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## **Canada**

### **Retail Foods** **The Retail Landscape of Canada**

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**Report Highlights:**

In 2016, Canada's 36.2 million consumers generated US\$397 billion (C\$529.5 billion) in retail sales, representing a 3.5 percent increase from 2015. Food and beverage sales in Canada account for 17 percent of the retail landscape with 2016 sales valued at US\$86 billion (C\$115 billion).

This report provides an overview of the Canadian retail food sector for U.S. food producers that are exploring opportunities to export their products to Canada. In 2016, U.S. agricultural exports surpassed \$20 billion to Canada, with \$16 billion or nearly 80% comprised of high-value consumer food products (HVP). Canada accounts for over one-fourth of all U.S. HVP food exports, double the value of the second leading market, Mexico, or equal to the combined Asian markets of Japan, Hong Kong, South Korea, China, and Taiwan. The report does not include information on alcoholic beverages.

**Post:**

Ottawa

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## Overview of U.S. Agricultural Products in Canada

The United States and Canada maintains the world's largest bilateral trading relationship. In 2016, U.S. agricultural exports surpassed \$20 billion to Canada, with \$16 billion or nearly 80% comprised of high-value consumer food products (HVP). As the top global market, Canada accounts for over one-fourth of all U.S. HVP food exports, double the value of the second leading market, Mexico, or equal to the combined Asian markets of Japan, Hong Kong, South Korea, China, and Taiwan. U.S. agricultural exports to Canada represent approximately 60 percent of the share of Canada's global imports of agricultural products. Canada remains a stable and attractive market to U.S. exporters, particularly to new-to-market and new-to-export firms. Much of this is due to Canada's stable financial markets and sophisticated logistics infrastructure that supports two-way U.S. Canada food and agricultural trade of \$120 million every single day. In CY 2016, the leading consumer-oriented agricultural categories were prepared foods, red meats, fresh vegetables, fresh fruits, snack foods, and processed fruits and vegetables. These five categories were prepared foods (\$1.9 billion), fresh vegetables (\$1.8 billion), red meats (\$1.7 billion), fresh fruits (\$1.6 billion), snack foods (\$1.3 billion) and processed fruits and vegetables (\$1 billion).

Canada is also an important market for U.S. fish and forestry exports. Canada is the second largest export market for U.S. fishery products, and exports reached \$1.1 billion in CY2016. Despite being a major producer and world exporter of forest products, Canada imports of U.S. forest products reached \$2 billion in CY 2016. Combined U.S. agricultural, fishery, and forestry product exports to Canada were \$26 billion.

Out of the 50 U.S. states, on average over 30 of them count Canada as their number one food and agricultural export market. Under the tariff elimination provisions of the North American Free Trade Agreement (NAFTA), the majority of U.S. agricultural products have entered Canada duty-free since January 1, 1998. Since that time, U.S. agricultural exports have more than tripled in value.<sup>1</sup>

Trade with Canada is facilitated by proximity, common culture, language, similar lifestyle pursuits, and the ease of travel among citizens for business and pleasure. U.S. products have an increased competitive edge over goods from other countries as the result of NAFTA. Canada's grocery product and food service trades have been quick to seize opportunities under NAFTA, which has facilitated U.S. food exports to Canada. The elimination of import duties under the trade agreement has resulted in significant gains for U.S. food companies. Although, as similar as the United States and Canada are, there are differences that exporters need to recognize. Understanding the nuances of the Canadian marketplace is critical in order to ensure market presence and sales traction in the retail landscape.

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<sup>1</sup> 1998 U.S. agricultural exports to Canada were valued at \$6.8 billion.

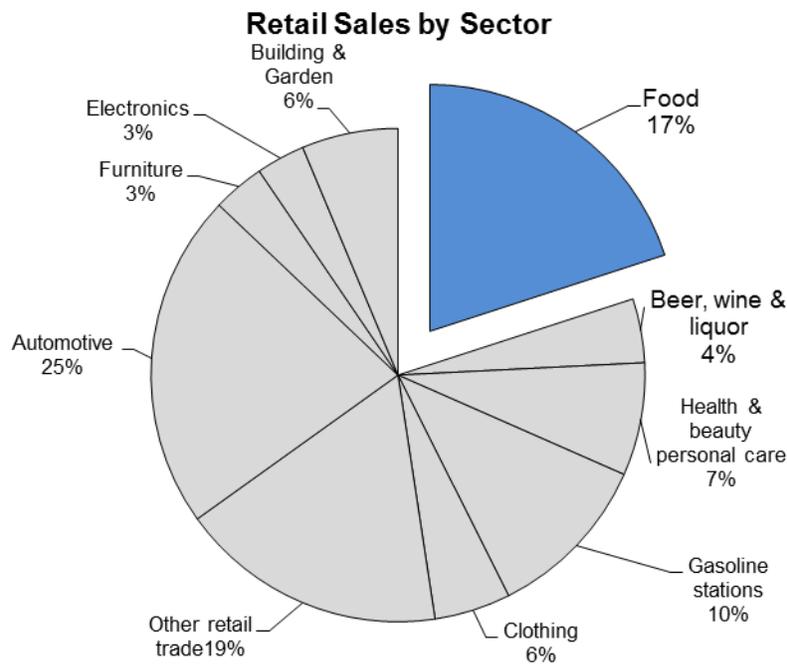
## Section 1: Market Summary

### 1A. The Food Sector in Canada's Retail Landscape

At the end of 2016, Statistics Canada reported total retail sales amounted to C\$529.5 billion (US\$397B), an increase of 3.5% from the previous period in 2015.<sup>2</sup> Food and beverage sales in Canada contributed C\$115 billion (US\$86B), and retail food sales amounted to C\$93 billion (US\$70B) representing 17% of the retail landscape.

The Office of Consumer Affairs of Canada reports that in the last five years the retail landscape has changed considerably, a shift from the independent to chain stores. In addition, there has been consolidation by two major retail chains acquiring regional grocers and drug retailers. More recently, the strong U.S. dollar has placed pressure on all food suppliers to remain competitive in the market. Nevertheless, Canadians are receptive and familiar to most American products, due to geographical proximity, cultural similarities and the 20.7 million Canadians that annually visit the U.S.<sup>3</sup>

**Table 1: Food Sales in Canada's Retail Landscape in 2016**



Source: Statistics Canada, Retail store sales by selected commodity

<sup>2</sup> Statistics Canada calculations based from November 1, 2015 to October 31, 2016 compared to November 1, 2014 to October 31, 2015.

<sup>3</sup> In 2015, the U.S. Department of Commerce reported 20.7 million Canadians visited the U.S.

**Table 2: Table 2: Six Year Trend in Retail Food Sales in Millions of C\$**



Source: Statistics Canada  
P = Projected

In 2016, approximately 58 percent of food sales were sold through traditional grocery stores. This channel is primarily dominated by the ‘Big Three’<sup>4</sup> – Loblaws, Sobeys and Metro.. However, non-grocery retailers, particularly Costco and Walmart have gained market share in the last five years as they now account for 20% share of the retail grocery market.

The discount retail channel has grown since the recession, whereby today 36% of all grocery items are sold either through this channel or through sales promotions, compared to 27% in 2010. Each of the Big Three grocery retailers maintains discount banners, like Loblaws’ *No Frills* and Sobeys’ *FreshCo*. This trend is predicted to grow as even discount merchandisers as Dollarama are offering more food staples to their customers.

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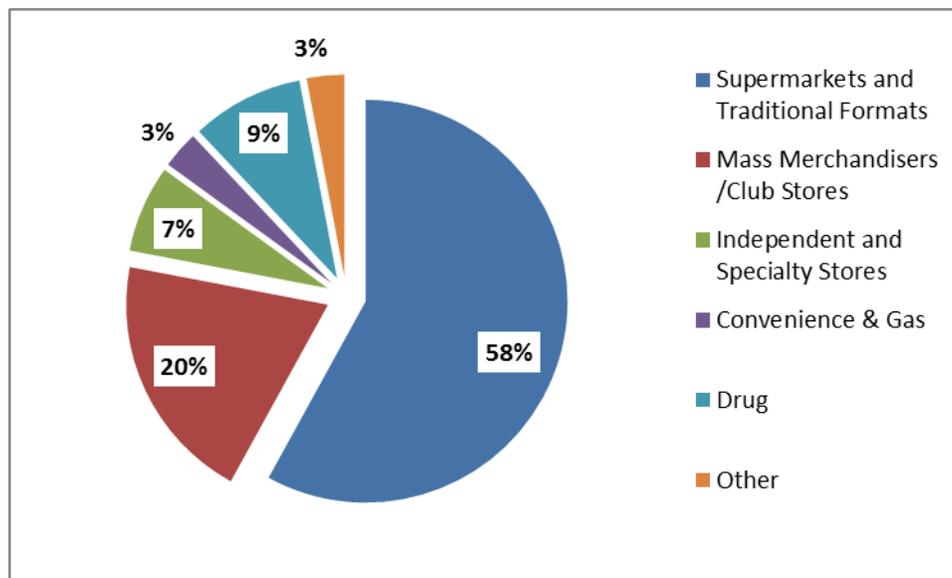
<sup>4</sup> Big Three – Loblaws, Metro, and Sobeys  
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**Table 3: Definition of Retail Channels**

Type of Channel	Description
Grocery Store	Any retail store selling a line of dry groceries, canned goods or non-food items plus perishable items.
Supermarkets	A full-line, self-service grocery store with annual sales of C\$2 million or more.
Mass Merchandiser / Hypermarkets	A retailer of soft and hard goods wherein the selling of grocery products have been an add-on and not traditionally the prime focus of the retail format. Often 200,000 square feet or larger.
Warehouse Clubs	A store with more than 1,500 items, primarily dry groceries with some perishables. These stores are typically 100,000 square feet or more and feature a majority of general merchandise, as well as a grocery line dedicated to large size and bulk sales. Low margin and labor ratio.
Convenience Stores	A compact store offering a limited line of high-convenience items. Many sell gasoline and fast food. They are usually less than 2,400 square feet in size and are open long hours.
Drug Stores	Stores (often chain) with retail pharmacies and specializing in Over-the-Counter (OTC) medications and selling health and beauty aid products. Offering a limited range of convenient groceries.
Specialty Stores	Small specialized stores, often approximately 3,000 square feet or less specializing in a specific food market sector, such as meats or health foods.
Gas Stations	Convenience stores operating under or in conjunction with a gasoline banner.

