



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 12/20/2013

GAIN Report Number: CA13074

Canada

Food Processing Ingredients

An Overview of the Food Processing Sector in Canada

Approved By:

Jeff Zimmerman

Prepared By:

Sonya Jenkins

Report Highlights:

Opportunities exist to expand U.S. food product sales to Canada's food and beverage processing sector. In this C\$97 billion industry, demand is increasing for many U.S. raw and processed horticultural products, other processed ingredients and food flavorings. The following report highlights the performance of the various sectors of Canada's food and beverage processing industry.

Post:

Ottawa

TABLE OF CONTENTS

Section 1: Market summary.....	3
Overview of Canadian Market	3
Canadian Exports of Processed Food and Beverage Products	5
Imports of Ingredients for the Canadian Food Processing Industry	5
Advantages and Challenges Facing U.S. Products in Canada	6
Section 2: Road Map for Market Entry	6
Entry Strategy	6
1) Contact your State Regional Trade Group or Commodity Group	7
2) Research the Competitive Marketplace	8
3) Locate a Broker/Distributor/Importer	9
4) Understand Canadian government standards and regulations that pertain to your product	9
5) SIAL Canada	11
Market Structure.....	12
Company Profiles	13
General Health and Wellness.....	15
Organic and Natural.....	16
Ethical/Environmental Eating	16
Traceability.....	17
Ethnic Shoppers	17
Food Allergies.....	18
Section 3: Leading U.S. Products and the Competition	18
Products Imported in Canada Facing Significant Barriers	22
Section 4: Best Product Prospects High Physical Growth	24
Source: Canadian Grocer Category Captains 2012 Report	25
Section 5: Regulatory Environment	26
Other Information Affecting Imports of Food Ingredients	27
Post Contact and Further Information.....	30

SECTION 1: MARKET SUMMARY

OVERVIEW OF CANADIAN MARKET

Opportunities exist to expand U.S. food product sales to Canada's food and beverage processing sector. In this C\$97 billion industry, demand is increasing for many U.S. raw and processed horticultural products, other processed ingredients and food flavorings. The following report highlights the performance of the various sectors of Canada's food and beverage processing industry.

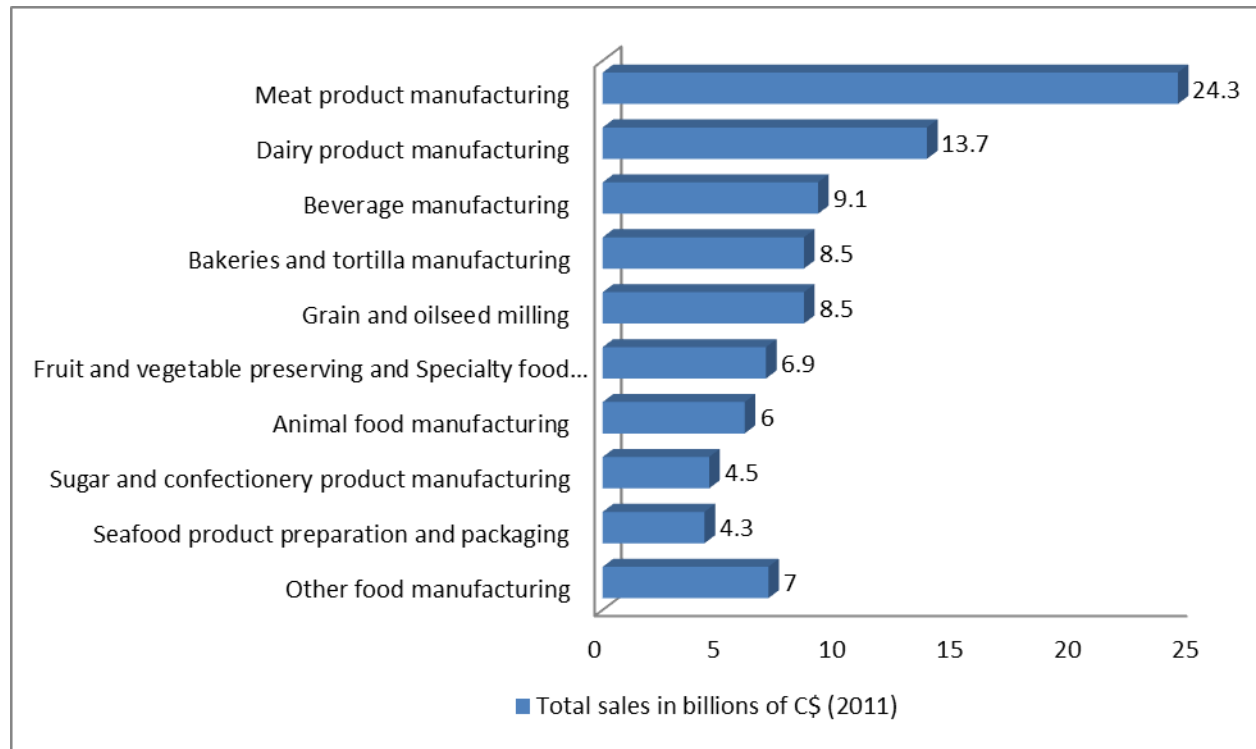
In 2012, U.S. agricultural exports to Canada reached a record C\$20.6 billion. Exports to Canada accounted for 14.5 percent of total U.S. food and agricultural products, which reached C\$141 billion. American products account for approximately 63 percent of Canada's total agricultural imports. In the first three quarters of CY2013, U.S. agriculture exports to Canada have increased by 5 percent over the same time frame last year and already stand at C\$17.9 billion.

Under the tariff elimination provision of the North American Free Trade Agreement (NAFTA), the majority of U.S. agricultural products have entered Canada duty-free since January 1, 1998. Trade with Canada is facilitated by proximity, similar culture, language, common lifestyle pursuits, and the ease of travel among citizens for business or pleasure. Many American products have gained an increased competitive edge over goods from other countries as the result of the FTA/NAFTA. Canada's grocery product and food service trades have been quick to seize opportunities under FTA/NAFTA, which permitted them to expand their geographical sourcing area to include the United States. Declining import duties under the trade agreements and an easing of Canadian packaging requirements for processed horticultural products for the food service market have resulted in significant gains in the Canadian market for U.S. consumer-ready foods and food service products.

Food and beverage processing in Canada began in the mid-1800's and has successfully evolved into a sophisticated and vital contributor to Canada's food, agriculture and economic sectors. In 2012, the food and beverage processing industry produced shipments worth C\$97 billion, two percent of Canada's total GDP. The industry supplies 75 percent of the processed food and beverage products available in Canada. Exports in 2012 reached \$24.6 billion, with 67 percent of that total going to the United States.

Food and beverage processing is an important contributor to the Canadian economy. In 2011, employment in the sector increased modestly to 251,800. Agriculture and Agri-Food Canada estimates that the Canadian food and beverage processing industry supplies approximately 80 percent of the processed food and beverage products available in Canada. Beverage processing includes soft drinks and bottled water manufacturing, wineries, breweries and distilleries. A breakdown of the manufacturing industry from 2011, is as follows. Agriculture and Agri-Food Canada has more information on the food and beverage processing industry on their website at: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1171288446081&lang=eng>.

Canada Food Processing Sector
December 2013



Source:

Agriculture and Agri-Food Canada [“Significance of the Food and Beverage Processing Sector in Canada”](#)

The majority of food manufacturers are located in Ontario, the most populous province in Canada.

