

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Canada

Food Service - Hotel Restaurant Institutional

An Updated Overview of HRI Sector in Canada

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Report Highlights:

Canada remains a top U.S. agricultural export destination for consumer-oriented products offering promising opportunities for small businesses to expand their sales to Canada. In fiscal year 2015, U.S. agricultural exports to Canada reached \$22 billion making Canada the second largest export destination, closely behind China. However, a closer look reveals Canada remains in the number one position as the ideal export market for U.S. consumer oriented products, reaching \$17 billion, an amount double to the second highest export destination, Mexico. For those U.S. food firms with unique and competitively priced products, the food service sector serves as an excellent entry into the Canadian market.

Post:

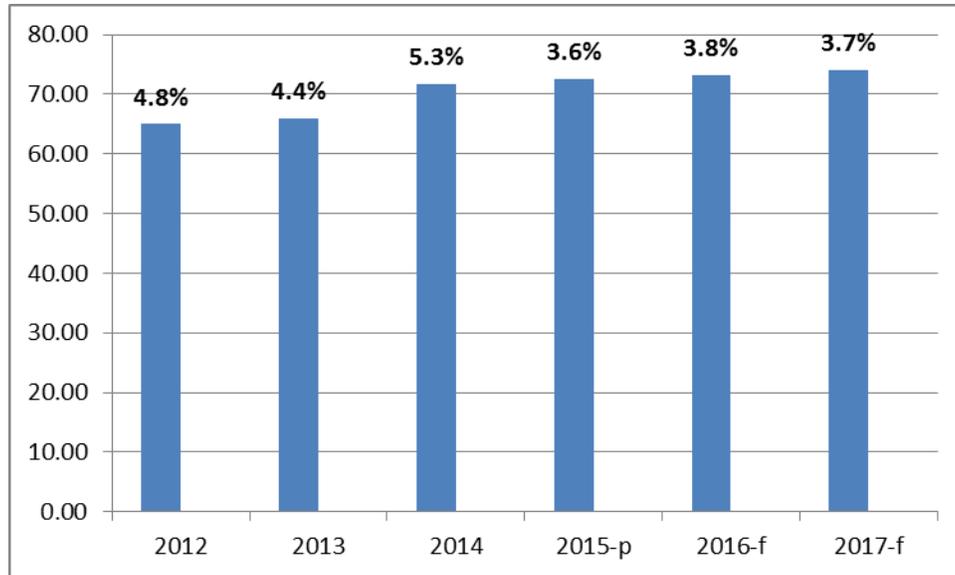
Ottawa

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Section I: Market Summary

Restaurants Canada national association estimates 2015 growth in foodservice sales at 4 percent from the previous year, reaching C\$74 billion (US\$59 billion). The industry is important to Canada's economy as the sector contributes 3.6 percent to the country's GDP. The industry serves as a training ground for a number of young Canadians getting their first job experience. Today, the foodservice sector engages 1.2 million workers through 91,250 foodservice locations in the country. The expected growth for the industry in the coming years continues to look promising as steady growth is predicted:



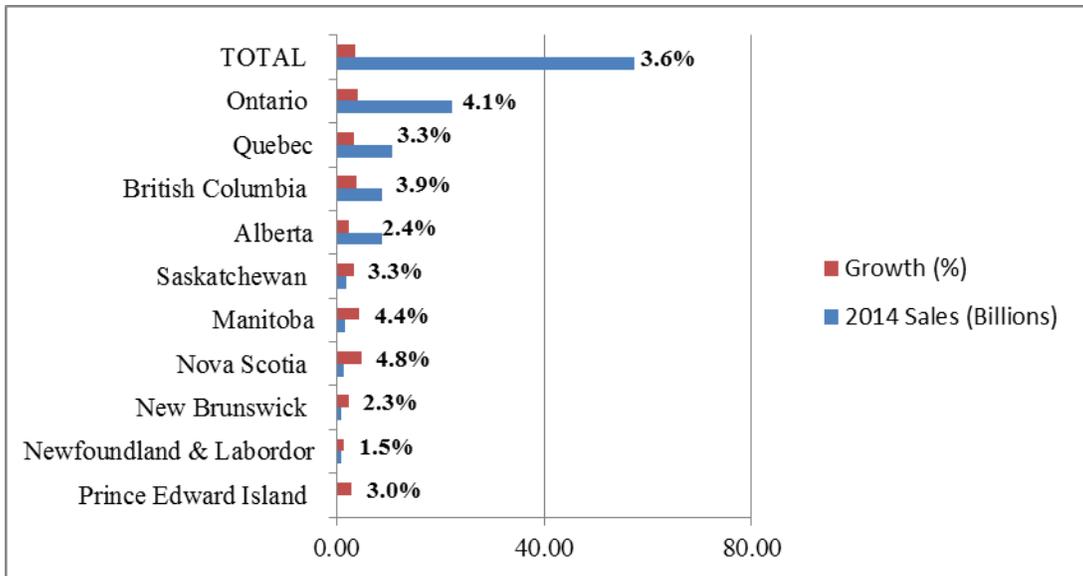
All figures in Canadian Dollars

Source: Restaurants Canada and Euromonitor International

Breakdown of HRI Food Sales in Canada by Province and by Sub-Sector for 2015

Both Ontario and Quebec combined represents 57 percent of the total foodservice sales in Canada, with C\$22.3 billion and C\$10.1 billion respectively. Combined these two provinces reflects the industry concentration. In the last 12 months, Manitoba, Nova Scotia and Ontario posted increases in revenue sales of over 4 percent, with British Columbia following with a growth rate of 3.9 percent.

Below is a provincial breakdown:



Source: Statistics Canada and Restaurants Canada Industry Forecast

○ **Foodservice Subsectors**

The industry falls into three main subsectors. They are hotels and resorts, restaurants, and the institutional foodservice sector.

Hotels and Resorts

Canada attracts over 1.6 million international visitors from around the world with 75 percent of them from the United States. The growing number of visitors help fuel the growth of foodservice in this sector. The Hotel Association of Canada reports 8,090 hotels, motels and resorts that generated revenues of close to C\$17.5 billion (US\$16 billion) in 2014 and in these ‘accommodation foodservice’ sales reached 6 billion (US\$5.5 billion)¹. These establishments accounted for 440,123 rooms. Growth rate for ‘accommodation foodservice,’ in 2014/2015 is 4.6 percent. Canada continues to attract visitors to its destinations, particularly with the strengthening of the U.S. dollar. Some of Canada’s most profitable hotel chains are, Four Seasons Hotels and Resorts, Fairmont Hotels International, Starwood Hotels & Resorts Worldwide, Marriott Hotels of Canada (acquired Delta Hotels), Wyndham Hotel Group, Invest REIT, and Best Western International.

