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**Report Highlights:**

Canada continues to be the top international market for U.S. consumer-oriented products, accounting for approximately 24 percent of the United States' total global consumer-oriented agricultural exports. Regulatory cooperation, sophisticated transportation logistics and financial markets, geographic proximity, similar consumer preferences, and relatively affluent consumers are the reasons Canada continues to offer excellent export opportunities for new-to-export small- and medium-sized U.S. companies. Contact the USDA Foreign Agricultural Service office in Ottawa at [AgOttawa@state.gov](mailto:AgOttawa@state.gov) to learn more about the great export opportunities in Canada.

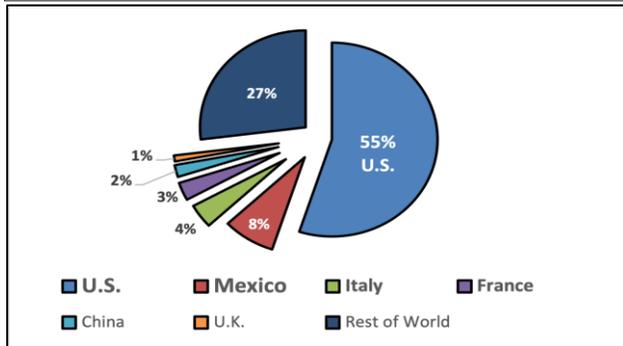
**Executive Summary**

Approximately 90 percent of Canada’s 40 million people live within 150 miles of the U.S. border. Canada continues to be the number one market for U.S. consumer-oriented food exports, which is forecast to reach a value of \$20 billion in 2023. Canada offers stable financial markets and a sophisticated logistics network that supports \$186 million worth of daily two-way trade in food and agricultural products. According to the 2023 Food Price Report, Canadian households spent an average of \$11,300 CAD on food and agricultural products in 2022. Despite a relatively strong U.S. dollar and increased global competition, opportunities remain strong for U.S. food and beverage companies.

**Canadian Imports of Consumer-Oriented Food Products**

Consumer-oriented food products include snack foods, breakfast cereals, condiments, confectionery items, pet food, and more. The top three consumer-oriented food products exported to Canada were bakery goods, cereals, and pasta (\$2.6 billion), fresh vegetables (\$2.1 billion), and fresh fruits (\$1.7 billion). U.S. consumer-oriented food products currently account for 55 percent of Canada’s consumer-oriented food imports.

**2022 Share of Market of Consumer Oriented Imports**



**Food Processing Industry:**

In 2022, Canadian food and beverage manufacturing sales were \$120 billion, making this segment the largest manufacturing industry in Canada. There are approximately 8,500 food processing establishments in Canada, employing approximately 573,100 workers.

**Food Retail Industry:**

Canada’s retail market is mature and consolidated, with five major retailers commanding 75 percent market share. The remainder of the market is represented by smaller regional retail chains, including 6,900 independents and 27,000 small and independent convenience stores.

**Food Service Industry**

In 2022, revenue from all segments of the food service industry reached \$76.6 billion. The industry is divided into two segments: Commercial (restaurants, caterers, and drinking establishments) and Non-commercial (hotels, institutional, and other food service operations).

**Quick Facts on the Canadian Market**

**Total Imports of Consumer-Oriented Products**

\$34.8 billion

**Imports of U.S. Consumer-Oriented Products**

\$19.9 billion

**List of Top 10 Packaged Food Products (by Value)**

- 1) Baked Goods, Cereals, & Pasta
- 2) Fresh Vegetables
- 3) Fresh Fruit
- 4) Soup & Other Food Preparations
- 5) Pork & Pork Products
- 6) Chocolate & Cocoa Products
- 7) Beef & Beef Products
- 8) Non-Alcoholic Beverages (coffee, tea, etc.)
- 9) Dairy Products
- 10) Tree Nuts

**Food Industry Sales by Channel (\$ billions)**

Category	Value (\$ billions)
<b>Total Food &amp; Beverage Industry</b>	<b>\$307.4</b>
Food Service Sales	\$76.6
Retail Food & Beverage Sales	\$112.0
Processing Food & Beverage Sales	\$118.8