**Number of employer establishments
by employment size category and region: December 2012
Food Manufacturing (NAICS311)**

Province or Territory	Employment Size Category (Number of employees)			
	Micro 1-4	Small 5-99	Medium 100-499	Large 500+
Alberta	131	275	39	3
British Columbia	220	466	67	4
Manitoba	40	151	13	3
New Brunswick	27	84	35	3
Newfoundland and Labrador	20	66	30	4
Northwest Territories	0	0	0	0
Nova Scotia	90	137	21	1
Nunavut	1	4	0	0
Ontario	435	1,136	177	22
Prince Edward Island	16	34	10	0
Quebec	292	916	142	11
Saskatchewan	72	86	16	1
Yukon Territory	1	3	0	0
CANADA	1,345	3,358	550	52
Percent Distribution	25.4%	63.3%	10.4%	1.0%

Source : Statistics Canada, Canadian Business Patterns Database, December 2012.

CANADIAN EXPORTS OF PROCESSED FOOD AND BEVERAGE PRODUCTS

Canadian exports of processed food products stood at C\$24.6 billion in 2012, up 5 per cent from 2011. Canadian processed food products are exported all over the world; however a significant portion is focused in a small number of countries. In 2012, 82 percent of those exports went to three major markets; the United States (66 per cent), China (9 percent) and Japan (7 percent). As of October 2013, these three markets were on track to again be Canada's largest export destinations for agricultural products, with exports to the U.S. growing 7.8 per cent over the same period in 2012. Exports to both China and Japan have declined slightly.

Canadian Food and Beverage Industry		2010	2011	2012
Shipments	C\$ Million	91,633	95,170	97,330
	Change (%)	2.2	3.9	2.3
Imports	C\$ Million	21,047	23,150	24,976
	Change (%)	-0.005	9.9	7.9
Exports	C\$ Million	20,755	23,335	24,601
	Change (%)	7.7	12.4	5.4
Domestic Market	C\$ Million	91,925	94,985	97,705
	Change (%)	0.004	3.2	2.9

Sources: Industry Canada, Trade Data Online and StatsCan CANSIMtable 304-0014

IMPORTS OF INGREDIENTS FOR THE CANADIAN FOOD PROCESSING INDUSTRY

Canadian food processors utilize both raw and semi-processed ingredients from imported and domestic sources. No data exists on the total value of imported ingredients destined for the Canadian processed food and beverage industry; however imported ingredients are vital inputs to Canadian manufacturers. Imported ingredients cover virtually all food categories. For example, whole raw products such as strawberries, semi-processed products such as concentrated juices and fully prepared products such as cooked meat products have proven to be essential to processors in Canada. Some ingredients, such as tropical and sub-tropical products, are entirely imported while substantial imports of numerous other products may also be required. These products include spices, food manufacturing aids and flavorings. For example, 90 percent of the Canadian sugar supply is imported and 40 percent of the demand for flour, edible oils and breakfast cereals is supplied by imports.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN CANADA

Advantages	Challenges
Familiarity and confidence in Canadian based U.S. hotel, restaurant and fast food establishments	Dairy and poultry product imports are controlled and limited by a tariff rate quota system
Canadian consumers have a very good perception of U.S. products and prefer them to products of different origins when Canadian products are not available	Foodservice industry predisposition to buy Canadian first means a unique competitive advantage is necessary
Geographical proximity gives U.S. exporters an advantage in terms of transit time and cost as well as speed after ordering	Geographical vastness encourages regional production and distribution
Majority of U.S. products enter Canada duty free under NAFTA	Competition from domestic producers and other countries
Canada's wide ethnic diversity provides broad specialty cuisine opportunities	A sophisticated selection of product is already available in the Canadian market
The Canadian dollar is near parity with the U.S. dollar providing a significant boost to U.S. products	Requirements for labeling, formulation and sizing are different than in the United States
Canadian consumers enjoy a high disposable income compared to the rest of the world	
U.S. foods match Canadian tastes and expectations	
Canadian organic food demand exceeds current domestic production stimulating significant imports from the United States. Mutual recognition of each other's organic certification procedures enables U.S. producers to export with a USDA certification.	

SECTION 2: ROAD MAP FOR MARKET ENTRY

ENTRY STRATEGY

Canada Food Processing Sector

December 2013

Canada remains the top U.S. agricultural export destination for consumer-oriented products with plenty of opportunities for companies interested in exporting. As a well-established market, in Fiscal Year 2013 (October 2012 to September 2013), U.S. agricultural exports to Canada grew by US \$1.4 billion dollars, or 7 percent over FY2012. Companies in the United States enjoy advantages made possible by an established shipping corridor, similar consumer preferences and expectations as well as favorable duty rates under NAFTA.

Canadians are always on the lookout for new and innovative U.S. products, but each sector and product can pose its own challenges. These obstacles can include currency, labeling and customs. With the right tools, these can be overcome. Following are the main steps for U.S. exporters who are looking to enter the Canadian market.

1) CONTACT YOUR STATE REGIONAL TRADE GROUP OR COMMODITY GROUP

State Regional Trade Groups (SRTGs) are non-profit organizations representing state agricultural promotion agencies that use federal, state and industry resources to promote the export of food and agricultural products. They can help qualifying exporters to obtain partial reimbursement for some marketing costs. In addition, they help oversee the branded product program funding targeting small and medium U.S. exporters that reimburses some marketing costs for products of the U.S.A. In 2013, USDA's Market Access Program cooperators will spend over \$7 million on generic and brand promotion activities in Canada.

Food Export Association of the Midwest USA	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin	www.foodexport.org 309 West Washington Suite 600 Chicago, IL 60606 USA Phone (312) 334-9200 Fax (312) 334-9230
Food Export USA Northeast	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont	www.foodexport.org One Penn Center 1617 JFK Blvd Suite 420 Philadelphia, PA 19103 USA Phone (215) 829-9111 Fax (215) 829-9777
Southern United States Trade Association	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, the Commonwealth of Puerto Rico	www.susta.org 701 Poydras Street Suite 3725 New Orleans, LA 70139 Phone: (504) 568-5986 Fax: (504) 568-6010
Western United States Agricultural	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah,	www.wusata.org 4601 NE 77th Ave

Trade Association	Washington, Wyoming	Suite 240 Vancouver, WA 98662 Tel: (360) 693-3373 Fax: (360) 693-3464
--------------------------	---------------------	--

Additionally, many commodities have their own marketing associations which may be able to provide additional, product specific information. A listing of the groups who are active in Canada be found here: <http://www.tasteus.ca/about/listing-of-cooperators/>

2) RESEARCH THE COMPETITIVE MARKETPLACE

A thorough understanding of consumer trends and needs is vital to developing a market strategy. The internet offers a wealth of information for U.S. exporters interested in researching the many aspects and particularities of the Canadian food and beverage market. Though some consumer data can only be obtained with a fee, there are several industry specific publications that continuously report on specific developments of interest for U.S. exporters. Some of these resources are listed in the table below.

The Foreign Agricultural Service (FAS) publishes reports on Canada throughout the year. These reports can be found at <http://gain.fas.usda.gov>. Additionally, FAS Canada has launched a new website targeted at Canadian consumers. It also contains links to the State Regional Trade Groups and cooperators as well as articles that may be of interest to U.S. exporters. The website can be found at www.tasteus.ca.

The Canadian government has recently passed the "Safe Food for Canadians Act" which will result in changing regulations for food products entering the Canadian market. It will be important to monitor changes caused by this act over the coming year. FAS Canada puts out regular updates on changes in Canada in its "This Week in Canadian Agriculture" (TWICA) newsletters. To be added to this list, please contact the FAS Canada office at agottawa@fas.usda.gov.