¹ 2014 Canadian Institutional Foodservice Market Report by fsStrategy, p. 10

Restaurants

Canada is home to 91,250 restaurants, bars and caterers who generate C\$56 billion (US\$51 billion) in annual sales.² The growth rate for 2014/2015 is 3.6 percent. According to a survey conducted by Vacay.ca for the [Top 50 Restaurants in Canada](#), consumers still prefer eating at their favorite independent eatery. Sixty percent of the establishments are independent while 40 percent are franchised or part of a national or local corporate chain. Canadians make approximately 18 million restaurant visits daily. Lunch continues to be the meal occasion most often consumed away from home, accounting for 25 percent of these visits. More recently, snacking has become more of an eating occasion for consumers away from home. Also, the rise in independent and chain coffee establishments has created an ideal venue for Canadians to work and meet friends for a quick snack occasion. This in turn has spurred the demand for lite and healthy foodservice products for this segment of the market.

In recent years among quick-service restaurants (QSR) there has been sizable growth of the fast casual dining sub-sector. While they still make up a small segment of the QSR segment, this subsector is growing and changing the industry as they continue to attract new and other patrons from other types of restaurants. These restaurants offer a high-quality menu either offering healthier or fresher choices which consumers are willing to pay more for. Market research firm, NPD Canada reports this sector has grown in recent years by 13.9% and shows steady growth in the coming years.

Another factor influencing the restaurant industry is the interest among consumers to experience the foods they eat in restaurants at home. Trade journal, *Foodservice and Hospitality*, reports the growth of grocer's home-meal replacements (HMR) by 17% in the last five years has stimulated take-home/take-out opportunities from the industry. Industry specialists forecast restaurants will be providing more HMR-style offerings to their patrons or possibly establishing a retail section in their restaurants. Recently Nielsen Canada used the National Restaurant Association's term, 'grocerants,' referring to this recent evolution.

Institutional

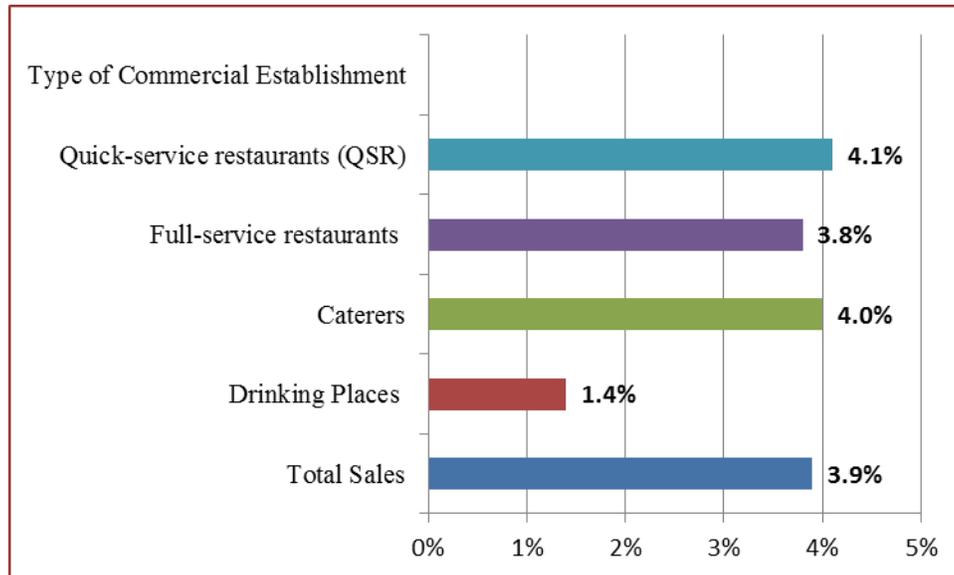
The institutional foodservice sector in Canada reached C\$4.5 billion (US\$4.1 billion) in 2014. The sector consists of hospitals, residential care facilities, schools, prisons, factories, remote facilities and offices, including patient and inmate meals at correction facilities. In recent years, Restaurant Canada reports sales to the institutional sector has decreased and reported a modest increase of 2.4% this past year. This could largely be due to some institutions contracting some of their foodservice requirements to caterers and other foodservice suppliers. Food sales destined to retirement facilities and hospitals grew by less than one percent while revenues increased by 10.1 percent for product sold to long-term care facilities.

² 2014 Canadian Institutional Foodservice Market Report by fsStrategy, p.10

Breakdown of HRI Food Sales in Canada by Sub-sector

	2013 Final	percent Change '13/12	2014 Prelimin ary	percent Change '14/13	2014 Forecast	percent Change '15/'14
Quick-service Restaurants	\$ 24,137.9 0	4.4 percent	\$ 25,536.00	5.8 percent	\$ 26,531.9 0	3.9 percent
Full-service Restaurants	\$ 23,722.0 0	5.2 percent	\$ 24,916.30	5.0 percent	\$ 25,813.2 0	3.6 percent
Caterers	\$ 4,600.40	3.4 percent	\$ 4,903.60	6.6 percent	\$ 5,085.00	3.7 percent
Drinking Places	\$ 2,311.30	-1.2 percent	\$ 2,296.10	-0.7% percent	\$ 2,312.10	0.7 percent
Total Commercial	\$ 54,771.6 0	4.4 percent	\$ 57,651.90	5.3 percent	\$ 59,742.3 0	3.6 percent
Accommodation Foodservice	\$ 5,623.00	3.1 percent	\$ 5,890.00	4.7 percent	\$ 6,162.00	4.6 percent
Institutional Foodservice	\$ 4,252.50	6.1 percent	\$ 4,397.20	3.4 percent	\$ 4,501.00	2.4 percent
Retail Foodservice	\$ 1,351.30	10.1% percent	\$ 1,425.60	5.5 percent	\$ 1,485.5	4.2 percent
Other Foodservice*	\$ 2,416.30	2.3 percent	\$ 2,484.00	2.8 percent	\$ 2,558.50	3.0 percent
Total Non- commercial	\$ 13,643.1 0	4.5 percent	\$ 14,196.80	4.1 percent	\$ 14,707.0 0	3.6 percent
Total Foodservice	\$ 68,414.0 0	4.5 percent	\$ 71,848.70	5.0 percent	\$ 74,449.2 0	3.6 percent
Menu Inflation		2.3 percent		2.1 percent		2.4 percent
Real Growth		2.2 percent		2.9 percent		1.2 percent
<i>Source: Restaurants Canada's InfoStats, Statistics Canada, fsSTRATEGY Inc. and Pannell Kerr Foster</i>						
All dollar amounts above in Canadian millions, October 1, 2014 to November 1, 2015 – USD\$1.00 = CAD\$1.24						
*Includes vending, sports and private clubs, movie theatres, stadiums, and other seasonal or entertainment operations						

Expected Growth Rate by Commercial Sub-Sector (2015-2018)



Source: Restaurants Canada's Foodservice Facts (2014)

Global and Canadian Imports of Consumer Oriented Foods

	Total Global Imports (US\$ millions)	Total U.S. Food Imports (US\$ millions)	U.S. Share of Market	Total Foodservice Sales in Canada (US\$ millions)
2010	20,243	12,575	62 percent	59,390
2011	22,818	14,297	62 percent	65,950
2012	24,314	15,535	62 percent	65,261
2013	25,563	16,420	64 percent	66,160
2014	26,265	16,817	64 percent	69,000
2015- p	26,301	16,832	64 percent	59,000*

Source: Global Atlas Trade

Consumer-oriented Foods are value added products which include portion control meats, fruits, rice, foodservice packaged vegetables, etc.