**Top 10 Restaurant Chains (Market Share)**

- 1) [Restaurant Brands International, Inc. \(21%\)](#)
- 2) [McDonalds Corporation \(13.5\)](#)
- 3) [Recipe Unlimited Corp.\(7.3%\)](#)
- 4) [A&W Food Services of Can. \(4.3%\)](#)
- 5) [Doctor’s Assoc. Inc., /Subway \(4.0%\)](#)
- 6) [Yum! Brands \(3.8%\)](#)
- 7) [Starbucks \(2.9%\)](#)
- 8) [Boston Pizza Int’l. \(2.6%\)](#)
- 9) [MTY Food Group Inc., \(2.3%\)](#)
- 10) [Wendy's Co, The \(1.6%\)](#)

**Strengths\Weaknesses\Opportunities\Threats**

Strengths	Weaknesses
Relatively high consumer disposable income levels and similar cultures, tastes, and preferences.	Strong U.S. dollar, high levels of household debt, and a consolidated retail sector.
Opportunities	Threats
Duty-free tariff treatment for most products, Canadian buyers’ familiarity with U.S. products, and acceptance of new innovative products.	Increasing third-country competition, and strong ‘buy local’ consumer sentiment.

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**Office of Agricultural Affairs – Montreal** (514) 908-3761  
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## SECTION I. MARKET OVERVIEW

Canada continued to be a top agricultural trading partner for the United States in 2023, with U.S. agricultural exports to Canada forecast to exceed \$28 billion and total two-way agricultural trade forecast to top \$68 billion. The United States and Canada maintain the world's largest bilateral trading relationship with more than \$180 million worth of food and agricultural products crossing the U.S.-Canada border every day. Canada offers regulatory cooperation, comparable food safety systems, a sophisticated transportation network, and established financial markets. Canada's geographic proximity, similar consumer preferences, and relatively affluent consumers are among the reasons why Canada continues to offer excellent export opportunities for new-to-export small- and medium-sized U.S. companies.

Canada and the United States implemented the Canada-U.S. Free Trade Agreement (FTA) in 1989, which provided for elimination of tariffs on most goods, including agricultural products. The FTA was replaced by the North American Free Trade Agreement (NAFTA) in 1994, when Mexico joined. On July 1, 2020, NAFTA was replaced by the [United States-Mexico-Canada Trade Agreement](#) (USMCA). The USDA Foreign Agricultural Service (FAS) encourages all U.S. exporters interested in exporting to Canada to review the USMCA documents to understand how your products may be impacted.

The population of Canada is approximately 40 million, with the vast majority of whom live within 100 miles of the U.S. border. Canada's three largest cities – Toronto, Montreal and Vancouver – are in the provinces of Ontario, Quebec, and British Columbia respectively. Although 75 percent of national economic activity and population are currently concentrated in these three provinces, 2021/2022 data show record growth in the maritime provinces. Projections show that the population will grow by 15 percent over the next 20 years, driven predominantly by immigration. In 2022, Canada welcomed over 431,645 immigrants, from 175 countries - a record in a single year. The Government will continue their effort to growth the economy through immigration, by welcoming 447,055 in 2023, and 451,000 in 2024. The top foreign countries where immigrants are originating from are India, China, Afghanistan, Nigeria, and the Philippines. Declining birth rates and an increase in life expectancy will continue to push the median age up, from its current 41.7 years.

**Table 1: Canadian Market Overview Summary**

Advantages	Disadvantages
Canadian consumers have a relatively high disposable income and are well-positioned to purchase high-quality products.	Bilingual (English and French) labeling is required for retail products.
Canada's ethnically diverse population provides opportunities for specialty products. Canadians are increasingly demanding diverse flavors and greater access to global cuisines.	Canada's population is approximately a tenth of the United States and more dispersed, making marketing and distribution costs generally higher than in the United States.
Per-capita produce consumption is relatively high. Retailers and food service operators have developed efficient supply chains to import produce year-round to meet demand.	There is growing competition from other exporting countries offering produce at lower prices, such as Mexico, Peru, South Africa, and others.