Canadian Government Market Information Resources:

Agriculture and Agri-Food Canada	Provides information and research on policies and programs. Also provides access to statistics. This Ministry is the counterpart to the USDA.	www.agr.gc.ca
Industry Canada	Information on specific sectors, as well as company profiles and other databases	www.ic.gc.ca
Statistics Canada	The official source for Canadian social and economic statistics.	www.statcan.gc.ca

Industry Associations:

Canadian Manufacturers and Exporters	Canada's largest trade and industry association advocating for manufacturers and exporters.	www.cme.mec.ca
Food Processors of Canada	Food Processors of Canada is the business association supporting executives managing food processing companies in Canada	www.foodprocessors.ca/
I.E. Canada (Canadian	I.E. Canada is a national, non-profit	www.iecanada.com

Association of Importers and Exporters)	organization committed to providing services to develop and enhance the international trade activity and profitability of importers and exporters.	
--	--	--

Industry Publications:

Food in Canada	Food and Beverage Processing Magazine	www.canadianmanufacturing.com/food
-----------------------	---------------------------------------	--

3) LOCATE A BROKER/DISTRIBUTOR/IMPORTER

It is recommended that most new entrants to the Canadian market secure the services of a broker and/or distributor. Local representation provides exporters with a domestic advantage to understanding the local, regional and national markets and the opportunities available. Brokers and distributors provide guidance on best business practices, sales contacts, market development, logistics and government regulations. Many also provide merchandising and marketing programs and their volume purchasing power can help reduce retail slotting fees.

The Foreign Agricultural Service offices in Ottawa and Toronto can provide assistance in locating a broker or distributor by assembling lists of potential partners. Contacts can be made while exhibiting at the USDA endorsed pavilion at SIAL Canada. The office has also assembled a [partial list of industry brokers and distributors in central Canada](#).

4) UNDERSTAND CANADIAN GOVERNMENT STANDARDS AND REGULATIONS THAT PERTAIN TO YOUR PRODUCT

The Canadian Government has multiple acts that govern the importation and sales of foods. As previously noted, the Canadian government is overhauling its food and beverage regulations and will eventually combine them all into one larger piece of legislation. For now, some of the most important laws in place are:

- [Canada Agricultural Product Act and Associated Regulations](#)
- [Consumer Packaging and Labelling Act](#)
- [Fish Inspection Act](#)
- [Food and Drug Act](#)
- [Food and Drug Regulations](#)
- [Importation of Intoxicating Liquors Act](#)
- [Meat Inspection Act](#)
- [Weight and Measures Act](#)

A more thorough outline of applicable acts and regulations can be found on the Canadian Food Inspection Agency's website at: www.inspection.gc.ca.

The Canadian Food Inspection Agency, Health Canada and the Department of Foreign Affairs and International Trade are the main government ministries U.S. exporters can contact for specific information when studying regulations with which they need to comply. Though Canada and the U.S. share many consumer trends, cultural similarities and lifestyles, many regulations differ – including nutrition facts, ingredient declarations and health claim labeling. Moreover, as previously mentioned,

Canada is in the process of drafting several major regulatory changes. Exporters should make an effort to stay abreast of the latest developments.

Canada Border Services Agency	The Canada Border Services Agency (CBSA) ensures the security and prosperity of Canada by managing the access of people and goods to and from Canada.	www.cbsa.gc.ca
Canadian Food Inspection Agency (CFIA)	Government of Canada's regulator for food safety (along with Health Canada), animal health and plant protection.	www.inspection.gc.ca
Canada Revenue Agency	The Canada revenue Agency (CRA) administers tax laws for the Government of Canada and for most provinces and territories as well as various social and economic benefit and incentive programs delivered through the tax system.	www.cra-arc.gc.ca
Foreign Affairs, Trade and Development Canada (DFATD)	The mandate of Foreign Affairs, Trade and Development Canada is to manage Canada's diplomatic and consular relations and to encourage the country's international trade. DFATD manages all tariff rate quotas and supplemental import permits for controlled products (primarily dairy and poultry).	www.international.gc.ca
Department of Justice Canada – Justice Laws Website	Online consolidation of PDFs of Canadian Government Acts and regulations.	http://laws-lois.justice.gc.ca/eng/
Health Canada	Administers the Food Safety Assessment Program, which assesses the effectiveness of the CFIA's activities related to food safety.	www.hc-sc.gc.ca

For more information on food labeling and other information useful to U.S. food exporters, refer to the Canada 2013 Exporter Guide on the FAS Website at <http://gain.fas.usda.gov>.

Information exporters need to understand about labeling regulations can be found on the following sites:

Nutrition Labelling Resource Page

<http://www.inspection.gc.ca/english/fssa/labeti/quest/gengene.shtml>

The Guide to Food Labelling and Advertising

<http://www.inspection.gc.ca/food/labelling/guide-to-food-labelling-and-advertising/eng/1300118951990/1300118996556>

In order to better provide information, the CFIA maintains a National Import Service Centre (NISC), which handles telephone inquiries regarding import requirements and inspections, in addition to processing import documentation and data. The contact information of the NISC is as follows:

Canada Food Processing Sector

December 2013

7:00 a.m. to 03:00 a.m. (Eastern Time)

Telephone and EDI: 1-800-835-4486 (Canada or U.S.A.)

1-289-247-4099 (local calls and all other countries)

Facsimile: 1-613-773-9999

5) SIAL CANADA

The USDA and FAS Canada endorse and organize a U.S. pavilion at SIAL Canada every year. The next SIAL Canada show is scheduled for April 2nd to 4th, 2014 in Montreal, Quebec. For further information, please contact:

Office of Agricultural Affairs

Embassy of the United States of America

P.O. Box 866, Station B

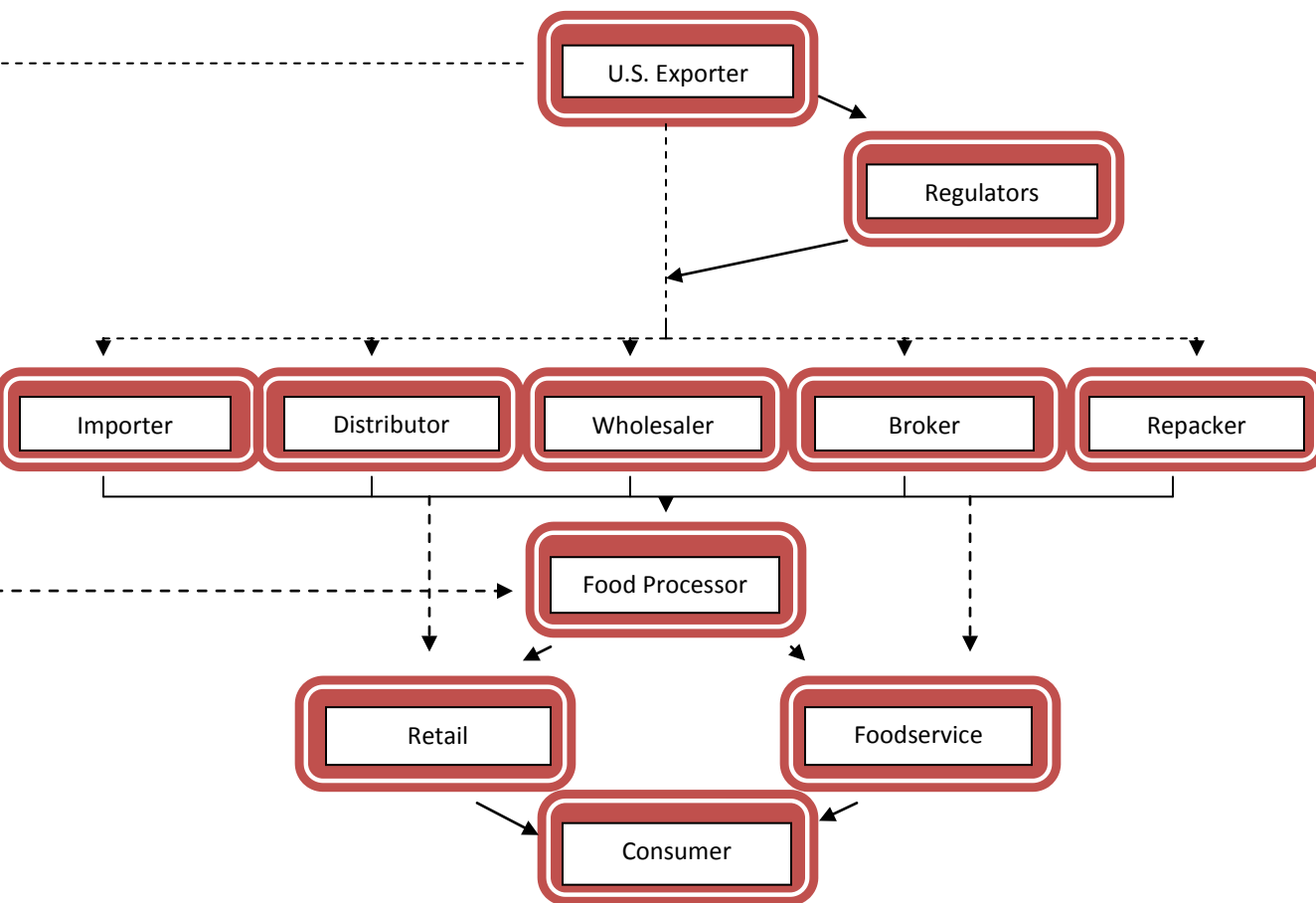
Ottawa, Ontario

Phone: (613) 6885267

Fax: (613) 6883124

Email: agottawa@fas.usda.gov

MARKET STRUCTURE



Consolidation of the Canadian food industry has eliminated numerous intermediary procurement processes. Most food and beverage processing companies now prefer to import directly. Buying direct reduces handling, expedites shipments and generally reduces product costs, provided that volumes are large enough to benefit from a full truck load or consolidated shipments. Small volumes (less than a truckload) are usually procured locally from a Canadian wholesaler, importer, broker or agent. Procurement methods do vary from company to company and from product to product. However, regardless of the method of procurement, all products must be in alignment with government import regulation and meet minimum Canadian standards.

Consolidation of the Canadian retail and food service industry has meant that U.S. food and beverage processing companies face increasingly demanding buyers with significant market power. Aside from the continuous pressure on margins, processors are being asked to assist retail and food service companies to help define points of differentiation. New products that truly address specific consumer needs are the best means for processors to stave off the inevitable demand to produce private label product for retail and food service operators.

Processors should be aware that there is a heightened interest in food safety and information about ingredients including the origin of major ingredients and processing methods. Food service and retail operators are also seeking longer shelf life to deal with both the consumer trend toward fresh products and the geographic challenges of distribution in Canada. Opportunities are increasing in Canada for export ready processors able to meet the rapidly evolving consumer demands and having strong logistics capabilities.

COMPANY PROFILES

Top 10 Canadian Food and Beverage Processors

Company (Product Types)	Sales \$1,000/year	End-use channels	Production Location (#)	Procurement Channels
George Weston Ltd. (Fresh and frozen baked goods, also owns Loblaw)	\$32,008,000 (2010)	Retail	Canada (35) U.S. (33)	Distributor/Broker Importer Direct
McCain Foods Ltd. (potato, appetizer and snack)	\$6,098,143 (2010)	Retail HRI	Canada (10) U.S. (10) S. America (3) Europe (12) S. Africa (3) Asia-Pacific (7)	Direct
Saputo Inc. (dairy and bakery)	\$5,810,582 (2010)	Retail HRI	Dairy - Canada (26) U.S. (16) Argentina (2) Europe (2) Grocery - Canada (1)	Direct
Maple Leaf Foods Inc. (pork, poultry, bakery)	\$4,968,119 (2010)	Retail HRI	Canada U.S. U.K. Asia Mexico	Direct
Molson Coors Brewing Co. (beer)	\$3,355,286 (2010)	Retail HRI	Canada (7) U.S. (9) U.K. (4)	Direct

Canada Food Processing Sector
December 2013

Company (Product Types)	Sales \$1,000/year	End-use channels	Production Location (#)	Procurement Channels
			Asia (1)	
Agropur Coopérative (dairy products)	\$3,345,177 (2010)	Retail HRI	Canada (18) U.S. (7) S. America (2)	Self
PepsiCo Foods Canada (oatmeal, snack foods)	\$3,173,430 (2010)	Retail HRI	Canada (8)	Direct
Parmalat Canada Inc. (dairy and fruit juices)	\$2,198,303 (2010)	Retail HRI	Canada (18)	Direct Importer
Cott Corp. (beverages)	\$1,857,399 (2010)	Retail HRI	Canada (6) U.S. (9) Mexico (2) U.K. (3)	Direct
Pepsi Beverages Co.	\$1,150,726 (2010)	Retail HRI	Canada (6)	Direct

Top Five Foreign Controlled Food and Beverage Manufacturing Firms in Canada

Company (Product Types)	Sales (\$Thou)/year	End-use channels	Production Location	Procurement Channels
PepsiCo Foods Canada (oatmeal, snack foods)	\$3,173,430 (2010)	Retail HRI	Canada (8)	Direct
Parmalat Canada Inc. (dairy and fruit juices)	\$2,198,303 (2010)	Retail HRI	Canada (18)	Direct Importer
Pepsi Beverages Co.	\$1,150,726 (2010)	Retail HRI	Canada (6)	Direct
General Mills Corp. (cereals, bakery, snack foods, frozen and shelf stable fruits and vegetables)	\$761,398 (2010)	Retail HRI	U.S. (28) Canada (2) Asia/Pacific (10) Europe (5) Latin America and Mexico (4) S. Africa (1)	Direct
Smucker Foods of Canada (fruit	\$413,652	Retail	U.S. (17)	Direct

Company (Product Types)	Sales (\$Thou)/year	End-use channels	Production Location	Procurement Channels
spreads, retail packaged coffee, peanut butter, shortening and oils, ice cream toppings, sweetened condensed milk, and health and natural foods beverages)	(2010)	HRI	Canada (4)	Importer

Industry Canada maintains a more complete company directory on their website. A directory of food manufacturing companies can be found at:

<http://strategis.ic.gc.ca/app/ccc/sld/cmpny.do?letter=A&lang=eng&profileId=1461&naics=311>.

A listing of beverage manufacturing companies can be found at:

<http://strategis.ic.gc.ca/app/ccc/sld/cmpny.do?letter=A&lang=eng&profileId=1461&naics=312>

Sector Trends

Consumer trends have always created opportunities for food manufacturers. However, more recently consumer trends have affected choice and source of ingredients used in food manufacturing. Some of the more important drivers of change influencing consumer trends and manufacturing opportunities include:

- Aging population, obesity and the health care crisis leading to the wellness trend
- Increasing reliance on imported foods and growing worries of food contamination raising the organic, natural and local food trend
- Global warming and other serious environmental challenges driving the ethical eating trends
- Traceability
- Ethnic shoppers
- Food allergies

GENERAL HEALTH AND WELLNESS

As consumers get older, their desire to lead healthy and active lives is of increasing importance to them. In response to initiatives by governments, health organizations and consumers, 88 percent of manufacturers report that they are planning to release new products with specific nutritional benefits in the next two to three years. Already, 61 percent of manufacturers have reformulated products to make them healthier. Companies will continue to work to lower the amount of sodium, sugar and high-fructose corn syrup in their products.