Source: Canadian Grocer 2017

**Table 4: Share of Market by Retail Channels in Canada**



**Table 5: Breakdown of the Top Food Retailers in Canada**

Retailer	Estimated 2016 Food Sales (C\$)
Loblaw Cos. Ltd./Shoppers Drug Mart *	\$28,919,000,000
Sobeys Inc. (Empire) /Safeway	\$20,827,000,000
Metro Inc. *	\$11,124,000,000
Costco Canada Inc.*	\$19,162,000,000
Walmart Canada Corp.*	\$ 7,004,000,000
Co-ops*	\$ 3,574,000,000
Overwaitea Food Group*	\$ 2,759,000,000
The Northwest Company*	\$ 840,000,000
Alimentation Couche-Tard*	\$ 556,000,000
Dollarama*	\$ 525,000,000
Longo Brothers Fruit Market *	\$ 400,000,000 e.

Source: Canadian Grocer Who's Who 2017

\*indicates food sales only e=estimate

**Table 6: Average Retail Prices on Select Grocery Items**

Selected Food Items	Unit	Average Retail Prices in C\$ November 2015	Average Retail Prices in C\$ November 2016
Round steak	1 kg	19.10	17.82
Sirloin steak	1 kg	24.65	22.21
Ground beef	1 kg	12.86	12.04
Canned sockeye salmon	213 g.	4.54	4.35
Processed cheese food slices	250 g	2.91	2.77
Bread	675 g	2.97	2.78
Macaroni	500 g	1.61	1.46
Corn Flakes	675 g	4.88	4.61
Flour	2.5 kg	4.86	4.75
Apples	1 kg	4.12	3.92
Grapefruits	1 kg	3.57	3.62
Oranges	1 kg	3.57	4.22
Canned Apple Juice	1.36 liter	2.01	2.05
Orange juice, tetra-brick	1 liter	4.10	3.95
Baked beans, canned	398 ml	1.27	1.31
Tomatoes, canned	796 ml	1.52	1.53
Ketchup	1 liter	3.59	3.35
Roasted Coffee	300 g	6.41	6.24
Canned Soup	284 ml	1.10	1.12
Peanut Butter	500 g	3.71	3.40
Cooking or salad oil	1 liter	4.13	3.99
Soft drinks, lemon-lime type	2 liters	1.83	1.95
Soft drinks, cola type	2 liters	1.95	2.04

Source: Statistics Canada, Food and other selected items, average retail prices November 30, 2015 to December 1, 2016 Exchange Rate \$1USD=.1.32CAD/.75

## 1B. Imported Foods in Canada

The Conference Board of Canada once again recognized the value of imported foods, stating “global food supply chains allow (Canadians) to eat fresh fruits and vegetables year-round with the use of transportation equipment and storage facilities with the right temperature and environment to optimize

freshness and taste.” The report also added that “imported foods doesn’t imply compromising on the quality, nutrition, and safety of what we eat.” Much of Canada’s leading imports are fresh fruits and vegetables as in the last two decades, Canadians have changed their eating habits to include not only more fruits, vegetables, but also cereal products and nuts.

**Table 7: Canadian Global Imports of Consumer Oriented Foods (CO) into Canada and Canadian Retail Sales**

Yeas	Total Canadian CO	Total U.S. Food Imports (US\$ millions)	U.S. Share of Import CO	Total Retail Foods Sales in Canada (US\$ millions) *
2012	24,314	15,535	62 percent	82,050
2013	25,563	16,420	64 percent	72,362
2014	26,264	16,817	64 percent	75,769
2015	25,717	16,452	64 percent	67,362
2016	25,314	15,820	63 percent	69,750

\* Decreases in the retail market size in Canada, is a reflection of annual exchange currency fluctuations. The last two years, the U.S. dollar has strengthened significantly against the Canadian dollar.

**Table 8: 2015-2016 Canada's World Imports – Top Food Imports**

Product	Total (CAD Millions)
Packaged Food Products*	12,031.6
Fruits, nuts, and vegetables ( <i>includes intermediate</i> )	9,300.8
Meat Products	4,243.2
Prepared and Packaged Seafood Products	2,709.6
Dairy Products	1,325.7
Coffee and Tea	1,182.4
Fresh, frozen and canned fruit and vegetable juices	1,268.3
Bottle water, carbonated soft drinks and other beverages	1,070.5
Fish, shellfish and other fishery products	856.3
<i>*Includes breakfast cereals, flour mixes, bread, rolls, flatbread, cookies, crackers, chocolate, confectionary products, snack food products, flavorings, preserves, and frozen foods</i>	
<i>Source: Statistics Canada, CANSIM, table 228-0059/ 12 month period of November 2015 to October 2016</i>	



## **1C. The Canadian Shopper**

The popularity of certain foods appearing on store shelves has been directly related to the Canada's changing demographics, lifestyles and attitudes towards foods.

### ***Demographics***

#### Graying Population

Canada has an aging population whereby 40% of the population is 45 years or older. By 2026 this segment will increase to 48%. As there are more seniors and fewer children in the home, the types of food people eat and buy changes. As Canadians get older they become more health conscious as there are health related issues associated with aging. The National Institute of Nutrition rated heart/cardiovascular disease, cancer, diet, weight, diabetes, and lack of exercise are the leading issues among seniors. Recent scientific studies prove that a healthy diet can influence in how a person ages and their quality of life.

#### Household Size and Women in the Labor Force

The average number of family members per household has decreased from almost 4 in 1970 to less than 3 people per household in 2015. Today, there are more single-person households than ever before. This has created market opportunities for retailers and food manufacturers to offer single size portions to their customers. In addition, the number of working mothers with children under the age of 16 has increased from 39.1% in 1976 to 72.9% in 2015. The added time constraints on working women and mothers, who still remain the primary decision makers in grocery purchases, has increased the demand for convenient meal options offering nutritional value.

#### Ethnic Diversity

Cultural diversity has impacted the retail marketplace as many retailers are responding to this change. The arrival of new immigrants into the country has helped to boost Canada's population. Consumers of Chinese, Filipino, and South Asian backgrounds make up the largest ethnic groups residing mostly in the provinces of Ontario, Quebec, British Columbia, and Alberta. Statistics Canada projects that by 2031, ethnic shoppers will represent 31% of the consumers in Canada. Furthermore, Nielsen estimates that in 2017 this segment of the market will contribute C\$5 billion in total grocery sales.

### ***Canadian Purchasing Attitudes***

In the 2016 consumer survey commissioned by the Foreign Agricultural Service in Ottawa, over 1,500 Canadians were asked to rank their top five characteristics they look for when choosing their foods. In priority, they reported taste, price, nutrition, appearance, and safety were factors in making their choices on foods. Not far behind these factors was nutritional information and available discounts.

#### Taste/Freshness

Historically, taste continues to be the driving force influencing most Canadians in their selection of grocery purchases. In more affluent households, shoppers are willing to pay a premium on tasty foods which has given rise to the popularity of a number of gourmet products. Also, freshness is becoming synonymous with quality among Canadians as it implies good taste, nutritional and natural. The consumption of fruits and vegetables by Canadians has increased significantly over the last decade. Statistics Canada reported close to 41% of Canadians consume fruits and vegetables five or more times a day.

### Price

Many Canadian consumers have become bargain shoppers due to the slow economic recovery and rising food prices in 2015 and 2016. In the last two years, the weak Canadian dollar has caused food prices at the stores to increase, for example produce prices in 2015 increased by 12.4% from the previous year. Some economists forecast in 2017 Canadians will likely pay three to five percent more on their food items. However, earlier high food prices have caused shoppers to remain cautious in their spending habits as they continue to practice more cost-saving measures, such as seeking on-line discount offers and weekly promotions by retailers. The Royal Bank of Canada reported that 57% of shoppers carefully compare food prices and are reducing their impulse purchases.<sup>5</sup>

### Health/Nutrition

Canadians increasingly educate themselves of the health benefits and the risk associated with the foods they eat. This healthy-minded consumer takes the time to read food labels and evaluate the list of ingredients on a food product. In a 2015 survey conducted by Nielson, 59% of Canadians considered themselves obese and a total of 84% reported they intend to change their current diets. With this type of commitment by health conscious Canadians, it is no wonder eating healthy is on the minds of many Canadians. Healthy eating is no longer a trend but is more of a lifestyle providing a better quality of life.

As part of a 2012 Safe Foods for Canadian Act, the Canadian government announced new requirements on the Nutrition Facts Table on pre-packaged foods making it easier for consumers to understand the amount of food they are eating in one serving and the nutritional value of each item. All manufacturers will have up to five years (December 14, 2021) to come into compliancy with the new labeling requirements.

### Appearance

In 2016 Foreign Agricultural Service consumer study found appearance/labelling is the fourth leading characteristic influencing Canadians in their choices of foods. In fact, eighty one (81%) Canadians reported appearance; matters when choosing produce while 75% are influenced by the physical elements on a label when choosing packaged food products. The look of freshness continues to be critical in the produce section, and in packaged goods, a well-designed label attracts consumers to buy the product.

### Safety

While 88% of Canadians are somewhat confident in the overall safety of their food supply in Canada, *Food Safety News* reported there are more Canadians interested in learning more what the government is doing to ensure all foods are safe. The Canadian government is currently underway modernizing food regulations under one framework which will be recognized as the Safe Food for Canadian Regulations (SFCR). The roll out to the SFCR is likely to occur in late 2017 or early 2018.

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<sup>5</sup> CNW, May 16, 2013. 'Canadians more frugal due to rising food prices: RBC Canadian Consumer Outlook.'  
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## 1D. Trends Driving Grocery Purchases

### Value

**Discount Shopping:** Higher food prices have caused consumers to switch to cheaper brands and cheaper grocery stores.

**Promotional Priced Products:** A growing number of Canadian shoppers browse their store flyer for lower-priced specials and search the internet for coupons.<sup>6</sup> This trend is expected to grow through 2017. While Canadians are price conscious shoppers they will not sacrifice quality for price.

**Private Label:** Traditionally, private label had been seen as lower quality but in Canada this stigma has disappeared. Today, Nielsen reports 73% shoppers see store brands as a good value to the national brands. In recent years, private label penetration was up to 18% from 16.5% in 2014 and representing C\$12.5 billion in food sales.

**Economical Meal Solutions:** A resurgence of traditional products that offer value such as dehydrated soups.

### Quality/Freshness

**Fresh Foods:** Consumers are switching to fresh foods for they equate "fresh" with better value that offers taste, health and nutrition. Agriculture and Agri-Food Canada reports that Canadians have added 10.9 % more vegetables into their diets.

**Frozen Foods:** Retail sales of frozen foods grew by 2.2%, equaling their total retail sales to C\$5 billion. Microwavable frozen meals that offer steam packaging have become popular.

### Convenience

**Ready to Heat and Eat Foods:** Women continue to do the majority of food purchasing, preparation and clean up. As a result, the demand for foods that are easy and quick to prepare yet tasty, fresh and nutritiously sound continues to grow.