*The drop in foodservice sales in Canada is due to the rate fluctuation for the last 12 months.

Advantages and Challenges for U.S. HRI Food Products

Canadian Market Overview Summary	
Advantages	Challenges
Similar eating and buying patterns	A sophisticated selection of product is already available in the Canadian market
Wide exposure to U.S. culture	Dairy and Poultry product imports are controlled and limited by a tariff rate quota system
Geographical proximity provides an advantage in shorter transit delivery times	Higher landed costs, particularly on small shipments
High U.S. brand awareness	More competitive pricing in foodservice than retail
Frequent business and personal trips to United States by Canadians	Conversion of measurements to metric system required

Ease of business travel to Canada	Standard Canadian English required
Duty free tariff treatment for most products under NAFTA	Differences in nutrition labelling. Not required on foodservice products but helpful for foodservice operators.
High U.S. quality and safety perceptions	Differences in chemical residue tolerances
U.S. origin top choice among imported foods	Higher landed costs, particularly on small shipments
Canada's wide ethnic diversity provides a broad specialty cuisine opportunities	

Section II. Road Map for Market Entry

Entry Strategy

Food product manufacturers from the United States seeking to enter the Canadian marketplace have a number of opportunities. The United States is Canada's primary trading partner – with more than 64 percent of Canada's processed food imports originating from the United States. The demand for U.S. foods can be attributed to many factors, such as; proximity to the market, reliable shipping methods, similar business practices and similar food tastes between Canadians and Americans.

Although, Canadians are looking for new and innovative U.S. products, there are a number of challenges U.S. exporters must be prepared to meet. Some of them include currency, customs procedures, regulatory compliancy, and labeling requirements.

Overcoming these hurdles is possible with the right tools. FAS together with agricultural partners facilitate the exporting process and we recommend the following as first steps when entering the Canadian market:

1. Contact your state regional trade office or the international specialist of your State Department of Agriculture.
2. Conduct a thorough research on the competitive marketplace.

3. Locate a Canadian partner, such as a broker/distributor/importer to help in identifying key Canadian accounts.
4. Learn 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.

FAS/Canada relies on the State Regional Trade Group (SRTG) offices based in the U.S. to provide further export counseling. These offices are supported through USDA government funding. Their export programs have been acknowledged by third party audit/consulting groups to be highly effective in guiding new-to-market and new-to-export U.S. companies. Their programs include a number of services as; one-on-one counseling, participation in business trade missions, support to Canadian and certain selected international trade shows in the U.S. In some cases, under the *Branded Market Access Program (MAP)* they are in a position to provide limited financial assistance for small and medium sized firms that meet the U.S. government's criteria for assistance. This assistance may include reimbursements for; marketing and point-of-sale reimbursements, participation in trade shows, part-time contractors, and costs of sample shipments. U.S. exporters are encouraged to either contact their State Department of Agriculture's International representative or their regional SRTG office. Click below to identify the SRTG covering a specific region:

State Regional	Web Site	States
Food Export USA Northeast	http://www.foodexportusa.org	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Food Export Association of the Midwest USA	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/9383/States.aspx	State Directory of the State Department of Agriculture

Step 2: Research the competitive marketplace

The State Regional Trade Groups will often have available information on specific markets. Some of the SRTGs maintain Canadian representatives that can help in providing specific market intelligence to a particular product category. This type of information is invaluable as this may help a potential U.S. export to price their products accordingly and identify the food channel most appropriate for their company. In coordination with the SRTG's services, FAS/Canada publishes over fifty market and commodity reports that are available through the Global Agriculture Information Network (GAIN) for a number of commodities. To access these reports go to: <http://gain.fas.usda.gov/Lists/AdvancedSearch/AllItems.aspx>

Step 3: Locate a Canadian partner - broker/distributor/importer

It is recommended that most new entrants to the Canadian market consider appointing a broker or develop a business relationship with a distributor/importer to enter the Canadian market. Some retailers and even distributors prefer U.S. companies appointing a broker that will set up a distribution network. As the market is smaller than that of the United States, food companies are urged to closely evaluate their Canadian business partners well before entering into a contractual arrangement. Factors such as work experience, the Canadian firm's financial stability, product familiarity, account base, sales force, executive team commitment, and other considerations should all be taken into account prior to appointing the Canadian partner and or a entering into a future business transactions.

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>

FAS/Canada can provide some assistance in identifying a broker/distributor/importer but is not in a position to endorse any Canadian firm. Furthermore, companies are encouraged to visit and/or participate in specific trade shows in Canada (see <http://www.ats-sea.agr.gc.ca/eve/eve-can-eng.htm> for a complete listing of trade shows in Canada) as this will help in evaluating the market and meeting potential Canadian partners.

FAS/USDA recommends a number of Canadian food shows. Among them is the [Restaurants Canada Show](#) which is the premier foodservice show in Canada. The event attracts 13,000 executives from the foodservice sector. The show takes place annually from the first Sunday to Tuesday of March each year at the Direct Energy Centre in Toronto. This year the event will take place February 28 thru March 1, 2016. Additionally, the show organizers partners with two other foodservice shows in Atlantic Canada and in Vancouver, British Columbia. Although, FAS/Canada currently offers no USA Pavilion, some of the U.S. state agencies exhibit with a state pavilion. In previous years, if there is enough interest, show management has pulled together a U.S.A presence on the exhibit floor. Interested U.S. companies are recommended to contact their respective Department of Agriculture representative or Natalie Mestnik, show coordinator at nmestnik@restaurantscanada.org

FAS/USDA endorses one trade show in Canada that attracts some food service executives; [SIAL Canada](#). The event alternates between Montreal, Quebec and Toronto, Ontario. The show takes place in Montreal the even years and in Toronto the odd years. Next year's show will take place in Toronto from Tuesday, April 13th to Thursday, April 15th of 2016 at the Palais Congre in downtown Montreal. For the

first time, the U.S. will be the [Country of Honor](#) and FAS/Canada anticipates this will serve to attract more Canadian buyers to visit the USA Pavilion and its' companies. Interested U.S. food companies can contact FAS/USDA's show contractor, IMEX Management and ask for Kelly Wheatley at kellyw@imexmanagement.com / T. 704-365-0041 or Sharon Cook at Sharon.cook@fas.usda.gov

Step 4: Understand Canadian government standards and regulations that pertain to your product
Review the 2015 GAIN Export Guide (CA15113) Canadian government standards and regulations that pertain to your product. FAS/Canada recommends contacting the [Canadian National Import Service Centre](#) to ensure all customs paperwork is accurate and allow for pre-clearance of exported goods from the U.S. Canadian agents, distributors, brokers, and/or importers are also very adept to assisting exporters through the import regulatory process.

Canadian National Import Service Centre

7:00 a.m. to 3:00 a.m. (Eastern Time)

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

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

Fax: 1-613-773-9999

Mailing Address:

1050 Courtney Park Drive East

Mississauga, Ontario L5T 2R4

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>

Frequently Asked Questions and their 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: Do I need to modify my labels for foodservice as I do for the retail market in Canada?