One of the fastest growing areas under wellness is functional foods. The market in Canada is currently valued at C\$4 billion. Functional foods are conventional foods that have had healthy ingredients added to them that go beyond regular nutritional functions. Examples of functional foods include probiotic yogurts (added bacteria cultures to promote health in the gastrointestinal tract); omega-3 fortified eggs, and beverages with added vitamins and minerals. The market for functional foods is large and

growing as more and more people are beginning to see the benefits of making small changes to their diets. The market is expected to continue to grow rapidly as consumers gain a better understanding of the relationship between diet and health and as the aging population increasingly turns to preventative health initiatives. For more information on functional foods and nutraceuticals in Canada, visit <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1170856376710&lang=eng>.

ORGANIC AND NATURAL

The Canadian Organic Trade Association recently estimated that the Canadian market for organic products reached C\$3.5 billion in 2012. Their full report can be found at <http://www.ota.com/otacanada.html>. The following is a breakdown of the market:

- 1) Organic food and beverages - \$2.9 billion
 - a. Fruits and vegetables – 40 per cent
 - b. Beverages – 16 per cent
 - c. Dairy and eggs – 15 per cent
- 2) Organic alcohol - \$135 million
- 3) Organic pet food - \$4.1 million

The Canadian introduction of retail chain giant Whole Foods has solidified an industry commitment to healthy eating alternatives. As of January 2013, Whole Foods Canada has eight stores (4 in the Greater Toronto Area and 4 in Vancouver) with plans to open 2-3 more stores per year for the next five year.

The number of organic items carried in mainstream supermarkets is rising steadily and many of the largest companies, including major U.S. food processors, have now launched organic products under some of Canada's best known brands. An example of this is the new organic line of products from Kraft Foods.

Products that claim attributes such as "no antibiotics", "no hormones", and "100% vegetarian feed" do not command the same price premiums as those labeled as certified organic. However, these products are growing because they serve the store interest of differentiation and still carry a 10% to 20% premium compared to regular products while being generally more affordable than organics.

ETHICAL/ENVIRONMENTAL EATING

Experts are suggesting that the trend is destined to have the most impact on the food processing industry is the growing interest in sustainability. This trend overlaps with the wellness and organic foods, however ethical eating goes beyond taste and health concerns and into the realm of green politics and anti-globalization. It includes concepts of "fair trade" and "sustainable" and also "food miles" which bring together the related concepts of locality and seasonality. Good farming practices in terms of the treatment of livestock are also part of this trend.

Multinational food processors are actively involved in the sustainability movement with many seeking sustainability certifications from third party organizations such as Ocean Wise, administered by the Vancouver Aquarium, or the Marine Stewardship Council for seafood products. For other products, organizations like the World Wildlife Federation (WWF) and the Forest Stewardship Council (FSC) can provide certification that products were produced in a sustainable fashion. Large companies such as Loblaw, McDonald's and Wal-Mart are beginning to make sustainability an important part of their business plans throughout their entire supply chains.

TRACEABILITY

As seen in the growing "Buy Local" movement in Canada, consumers increasingly care about where their food comes from. Reasons for this include concern for the local economy and environmental concerns regarding how far food must travel before it reaches the consumers. The concern is also being driven by high profile food safety breaches some of which are related to imported foods as well as issues raised under the wellness and ethical eating headings. However, it is also a food trend in its own right as traditionally certain foods from certain areas were considered to be the gold standard in taste or health. This trend can be an opportunity for U.S. producers since Canadian consumers view products from the United States as safer and of better quality than imports from other countries. Consumers in the internet age no longer accept anything less than transparency. As is the case for the ethical food and organic trend, the ability to prosper from this trend will be closely tied to the ability to track, trace and verify product.

This represents more changes for food processors as it requires an ability to know one's supply chain to a far greater degree than is the case today. Significant improvements have been made in technologies to assist with trace back and product verification. For example, Sobey's (major Canadian supermarket chain) has launched an initiative that allows consumers to enter a code found on the packaging of their seafood on the Sobey's website to find out exactly when, where and how their fish was caught, right down to the name of the fisherman who landed the fish.

ETHNIC SHOPPERS

Ethnic food markets in Canada are worth an estimated C\$65 billion today and are growing by an approximate 15 to 20 percent annually. They are projected to reach C\$128 billion by 2020. By 2031, 72 percent of the population growth in Canada will be driven by people who are visible minorities. Consumers of South Asian and Chinese backgrounds make up the largest ethnic groups and are projected to continue growing. Immigration from Europe accounts for a smaller percentage than it traditionally has. Within immigrants from the Americas, origin is shifting from the United States and Caribbean to Mexico and South America.

In Canada, the priority allergens are: peanuts, tree nuts, sesame seeds, wheat and triticale, milk, eggs, fish, crustaceans, shellfish, soybeans, mustard seeds, grains containing gluten, and added sulphites. Beginning August 4, 2012 these allergens must be listed on a product label, more information on food allergens and labeling can be found at:

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

SECTION 3: LEADING U.S. PRODUCTS AND THE COMPETITION

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
FRESH FRUITS & VEGETABLES VEGETABLES: CANADIAN GLOBAL IMPORTS (2012): U.S.\$2.1 BILLION	VEGETABLES: 1. U.S.: 67% 2. Mexico: 26% 3. China: 2%	<ul style="list-style-type: none"> Canada is the largest foreign buyer of U.S. fruits and vegetables. The U.S. benefits from relatively unimpeded export access into Canada during Canada's winter or non-growing months. Among imports, U.S. fruits and vegetables are viewed by most Canadians as their number one choice to other imports. Mexico gained significant share of the market due to lower prices. Their leading products are tomatoes, peppers, avocados, mangos, and limes. Strawberries are a recent addition. Chile is competitive with their leading exports of grapes, berries. They offer apples and cherries as well. 	<ul style="list-style-type: none"> Dry onions, carrots, lettuce, sweet corn, cabbage are the leading vegetables sold in the fresh market. Apples are the largest production item, followed by blueberries, cranberries, grapes and peaches. Seasonality poses a constraint to growers; Canada imports 80% of its fresh vegetables between November and June. The 'Buy Local' campaigns are well supported by grocery retailers starting in June through October.
FRUIT: CANADIAN GLOBAL IMPORTS (2012): U.S. \$3.4 BILLION	FRUIT: 1. U.S.: 49% 2. Mexico: 12% 3. Chile: 9%		
PROCESSED FRUITS AND VEGETABLES CANADIAN GLOBAL IMPORTS (2012): U.S. \$ 2.1 BILLION	1. U.S.: 60% 2. China: 8% 3. Thailand: 3%	<ul style="list-style-type: none"> There is a full range of prepared and frozen products. Major products are prepared potatoes, tomato paste, mixes fruits, and variety of processed vegetables. U.S. is a major player in the market with established process brands in the market. China has seen a 15% growth in the category of dried fruits and vegetables. Thailand's major products are pineapples and fruit mixtures. 	<ul style="list-style-type: none"> Canadian companies process a wide range of canned, chilled, and frozen products. Adoption of advanced technologies in food processing has been fairly extensive among Canadian processors. Statistics Canada reported almost 50% companies reported adopted more than 5 new technologies in their operations. Higher manufacturing and operation costs than in the U.S.