**One Dish Meals:** Growth in quick one-dish meal kits; i.e. stir-fries and stew, is expected.

**Custom Quick Food:** Consumers do not spend an extensive amount of time preparing meals; but it still is important to feel that they have contributed something to the preparation. In 2016, ready meals, such meal kits and prepared salads grew by 2% and 5% respectively.

**Smaller Food Portions and Packages:** Individual portions sizes are in demand as there are more single-person households.

**Flexible and Portable Packaging:** Eating in vehicles or "Dashboard Dining," as well as eating lunches at the work desk is more common.

**Snacks and Mini Meals:** Canadians eat more snacks than Americans. Eating patterns are changing from eating three main meals a day to eating several smaller meals throughout the day. Convenient, nutritious snacks or mini meals will increase in demand (i.e. breakfast bars, wraps, sports drinks).

**Innovation:** Convenience foods will continue to be popular but the key to success will be innovation.

**Physical and Emotional Energy:** Stressed out consumers that are seeking energy, power and performance from food are turning to sports drinks, energy bars and healthy snack foods.

### Health and Wellness

**Nutritional Value:** Food and food ingredients continue to increase in popularity as a method for self-medication and disease prevention. As a result, the demand for functional, organic and foods offering clean ingredients continue to be in demand.

**Healthy Foods for Kids:** Approximately 26 % of Canadian children ages 2-17 years old are currently obese and moms continue to seek healthy options for their children.

**Gluten-Free:** Sales of gluten free products has grown by 43.8% since 2010 and its' total sales were C\$315 million in 2015.

**Low Sodium:** Canadian consumers are becoming conscious about the level of sodium in prepackaged processed foods and in restaurant meals. Health Canada is currently reviewing new recommended target levels of sodium intake.

**Low Sugar:** *Canada's Food Guide* recommends moderate consumption of sugar, glucose, fructose, and various kinds of syrups, as they are the major contributors to weight gain.

**Low Calorie:** Interest in weight loss products and lower calorie foods continues to be high among Canadians.

**Organics:** The U.S. supplies approximately 74% of the total market in Canada which is estimated at C\$4 billion but growing. Among, millennial consumers, 27% reported they are willing pay more for organics.<sup>7</sup>

**Trans Fats and Saturated Fats:** Canadians are continually concerned about fat intake and health concerns associated with trans and saturated fats. As a result, low-fat cereals, dairy products and frozen meals are rising.

### Pleasure/Ethnic Foods

Economic growth and rising disposable income has made Canadians more confident about spending for products and services that make their lives easier or provide pleasure.

**Indulgence or Comfort Foods:** Although Canadians are concerned about the nutritional value of foods, they still are reaching out for tasty snacks that are high in fat, sugar and salt. The demand for these foods continues to be high for they are often considered a reward for healthy eating or surviving the stresses of everyday life.

**Gourmet products of Meal Excitement:** New, unique, high quality and expensive products are small indulgences for consumers who are seeking meal entertainment.

**Regional Cuisine:** Consumers are becoming more interested in seasonal, regional and high flavor foods.

**Ethnic Foods:** Immigration to Canada and the number of minority groups has increased dramatically. Consumers, both ethnic and non-ethnic groups are flocking to healthy and flavorful foreign cuisines such as Mediterranean, Thai, Korean and other Asian foods where the emphasis is on ingredients such as vegetables, grains and fish.

### Ethical Buying

A small but growing number of Canadians are making buying choices based on where and how their foods are grown. This trend goes beyond taste and health concerns and into the realm of green politics and anti-globalization. It includes the concepts of "fair trade", "sustainable practices", and "food miles."

**Buy Local Products:** Consumers want to support their local economy and seek foods locally grown. Although, U.S. foods are clearly not viewed as local, Canadians' number one choice among imported foods are those from the U.S. as American produce and food products are seen as better quality and meet higher food safety standards than those from other importing countries.

**Recycled and Biodegradable Food Packaging:** Most Canadian cities have instituted recycling programs for their citizens and businesses. Each sector is looking to maintain a 'green image.'

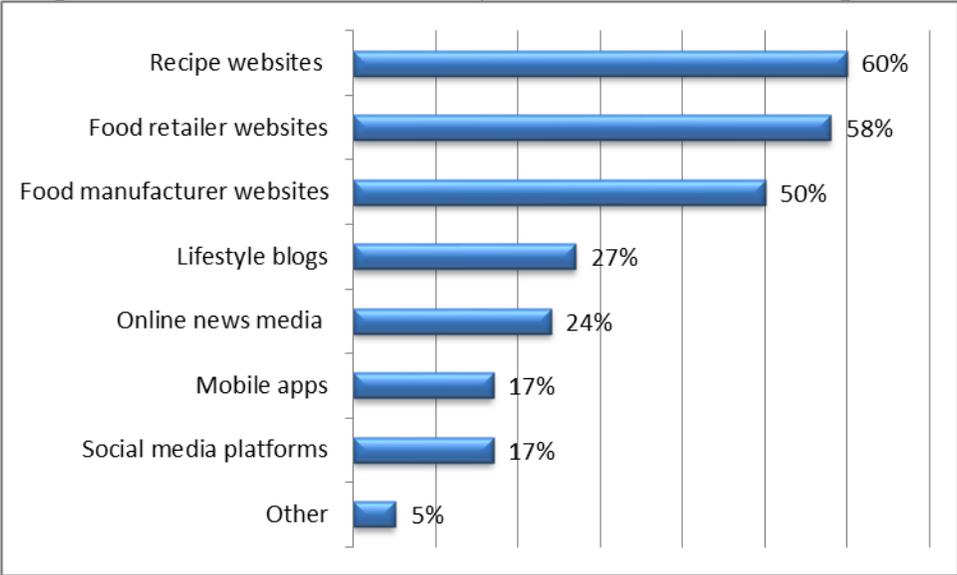
**Sustainable growing practices:** A small segment of the population like buying foods that incorporate practices that are green and leave a lower carbon imprint on the earth.

### Non-Traditional Media Influencers

Last year's FAS consumer findings found that 4 out of 10 Canadians search online when making their food purchasing decisions. Millennials between the ages of 16-36 are particularly tech- savvy and use their devices readily to make smart food purchases as close to 83% of millennials are reported using

their smartphones to search on-line product information. The top online sources users go to are recipe sites, food retailers and produce/manufacture sites to learn more about the product.

**Table 9: Most frequent online sources searched by Canadians to make food purchasing decisions.**



Source: 2016 FAS Consumer Survey on Canadian Shopping Attitudes

**Table 10: Advantages and Challenges Facing U.S. Exporters**

Advantages	Challenges
Canadian consumers enjoy a high disposable income, coupled with a growing interest in global cuisine.	Competitive pricing as the cost of doing business in Canada for retailers and distributors are higher than in the United States pushing food prices up. Additionally, a strong U.S. dollar creates challenges on landed costs.
U.S. food products closely match Canadian tastes and expectations.	Tariff rate quotas for certain products.
Fruit and vegetable consumption in Canada is substantially higher than that in the United States. Except for its greenhouse industry Canada's horticulture production is limited. This provides opportunities for U.S. producers in the off seasons. Canadian retailers rely heavily on imports to supply the domestic market all year round.	With consolidation, sellers often face one national retail buyer per category; this buyer will often purchase for all banners under the retailer. Buyers are constantly looking to reduce price, improve product quality and extend the product range with new entrants.
Canada and the U.S. share a 3,145-mile of border with 2/3 of the Canadian population living within 200 miles of the U.S. border. This geographical proximity facilitates communication and transportation. There is also significant over flow of U.S. television and print media in most Canadian centers, which can reduce advertising costs for U.S. companies with media campaigns in U.S. cities bordering on Canada.	Canada has a very high ethnic population with specific dietary preferences. [The three largest cities comprise of more than 1/3 new Canadians]. This consumer ethnic diversity tends to be a challenge for some large scale mass marketing companies with products and marketing campaigns more targeted at the U.S. market. On the other hand the different ethnic markets in Canada can create niche opportunities for smaller companies.
More retailers, mass merchandiser and independents are seeking to expand their category of food products offering clean ingredients.	Retailers and brokers/distributors may charge high listing/placement fees.
Canadian ethnically diverse population provides opportunities for specialty products in populated centers.	Food labeling, including bilingual packaging requirement, and nutritional content claims are regulated and frequently differ from the United States.
Retail consolidation favors large-scale suppliers and increases sales efficiency with fewer retailers to approach.	Retailers are interested in category extension, not cannibalization. Products entering the market must be innovative; not duplicative.
Duty free tariff treatment for most products under NAFTA	Differences in Food Standards may require special production runs and packaging due to Canadian standard package sizes.
High U.S. quality and safety perceptions.	Differences in approved chemicals and residue tolerances.
Private label presents opportunities for custom packers of high quality products.	Private label brands continue to grow in many categories; sometimes taking shelf space from American national brands.

	The total population of Canada is slightly less than California and much more spread out, making marketing and distribution costs generally higher than in the United States.
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## Section 2: Road Map for Market Entry

### 2A. Overview

#### 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% 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 still are a number of challenges U.S. exporters must prepare for and learn to manage. The main challenges include currency, customs procedures, regulatory compliancy, and labeling requirements.

Overcoming these obstacles 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) based in the U.S. to provide further export counseling. These offices are supported through USDA government funding and their staff solely specializes in exporting agricultural and food products around the world. Their export assistance 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., and identification of potential Canadian partners.<sup>8</sup> Under the ***Branded Market Access Program (MAP)*** there is financial assistance for small and medium sized firms that meet the U.S. government's criteria for assistance. This assistance may include partial

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<sup>8</sup> The SRTG's export assistance programs in Canada, offers through their Canadian representatives a similar service to that of the U.S. Foreign Commercial Service's Agent/Distributor Search(ADS) that strictly targets the food channels in Canada.

reimbursements for; marketing/merchandising promotions and point-of-sale reimbursements, package and label modifications, tradeshow, and advertising. 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:

**Table 11: State Regional Trade Groups**

State Regional Trade Group	Web Site	States
Food Export USA Northeast	<a href="http://www.foodexportusa.org">http://www.foodexportusa.org</a>	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Food Export Association of the Midwest USA	<a href="http://www.foodexport.org">http://www.foodexport.org</a>	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
Southern U.S. Trade Association (SUSTA)	<a href="http://www.susta.org">http://www.susta.org</a>	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)	<a href="http://www.wusata.org">http://www.wusata.org</a>	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)	<a href="http://www.nasda.org/cms/7195/8617.aspx">http://www.nasda.org/cms/7195/8617.aspx</a>	State Directory of the State Departments of Agriculture

## Get Export Ready

For those new to exporting, each respective SRTG offers a number of resources that are available online and through special requests. These resources cover a range of exporting topics, from exporting terms to labelling information.