Retailers are continuously looking for innovative and new brands.	Canada’s retail sales network is different from that of the U.S. market. Retailers and grocer independents rely on Canadian brokers and distributors to find new products and assist their U.S. principals on pricing, compliance, and logistics.
U.S. exporters enjoy duty-free, tariff-free treatment for more than 98 percent of U.S. products under USMCA (entered into force July 1, 2020).	Tariff rate quotas apply for supply-managed commodities (i.e., dairy, poultry, and eggs).
U.S. food products are generally aligned with Canadian tastes and are familiar to Canadian consumers.	“Buy local” campaigns are increasingly popular.
Canadian consumers rate U.S. quality and safety relatively high.	Established vendors are currently entrenched in the market.

## SECTION II. EXPORTER BUSINESS TIPS

U.S. exporters are encouraged to look at Canada as a country of five regional markets and develop market entry strategies for each region: Ontario, Quebec, Atlantic Canada, Prairies, and Western Canada. As the market is consolidated in both the retail and the food service distribution sectors, new exporters need to familiarize themselves with the major retail banners, operators, and Canadian processors in each regional market to secure long-term success. Nearly 75 percent of total retail beverage and food sales in 2022 were attributed to five companies: Loblaw’s, Sobeys, Metro, Walmart, and Costco. More than 6,900 independents and 27,000 small and independent convenience stores, including ethnic and natural food stores, represent an excellent opportunity for new-to-market products to establish a presence in the Canadian market but will also require greater due diligence and oversight.

FAS/Canada recommends the following steps before entering the Canadian market:

1. Contact an international specialist through your [State’s Department of Agriculture](#).
2. Conduct thorough research on the competitive marketplace by reviewing USDA GAIN reports, reaching out to the agriculture [export promotion association for your region](#), and attending [USDA endorsed trade shows in Canada](#).
3. Locate a Canadian partner to help identify key Canadian accounts.
4. Learn Canadian government standards and regulations that pertain to your product.

To be successful in Canada’s retail, food service, or food processing sectors, FAS Canada suggests familiarizing yourself with the Canadian broker and distributor networks. Several Canadian food and beverage establishments prefer working through a Canadian broker because many U.S. companies are unfamiliar with doing business in Canada and require the additional service a broker can provide. According to the [Canadian Society of Customs Brokers](#), close to 80 percent of Canadian imports are cleared by a customs broker. These companies assist exporters in complying with Canadian import requirements, handling border transactions, and ensuring the release of goods from Canadian Customs. The [Canada Border Services Agency \(CBSA\) licenses customs brokers](#) to carry out customs related responsibilities on behalf of their clients. Retailers, food service entities, and food processors do not have time to guide U.S. exporters through many

aspects of selling food products in Canada such as regulatory compliance, labelling, pricing, shipping and logistics, and possible retailer listing fees.

Companies are urged to consider their business options and evaluate all potential Canadian business partners before finalizing any contractual arrangement. Factors such as previous experience, the Canadian firm's financial stability, product familiarity, the firm's sales and marketing teams, and other factors appropriate to your specific product should be considered when identifying a Canadian business partner. FAS Canada and our industry partners, [Food Export USA](#), [Southern United States Trade Association \(SUSTA\)](#), and the [Western U.S. Trade Association \(WUSATA\)](#) can help identify a broker, distributor, importer, or marketing company for U.S. businesses. To obtain these listings, please contact [AgOttawa@state.gov](mailto:AgOttawa@state.gov), [AgToronto@state.gov](mailto:AgToronto@state.gov), or [AgMontreal@state.gov](mailto:AgMontreal@state.gov).

More than 45 [U.S. agricultural trade associations and organizations](#) offer USDA-funded marketing programs in Canada to support U.S. firms in their marketing efforts. For the most up-to-date list of active U.S. organizations, please contact [AgOttawa@state.gov](mailto:AgOttawa@state.gov), [AgToronto@state.gov](mailto:AgToronto@state.gov), or [AgMontreal@state.gov](mailto:AgMontreal@state.gov).