Answer: The Canadian Food Inspection Agency exempts foodservice products from bilingual and nutrition facts table (NFT) requirements. However, there are other mandatory requirements to meet label compliancy such as the common name of the product, country of origin, best/before dates, storage instructions, general nutrition information, and other elements. Additionally, as more and more restaurant menus try to inform their patrons of healthy options, some food processors are voluntarily providing nutrition information in the NFT format so it is easy to understand.

Most U.S. firms engage the services of a labelling specialist to ensure all required compliancy have been met as regulations may be difficult to interpret for a manufacturer unfamiliar with these requirements. In the coming year, with the proposed labelling changes being introduced possibly in 2016 by Health

Canada and CFIA, FAS Canada is urging firms to pay particular attention that all label modifications are current with the changes.

2. Question: How do I find a distributor?

Answer: The USDA/FAS Office of Agricultural Affairs, U.S. Embassy and Toronto U.S. Consulate in Canada can provide marketing lists in helping U.S. 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).

3. 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://cbsa-asfc.gc.ca/publications/dm-md/d10/d10-18-1-eng.html>

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

Answer: Industry Canada (IC) maintains a database of major Canadian importers by product type. To access the database, go to IC's web page at <http://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home> . The page will prompt the user to identify the product.

5. 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. 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 and these should not be confused for duty charges.

6. 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. In fact, US apple exports to Canada averaged \$150 million per year between 2008 and 2013. 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 established an arrangement to facilitate bilateral potato trade. The arrangement will provide U.S. potato producers with predictable access to Canadian Ministerial exemptions.

7. 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 offers a test marketing provision; however, this provision has certain limitations and is specifically designed to facilitate those products that are highly unique and not currently found in Canada. This provision **does not apply to U.S. brand introductions** into Canada for processed foods commonly found on retail shelves. We highly encourage U.S. exporters to work with their respective State Regional Trade Group to see if they qualify for export assistance programs as some of the costs on packaging and labeling modifications may be covered.

Canadian Government Standards and Regulations

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](#)
-

U.S. exporters are urged to review the GAIN Export Guide (CA 15113) that helps to further breakdown regulations and steps to doing business in Canada.

Import documentation or an official inspection certificate is required for meat, poultry, dairy, egg, fresh fruit and vegetable. Information on these certificates may be obtained through the 2015 GAIN FAIRS Export Certification Requirements for Canada. All temporary and commercial import requirements may be reviewed through the Automated Import Reference Systems (AIRS) of the Canadian Food Inspection Agency (CRFA) at:

CRFA - Automated Import Reference System
<http://inspection.gc.ca/english/imp/airse.shtml>

Selected Labelling Exemptions for Foodservice products

Products destined for the HRI segment are exempt from bilingual labeling companies and nutritional facts table. This is noted here:

*Foods for Commercial or Industrial Enterprise or Institution
Exemption of Nutrition Fact Table (NFT) labelling*

<http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/nutrition-labelling/additional-information/restaurants-and-food-service-establishments/eng/1409850385603/1409850437890>

Exemption of bilingual labelling on shipping containers destined to the HRI Sector

<http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/label/eng/1388160267737/1388160350769?chap=1#s2c1>

Although, foodservice products are exempted from the submitting nutrition information in a NFT (format), food manufacturers are expected to provide nutrition information. This nutrition information may be adhered to the outside of the container or inserted in the container. Also, if the mandatory information is not displayed on the outside of containers then the information will need to be displayed on the respective foodservice packages inside the container.

The required mandatory information is:

1. **Information in one official Language**
2. Common Name
3. Country of Origin or
4. Identity and Principal Place of Business (manufacturer/Canadian dealer, noted “imported for/importé pour”).
5. Date Markings and Storage Instructions (includes durable life date)
6. Irradiated Foods
7. Net Quantities expressed in Metric Units
8. Legibility and Location
9. List of Ingredients and Allergens
10. Nutrition Information
11. Sweeteners

These requirements can be further reviewed at:

Industry Labelling Tool

<http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/eng/1383607266489/1383607344939>

Key Contacts

Office of Agricultural Affairs

U.S. Embassy, Canada
P.O. Box 5000, MS-30
Ogdensburg, NY 13669-0430
Telephone: (613) 688-5267
Fax: (613) 688-3124
Email: agottawa@fas.usda.gov

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Mihai Lupescu, Agricultural Specialist
Sonya Jenkins, Marketing Specialist
Joyce Gagnon, Administrative Assistant

Foreign Agricultural Service
U.S. Consulate General Toronto
P.O. Box 135
Lewiston, NY 14092-0135
Telephone: (416) 646-1656
Fax: (416) 646-1389
Email: agtoronto@fas.usda.gov

Maria Arbulu, Senior Agricultural Marketing Specialist

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
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Canadian Food Inspection Agency	
Home Page	http://www.inspection.gc.ca
Acts and Regulations	http://www.cfia-acia.agr.ca/english/reg/rege.shtml
Food Labelling and Advertising Industry Labelling	http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml

Tool	
Meat & Poultry Inspection Regulations	http://www.inspection.gc.ca/english/fssa/meavia/meaviae.shtml
Fish Import Program Policy	http://www.inspection.gc.ca/food/fish-and-seafood/imports/documents/fish-import-program-policy/eng/1360859473208/1360859694298
New Regulatory Framework for Federal Food Inspection	http://www.inspection.gc.ca/about-the-cfia/accountability/consultations/federal-food-inspection/overview-of-proposed-regulations/eng/1400451508255/1400451811916

Department of Foreign Affairs and International Trade	http://www.international.gc.ca/international/index.aspx
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Bank of Canada <i>Daily Currency Converter</i>	http://www.bankofcanada.ca/rates/exchange/daily-converter/
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Industry Canada	
Home Page	http://www.ic.gc.ca/eic/site/ic1.nsf/eng/home
Canadian Importers Database	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
Proposed Changes to Format Requirement on Nutrition	http://www.hc-sc.gc.ca/fn-an/consult/2014-format-requirements-exigences-presentation/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