Some of these resources are available at the following links:

Food Export USA Northeast: *Export 101* - <https://www.foodexport.org/get-started/export-101/>

Food Export Association Midwest: *Export 101* <https://www.foodexport.org/get-started/export-101/>

Southern United States Trade Association: *Know Before You Go*:

<https://www.wusata.org/whatwedo/exporteducation/>

Western United States Agricultural Trade Association: *Export Education*:

<https://www.wusata.org/whatwedo/exporteducation/>

**Step 2:** Thoroughly research the Canadian retail landscape and identify your product's market position.

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/Advanced percent20Search/AllItems.aspx](http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx)

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

It is recommended that new exporters 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 engaging a Canadian partner and or a entering into a future business transactions. We encourage U.S. exporters to be clear in their objectives and communications to avoid confusion on both parties.

A partial listing of Canadian food brokers is available on our latest brokers report, Agent/Broker Directory – Central Canada 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. A number of Canadian companies may look for a certain requirements on the product and the level of commitment by the U.S. firm. Some of these criteria may include product; UPC coding, a proven track record of retail sales and regional distribution in the U.S., production capabilities to grow, and commitment to offer a trade promotion program for Canada.

The respective SRTGs offer services that can help vet potential partners with the appropriate background for a line of product. But once again, these services are not an endorsement and strongly recommend firms to scrutinize the background of each potential Canadian partner. U.S. firms are encouraged to obtain referrals from the potential partner and visit and/or participate in specific trade

shows in Canada. A complete listing is offered at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/agriculture-and-food-trade-show-service/canada/?id=1410072148326> as this may help in the partner evaluation process.

FAS/USDA recommends a number of Canadian food shows. FAS/USDA endorses one of the largest food shows in Canada, [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. This year's show will take place in Toronto from Tuesday, May 2<sup>nd</sup> to Thursday, May 4<sup>th</sup> the Enercare Centre in Toronto. Interested U.S. food companies can contact FAS/USDA's show contractor, IMEX Management and ask for Kelly Wheatley at [kellyw@imexmanagement.com](mailto:kellyw@imexmanagement.com) / T. 704-365-0041 or Rishan Chaudhry at [Rishan.Chaudhry@fas.usda.gov](mailto:Rishan.Chaudhry@fas.usda.gov)

For those U.S. firms that choose to sell directly into the retail or food service market, then FAS/Canada recommends they closely assess whether the account will encourage or detract from future sales into the market. For example, selling the same brand into a discount chain may discourage future sales in a high-end or specialty shop. Large grocers and mass merchandisers are likely to demand from the U.S. exporter larger quantity orders which may be initially challenging for small U.S. food processors.

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

Review the Exporter Guide – Exporting Resource Manual (CA16055) for Canadian government standards and regulations that pertain to your product. FAS/Canada recommends prior to initial shipments to contact 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. 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>

Currently, there are several acts and regulations which govern the sale and distribution of food and beverage products in Canada. It is important to note that Canada is currently in the process of modernizing its food and beverage regulation system and consolidating these regulations under one framework that will be recognized as the Safe Food for Canadians Regulations. These regulations have not yet been published, but by the end of 2017 it is expected they will be announced. For more

information on these changes please visit the CFIA's [Overview: Safe Food for Canadians Action Plan](#) page or contact [agottawa@fas.usda.gov](mailto:agottawa@fas.usda.gov) to be added to our news distribution list.

Some of the key governing acts and regulations currently in place include:

Canada Agricultural Products Act and Associated Regulations

Consumer Packaging and Labeling Act

Customs Act

Fish Inspection Act

Food and Drug Act

Importation of Intoxicating Liquors Act

Meat Inspection Act

Weight and Measures Act

Canadian agents, distributors, brokers, and/or importers are often the best equipped to assist exporters through the import regulatory process. The best entry method depends on the food product and the sub-sector identified as appropriate for each food product. Government and industry import policies and trade acts regulate each sub-sector. Each U.S. export opportunity must be thoroughly investigated relative to the legislation that exists for the product requesting entry.

**Table 12: Organization and Data Sources within Canada**

Organization	Function/Purpose	Website
Agriculture and Agri-food Canada, Agri-Trade Food Service	Provides information, research and technology policies and programs. Also provides access to statistics. This department is the counterpart to the U.S. Department of Agriculture.	<a href="http://www.agr.gc.ca">www.agr.gc.ca</a>
Food & Consumer Products of Canada (FCPC)	FCPC is national, non-profit organization representing the food and consumer products industry in Canada.	<a href="http://www.fcpc.ca">www.fcpc.ca</a>
Canadian Federation of Independent Grocers (CFIG)	CFIG represents Canada's independently owned and franchises supermarkets.	<a href="http://www.cfig.ca">www.cfig.ca</a>
Canadian Restaurant and Foodservices Association(CRFA)	The largest foodservice and hospitality association in Canada.	<a href="http://www.crfa.ca">www.crfa.ca</a>
Centre of Food in Canada	A non-profit organization addressing issues related to food and its impact on Canadians.	<a href="http://www.conferenceboard.ca">www.conferenceboard.ca</a>
Consumers' Association of Canada	Represents consumers to all levels of government and to all sectors of society.	<a href="http://www.consumer.ca">www.consumer.ca</a>
Industry Canada	Trade databases.	<a href="http://www.ic.gc.ca">www.ic.gc.ca</a>
Statistics Canada	The official source for Canadian social and economic statistics.	<a href="http://www.statcan.gc.ca">www.statcan.gc.ca</a>
I.E. Canada (Canadian Association of Importers and Exporters)	I.E. Canada is a national, non-profit organization committed to providing services to develop and enhance the international trade activity and profitability of importers and exporters.	<a href="http://www.iecanada.com">www.iecanada.com</a>

**Table 13: Canadian Government Organizations Related to Food Regulations**

<b>Canada Border Services Agency</b>	<a href="http://www.cbsa-asfc.gc.ca/menu-eng.html">http://www.cbsa-asfc.gc.ca/menu-eng.html</a>
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<b>Canadian Food Inspection Agency</b>	
Home Page	<a href="http://www.inspection.gc.ca">http://www.inspection.gc.ca</a>
Automated Import Reference System (AIRS) (obtain tariff classifications )	<a href="http://www.inspection.gc.ca/plants/imports/airs/eng/1300127512994/1300127627409">http://www.inspection.gc.ca/plants/imports/airs/eng/1300127512994/1300127627409</a>
Acts and Regulations	<a href="http://www.cfia-acia.agr.ca/english/reg/rege.shtml">http://www.cfia-acia.agr.ca/english/reg/rege.shtml</a>
<i>Guide to Food Labelling and Advertising</i>	<a href="http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml">http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml</a>
Meat & Poultry Inspection Regulations	<a href="http://www.inspection.gc.ca/english/fssa/meavia/meaviae.shtml">http://www.inspection.gc.ca/english/fssa/meavia/meaviae.shtml</a>
Fish Import Program Policy	<a href="http://www.inspection.gc.ca/food/fish-and-seafood/imports/documents/fish-import-program-policy/eng/1360859473208/1360859694298">http://www.inspection.gc.ca/food/fish-and-seafood/imports/documents/fish-import-program-policy/eng/1360859473208/1360859694298</a>

<b>Health Canada</b>	
Home Page	<a href="http://www.hc-sc.gc.ca/index-eng.php">http://www.hc-sc.gc.ca/index-eng.php</a>
Food and Drugs Act	<a href="http://laws.justice.gc.ca/en/F-27/">http://laws.justice.gc.ca/en/F-27/</a>
Nutrition Labeling	<a href="http://www.hc-sc.gc.ca/fn-an/label-etiquet/nutrition/index_e.html">http://www.hc-sc.gc.ca/fn-an/label-etiquet/nutrition/index_e.html</a>
Natural Health Products	<a href="http://www.hc-sc.gc.ca/dhp-mps/pubs/natur/index-eng.php">http://www.hc-sc.gc.ca/dhp-mps/pubs/natur/index-eng.php</a>
Food Allergen Labeling	<a href="http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/index-eng.php">http://www.hc-sc.gc.ca/fn-an/label-etiquet/allergen/index-eng.php</a>

Novel Foods	<a href="http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php">http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php</a>

<b>Department of Foreign Affairs, Trade and Development Canada</b> <i>Subject on Controlled Products</i>	<a href="http://www.international.gc.ca/controls-controles/prod/index.aspx">http://www.international.gc.ca/controls-controles/prod/index.aspx</a>
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## 2B. Retail Foods and Canadian Food Regulations

### Mandatory Food Product Labeling Requirements

All food products destined for Canada require some degree of label modification. Those destined for the commercial, industrial or institutional market are exempt from the bilingual and nutritional labelling requirements. All those food products destined for retail sale must meet compliancy.

Below are the **CORE** mandatory information:

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

The following CORE requirements are applicable to certain produce and foods:

12. Identification of irradiated foods
13. Identification of permitted food additives
14. Mandatory and voluntary fortification
15. Grades
16. Standards of Identity

### Food Labeling Tool

The CFIA provides a food labelling tool that provides detail information on each of the above-mentioned components. Food manufacturers are encouraged to do their homework and work through each steps of required compliancy at:

## **Industry Labelling Tool**

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

U.S. exporters should be aware the Canadian Government periodically update the guidelines for food labelling; to keep abreast of these changes go to:

### **Updates to Food Labelling and Advertising Information**

<http://www.inspection.gc.ca/food/labelling/updates/eng/1398697584083/1398776210946>

It is worth noting, the Universal Product Code (UPC) or bar code is not requirement by the government, but is used readily by the industry.