U.S. firms new to exporting may access the FAS [Getting Started](#) webpage.

### **SECTION III. IMPORT FOOD STANDARDS & REGULATIONS**

There are three authorities responsible for Canada's food safety under the Minister of Health: Health Canada (HC), the Public Health Agency of Canada (PHAC) and the Canadian Food Inspection Agency (CFIA). Agriculture and Agri-Food Canada (AAFC), also through the CFIA, oversees non-food safety agricultural activities such as animal and plant health.

CFIA offers the [Automated Import Reference System](#) online that permits any user to review the importing requirements for various agricultural and food products. In addition, CFIA publishes several regulations that may affect agricultural and food business for Canadian and foreign producers such as the Safe Food for Canadian Regulation (SFCR), and consumer packaging and labelling regulations. For more information on the Canadian import food standards and regulations, please see the latest [Food and Agricultural Import Regulations and Standards \(FAIRS\)](#) GAIN report.

For detailed information on import procedures, please see the [step-by-step guide of importing food](#) on the Canadian Food Inspect Agency website.

### **SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS**

#### **Key Demographic Trends**

The distinctive characteristics and consumption behaviors of each age group in Canada help to shape the market for food and agricultural products. Some major characteristics of the Canadian population are highlighted below:

- **Aging population**: The median age in Canada is 41 years. There are more Canadians over 65 than under 15. Canadians born between 1944 and 1968 represent 28 percent of the population. Seniors make up the fastest growing age group in Canada and are increasing the demand for healthy food and smaller meal portions, easy-to-open and single-serve packages with easy-to-read labels. On the other hand, the younger generations (millennials and generation Z) are gradually increasing the demand for snacks, online grocery shopping and private label products.
- **Family structure**: the average household size in Canada is on the decline from 4.2 in 1931 to 2.4 in 2021. In addition, 2021 census data report the number of Canadians living alone reached 4.4 million in 2021, up from 1.7 million in 1981.
- **Immigration**: 23 percent of the total population were reported as Immigrants<sup>1</sup> in 2021. The growing immigrant population will increase Canadian appetite for ethnic and globally diverse food products.

### Overall Business Climate and Consumption Trends

- **Market Size**: Although demand is promising, U.S. exporters are reminded that the Canadian market is approximately one-tenth the size of the U.S. food market. Compared to the United States, there are fewer potential partners and retailers.
- **Price Conscious Consumers**: Canadian consumers tend to be price conscious; this trend was exasperated due [to record food inflation numbers](#) observed in 2022. While food inflation has slowed in 2023, the real consumer spending declined. Increasing food prices will grow demand for private label products, and discount retailers. Discount retailer Dollarama was one of the top three highest growing brands in 2023.
- **Convenience Food**: While price remains a determining factor for consumers, a growing segment of the population is willing to pay more for convenient, retail ready or online time-saving meal kits, including ready-to-eat or heat-and-eat products.
- **Label Conscious**: There is a growing awareness of product ingredients and nutritional facts as more Canadians are reading product labels and making purchasing decisions accordingly. Clean labels, lower sodium and sugar content, and ‘functional’ ingredients continue to attract health-conscious consumers. In July 2022, the Canadian government implemented mandatory front-of-package labelling requirements for foods high in sodium, sugar, and saturated fat; manufacturers have been given until January 1, 2026, to make the necessary changes.
- **Ethnic Foods**: Ethnic consumers continue to expand the Canadian retail grocery landscape, as major grocery chains strive to meet the needs of ethnic shoppers. Established ethnic supermarkets that once catered to immigrant communities are reaching out to non-immigrant consumers seeking new products.
- **Online Shopping**: Interest in online grocery shopping has been rising. Major, and even emerging, retailers are responding to this demand by developing innovative online platforms and delivery services. In Canada, an estimated \$12 billion has been committed to online interface over the next 5 years.