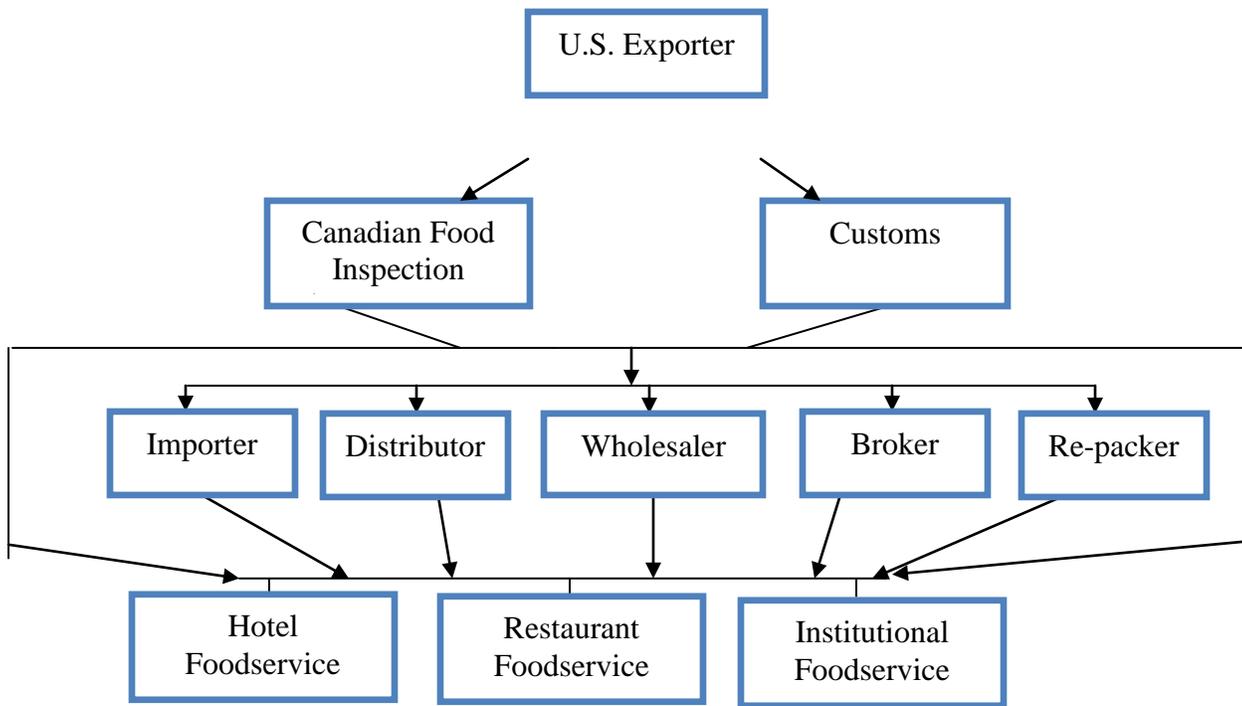
Pest Management Regulatory Agency	
Maximum Residue Levels	http://www.pmra-arla.gc.ca/english/aboutpmra/about-e.html

Key Trade Shows	
Canadian Health Food Association and Show	https://www.chfa.ca/en/index.html
Canadian Produce Marketing Association and Convention Show	http://convention.cpma.ca/
SIAL Canada	http://sialcanada.com/en/
Restaurants Canada	https://www.restaurantscanada.org/en/Events

Media Publications and Associations	
Canadian Restaurant & Foodservice News Restaurant Central	http://www.restaurantcentral.ca/

Canadian Hotel Association	http://www.canadianlodgingnews.com/lodging
Canadian Lodging News	http://www.hoteliermagazine.com/
National Foodservice Distributors Association (Canada)	http://nfda.ca/our-members
Restaurants Canada Association	https://restaurantscanada.org/
Restaurants Canada Foodservice Buyers Guide	http://buyersguide.restaurantscanada.org/Categories.aspx

Section III. Market Structure and Foodservice Distribution Channel



Foodservice Distributors

Domestic and imported food products in the Canadian market may be shipped directly to foodservice establishments but a most imports from the U.S. are filtered and managed through importers, brokers, food distributors, wholesalers and/or re-packers. These types of distributors are selling directly to the HRI accounts. The two largest and national foodservice distribution chains in Canada are Gordon Foodservice and Sysco. However, there are a number of regional foodservice distributors and some have specialized in niche products as natural food products. Large HRI chains may choose to purchase directly through customized growing agreements, contract purchasing, central procurement office or from a chain-wide designated distributor.

Canadian Partners - Broker/Food Distributor/Importer Arrangements

U.S. firms, particularly small to medium sized firms are recommended to partner with a Canadian food broker/food distributor/importer.³ Most food distributors and importers will import and take title of the shipment. In turn, the shipment is likely to be stored in their warehouse facility and then sold to various foodservice accounts. Brokers on the other hand, usually do not take title of the goods but act as a sales people to help develop awareness for the product to chain and individual accounts. There are some brokers that simply specialize in brokering foodservice products while others represent a combination of foodservice and retail products. Exporters are recommended to inquire a prospective’ s business split between foodservice and retail to help them assess if the Canadian firm has sufficient expertise in this segment of the market and resources to develop specific HRI accounts. In most cases, once a firm appoints a broker then they will build a distribution network for their food client. Usually brokers take a percentage of the product sales revenue, ranging from 3 percent to 10 percent. The percentage is influenced by several factors: the type of product line, expected sales volume, additional special services such as planning promotions or data collection. In the beginning, a broker may request a monthly retainer fee as they must ‘pioneer’ the product to prospective foodservice accounts and distributors. Once targeted sales volumes are reached then the broker will switch to a percentage of the established sales. All fees are negotiated between the principal and the broker prior to future transactions.

Sub-Sector Profiles

Hotels and Resorts

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Four Seasons Hotels and Resorts	Toronto, ON	95	C\$4,400.00
Fairmont Raffles Hotels International	Toronto, ON	114	C\$4,100.00
Starwood Hotels and Resorts Worldwide Inc.	Stamford, CT	68	C\$ 912.20
Wyndham Hotel Group	Parsippany, NJ	505	C\$ 849.90
Marriott Hotels of Canada	Mississauga, ON	85	C\$ 784.70

³ There is a distinction between food distributors and foodservice distributors. The prior, does not solely specialize in selling foodservice products but may also carry retail lines and sell to foodservice accounts. Foodservice distributors sell strictly to HRI accounts.

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
IHG (InterContinental Hotels Group)	Atlanta, GA	173	C\$ 776.00
Hilton Canada Co.	Mississauga, ON	107	C\$ 620.60
Best Western International	Phoenix, AZ	197	C\$ 574.00
InnVest REIT	Mississauga, ON	110	C\$ 534.80
Choice Hotels Canada Inc.	Mississauga, ON	309	C\$ 526.00
Delta Hotels & Resorts (Marriott)	Mississauga, ON	37	C\$ 476.20
Atlific Hotels	Montreal, ON	59	C\$ 461.00
Oxford Properties Group	Toronto, ON	7	C\$ 427.30
Superior Lodging/Master Built Hotels	Calgary, AB	162	C\$ 260.00
Sandman Hotel Group(Northland Properties)	Vancouver, BC	46	C\$ 207.60
O'Neil Hotels & Resorts Ltd.,	Vancouver, BC	67	C\$ 206.90
Coast Hotels & Resorts	Vancouver, BC	29	C\$ 201.50
<i>Source: Hotel Association of Canada Hotel Industry Fact Sheet (2015) 2014 Exchange Rate US\$1.00 = C\$1.10 (CAD)</i>			

In 2014, the accommodation sector in Canada generated C\$17.5 (US\$16) billion in revenue. The the occupancy rate for 2015 is projected to reach 64 percent while the average daily rate of expenditure is estimated at C\$141(US\$129)