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
SNACK FOODS CANADIAN GLOBAL IMPORTS (2012): U.S. \$ 1.5 BILLION (excluding nuts)	1. U.S.: 58% 2. Germany: 5% 3. Belgium: 5%	<ul style="list-style-type: none"> The U.S. dominates this category considering the more perishable and bulky nature of some products such as chips, which adds significantly to shipping costs. Competitors vary by sub category with the main competitor and sub category as follows: Germany: cocoa, confectionaries and chocolate; Belgium: chocolate and confections. U.K. and Switzerland; chocolate, along with confection and non-confection items. 	<ul style="list-style-type: none"> Canada's snack food imports have grown by U.S. \$ 316 million since 2006. The category includes chocolate and non-chocolate confectionary, cookies, crackers, potato chips, corn chips, popped popcorn, pretzels, and extruded cheese snacks, seed snacks, mixed nuts, peanuts and peanut butter, as well as pork rinds. The snack food industry is served primarily by domestic manufacturers however domestic market share is being lost to imports. The rapid increase in imports is due both to the strengthening Canadian dollar and a number of new products in the category, many targeted at specific ethnic groups Canada does have domestic raw materials for the grain based products but has to import sugar, chocolate, cacao, and nuts for manufacturing and is not competitive on dairy and egg ingredients used in some of the processing.
RED MEATS (Fresh/Chilled/Frozen) CANADIAN GLOBAL IMPORTS (2012): U.S. \$1.9 BILLION RED MEATS (Prepared/Preserved) CANADIAN GLOBAL IMPORTS (2012): U.S. \$890 MILLION	1. U.S.: 79% 2. New Zealand: 9% 3. Australia: 9% 1. U.S.: 93% 2. Brazil 2% 3. Thailand 2%	<ul style="list-style-type: none"> Beef imports fall into two distinct categories. The largest portion of imports being chilled cuts traditionally from the U.S. Midwest heavily destined for the Ontario region. The other part is frozen manufacturing meat from Australia (for grinding) and New Zealand (largely for specific manufacturing purposes). Many parts of South America, remain ineligible for entry to Canada (except as a supplier of cooked and canned beef) due to sanitary reasons. U.S. competitors are limited by a beef quota. 	<ul style="list-style-type: none"> Canada maintains a narrow acquired feed cost advantage. Canada continues to grow as a key U.S. pork export market. Canadian hog production numbers have been declining across the country and U.S. pork imports are up 16% due to market structures and the Canadian strong dollar. The industry has worked its way out of the inventory surge from the BSE trade disruption. Canadian exports have been sluggish due to a strong Canadian dollar but increased by 10% in 2012. Canadian per capita basis consumption has declined since 2006 from 31 kg to 29 kg.
FISH & SEAFOOD CANADIAN GLOBAL IMPORTS (2012): U.S. \$ 2.4 BILLION	1. U.S.: 36% 2. Thailand: 17% 3. China: 15%	<ul style="list-style-type: none"> Two major categories make up approximately half of the imports Fish filleting is extremely labor intensive, which accounts for the rapid penetration of China and Thailand in this segment. With ocean catches having peaked, aqua culture is becoming a more important source of product and China is the dominant producer of farmed fish and seafood in the 	<ul style="list-style-type: none"> Declining fish stocks have led to almost zero growth in fish and seafood catch over the last decade. In total, the capture fishery accounts for 76 percent of total fish and seafood production in Canada. Lobster, crab and shrimp comprise 67% of the landed value of all fish and shellfish harvested in Canada. Aquaculture is increasing in importance. Key products include

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
		<p>world.</p> <ul style="list-style-type: none"> A growing concern among consumers and retailers for sustainable production practices may help some U.S. fish processors. More than two-thirds of seafood is sold by retailers. 	<p>farmed salmon, trout, steelhead, arctic char, blue mussels, oysters and manila clams.</p> <ul style="list-style-type: none"> At approximately 50 lbs. per person, Canadian consumption of fish is significantly higher than in the U.S. 16.5 lbs. per person, making Canada an excellent export market for U.S. exporters.
BREAKFAST CEREALS/PANCAKE MIXES CANADIAN GLOBAL IMPORTS (2012): U.S. \$ 463 MILLION	1. U.S.: 93% 2. U.K.: 2% 3. Spain: 1%	<ul style="list-style-type: none"> Breakfast cereal imports have grown by over US \$150 million since 2006. The U.S. continues to dominate imports although a variety of competitors are all growing small niche positions. Canada represents the largest market for U.S. Breakfast cereals accounting for approximately half of U.S. exports. 	<ul style="list-style-type: none"> Sales and manufacturing in Canada is largely controlled by U.S. based companies. Domestic non-U.S. owned competitors tend to be in the specialty or organic breakfast cereal business. Canadian consumption of breakfast cereals reached an annual 9 lbs per person. Three key trends in cereal consumption have driven continues growth, reduced sugar, high fiber whole wheat, and hot cereals.
FRUIT & VEGETABLE JUICES CANADIAN GLOBAL IMPORTS (2012): U.S. \$757 MILLION	1. U.S.: 59% 2. Brazil 16% 3. China 9%	<ul style="list-style-type: none"> U.S. imports to Canada increased and fastest growing juice category, fresh orange juice. Brazil is the leader in frozen orange juice concentrate, the second largest imported juice category, with 70% of the import share. China's major juice export to Canada is fortified apple juice; China represents 89% of this import market. 	<ul style="list-style-type: none"> Canada is a major per capita consumer of citrus juices but is unable to grow these products. It will continue to be an exceptional value added market for the U.S. Both Canada and the U.S. have experienced major penetration by Chinese apple juice due to the major shift of Chinese agriculture toward labor-intensive crops and labor intensive processing.
NUTS CANADIAN GLOBAL IMPORTS (2012): Tree Nuts U.S. \$ 544 MILLION Peanuts U.S. \$ 137 MILLION	Tree Nuts 1. U.S. 57% 2. Turkey 16% 3. Vietnam 8% Peanuts 1. U.S. 65% 2. China 20% 3. Argentina 7%	<ul style="list-style-type: none"> From 2011 and 2012 U.S. imports of peanuts increased 2%. Tree nuts increased 16% during the same period. US products lead with peanuts and almonds is preferred by Canadian importers as it meets Canadian sanitary and phytosanitary standards consistently. Turkey is a competitive supplier of Hazelnuts. Vietnam competes with cashew nuts. Growing trend of nut allergens by Canadians has caused the Canadian Food Inspection Agency and Health Canada to set specific 	<ul style="list-style-type: none"> Canada has areas of Ontario, which can grow peanuts, but it has not done so in commercial quantities as the returns are not competitive with other crop alternatives. Similarly British Columbia and other provinces produce small quantities of a number of tree nuts including hazelnuts. However, in general, Canada is not price competitive.

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
		allergen labeling regulations for all suppliers.	
PET FOOD (Dog and Cat) CANADIAN GLOBAL IMPORTS (2012): U.S. \$ 579 MILLION	1. U.S.: 93% 2. China: 3% 3. Thailand: 3%	<ul style="list-style-type: none"> ▪ U.S. imports of dog and cat food registered at U.S. \$ 541 million in 2012. ▪ Canadians regard U.S. pet foods as a trusted and quality product. 	<ul style="list-style-type: none"> • Pet food sector is largely U.S. owned multinationals. • Canada has approximately 17 (non-raw) pet food manufacturers. • New pet food importation requirements have been in place as of June 2009. • More than 322,000 tonnes of pet food is sold in Canada.