### **Special Note on Canadian changes on Nutrition Facts Table**

On December 14, 2016, the Canadian Government announced new requirements on the Nutrition Labelling. The new regulations address the format of the Nutrition Facts and the listing of ingredients. Manufacturers will have up to 5 years to make these changes before they are enforced. The changes apply to:

#### Nutrition Facts Table

- Serving size declarations
- The percent of Daily Value for sugars
- A footnote on how to use the % DV
- Updated List of nutrients

#### List of Ingredients

- Legibility requirements for the list of ingredients
- Allergen information
- Grouping of sugars-based ingredients
- Declaration of food colors by their common names

## Specific Labelling Requirements on Selected Commodities

Certain selected commodities may require more than the above-mentioned mandatory information and are specific in their labelling requirements as the following products:

- Alcoholic beverages
- Baby Foods
- Confectionary, chocolate and snack Foods
- Dairy
- Eggs-processed
- Eggs-shelled
- Fats and oils
- Fish and seafood
- Foods for special dietary
- Fresh fruit and vegetables
- Grain
- Honey
- Infant and junior food
- Meat and poultry
- Pet Foods
- Processed products
- Salt
- Shipping containers
- Water

Exporters are urged to review all requirements and the complete list of food-specific labelling at:

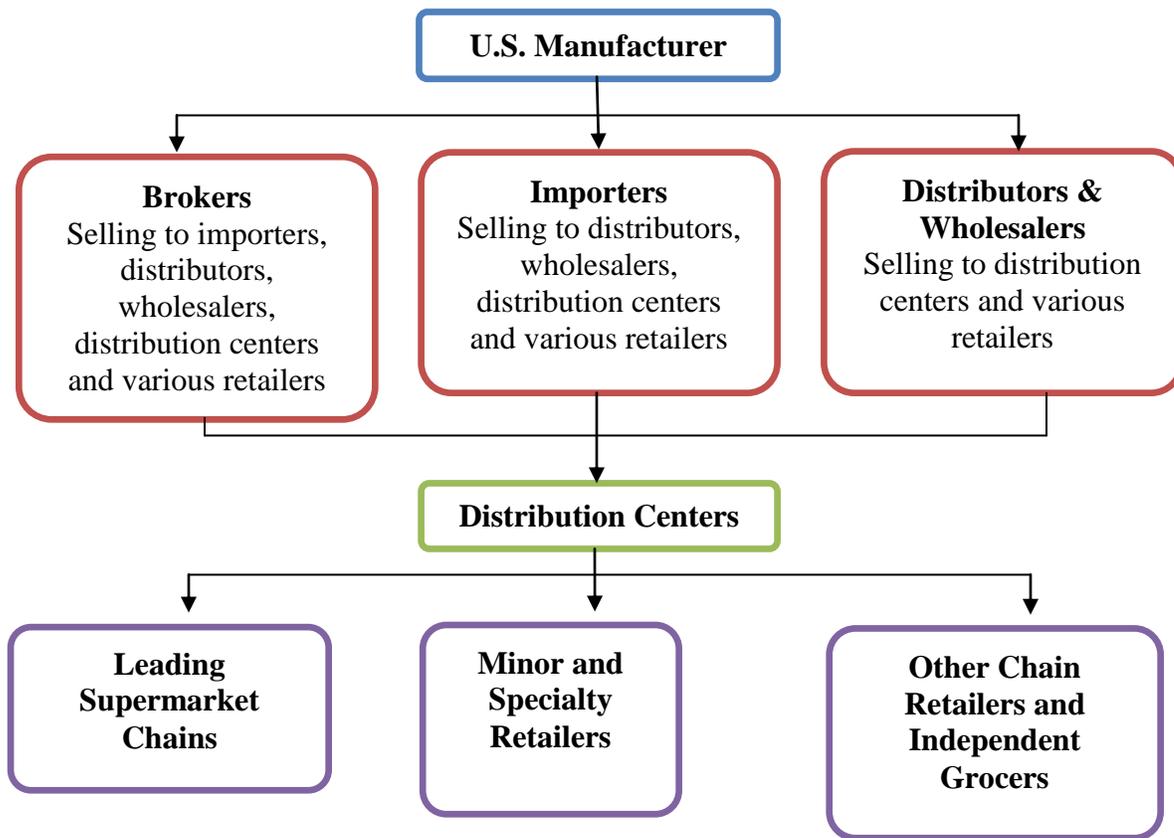
<http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/eng/1383607266489/1383607344939>

For additional labelling information, U.S. exporters can review the GAIN Exporter Guide- An Exporting Resource Manual (CA 16055) pages 28 to 37.

**Table 14: Canadian Import Service Centers**

Import Service Center	Open	Contact
Eastern Canada ISC	7 a.m. to 11 p.m. [local time]	Telephone: 1-877-493-0468 or 514-493-0468 Fax: 1-613-773-9999
Central Canada ISC	7 a.m. to 3:00 a.m. [local time]	Telephone: 1-800-835-4486 or 289-247-4099 Fax: 1-613-773-9999

## 2C. Market Structure and Retail Food Distribution Channel



Imported food products into the Canadian marketplace may be sold directly to the retailer or to importers, brokers, distributors and wholesalers. A significant amount of U.S. agricultural and food products are shipped as an intra company transfer to the Canadian corporate entity as a branch or subsidiary operation.

Traditional supermarket outlets are split between chains and independent stores. All the larger Canadian retail chains are involved in wholesaling and retailing operations. They maintain sizable distribution centers strategically located across Canada. These distribution centers not only supply their own store outlets but may also supply to franchised stores and independent grocers. Some independent grocers may be affiliated with a wholesaler through a voluntary buying group. Wholesalers and the distribution arm of a leading grocery retailer often supply convenience stores and smaller grocery retail chains.

Importers, distributors and some wholesalers can sell a specific category or line of products to the chain distribution centers, as these centers will breakdown the quantities to ship to their individual stores. In addition, as in the U.S., some brokers, distributors, and importers sell directly to specified chain units by providing a direct store delivery. However, the product and designated stores must be approved by the chain's head office.

Larger chains have the ability to procure directly from the foreign supplier, particularly for large quantities of perishable products, such as dairy, produce, meat, poultry and some packaged goods. Some retailers, such as Loblaw Co. Ltd. and Sobeys Inc., employ procurement offices in the United States for this sole purpose and educate U.S. suppliers to meet all government and store regulations. On

the grocery side of the business, most retailers rely on brokers, importers and distributors, particularly to identify unique products from less recognized food suppliers to sell in their stores.

Both retailers and suppliers are seeking efficiencies to reduce operational and labor costs in their operations. As in other business sectors, the category buyers of larger retailers are looking to reduce their list of food suppliers they work with and prefer working with representatives that carry an extensive line of products offering a range SKUs.<sup>9</sup> In response to this trend, the broker/distributor industry is making an effort to consolidate products while introducing unique novel products into the market. Larger brokerage/distribution firms are acquiring smaller specialty brokers/distributors either to offer national coverage or enhance the company's product offerings. For example, U.S. firm, UNFI in Toronto, a leading distributor of natural, organic, and specialty retail products acquired food service distributor specializing in more hard to find specialty products. Brokers and distributors focus on selling to the appropriate category buyer of at each head office and larger brokerage or distribution firms with established accounts will offer added services to their food manufacturers, like merchandising store checks. Merchandising staff will help to monitor the placement and turnover of the products, as well as help negotiate sampling opportunities with the store chain.

To reduce costs, the larger players consolidated costs by acquiring other retail players. For example, Loblaw moved to acquire Shoppers Drug Mart (1095 units) in December of 2013 while Sobeys acquired 213 Canada Safeway stores in Western Canada. This consolidation of the larger players places pressure on other smaller retailers to offer products that are unique in nature that are not readily found in the larger retailers. In the last two years, there have been growth in the small independents retailers with a 4.2% annual growth as shoppers are more likely to find specialty food products in this channel.

### **Broker/Distributor/Importer Arrangements**

U.S. firms, particularly small to medium sized firms are recommended to partner with a Canadian food broker/distributor/importer. Most distributors and importers will import and take title of the product. The product will likely be stored in their warehouse and then sold to various store units. While the product may be added to the distributor's catalog of goods you may still be responsible for establishing new store accounts if the product is not ordered by the distributor/importers' customers.

Brokers on the other hand, usually do not take title of the goods but act as your sales persons pitching the unique product features to potential buyers and possibly setting up a network of various food distributors. Usually they charge a percentage of the product sales revenue, ranging from 3% to 10%. The percentages are 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 until monthly sales are well established as they must pioneer the new products. Once a targeted sales volume is reached then the broker will switch to a percentage-of-sales as mentioned earlier. All fees are negotiated between the principal and the broker prior to future transactions.

In an effort to introduce a new product and obtain a product listing, a broker will call on the head office of key store chains and wholesale groups. Once a product listing is secured, there may be a listing fee on new products unless the retailer views the product as a "must have" item. This fee will vary and will be determined by the product's uniqueness, the demand for the item, along with the advertising and promotional expenditures required to launch the product in a store.

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<sup>9</sup> SKUs- Stock Keeping Unit.  
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## **i. Retail Grocery Sector**

### **Grocery Stores/Supermarkets/Superstores**

The majority of retail foods continue to be sold through Canada's traditional grocery retailers. Canadian-based retailers Loblaw Co., Ltd., The Empire Company Ltd. (parent company of Sobeys's) and Metro Inc., are responsible for 58% of retail food sales in the country. "The Big 3" has positioned themselves as the food specialists over their mass-merchandising competitors. They too offer discount banner stores to compete with the merchandisers. All three companies have been aggressive in developing their private label brands, including their discounted store banners. As mentioned earlier, both Loblaw and Sobeys have made strategic acquisitions for the purpose of capturing higher margins and simply increase food sales. It is forecasted that due to the stiff competition with the mass merchandisers and a frugal shopper, food prices in 2017 should not significantly rise from their present levels. Retail leaders will continue to offer discount promotions, specials and other amenities through store loyalty programs to entice new customers and maintain loyal shoppers.

Loblaw Company Limited is the largest grocery retailer in the country with grocery stores across the country with an estimated 26% share of the food market, not including their food sales through the company's national drug chain, Shopper Drug Mart. The company's 24 banners cover the complete spectrum in types of stores as they include: large Superstores selling one third general merchandise products, conventional supermarkets, discount units, convenience and club stores. The company has earned a strategic advantage among their competitors with their private label store brands. Some of their brands compete head-to-head with the national brands. Among their 13 private label brands, their most recognizable are "President's Choice (PC)" and the "No Name" discounted brand representing over 5,200 products. (As a note of interest selected PC brands are now widely distributed in certain regions in the U.S.) At the high end of the price spectrum, Loblaw offers its "Black Label" brands which primarily include specialty products, such as artisan-style croutons and cherry Shiraz jelly. At the lower priced end, the retailer offers their "No Name" brand. The last few holiday seasons; this brand was aggressively promoted in large urban centers through television advertisements. Also, the company has invested more than \$700 million in store improvements over the last two years on 200 of their existing retail units. Some of the improvements included added floor space to their produce and seafood departments, along with more counter space for meals on the go. To reach the growing Asian market, Loblaw acquired several years ago T & T Supermarkets. These stores offer Asian food products not found elsewhere. Today, there are 23 stores located primarily in British Columbia and in Ontario. Additionally, Loblaw is targeting the very health conscious shoppers.