### SECTION V. AGRICULTURAL AND FOOD IMPORTS

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<sup>1</sup> 'Immigrants' includes persons who are, or who have ever been, landed immigrants or permanent residents. Such persons have been granted the right to live in Canada permanently by immigration authorities. Immigrants who have obtained Canadian citizenship by naturalization are included in this category. In the 2021 Census of Population, 'Immigrants' includes immigrants who were admitted to Canada on or prior to May 11, 2021.

**Table 2: 2021 Imports of Leading Consumer-Oriented Products (in Million U.S. Dollars)**

<b>Subheading</b>	<b>From World</b>	<b>From US</b>	<b>2021% of US. Market Share</b>	<b>Leading Competitors</b>
<b>Bakery Goods, Cereals, &amp; Pasta</b>	3,595	2,622	73	Italy, China, and Mexico
<b>Fresh Vegetables</b>	3,041	1,838	60	Mexico, China, and Guatemala
<b>Fresh Fruit</b>	4,355	1,610	37	Mexico, Guatemala, and Peru
<b>Soup &amp; Other Food Preparations</b>	2,117	1,716	81	China, Mexico, and Taiwan
<b>Dog &amp; Cat Food</b>	1,259	1,102	88	Thailand, China, and France
<b>Pork &amp; Pork Products</b>	1,081	840	78	Germany, Italy, and Spain
<b>Chocolate &amp; Cocoa Products</b>	1,599	830	52	Belgium, Switzerland, and Germany
<b>Beef &amp; Beef Products</b>	1,275	822	65	Australia, Mexico, and New Zealand
<b>Non-Alcoholic Bev. (ex. juices, coffee, tea)</b>	1,108	732	66	Switzerland, France, and Italy
<b>Dairy Products</b>	1,443	897	62	Italy, New Zealand, and France
<b>Tree Nuts</b>	1,033	681	66	Vietnam, Turkey, and China
<b>Processed Vegetables</b>	1,414	745	53	China, Italy, and Spain
<b>Condiments &amp; Sauces</b>	973	737	76	Italy, China, and Thailand
<b>Processed Fruit</b>	1,485	631	42	China, Mexico, and Chile
<b>Wine &amp; Related Products</b>	2,345	493	21	France, Italy, and Australia

Source: Trade Data Monitor

**Table 3: Best Forecasted Growth Product Categories (2022– 2027)**

Product Category	Sales Growth 2021 / 2022	5-year Growth Forecast	Subcategory with Best Prospects	Sales Growth 2021 / 2022
<b>Packaged Foods</b>				
Cooking Ingredients & Meals	-0.8%	3.5 %	Chilled Meat and Seafood Substitutes	10.3%
			Frozen Meat and Seafood Substitutes	7.1%
			Prepared Salads	6.3%
			Frozen Soup	4.6%
			Chilled Pizza	1.9%
Snacks	1%	3.8%	Vegetable, Pulse and Bread Chips and Flat Breads	11%
			Seasonal Chocolate	4.6%
			Nuts and Seeds Spreads	4.2%
			Single Portion Dairy Ice Cream	3.1%
			Other Savory Snacks	3%
<b>Staple Foods</b>				
Baked Goods	0.5%	0%	Cakes	1.9%
			Flat Breads	4.9%
			Packaged Pastries	2 %
Processed Fruits & Vegetables	-2%	1%	Frozen Processed Fruits & Vegetables (natural)	-0.3%
Pasta, Rice & Noodles	-1.5%	-3%	Noodles	-5.5%
			Rice	-3.6%
Processed Meat & Seafood	10%	8.8%		
Pet Food	1.8%	3.7%	Dog and Cat Foods	1.8%
<b>Beverages/Soft Drinks</b>				
Beverages/ Soft Drinks	-0.01%	2.3%	Soft Drinks	5.5%
			Bottled Water	4.5%
			Energy Drinks	- 5%
			Sports Drinks	-5%