PRODUCTS IMPORTED IN CANADA FACING SIGNIFICANT BARRIERS			
Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
POULTRY MEAT CANADIAN GLOBAL IMPORTS (2012): U.S. \$453 MILLION	1. U.S.: 88% 2. Brazil: 9% 3. Chile: 2%	<ul style="list-style-type: none"> The U.S. is the world's largest producer of poultry meat. Brazil is the largest exporter of poultry meat and can land product in Canada at a lower cost compared to the U.S. Brazil has rapidly expanded its share of the Canadian broiler market except with Canadian further processing plants that do not want to take the risk of commingling U.S. and Brazilian origin which would result in being unable to sell processed products to the U.S.A. <ul style="list-style-type: none"> Increases in imports of U.S. chicken are due in part to imports under the Canadian Import for Re-Export Program (IREP). 	<ul style="list-style-type: none"> The Canadian poultry industry is a Tariff Regulated Industry with live bird and meat prices well above the world market. The Canadian strategy has been to differentiate the product particularly at retail through air chilling and such additional attributes as 'vegetable grain fed chicken' However the scale of plant operations in Canada remains relatively small due to the supply managed system. In an effort to mitigate this and to offset difficulty obtaining labor, Canadian processing plants are among the most highly mechanized sectors in Canadian agriculture and employ the latest in robotics. The Canadian industry has significantly increased surveillance since the A.I. outbreaks in B.C. in 2004 and has continuously improved bio-security measures.

Products Imported in Canada Facing Significant Barriers			
Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
DAIRY CANADIAN GLOBAL IMPORTS (2012): (excluding cheese): U.S. \$ 305 MILLION (Cheese) : U.S. \$ 266 MILLION	1. U.S.: 60% 2. New Zealand: 16 % 3. Argentina: 9% 1. U.S. 25% 2. Italy 21% 3. France 19%	<ul style="list-style-type: none"> The U.S.'s close proximity to market, speedy delivery, and significant freight advantage has allowed it to be competitive in the Canadian Import for Re-export Program (IREP) which allows U.S. dairy product to be imported into Canada duty free, and used in further processing, provided the product is subsequently exported. The European Union has a distinct advantage in the cheese trade since it has been allocated 66% of Canada's cheese quota as a result of the 1994 Agreement on Agriculture (AoA). Though details of the CETA free trade agreement between Canada and the EU have yet to be finalized, it is expected that this advantage will either increase or be maintained. New Zealand has a cost leadership advantage. Low costs of production due to the availability of year-round pasturage have helped New Zealand achieve a 30% share of world dairy exports. New Zealand has an additional advantage on butter imports into Canada and hold 61% of Canada's import quota for butter. 	<ul style="list-style-type: none"> The Canadian dairy market operates under a supply management system, which attempts to match domestic supply with domestic demand while paying producers on a cost of production related formula. This system has tended to price dairy products above prevailing world levels. Imports are controlled under Tariff-rate-quota (TRQ) and over quota imports are subject to high tariffs. American suppliers have taken advantage of the Import for Re-export Program (IREP), which allows Canadian processors to import dairy products used in manufacturing provided the product is exported. The U.S. is the largest user of this program due to the perishable nature of the products. Canadian tariff rate quotas stipulate a 50-percent dairy content guideline for imported product, resulting in the creation of ingredients and blend products that are designed to circumvent this guideline. Butter-oil-sugar blends were the first major products to be imported tariff-free, displacing Canadian milk for ice cream. More recently there has been an increase in flavored milks imported as "beverages" and a number of milk proteins which are not captured by the dairy TRQ.

Products Imported in Canada Facing Significant Barriers			
Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
EGGS & EGG PRODUCTS CANADIAN GLOBAL IMPORTS (2012): U.S. \$ 84 MILLION	1. U.S.: 95% 2. China: 3%	<ul style="list-style-type: none"> The U.S. egg industry traditionally fills Canada's needs when supply is seasonally low. There were significant increases in U.S. imports following the Avian Flu outbreaks in B.C. to both avert shortages in the market and rebuild the hatching egg supply. The U.S. has also become a supplier of organic eggs to Canada. 	<ul style="list-style-type: none"> Canada's egg industry operates under Supply Management, which is designed to encourage production of a sufficient volume of eggs to meet market needs without creating surplus. The market is protected by high tariffs. Today, about 75% of Canada's total egg production is sold for the table market, while the remaining 25% is used in the manufacturing of value-added food and other products (liquid, frozen or dried form). These supplies are supplemented by imports and a Tariff Rate Quota system. The Canadian industry has made considerable inroads at retail with differentiated egg offerings such as "free range", Omega 3, and Organic all of which are sold at a premium.. The Canadian Egg Marketing Agency has a sustained media campaign focused on the health benefits of eggs to support retail movement.

SECTION 4: BEST PRODUCT PROSPECTS

High Physical Growth

	Growing	
Category	+4% to 10%	Over 10%
Beverages	Bottled water - still, 2L and less (7%)	Sparkling water (15%)

Canada Food Processing Sector
December 2013

		Chilled drinks and nectars (24%) Family service Smoothies (39.5%) Coffee (29%)
Dry Grocery	Sugar (10%) Flour (10%) Baking Chips (8%) Cake Mixes (7%) Icing Products (8%) Candy Confections (6%) Hot Sauce (9%)	Snack Crackers (15.3%)
Frozen Foods	Thin Crust Pizza (7%)	Thick Crust Pizza (15%) 1-2 Serving Size Pizza (26%)
Perishables	Bread – commercial (4%) Dips (6% - Hummus=19%) Pre-packaged Salad (5%)	Eggs (9%)
Prepared Foods	Indian Food (8%) Snack Foods (4%) Chocolate (4%)	
Refrigerated & Dairy	Natural Cheese (6%) Yogurt (5%)	Luncheon Meat (13%)

Source: Canadian Grocer Category Captains 2012 Report

SECTION 5: REGULATORY ENVIRONMENT

For a more in-depth review of Canada's food laws and regulations and how they may affect U.S. food exporters, please see FAS Canada's Food and Agricultural Import regulations (FAIRS) Report. Due to the complexity of legislative requirements, it is recommended to contact a Canadian Food Inspection Agency (CFIA) Import Service Centre to obtain complete and current information regarding your specific product. The CFIA is responsible for the inspection of food products at all levels of trade. Following are some of the key restrictions that could inhibit certain products from entering the country.

Tariff Rate Quota (TRQ)

Under the General Agreement on Tariffs and Trade (GATT), Canada is permitted to control and limit certain imports under its supply management system. With the signing of the World Trade Organization's (WTO) Agreement on Agriculture in December 1993, Canada converted its existing agricultural quantitative import controls to a system of tariff rate quotas (TRQs) that came into effect in 1995.

Under the TRQ system, applicable products up to a certain volume are imported at the "within access commitment" tariff rate. Over this permitted level, the "over-access commitment" tariff rate escalates. These higher tariffs enable Canada to maintain its system of supply management for certain agricultural products.

The method for establishing the allocation of import access quantities is prescribed in the Exports and Import Permits Act and is administered by the Export and Import Controls Bureau (EICB) of Foreign Affairs, Trade and Development Canada (DFATD). Documentation on the allocation system and principle of TRQ allocation, together with data on permits issued can be found at:

<http://www.international.gc.ca/controls-controles/index.aspx>.

Issuance and control of import quota is administered by the EICB in collaboration with the Canada Border services Agency.

U.S. products that fall into this category include:

-
- | | |
|------------------------------------|----------------|
| • Broiler hatching chicks and eggs | • Chicken |
| • Turkey | • Butter |
| • Cheese | • Buttermilk |
| • Milk and Cream | • Dairy Blends |
| • Yogurt | • Margarine |
| • Eggs | |
-

OTHER INFORMATION AFFECTING IMPORTS OF FOOD INGREDIENTS

The Canadian Government has multiple acts that govern the importation and sales of foods. Under the Canadian Food Inspection Agency's modernization initiative, these acts will eventually be combined into a single piece of legislation. To receive updates on changes in the Canadian regulatory system, please email agottawa@fas.usda.gov and ask to be added to the mailing list for This Week in Canadian Agriculture.