Restaurants

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Tim Horton's Inc.*	Oakville, ON	4,671	C\$6,152.09
McDonald's Restaurants of Canada Ltd.	Toronto, ON	1,440	C\$3,744.00
Subway (Doctor's Associates Inc.)	Milford, CT	3,154	C\$1,600.00
Boston Pizza International Inc.	Mississauga, ON	366	C\$ 975.00
Starbucks Coffee Canada Inc.	Toronto, ON	950	C\$ 940.00
A&W Foodservices of Canada Inc.	Vancouver, BC	831	C\$ 975.00
Coldstone Creamery (Kahala Corporation)	Scottsdale, AZ	1,600	C\$ 638.00
Wendy's Restaurants of Canada**	Oakville, ON	231	C\$ 601.00
KFC (Yum Restaurants International Canada company) ²	Vaughan, ON	646	C\$ 625.40
International Dairy Queen	Minneapolis, MN	617	C\$ 558.00
Swiss Chalet (Cara Operations)*	Vaughan, ON	215	C\$ 546.00
Keg Restaurants Ltd.*	Richmond, BC	90	C\$ 429.00
Pizza Pizza*	Toronto, ON	629	C\$ 408.40
Burger King Restaurants of Canada, Inc.	Mississauga, ON	278	C\$ 278.00
St. Hubert BBQ*	Laval, QC	115	C\$ 345.00
Yogen Früz*	Markham, ON	1005	C\$ 326.60
Pizza Hut (PH Company)	Vaughan, ON	345	C\$ 307.45
Harvey's (Cara Operations)	Vaughan, ON	261	C\$ 220.00
Montana's (Cara Operations)	Vaughan, ON	91	C\$ 234.00

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Moxie's Grill & Bar*	Vancouver, BC	66	C\$ 192.00
Domino's Pizza of Canada	Windsor, ON	310	C\$ 158.00
<p><i>Source: Canadian Chains Directory 2014/2015, Foodservice and Hospitality, June 2015 /Top 100</i> * Canadian owned company ** Sales estimated 2014 Exchange Rate used US\$1.00 = C\$1.10</p>			

Top Five Fast-casual Restaurants

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Thai Express* (MTY Food Group, Inc.)	St. Laurent, QC	254	C\$ 89.30
Pita Pit*	Kingston, ON	182	C\$ 71.85
Five Guys Burgers and Fries*	Lorton, VA	62	C\$ 63.00
Mucho Burrito* (MTY Food Group Inc.)	St. Laurent, QC	86	C\$ 56.20
Hero Certified Burgers*	Toronto, Ontario	57	C\$ 39.00
<p><i>Source: Euromonitor International, Canadian Chains Directory, and Ontario Top 50 Chains</i> * Canadian owned company whose operations outside Canada are reflected in revenues and units ** Sales estimated 2014 Exchange Rate used US\$1.00 = C\$1.10</p>			

Top Five Sub/Sandwich Chains

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Subway (Doctor's Associates Inc.)	Milford, CT	3,162	C\$1,600.00
Country Style Food Services, Inc.*	Richmond Hill, ON	442	C\$ 220.10
Quiznos Canada Restaurant Corp.	Oakville, ON	332	C\$ 166.00
Mr. Sub (MTY Group)	Windsor, ON	311	C\$ 88.80
Coffee Time Donuts Inc.*	Toronto, ON	137	C\$ 61.60
<p>Source: Euromonitor International, Canadian Chains Directory, and Ontario Top 50 Chains * Canadian owned company ** Sales estimated 2014 Exchange Rate used US\$1.00 = C\$1.10</p>			

Top Five International/Ethnic Chains

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Pita Pit*	Kingston, ON	532	C\$ 226.00
Mandarin Restaurant Franchise Corporation*	Brampton, ON	23	C\$ 125.00
Thai Express (MTY Group)*	St-Laurent, QC	254	C\$ 89.30
Lone Star Texas Grill Restaurants	Oakville, ON	23	C\$ 54.00
Teriyaki Experience*	Oakville, ON	131	C\$ 42.20
<p>Source: Foodservice and Hospitality, June 2015/Top 100, , Canadian Chains Directory, and Ontario Top 50 Chains * Canadian owned company ** Sales estimated 2014 Exchange Rate used US\$1.00 = C\$1.10</p>			

Top Five Coffee/Pastry Chains

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Tim Horton's Inc.*	Oakville, ON	4,671	C\$6,152.09
McDonald's Restaurants of Canada Ltd.**	Toronto, ON	1,440	C\$3,744.00
Starbucks Coffee Canada Inc.	Toronto, ON	950	C\$ 940.00
Second Cup Ltd.*	Mississauga, ON	382	C\$ 182.80
Country Style Food Services, Inc. *	Richmond Hill, ON	442	C\$ 143.10
<p><i>Source: Foodservice and Hospitality, June 2015 /Top 100, Canadian Chains Directory, and Ontario Top 50 Chains</i> * Canadian owned company ** Sales estimated Exchange Rate used US\$1.00 = C\$1.10</p>			

Institutional

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
Compass Group Canada	Mississauga, ON	2,220 (focus on educational institutions, hospitals, airports, businesses)	C\$1,450.00
Aramark Canada Ltd.	Toronto, ON	1,500 (focus on health-care, educational, public and remote-market businesses)	C\$ 959.00
Sodexo Canada Ltd.**	Burlington, ON	750 (focus on educational institutions, hospitals and corporate businesses)	C\$ 530.10
Dana Hospitality Inc.	Oakville, ON	80 (residential and educational foodservice, resource industries, seniors' market)	C\$ 48.54

Company Name	Head Office Location	Number of Outlets	Sales †(\$ Mil)/2014
ClubLink Corporation	King City, ON	34 (Golf Courses)	C\$ 35.63
<p><i>Source: Foodservice and Hospitality Magazine Top 100 Report</i> * Canadian owned company whose operations outside Canada are reflected in revenues and units ** Sales estimated 2014 Exchange Rate used US\$1.00 = C\$1.10</p>			

Partial Listing of Foodservice Distributors

Company Name	Head Office	Geographical Coverage	Website
Associated Food Distributors	Newmarket, ON	National	www.newmarketgroup.com/
Sysco Foodservices of Canada, Inc.	Toronto, ON	National	www.sysco.ca
Gordon F. Service	Milton, ON	National	www.gfscanada.com
Colabor (Summit Foods)	Boucherville, QC	Quebec, Ontario & Atlantic Canada	www.colabor.com
Food Supplies Co., Inc.	Concord, ON	Ontario	www.foodsupplies.ca
Flanagan Foodservice	Kitchener, ON	Ontario	www.flanagan.ca
Freshpoint (Division of Sysco/Produce)	Vancouver, BC	Western Canada	www.freshpoint.com
Ideal Foodservice	Sydney, NS	Nova Scotia	www.idealfoods.ca
Reliable Food Supplies	Mississauga, ON	Greater Toronto Area	www.reliablefoods.com

Company Name	Head Office	Geographical Coverage	Website
I-D Foods Corp.	Laval, QC	Ontario & Quebec	www.idfoods.com
Stewart Foodservice Inc.	Barrie, ON	Ontario	www.stewartfoodservice.com
Pratts Foodservice	Winnipeg, MB	Alberta & Manitoba	www.pratts.ca
Belmont Meats	Toronto, ON	Greater Toronto Area	www.belmontmeats.com
Beverage World	Stoney Creek, ON	Ontario	www.beverageworld.ca
Classic Gourmet Coffee	Concord, ON	Ontario	www.classiccoffee.ca
Willoughby Distribution Inc.	Don Mills, ON	Ontario	www.willoughbydistribution.ca
PepsiCo Canada	Mississauga, ON	National	www.pepisco.ca
UNFI Canada (Foodservice Division)	Concord, ON	National	www.unfi.com
Qualifirst Foods Ltd.	Rexdale, ON	Ontario and Quebec	www.qualifirst.com
J & D Foodservices	Edmonton, ON	Alberta	www.jdfoodservices.ca
<i>Source: Canadian Scotts Directories and Canadian Chains Directory 2014 – 2015</i>			

