0	3.4

Source: Global Trade Atlas

Fish and Seafood Products Imports into Canada

$US billion	**2008**	**2009**	**2010**
World	**1.9**	**1.9**	**2.1**
United States	**0.69**	**0.66**	**0.78**
U.S. market share	***37%***	***35%***	***38%***
China	0.28	0.31	0.34
Thailand	0.31	0.31	0.33
Vietnam	0.09	0.11	0.11
Chile	0.10	0.09	0.09
India	0.04	0.05	0.05
Norway	0.03	0.03	0.04
Taiwan	0.02	0.02	0.03

Philippines	0.02	0.02	0.03
Ecuador	0.02	0.02	0.02
All other countries	0.3	0.3	0.3

Source: Global Trade Atlas

Total Agricultural Imports into Canada

$US billion	**2008**	**2009**	**2010**
World	**25.4**	**24.4**	**27.1**
United States	**15.6**	**15.1**	**16.1**
U.S. market share	***61%***	***62%***	***60%***
Mexico	0.86	0.89	1.13
Brazil	0.60	0.69	0.79
Italy	0.69	0.66	0.74
France	0.63	0.56	0.61
China	0.54	0.52	0.59
Chile	0.47	0.45	0.51
Australia	0.43	0.38	0.40
Colombia	0.28	0.30	0.35
Thailand	0.30	0.26	0.34
All other countries	5.1	4.6	5.5

Source: Global Trade Atlas