Sobeys is ranked behind Loblaw with approximately 22% share of the retail food market; however, they offer more grocery stores than its leading competitor; 1836 locations across the country, including their convenience stores. The outlet numbers are boosted by the company's recent acquisition of Western Safeway. This acquisition helped them remain competitive and penetrate the market while saving up to \$200 million in operational costs. Not only has Sobeys' success been largely attributed to geographical store locations but specifically real estate presence. Five years ago, as the country continues to become more urbanized and denser in its major five cities, Sobeys introduced a smaller urban store called "Urban Fresh," to appeal to single/double households and apartment dwellers. The stores are smaller but efficient with frequent turnover of product. Sobeys also moved to expand its private label category and now offers seven brands with their "Sensations Complements" line being the most recognizable on their store shelves. To capture the ethnic and discount shopper, Sobeys moved to rebrand their former banner store, "Price Shopper" and converted the stores to "Freshco". The new stores were redesigned to display more produce, baked goods and meats as well as provide more shelf space to ethnic packaged goods.

Metro Inc., represents over 10% of the market as they operate a total 1,136 food and convenience stores only in Ontario and Quebec. The conventional supermarkets make up most of Metro's portfolio of stores however the company also operates discount stores under the Food Basics banner in Ontario and Super C in Quebec. The company continues to increase its' private label products to compete with other retailers. The most recognizable store brand is "Irrestibles" and "Selection." The firm also offers a "Sans Gluten Free," and "Irresistibles-Bio Organics" brands. A few years ago, Metro Inc, partnered with Quebec based Marche Adonis, an ethnic food retailer offering Middle Eastern and Mediterranean style foods. The company opened its two stores that are 30-40,000 square feet in size in the suburbs of Toronto and Montreal and have gained a loyal following of both ethnic and non-ethnic shoppers.

Although, Loblaw, Sobeys and Metro continue to be the market leaders, there are regional retailers that should not be overlooked by a U.S. exporter. Getting a product listed in one of the regional partners may be more attainable in establishing a foothold in Canada, rather than expending efforts to get listed in a national chain. For example, the Overwaitea Food Group in Western Canada with 145 stores in Alberta and British Columbia has made a significant headway in providing new product offerings such as introducing 7,000 Asian food products to their customers. Longo's in the Greater Toronto Area, owned by the Longo Brothers Fruit Markets has gradually expanded in the last few years offering a better shopping experience for their customers by equipping several of their 26 stores with a full-service restaurant. A few of the ethnic retailers have grown from mom and pop family stores to upscale operations, such as Nations Fresh Food Market with six locations in Toronto, and a one more store is slated to open up just North of Toronto. Their flagship store that opened in 2014 is located in downtown Hamilton and covers 55,000 square feet another one is slated for Toronto in 2017.

In total there are over 6,000 independent retailers across Canada that account for C\$7.5 billion in annual sales. While this segment of the market is fragmented, specialty stores such as the Toronto's Cheese Boutique and Pusatari's that recently aligned with Saks Fifth Avenue maintain a loyal following as their customers know they can find one of the kind food products at their high-end boutique stores.

### **Club Stores**

Warehouse Clubs stores such as Costco Canada and Loblaw Real Canadian Wholesale Club Stores have left a permanent foothold in Canada's retail landscape. Among the club store formats, Costco by far has been the most successful among the retailers, showing an uptake of 8% growth in 2015. Costco announced it will add another seven stores in 2017. Reports show a number of Canadians regularly shop at Costco as they prefer to make fewer grocery trips to the stores by loading up once a week, despite having a higher grocery bill. In addition, Costco consistently relies on weekly product sampling and this helps to drive food sales as it has been proven demos make a difference. Although, the warehouse format does not offer many frills, they do offer convenience and at times competitive unit pricing in bulk. Club products carry an average profit margin of about 11 %, while other retailers mark up their goods anywhere from 25 to 50 percent.

### **Mass Merchandisers**

Walmart Canada is the largest mass merchandiser in the country. In comparison to the market leaders, the company's share of the grocery receipts is close to nine percent. However, food sales have grown exponentially for Walmart Canada from C\$130 million (US\$97) in 2006 to an estimated C\$9 (US\$7) billion in 2015. They made a significant gain in the last few years by introducing more frozen foods and produce into their stores, making it convenient for time conscious shoppers to pick up all their items in a single shopping trip. Also, they have been aggressive in marketing their store brand, Great Value and continue to seek unique food manufacturers meeting their price point and quantity demands.

As more and more Canadians look for discounted items to cut their grocery bills, a select number of shoppers have flocked to stores, like Dollar Tree and Dollarama to buy their basic dry goods, such as basic cereals and canned goods.

## **ii. Convenience Stores, Mini Marts, and Gas Stations**

The Canadian Convenience Store Association reported close to 11 million visits are made each day to Canada's 32,000 convenience stores and gas stations. The sector accounts for 3% of the total food sales. They are particularly strong in offering non-alcoholic beverages as their stores account for up to 23.5% of the store's grocery offerings. Floor space for new food products such as some fresh produce, sushi, baked goods and snacks is growing and many store units are expanding their premises to accommodate these products. The focus continues to be equipping stores with equipment, such as beverage stands and well stocked high quality convenience foods, like snack foods and confectionary items. Much like the supermarket sector, products that are perceived to be healthy, fruits like apples, oranges and low trans-fat chips are now becoming readily available in these types of stores.

## **iii. Drug Chains**

Grocery sales through the drug stores have grown in the last two years, particular with the acquisition of Loblaws acquisition of Shoppers. The drug chain has gradually added produce and more refrigerated fresh items in more of their Shopper stores. This trend is being followed by other drug chains as they too are gradually expanding their floor space to include more packaged food offerings to remain competitive.

## **iv. On-Line Shopping**

Grocery on-line shopping has been slow to take off in Canada as compared to the United States and historically has been operating regionally rather than nationally. In the U.S. on-line food sales is estimated at 2.5% while in Canada it is approximately 1% of the total retail food sales. The regional players are: IGA, which is operated by Sobeys in selected areas in Quebec; Metro Glebe operated by Metro in Ottawa; and Grocery Gateway, owned by Longo Brothers Fruit Market, Inc., operating in Toronto and its suburbs. There are operations in smaller communities servicing Vancouver Island in British Columbia by Quality Foods and, Tele Grocer in the southern part of Ontario.

Amazon and Walmart Canada introduced their respective lines of mostly dry packaged goods. Trade journal, *Grocery Business* reported Amazon is offering 15,000 grocery items on its on-line menu of goods which include a range of specialty food products. In 2014, Walmart Canada started investing C\$31 million dollars (US\$23) to match Amazon's offering on-line. This past year, they have seen some marginal increases as more and more fresh foods are offered on-line at the same price as in-store, making it attractive for their consumers. And in December 2016, Walmart introduced home delivery at an extra cost of C\$3.00(US\$2.25) versus their store-locker pick-up.

Late last year, Loblaw introduced a on-line click and collect program in selected banner stores, a total of 60 stores however by the end of 2017, Loblaw intends to add on more area stores for their customers. Sobeys too partnered with on-line retail partner Orkestra to introduce food offerings and home delivery in Quebec.

The following table lists the leading retail chains and their major respective banner store as reported at the end of 2016.

Provinces Abbreviations:

AB: Alberta  
BC: British Columbia  
MB: Manitoba  
NB: New Brunswick  
NL: Newfoundland and Labrador  
NWT: Northwest Territories

NS: Nova Scotia  
NU: Nunavut  
ON: Ontario  
PE: Prince Edward Island  
QC: Quebec  
SK: Saskatchewan  
YT: Yukon

Canadian Regions:

Eastern: NB, NS, PEI, NL  
Central: ON & QC  
Western and Prairies: AB, BC, MB, SK

Store Type:

SS: Superstore  
SM: Supermarket

SC: Super Centre  
C: Convenience

Price Category:

D: Discount  
L: Low  
M: Medium  
W: Wholesale  
U: Upper

**Table 15: Grocery Stores/Supermarkets/Superstores Banners**

<b>Retailer</b>	<b>Name of banner</b>	<b>Store type</b>	<b>Price category</b>	<b>No units</b>	<b>Location</b>
Loblaw Companies Ltd. loblaw.ca	Total Locations – 1,194 stores				
Eastern Canada	Atlantic Superstore	SS	D	50	NB, NS, PEI
	Dominion	SM	M	11	NL
	Save Easy Foods	SM	D	43	NB, NS, PEI, NL
National & Central Canada	Cash & Carry	SM	W	15	ON, NS
	Extra Foods	SM	D	66	BC, YT, NT, AB, SK, MB, ON
	Fortinos	SM/SS	M	21	ON
	L'Intermarche	SM	M	64	QC
	Loblaws	SM/SS	M	65	ON, QC
	Maxi	SM	D	96	QC
	Maxi & Cie	SM	D	21	QC
	NoFrills	SM	D	213	BC, AB, ON, NB, NS, NL, PEI
	Presto	SM	M	11	QC
	Provigo	SM/SS	M	78	QC
	Real Canadian Superstore	SS	D	112	BC, YT, AB, SK, MB, ON
	Real Canadian Wholesale Club	SS	D	33	BC, AB, SK, MB, ON
	Valu-Mart	SM	M	60	ON
		Your Independent Grocer	SM	M	59
Zehrs		SM/SS	M	44	ON
Western Canada/ Prairies	Extra Foods	SM	D	66	BC, YT, NT, AB, SK, MB, ON
	Real Canadian Wholesale Club	SS	D	33	BC, AB, SK, MB, ON
	SuperValu	SM	D	11	BC, YT, SK
	T & T	SM	M	22	BC, AB, ON

<b>Retailer</b>	<b>Name of banner</b>	<b>Store type</b>	<b>Price category</b>	<b>No units</b>	<b>Location</b>
Sobeys (Empire Company Ltd.) Sobeys.com	Total Locations – 1,232 stores <sup>10</sup>				
All Provinces	Sobeys	SM	M	265	BC, AB, SK, MB, ON, NB, NS, PEI, NL
	Cash & Carry	SM	W	7	NB, NS, NL, MB
	Foodland	SM	M	200	ON, NB, NS, NL
	Freshco	SM	L/M	36	ON
	IGA	SM	M/U	189	BC, AB, SK, MB, QC
	IGA Express	SM	M	5	ON
	IGA Mini	SM	M	6	QC
	IGA Extra	SM	M	115	QC
	Marché Bonichoix	SM	M/U	92	QC, NB
	Les Marché Tradition	SM	M/U	37	QC
	Price Chopper	SM	D	3	ON
	Rachelle-Bery (Natural Health Foods)	SM	M/U	21	QC
	Thrifty Foods, Inc.	SM	M	31	BC
Western Canada	Canada Safeway	SM	M	202	BC, AB, MB, ON
	Family Foods	SM	M	53	BC, AL, SK, MB
Metro Inc. Metro.ca	Total Locations – 1,136 stores				
Central Canada	Food Basics	SM	D	95	ON
	Marché Richelieu	SM	M	78	QC (1 in ON)
	Metro / Metro	SM	L/M	357	ON, QC

<sup>10</sup> This number indicates the food retail channel as Empire Company Ltd., owns a total of 1,836 stores in various retail segments, such as the convenience channel.