Currently, some of the most important acts for companies involved in the food and beverage industry include:

- [Canada Agricultural Product Act and Associated Regulations](#)
- [Consumer Packaging and Labelling Act](#)
- [Fish Inspection Act](#)
- [Food and Drug Act](#)
- [Food and Drug Regulations](#)
- [Importation of Intoxicating Liquors Act](#)
- [Meat Inspection Act](#)
- [Weight and Measures Act](#)

Health Canada

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

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

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

Food Additives: Canadian regulations pertaining to food additives differ from those in the U.S. Please visit Agriculture and Agri-Food Canada's [Food Additives page](#) for more information. Health Canada's list of permitted food additives can be found at <http://www.hc-sc.gc.ca/fn-an/securit/addit/list/index-eng.php>.

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

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

Agricultural Pesticide and other contaminants: Some agricultural pesticides approved for use in the United States are not registered for use in Canada. Foods which are found to contain unregistered residues over 0.1 parts per million are deemed to be adulterated. Specific acceptable Maximum Residue Limits (MRLs) exist for registered pesticides. For further information see: <http://www.hc-sc.gc.ca/cps-spc/pest/part/protect-proteger/food-nourriture/mrl-lmr-eng.php>.

Vitamin and Mineral Fortification: Fortification in Canada is under review. Health Canada has signaled it is looking at expanding discretionary fortification but with restrictions on which vitamins and minerals and what amounts. However, differences remain such as the folic acid exclusion on milled grain and bakery products. For more information on fortification see: www.hc-sc.gc.ca/fn-an/nutrition/vitamin/index_e.html.

Trans Fats: Canada is one of the few countries of the world to require labelling of products containing trans fats. Reducing the amount of trans fats in food products is voluntary, but many manufacturers are looking for ingredients that will help them achieve this goal. For more information on trans fat regulations, visit <http://www.hc-sc.gc.ca/fn-an/nutrition/gras-trans-fats/index-eng.php>.

Sodium: Similar to the action taken with trans fats, Canada has begun efforts to reduce the amount of sodium found in food and beverage products. More information can be found at <http://www.agr.gc.ca/eng/industry-markets-and-trade/food-regulations/food-policy-and-regulatory-issues/current-food-policy-and-regulatory-issues/sodium/?id=1264777758642>.

Organic Standards: As of June 30, 2009, the Organic Products Regulations require mandatory certification to the revised National Organic Standard for agricultural products represented as organic in international and inter-provincial trade, or that bear the federal organic agricultural product legend (or federal logo). Due to the equivalency agreement with the United States, the USDA organic certification is fully recognized in Canada and there is no need for further certification in Canada for USDA-certified organic products. The CFIA has more information on regulations for organic products on their website at: <http://www.inspection.gc.ca/food/organic-products/eng/1300139461200/1300140373901>.

Novel Foods: Health Canada defines novel foods as products that have never been used as food, foods which result from a process that has not previously been used for food, or foods that have been modified by genetic manipulation. Novel foods regulations cover a variety of new food processes including the addition or deletion of genes (commonly referred to as genetically modified foods). For

example, Health Canada has reviewed food produced by chemical mutagenesis of seed combined with traditional breeding, the use of new food processing techniques to extend shelf life and improve food quality and the use of natural coloring products introduced to food for purposes other than coloring. Canada's novel foods regulations require that the company, who wants to sell the products, prior to the marketing or advertising of a novel food, make notification to Health Products and Food Branch (HPFB). For more information on the novel food regulations and approval procedure, see: www.hc-sc.gc.ca/fn-an/gmf-agm/index_e.html.

POST CONTACT AND FURTHER INFORMATION

CONVERSION RATE

Per the most recent Bank of Canada noon rate, on 19 December 2013, 1.00 Canadian Dollar(s) = 0.94 U.S. dollar(s), at an exchange rate of 0.9367 (using nominal rate).

FOREIGN AGRICULTURAL SERVICE (FAS) OTTAWA

From the U.S.: Office of Agricultural Affairs American Embassy P.O. Box 5000 Ogdensburg, NY 13669 USA	From Canada: Office of Agricultural Affairs P.O. Box 866, Station B Ottawa ON K1P 5T1 Canada
---	---

Telephone: (613) 688-5267

Fax: (613) 688-3124

Email: agottawa@usda.gov

Kathryn Ting, Agricultural Minister-Counselor

Jeff Zimmerman, Agricultural Attaché

Darlene Dessureault, Senior Agricultural Specialist

Mihai Lupescu, Agricultural Specialist

Sonya Jenkins, Agricultural Marketing Specialist

Joyce Gagnon, Administrative Assistant

FAS TORONTO:

From the U.S.: Foreign Agricultural Service U.S. Consulate General Toronto P.O. Box 135 Lewiston, NY 14092-0135 USA	From Canada: Foreign Agricultural Service U.S. Consulate General Toronto 480 University Avenue, Suite 602 Toronto, ON M5G 1V2 Canada
---	--

Telephone: (416) 646-1656

Fax: (416) 646-1389

Email: agtoronto@fas.usda.gov

Maria Arbulu, Senior Agricultural Marketing Specialist

MARKET SECTOR REPORTS:

Listed below are the food sector and marketing reports published by FAS 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>.

Additionally, *This Week in Canadian Agriculture* is a periodic newsletter containing summaries of developments in the Canadian market, including regulatory changes. To be added to the distribution list, please contact FAS Canada at agottawa@fas.usda.gov.

CA13069	Canada Exporter Guide	12/11/2013
CA13065	An Updated Overview of the Hotel, Restaurant and Institutional Sector in Canada	12/09/2013
CA13060	Deciduous Fruit	11/12/2013
CA13059	Grain and Feed Update – Fall 2013	11/04/2013
CA13057	Dairy and Dairy Products Report	10/24/2013
CA13053	2013 Potatoes Annual	10/04/2013
CA13050	Increased Competition Brings Changes in Canadian Grocery Market	10/01/2013
CA13049	United States Food and Drug Administration Fall 2013 Outreach Session with Canadian Food Industry Stakeholders	09/30/2013
CA13046	2013 Livestock Annual	09/06/2013
CA13045	CFIA Releases Food Safety Forum Consultation Report	08/21/2013
CA13042	Wine & Spirits	07/26/2013
CA13041	Grain and Feed Annual	07/26/2013
CA13040	Poultry Annual	07/24/2013
CA13039	CFIA Consults on Fertilizers Regulations Modernization	07/19/2013
CA13037	CFIA Announces New Deadline in Food Safety Consultations	07/08/2013
CA13036	Biotechnology Annual	07/05/2013
CA13034	Biofuels Annual	06/28/2013
CA13031	CFIA Launched Consultations on New Food Regulations	06/11/2013
CA13018	CFIA Consults on Inspection Modernization and Sets the Stage for Future Food Regulations	04/03/2013
CA13016	Grain and Feed Annual	04/02/2013
CA13015	Oilseeds and Products Annual	03/22/2013
CA13013	Overview of BTB and RCC Roundtable on Food and Consumer Products	03/11/2013
CA13012	Livestock – Semi-annual	03/01/2013
CA13008	Canadian Consumer Insights	02/08/2013
CA13004	Grain and Feed Update	1/28/2013
CA13001	Retail Food Sector Report	1/22/2013