Section IV. The GRID on Leading U.S. Products and the Competition

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p>FRESH FRUITS & VEGETABLES</p> <p>VEGETABLES: CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$2.4 BILLION</p>	<p>VEGETABLES:</p> <ol style="list-style-type: none"> 1. U.S.: 66% 2. Mexico: 26% 3. Peru: 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 maintained the same level of market share in Canada for the last three years. They remain a major competitor due to lower prices, along with some Canadian produce companies with winter operations in Mexico. Their leading products are tomatoes, cucumbers, asparagus, raspberries/blackberries/strawberries, peppers, avocados, watermelons, papayas, lemons/ limes. ▪ Peru is competitive with their asparagus, avocados, artichokes and some citrus products. 	<ul style="list-style-type: none"> ▪ Lettuce, onions, carrots, tomatoes, potatoes, cauliflower, and spinach 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.
<p>FRUIT:</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$3.6 BILLION</p>	<p>FRUIT:</p> <ol style="list-style-type: none"> 1. U.S.: 47% 2. Mexico: 14% 3. Chile: 9% 	<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’s products are dried and prepared vegetables and fruits. ▪ Mexico supplies prepared and frozen strawberries and other prepared fruits and vegetables. 	<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 adopted more than 5 new technologies in their operations. ▪ Higher manufacturing and operation costs than in the U.S.
<p>PROCESSED FRUITS AND VEGETABLES</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$2.3 BILLION</p>	<ol style="list-style-type: none"> 1. U.S.: 62% 2. China: 7% 3. Mexico: 4% 	<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’s products are dried and prepared vegetables and fruits. ▪ Mexico supplies prepared and frozen strawberries and other prepared fruits and vegetables. 	<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 adopted more than 5 new technologies in their operations. ▪ Higher manufacturing and operation costs than in the U.S.

Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p>SNACK FOODS</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$1.7 BILLION (excluding peanuts)</p>	<p>1. U.S.: 59%</p> <p>2. Mexico: 6%</p> <p>3. Belgium: 5%</p>	<ul style="list-style-type: none"> ▪ The U.S. dominates this category with snack breads, pastry cakes, pretzels, chips, cookies, and dried fruits, ▪ Competitors vary by sub category with the main competitor and sub category as follows: Mexico: cookies and biscuits; Belgium: chocolate and confections. U.K. Germany 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. \$95 million since 2012. 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 to the number of new products in the category, such as a variety of crackers and other products 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.
<p>RED MEATS (Fresh/Chilled/Frozen)</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$1.8 BILLION</p> <p>RED MEATS (Prepared/Preserved)</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$1.BILLION</p>	<p>1. U.S.: 71%</p> <p>2. Australia: 13%</p> <p>3. New Zealand: 8%</p> <p>1. U.S.: 93%</p> <p>2. Thailand 3%</p> <p>3. Brazil 2%</p>	<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 per capita basis consumption has declined since 2009, falling by .7% to 23.4 kg.

Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p>FISH & SEAFOOD</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$2.7 BILLION</p>	<p>1. U.S.: 34%</p> <p>2. China 15%</p> <p>3. Thailand: 11%</p>	<ul style="list-style-type: none"> ▪ Leading U.S. exports to Canada are live lobsters, salmon and prepared and preserved fish. ▪ 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 world. ▪ 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. 	<ul style="list-style-type: none"> ▪ Declining fish stocks have led to almost zero growth in fish and seafood catch over the last decade. ▪ Lobster, crab and shrimp comprise 67% of the landed value of all fish and shellfish harvested in Canada. ▪ 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. ▪ Frozen processed seafood grew by 6% in the past year with demand for premium products offering hormone-free and free of antibiotic variants.
<p>BREAKFAST CEREALS/PANCAKE MIXES</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$522 MILLION</p>	<p>1. U.S.: 93%</p> <p>2. U.K.: 2%</p> <p>3. Belgium: 1%</p>	<ul style="list-style-type: none"> ▪ Breakfast cereal imports have grown by over US\$103 million since 2010. The U.S. continues to dominate imports with ready to serve product that are popular. ▪ Although, the U.K.'s share of the market is small they have a couple of well-established brands in the market. 	<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. ▪ Breakfast cereals are expected to shrink by 1% in volume in the coming years as consumers choose other breakfast options, as yoghurts and protein shakes and bars.

Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
FRUIT & VEGETABLE JUICES CANADIAN GLOBAL IMPORTS (2014): U.S. \$698 MILLION	1. U.S.: 62% 2. Brazil 17% 3. China 6%	<ul style="list-style-type: none"> ▪ Although Canada's imports from both the world and from the U.S. decreased slightly, fresh orange juice showed a small increase ▪ Brazil is the leader in frozen orange juice concentrate ▪ China's major juice export to Canada is fortified apple juice; China represents 88% of its imports for this category 	<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 (2014): Tree Nuts U.S. \$656 MILLION Peanuts U.S. \$117 MILLION	Tree Nuts 1. U.S.: 63% 2. Turkey: 11% 3. Vietnam: 8% Peanuts 1. U.S.: 79% 2. China: 14% 3. Nicaragua: 3%	<ul style="list-style-type: none"> ▪ This category continues to put in a strong showing in Canada. Tree nuts grew by 17% from 2013 to 2014, probably helped the increased interest in healthy snacking ▪ 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 in cashew nuts. ▪ Growing trend of nut allergies in Canadians caused the Canadian Food Inspection Agency and Health Canada to set specific allergen labeling regulations for all suppliers in 2012. 	<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.
PET FOOD (Dog and Cat) CANADIAN GLOBAL IMPORTS (2014): U.S. \$659 MILLION	1. U.S.: 93% 2. China: 3% 3. Thailand: 2%	<ul style="list-style-type: none"> ▪ U.S. imports of dog and cat food registered at U.S. \$614 million in 2014, a 3% increase from 2013 ▪ Canadians regard U.S. pet foods as a trusted and quality product. ▪ Demand for premium pet foods is helping drive the growth in this category. 	<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 <i>(continued)</i>	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p>POULTRY MEAT</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$437 MILLION</p>	<p>1. U.S.: 90%</p> <p>2. Brazil: 7%</p> <p>3. Chile: 1%</p>	<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. ▪ Many 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
<p>EGGS & EGG PRODUCTS</p> <p>CANADIAN GLOBAL IMPORTS (2014):</p> <p>U.S. \$150 MILLION</p>	<ol style="list-style-type: none"> 1. U.S.: 96% 2. China: 2% 3. New Zealand : 1% 	<p>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.</p> <p>The U.S. has also become a supplier of organic eggs to Canada.</p>	<p>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.</p> <p>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.</p>

Section V. Growing Trends

Diet Friendly

Healthy eating continues to grow as Restaurants Canada recently reported 92% of Canadians feel it is important to know about the nutrition in the foods they eat. Canadians have become more selective in what they choice off the menu. As a result, more and more menus highlight offerings that are lite in calories and provide the maximum of nutrients. To meet this demand, a national program was launched a few years ago in British Columbia called [Informed Dining](#) whereby 10,000 restaurants are currently participating in the program.