Source: Euromonitor International

**Table 4: Canadian Consumer Oriented Ag. Products Imports/Share of Market by Country**

Partner Country	Value in Million U.S. Dollars			% Share 2021	% Change 2021/2022
	2020	2021	2022		
World	\$29,161	\$31,784	34,772	100	0
United States	\$16,525	\$17,584	19,197	55.3	0
Mexico	\$2,299	\$2,571	2,750	7.9	-0.2
Italy	\$1,001	\$1,187	1,300	3.7	0
France	\$870	\$1,055	1,080	3.1	-0.2
China	\$681	\$731	867	2.5	0.3
United Kingdom	\$439	\$479	551	1.6	0.2
Spain	\$396	\$448	461	1.3	0.1
New Zealand	\$399	\$399	473	1.4	0.2
Australia	\$398	\$399	473	1.4	0.2

Source: Trade Data Monitor

## SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

The Foreign Agricultural Service (FAS) in Canada offers a wide variety of services to help develop U.S. agricultural exports to Canada. If you need assistance or have a trade-related inquiry, please contact us:

OTTAWA	MONTREAL	TORONTO
U.S. Embassy, Ottawa Mailing Address: P.O. Box 5000, MS-30 Ogdensburg, NY 13669-0430 Tel.: (613) 688-5267 E.: <a href="mailto:AgOttawa@state.gov">AgOttawa@state.gov</a>	U.S. Consulate General, Montreal P.O. Box 847 Champlain, New York 12919-0847 Tel.: (514) 908-3761 E.: <a href="mailto:AgMontreal@state.gov">AgMontreal@state.gov</a>	U.S. Consulate, Toronto P.O. Box 135 Lewiston, NY 14092-0135 Tel. (416) 649-8683 E. <a href="mailto:AgToronto@state.gov">AgToronto@state.gov</a>

### Main Trade Shows in Canada:

Agriculture and Agri-Food Canada, USDA's Canadian counterpart, maintains a list of trade shows [on this webpage](#). USDA provides funding support for U.S. companies to participate in the following trade shows:

- [Canadian Health Food Association Trade Show](#)
- [Canadian Produce Marketing Association and Convention Show](#)
- [SIAL Canada](#)
- [Canadian Restaurant and Beverage Show](#)
- [Vancouver International Wine Festival](#)
- [National Women's Show](#)

## Useful Canadian Websites

The following is a listing of important Canadian institutions and their website:

- [Canada Border Services Agency](#)
- [Canadian Food Inspection Agency](#)
- [Global Affairs Canada](#)
- [Bank of Canada. Daily Currency Converter](#)
- [Innovation, Science and Economic Development Canada](#)
- [Health Canada](#)

## Market Sector Reports

Listed below are research reports published by the Offices of Agricultural Affairs in Ottawa and Toronto. For a complete list of USDA reports from Canada and the rest of the world, please visit the [FAS GAIN webpage](#).

### FAS/Canada Related GAIN Reports in 2023

REPORT#	Title of Report	Date
CA2024-00001	<a href="#">Canada Proposes a Federal Plastics Registry</a>	January 13, 2024
CA2023-0059	<a href="#">Ontario to Allow Sales of Wine and Beer in Groceries and Corner Stores</a>	December 26, 2023
CA2023-0057	<a href="#">Canada Proposes Modernized Regulations for Foods for Special Dietary Use and for Infant Foods</a>	December 5, 2023
CA2023-0054	<a href="#">Canada Proposes Streamlined Regulations for Food Additives and Compositional Standards</a>	November 22, 2023
CA2023-0048	<a href="#">Food Service - Hotel Restaurant Institutional</a>	November 22, 2023
CA2023-0044	<a href="#">CARM Customs Program Mandatory in May 2024</a>	October 18, 2023
CA2023-0041	<a href="#">Quebec Government Passes Legislation Impacting Trademarks - Bill 96</a>	September 20, 2023
CA2023-0027	<a href="#">FAIRS Export Certificate Report Annual</a>	August 4, 2023
CA2023-0029	<a href="#">Retail Foods</a>	July 18, 2023
CA2023-0025	<a href="#">FAIRS Annual Country Report Annual</a>	June 26, 2023
CA2023-0022	<a href="#">Updated Guidance on Front-of-Package Nutrition Labeling</a>	May 11, 2023

**Attachments:**

No Attachments