As mentioned earlier in this report, consumers have shifted from traditional QSR to more fast-casual restaurants looking to find options of fresh, made-to-order salads, wraps, soups and rice bowls. Demand for foods that are free of gluten, trans-fats, sugar and/or lactose are slowing becoming a permanent item on menus. Functional foods and organics also continue to be popular. Voluntary sodium reductions are taking place in processed products of all kinds to take advantage of this trend. Also, as further note, some restaurants are now offering smaller portions.

Snacking

Snacking continues to grow in importance in the Canadian market. In Technomic's 2014 "Canadian Snacking Consumer Trend Report," 56 percent of respondents revealed that they snack at least twice per day. Foodservice outlets are responding by altering their menus, McDonald's snack wraps are an example. Snacking also blurs the line between traditional dayparts, which has caused some outlets to extend their service to allow for late-night options, longer breakfast hours, etc. As an extension of this, small plates and sharing meals are also becoming more popular in foodservice outlets.

Fruits and Vegetables

Fruits and vegetables are continues to be in demand. While vegetables are moving to the center of the plate in Canada and are no longer treated as solely side dishes; fruits are being highlighted in desserts options, such as fruit crepes and fruit tarts. This is a continuation of the trend toward healthy eating, which is now seeing more consumers embrace "flexitarian" choices that do not always include meat. Leafy greens, such as kale and mustard greens continue to grow with berries and pears in higher demand.

Ethnic Foods

The interest in new flavors, spicy food and exotic sauces continue to rise among Canadians. However, some flavors are too strong and some processors have modified their flavors while keeping the integrity of original taste in an effort to appeal to the Canadian palate. Asian food is projected to continue to grow in popularity in the coming year both foods originally from China, Japan, and Korea, as well as South Asian foods. In many cities in Canada, izakayas (casual, Japanese drinking establishments) as well as noodle and ramen bars are prevalent. Fusion style cooking continues to be ever so popular, a reflection of the country where there are high concentrations of new Canadians, particularly in urban areas. This style of cooking permits chefs to explore other styles of cooking.

Section VI. Top Ten Hot Trends on Canadian Menus

	Product
1	Ethnic/Street Food inspired appetizers
2	Ancient Grains
3	Unusual / uncommon herbs

4	Non-wheat noodles
5	Fewer Choices on the menu but healthier
6	Natural ingredients/minimally processed foods
7	Fermenting
8	Natural sweeteners
9	Family-style dining (e.g. shared plates)
10	Vinegar/flavored vinegar/house-made vinegar
<i>Source: CRFA's Foodservice Facts 2015</i>	

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 and be sure to insert the report number at: [http://gain.fas.usda.gov/Lists/Advanced percent20Search/AllItems.aspx](http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx)

AGR REPORT#	Title of Report	Date
CA 15113	Exporter Guide: A Practical Guide	12/16/2015
CA 15109	An Updated Overview of the Retail Sector in Canada	12/9/2015
CA 15100	Fresh Deciduous Fruit Annual	10/27/15
CA 15084	Canadian Labelling Requirements for Fresh Fruits and Vegetables	09/23/15
CA 15074	Pesticides and MRLs in Canada	08/07/15
CA 15058	Proposed Changes to Nutrition Labelling Regulations Published	06/23/15
CA 15040	Container Size Regulations	04/24/15
CA 15026	Canada Top Market for U.S. High Value Agricultural Exports	03/19/15
CA 15012	Outlook of 2015 Canadian Food and Beverage Trends	01/30/15
CA 14117	An Overview of the Food Processing Sector in Canada	12/17/14
CA 14103	Entering Canada with Products for a Show or Trade Fair	11/07/14
CA 14054	Turkey Meat in Canada	05/28/14
CA 14044	Impact of Canadian Trade Action Taken Against US-Origin Pizza Toppings Kits	05/07/14
CA 14024	Canadians to Consume More Poultry Meat in 2014	02/27/14
CA 13008	Survey Voluntary – Canadian Consumer Insights	02/08/13

Appendix A. Trade and Demographic Information

Agricultural Imports/from All Countries/2014/U.S. Market Share ¹	\$37.8 billion/ 61 percent
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Consumer Food Imports/from All Countries/2014/U.S. Market Share ¹	\$26.3 billion/ 64 percent
Total Population, July 2014 ¹ Canada's three major urban centers ¹ <ul style="list-style-type: none"> • Toronto • Montreal • Vancouver 	35.8 million 6.0 million 4.0 million 2.4 million
Urban Population / Rural Population / Percent Urban/2011 ²	27.1 mil./6.3mil/ 81 percent urban/ 19 percent rural
Number of Metropolitan Areas Over 100,000 ^{1/}	33
Per Capita Gross Domestic Product (U.S. dollars), per capita; 2014 <small>^{3/estimate}</small>	\$45,000
Unemployment Rate (October 2015) ¹	7 percent
Average Household Spending on food and drink, retail/foodservice, 2013; (U.S. dollars) ^{4/}	\$610 monthly/ \$7,318 annually <ul style="list-style-type: none"> • \$5,276/Retail • \$2,041/Foodservice
Total Employment / Full & Part Time; November 2014 ^{5/}	17.8 million
Exchange Rate, average annual 2014 ⁶	\$1USD = \$1.10 CAD
Exchange Rate, average rate between January to June of 2015 ^{6/estimate}	\$1USD = \$1.24 CAD

Footnotes:

^{1/}Global Trade Atlas

^{2/}Statistics Canada

^{3/} CIA World Factbook

^{4/} 2011 Survey of Household Spending Statistics Canada/based on 19.5 million households

^{5/} Canada: Economic and Financial Data, Statistics Canada

^{6/} Bank of Canada

Appendix B. Summary of Key Resources

Agricultural and Agri-Canada. (2015). *Canadian Consumers*.

Bank of Canada

BICO Reports/USDA (2015)

Canadian Chains Directory (2014 – 2015)

Canadian Research Data Centre Network

Canadian Food Inspection Agency

Canadian Institutional Foodservice Market Report by *fsStrategy*. (2014)

Canadian Institutional Foodservice Market Report by *fsStrategy*. (2015)

Centre for Science in the Public Interest (CSPI)

CIA World Fact Book (2014)

GE Canadian Chain Restaurant Industry Review

Department of Justice (Canada) (2015)

Euromonitor International. *Consumer Foodservice in Canada*

FoodService and Hospitality. The 2015 Top 100 (June 2015)

FoodService and Hospitality. The Big Black Book (2014)

Global Trade Atlas (2015)

Health Canada

Hotel Association of Canada. Fact Sheet (2014/2015)

Restaurants Canada. *Foodservice Facts* (2015)

Statistics Canada (2015)