<b>Retailer</b>	<b>Name of banner</b>	<b>Store type</b>	<b>Price category</b>	<b>No units</b>	<b>Location</b>
	Plus				
	Super-C	SM	D	86	QC
	Adonis	SM	M	2	ON & QC
<b>Federated Co-Operatives Ltd.</b>					
coopconnection.ca					
Total Locations – 384 stores					
Central /Western/ Prairies	Federated Co-op	SM	M	220	BC, AB, SK, MB, ON, YT
	Super A Foods	SM	M	24	BC, AB, SK, MB, NWT, YT, ON
	The Grocery People	SM	M	13	AB, NWT, YT
	Cash and Carry Depots	SM	D	5	AB,BC,
	TAGS	SM	M	14	AB, SK, YT
<b>Co-op Atlantic</b>					
Coopatlantic.ca					
	Co-op Stores	SM	M	66	Atlantic Canada
	Country Stores	SM	M	13	Atlantic Canada
	Valu Foods	SM	M	22	Atlantic Canada
	Village Stores	SM	M	7	Atlantic Canada
<b>Overwaitea Food Group</b>					
Owfg.com					
Total Locations – 145 stores					
	Cooper's Foods	SM	M	16	BC
	Overwaitea Foods	SM	M	13	BC
	PriceSmart Foods	SM	L/M	5	BC
	Save-On-Foods	SM	M	106	BC, AB
	Urban Fare	SM	M	5	BC
<b>H.Y. Louie Company</b>					
marketplaceIGA.com					
Total Locations – 32 stores					
	IGA	SM	M	32	BC

Retailer	Name of banner	Store type	Price category	No units	Location
	Cash & Carry	SM	D	3	BC
Regional and/or Privately Owned Retail Chains					
Kitchen Food Fair	Kitchen Food Fair	SM	M	55	ON
Rabba Fine Foods Rabba.com	Rabba Foods	SM	M/U	35	ON
Longo Brothers Fruit Market Inc. Longos.com	Longos	SM	M/U	26	ON
Farmboy Inc.	Farmboy	SM	M/U	17	ON
Quality Foods	Quality Foods	SM	M	12	BC
Whole Foods Market	Whole Foods	SM	M/U	10	BC & ON
Source: Canadian Grocer, Who's Who (2015) and 2015 Directory of Retail Chains in Canada					

**Table 16: Club Warehouse Store Banner**

Retailer	Name of Banner	Store Type	Price Category	No. Units	Location
Costco Canada Inc. Costco.ca	Total Locations – 88 Stores				
	Costco	CW	W	88	BC, AB, SK, MB, ON, QC, NS, NB, NL
Source: Canadian Grocer, Who's Who (2015) and 2015 Directory of Retail Chains in Canada					

**Table 17: Mass Merchandisers**

Mass Merchandiser	Name Banner	Store Type	Price Category	No. Units	Location
Canadian Tire Corporation	Canadian Tire	MM	MM	511	All provinces
Dollar Tree Canada	Dollar Giant	MM	D	207	BC, AB, SK, MB, ON
Dollarama Stores	Dollarama	MM	D	806	All provinces
Giant Tiger Stores	Giant Tiger	MM	D	200	All provinces
The Northwest Company	Northern	MM	M	149	All provinces
	North Marts		L/M		
	QuickStop		L/M		
Walmart Canada Corporation	Walmart	MM/SC	D	391	All provinces
	Supercenters		D		
Your Dollar Store with More	Your Dollar Store with More	MM	L/M	118	BC, YT, AB,SK, MB,ON, NS

Source: Canadian Grocer, Who's Who (2015) and 2015 Directory of Retail Chains in Canada



**Table 18: Convenience Stores, Mini Marts and Gas Stations**

<b>Retailer</b>	<b>Name of Banner</b>	<b>No. Units</b>	<b>Location</b>
Alimentation Couche-Tard, Inc.	Couché-Tard	1,550	Across Canada
Metro	Marché Ami	72	QC
	Marché Extra	194	QC
Sobeys	Needs	122	Eastern Canada

Quickie Convenience Stores	Quickie	50	ON, QC
7-Eleven Canada Inc.	7-Eleven	470	BC, AB, SK, MB, ON
Husky Oil Marketing Company	Husky Food Stores/ Husky Market  Mohawk Stop 'N' Go	326	BC, AB, SK, ON
Suncor Energy (Petro Canada)	SuperStop	1,496	All provinces
Shell Canada Products Limited	Select	n/a	All provinces
Imperial Oil Ltd.	On the Run	424	All province
Parkland Industries LP	Fas Gas Fas Gas Plus Short Stop Short Stop Express	266	BC, AB, SK, MB
<i>Source: Canadian Grocer, Who's Who (2015) and 2015 Directory of Retail Chains in Canada</i>			



**Table 19: Leading Drug Chains**

<b>Retailer</b>	<b>Name of Banner</b>	<b>No. Units</b>	<b>Location</b>
Shoppers Drug Mart	Shoppers Drug Mart	1,382	All provinces
PharmaSave	Pharmasave	493	BC,AB,SK,MB, ON,NB,NS
Katz Group Canada Ltd.	Rexall / Rexall Pharma Plus	420	BC, AB, SK, MB, ON, MB
<i>Canadian Grocer, Who's Who (2015) and 2015 Directory of Retail Chains in Canada</i>			

**Table 20: On-Line Shopping**

<b>Retailer</b>	<b>Name of Banner</b>	<b>Estimated Customers</b>	<b>Location</b>
Longo's Brothers Fruit Markets	Grocery Gateway.com	50,000	Greater Toronto Area Only
Amazon	Amazon.ca	N/A	All Canadian Provinces
Walmart Canada Corporation	Walmart.ca	N/A	All Canadian Provinces

### Section 3: 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><b>FRESH FRUITS &amp; VEGETABLES</b></p> <p><b>VEGETABLES:</b> CANADIAN GLOBAL IMPORTS (2016):  USD \$2.5. BILLION</p>	<p>VEGETABLES:</p> <ol style="list-style-type: none"> <li>1. U.S.: 62%</li> <li>2. Mexico: 29%</li> <li>3. China: 2%</li> </ol>	<ul style="list-style-type: none"> <li>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.</li> <li>Among imports, U.S. fruits and vegetables are viewed by most Canadians as their number one choice to other imports.</li> <li>Mexico and some South American countries, like Chile over the last five years have established themselves as market leaders behind the fruits. However, countries like Morocco have shown double digit growth, in their shipments of mandarins and oranges and grapes. Peru has made significant into the market in their grape shipments with a 36% increase from the previous year.</li> <li>Mexico remains a major competitor due to lower prices, along with some Canadian produce companies with winter operations in Mexico. Their leading products are avocados, various types of berries, tomatoes, cucumbers and watermelon.</li> </ul>	<ul style="list-style-type: none"> <li>Lettuce, onions, carrots, tomatoes, potatoes, cauliflower, and spinach are the leading vegetables sold in the fresh market.</li> <li>Apples are the largest production item, followed by blueberries, cranberries, grapes and peaches.</li> <li>Seasonality poses a constraint to growers; Canada imports 80% of its fresh vegetables between November and June.</li> <li>‘Buy Local’ is well supported by the restaurant trade as more and more menus highlight local produce and meats.</li> </ul>
<p><b>FRUIT:</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):  USD\$3.5 BILLION</p>	<p>FRUIT:</p> <ol style="list-style-type: none"> <li>1. U.S.: 44%</li> <li>2. Mexico: 16%</li> <li>3. Chile: 7%</li> </ol>	<ul style="list-style-type: none"> <li>Mexico remains a major competitor due to lower prices, along with some Canadian produce companies with winter operations in Mexico. Their leading products are avocados, various types of berries, tomatoes, cucumbers and watermelon.</li> </ul>	
<p><b>PROCESSED FRUITS AND VEGETABLES</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):  U.S. \$2.3 BILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 60%</li> <li>2. China: 8%</li> <li>3. Mexico: 4%</li> </ol>	<ul style="list-style-type: none"> <li>There is a full range of prepared and frozen products. Major products are prepared potatoes, tomato paste, mixes fruits, and variety of processed vegetables.</li> <li>U.S. is a major player in the market with established process brands, like Conagra Foods and French’s Foodservice.</li> <li>China’s products are dried and prepared vegetables and fruits.</li> <li>Mexico supplies prepared and frozen strawberries and other prepared fruits and vegetables.</li> </ul>	<ul style="list-style-type: none"> <li>Canadian companies process a wide range of canned, chilled, and frozen products.</li> <li>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.</li> <li>Higher manufacturing and operation costs than in the U.S.</li> </ul>

Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>SNACK FOODS</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>USD \$1.7 BILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 60%</li> <li>2. Mexico: 6%</li> <li>3. U.K.: 4%</li> </ol>	<ul style="list-style-type: none"> <li>▪ The U.S. dominates this category with snack breads, pastry cakes, pretzels, chips, cookies, and dried fruits. Additionally, the U.S. maintains a 90% share of the market in the potato chip category.</li> <li>▪ Competitors vary by sub category with the main competitor and sub category as follows: Mexico: cookies and biscuits; U.K. , cookies, wafers, and pastry cakes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canada’s snack food imports have grown by USD \$122 million since 2013. The category includes breads, pastry cakes, nuts, and prepared potatoes.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
<p><b>RED MEATS</b> (Fresh/Chilled/Frozen)</p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>USD\$1.4 BILLION</p> <p><b>RED MEATS</b> (Prepared/Preserved)</p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>USD\$988 MILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 66%</li> <li>2. Australia: 12%</li> <li>3. New Zealand: 10%</li> </ol> <ol style="list-style-type: none"> <li>1. U.S.: 91%</li> <li>2. Thailand: 3%</li> <li>3. Italy: 2%</li> </ol>	<ul style="list-style-type: none"> <li>▪ 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).</li> <li>▪ Many parts of South America remain ineligible for entry to Canada (except as a supplier of cooked and canned beef) due to sanitary reasons.</li> <li>▪ U.S. competitors are limited by a beef quota.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Canada maintains a narrow acquired feed cost advantage.</li> <li>▪ Canada continues to grow as a key U.S. pork export market.</li> <li>▪ The industry has worked its way out of the inventory surge from the BSE trade disruption.</li> <li>▪ Canadian per capita basis consumption has declined since 2009, falling by .7% to 23.4 kg.</li> <li>▪ The strong U.S. dollar, along with the growing sentiment of ‘Buy Local,’ has influenced a number of restaurant independents to be loyal to Canadian suppliers.</li> </ul>

Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>FISH &amp; SEAFOOD</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>U.S. \$2.5 BILLION</p>	<p>1. U.S.: 38%</p> <p>2. China 15%</p> <p>3. Thailand: 11%</p>	<ul style="list-style-type: none"> <li>▪ Leading U.S. exports to Canada are live lobsters, salmon and prepared/ preserved fish.</li> <li>▪ Fish filleting is extremely labor intensive, which accounts for the rapid penetration of China and Thailand in this segment.</li> <li>▪ 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.</li> <li>▪ A growing concern among consumers and retailers for sustainable production practices may help some U.S. fish processors.</li> <li>▪ More than two-thirds of seafood is sold by retailers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Declining fish stocks have led to almost zero growth in fish and seafood catch over the last decade.</li> <li>▪ Lobster, crab and shrimp comprise 67% of the landed value of all fish and shellfish harvested in Canada.</li> <li>▪ 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.</li> <li>▪ Frozen processed seafood grew by 6% in the past year with demand for premium products offering hormone-free and free of antibiotic variants.</li> </ul>
<p><b>BREAKFAST CEREALS/PANCAKE MIXES</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>USD\$519 MILLION</p>	<p>1. U.S.: 88%</p> <p>2. Mexico: 6%</p> <p>3. U.K.: 2%</p>	<ul style="list-style-type: none"> <li>▪ The U.S. continues to dominate imports with ready to serve product that are popular.</li> <li>▪ This past year, Mexico gained significant ground with a 280% increase in sales of mostly cereal products.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales and manufacturing in Canada is largely controlled by U.S. based companies.</li> <li>▪ Domestic non-U.S. owned competitors tend to be in the specialty or organic breakfast cereal business.</li> <li>▪ Cold breakfast cereals have decreased by 7% in volume as consumers choose other breakfast options, as yogurts, protein shakes and bars.</li> </ul>

Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<b>FRUIT &amp; VEGETABLE JUICES</b>  CANADIAN GLOBAL IMPORTS (2016):  USD\$622 MILLION	1. U.S.: 57% 2. Brazil 20% 3. China 6%	<ul style="list-style-type: none"> <li>▪ Canada's imports from both the world and from the U.S. Much of the juice is orange juice as well other fruit and vegetable juices.</li> <li>▪ U.S. represents 41% of the fresh juice market while Brazil maintains 54% of the frozen orange juice concentrate market.</li> <li>▪ China's major juice export to Canada is fortified apple juice; China represents 90% of the imports for this category.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
<b>NUTS</b>  CANADIAN GLOBAL IMPORTS (2016):  Tree Nuts USD\$663 MILLION  Peanuts USD\$122 MILLION	Tree Nuts 1. U.S.: 55% 2. Turkey: 15% 3. Vietnam: 12%  Peanuts 1. U.S.: 80% 2. China: 17% 3. Nicaragua: 2%	<ul style="list-style-type: none"> <li>▪ This category continues to grow largely due to the healthy snacking push. Despite a slowdown in total exports to Canada, tree nuts continued to grow shipping a total volume of 49 tonnes.</li> <li>▪ US products lead with peanuts and almonds is preferred by Canadian importers as it meets Canadian sanitary and phytosanitary standards consistently.</li> <li>▪ Turkey is a competitive supplier of Hazelnuts and Vietnam gained grown in 2016 with an 11% growth of cashew nuts exports.</li> <li>▪ 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.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>

## Products Facing Significant Barriers

Exporters from the United States are urged to familiarize themselves with the Canadian food laws and regulations as this will help them evaluate their product's market potential and ensure their products can be legally sold in Canada. To learn more about these regulations, please read the GAIN report (CA 13076) on [Food and Agricultural Import Regulations and Standards](#). The Canadian Food Inspection Agency (CFIA) is responsible for the inspection of food products at all levels of trade. Below are some key barriers and challenges in the market.

### Tariffs and Tariff Rate Quotas (TRQs)

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

In 1995, under the World Trade Organization (WTO) agreement, Canada replaced import quotas on certain agricultural products with Tariff Rate Quotas (TRQs). Under the TRQ system, imports that are within quotas are subject to low or free rates of duty, until the quota limit has been reached. Once quota limits have been reached, over quota imports are subject to significantly higher Most-Favored-Nation (MFN) rates of duty. To import and market TRQ commodities, a business must be a registered Canadian business entity and must be in possession of an import permit. These companies are referred to as 'quota holders.' For most commodities, TRQs are already allocated with only a few available for new Canadian businesses. The Department of Foreign Affairs and International Trade (Export and Import Controls Bureau) is responsible for administering Canada's Tariff Rate Quotas for agricultural products. For more information go to: <http://www.dfait-maeci.gc.ca/trade/eicb/agric/agric-en.asp> Canada administers TRQs that affect exporters of the following U.S. agricultural commodities:

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

The Canadian Department of Foreign Affairs, Trade and Development (DFATD) is responsible for the administration of all such TRQs. Import permits are required and are allocated annually, free of charge, to several groups of qualified Canadian importers (such as historical, processors, distributors, and food service entities) who use the permits throughout the year. DFATD charges a small [processing fee](#) for the issuance of permits and makes the list of the importing companies (quota holders), as well as other TRQ related information, publicly available on its [website](#).

Under Canada's trade agreements, U.S. exporters enjoy duty-free access for the amounts of supply managed products shipped under the quantitative limits of the TRQs. A number of Canadian importers solicit U.S. exporters to pay considerable amounts of money so they can recover the so called "price of import permits". These requested amounts can represent more than 50 % of the value of the product being exported. Canadian importers justify this as their cost of purchasing import permits from the

original companies that received the permits from DFATD and which do not intend to use them. While U.S. exporters have the latitude to engage in business transactions that they deem appropriate, Canadian importers often overcharge US businesses in their efforts to pass the cost of the import permits to the suppliers while collecting additional “rent”. The price differential between the strictly controlled Canadian and the open U.S. markets is typically amply sufficient to allow importers to recover the so called "price of import permits" without U.S. exporters paying any additional amount.

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

Detailed Information is located at the link below:

[http://www.international.gc.ca/controls-controles/prod/agri/index.aspx?menu\\_id=3&menu=R](http://www.international.gc.ca/controls-controles/prod/agri/index.aspx?menu_id=3&menu=R)

Products Imported in Canada Facing Significant Barriers			
Product Category (continued)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<b>POULTRY MEAT</b>  CANADIAN GLOBAL IMPORTS (2016):  USD\$402 MILLION	1. U.S.: 87% 2. Brazil: 8% 3. Hungary: 3%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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 co-mingling U.S. and Brazilian origin which would prohibit sales to the U.S.</li> <li>▪ Many imports of U.S. chicken are due in part to imports under the Canadian Import for Re-Export Program (IREP).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Canadian poultry industry is a Tariff Regulated Industry with live bird and meat prices well above the world market prices. 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.</li> <li>▪ The Canadian industry has significantly increased surveillance since the A.I. outbreaks in B.C. in 2004 and has continuously improved bio-security measures.</li> </ul>

**Products Imported in Canada Facing Significant Barriers**

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>DAIRY</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>(excluding cheese): USD\$376 MILLION</p> <p>(including cheese) : USD\$608 MILLION</p>	<p>1. U.S.: 68%</p> <p>2. New Zealand: 13%</p> <p>3. Argentina: 4%</p> <p>1. U.S. 52%</p> <p>2. New Zealand: 8%</p> <p>3. Italy: 8%</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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, European exports are expected to rise.</li> <li>• 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 49% of Canada’s import quota for butter.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>

**Products Imported in Canada Facing Significant Barriers**

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p><b>EGGS &amp; EGG PRODUCTS</b></p> <p>CANADIAN GLOBAL IMPORTS (2016):</p> <p>USD\$111 MILLION</p>	<ol style="list-style-type: none"> <li>1. U.S.: 90%</li> <li>2. Thailand: 5%</li> <li>3. China: 4%</li> </ol>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The U.S. has also become a supplier of organic eggs to Canada.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

## Section 4: Best Product Prospects

### 4A. Food Products with Good Sales Potential

**Table 21: High Physical Growth**

	<b>Growth Change</b>
<b>Category</b>	<b>+4 % to 10%</b>
<b>Beverages</b>	Premium fruit / vegetable juices (5%)
<b>Confectionery</b>	Chocolate (4%) Candies snacks (31%)
<b>Dry Grocery</b>	Super grains, such as quinoa, chia seeds and buckwheat (4%) Natural High Fibre Bread (4%) Nuts (4%) Dry fruits (6%) Meat sticks (16%) Baked Desserts Vinegar and cooking wines (5%)
<b>Chilled and Frozen Foods</b>	Natural health frozen meat substitutes (6.2% ) Meat patties (11% by volume) Frozen seafood (6%)
<b>Produce</b>	Cauliflower (12% by volume) Yams (10% by volume) Zucchini ( 8% by volume) Asparagus ( 7% by volume) Bagged salads ( 7% by volume) Broccoli (6% by volume) Beets (6% by volume)  Avocadoes (23% by volume) Nectarines (12%) Limes (8%) Tangerines/clementines/mandarins (6% by volume) Kiwi (4%)
<b>Snack Foods</b>	Naturally healthy fruit and granola bars ( 16% in retail sales) Chips and other savory snacks (5%)
<b>Non-dairy</b>	Non-dairy milk alternatives, such as soy milk and other milk alternatives ( 9% in retail sales)

Source: Euromonitor International 2016,

## 4B. Rigorous Canadian Regulations

### Pesticides and Other Contaminants

Some agricultural chemicals approved for use in the United States are not registered in Canada. As a result, these pesticides are deemed to have a zero tolerance in Canada and imported foods which contain unregistered pesticide residues above 0.1 parts per million are deemed to be adulterated under Section B.15.002 (1) of Canada's Food and Drug Regulations. The goods are subject to detention, destruction, or return. Canada is currently reviewing its policy of the 0.1 ppm default level. A discussion document issued by Health Canada on this policy review is available at: [http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/\\_dis2006-01/index-eng.php](http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/_dis2006-01/index-eng.php)

### 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 legislation. 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:** In the absence of specifications under the FDR, food additives must conform to specification in the Food Chemical Codex (as required by section B.01.045 of the FDR). There are differences between Canadian and United States rules. A list of food additives permitted for use in Canada can be found archived at: <http://www.hc-sc.gc.ca/fn-an/securit/addit/list/8-other-autre-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.

**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 would be permissible. However, differences remain such as the folic acid exclusion on milled grain and bakery products. More information on fortification can be seen: [www.hc-sc.gc.ca/fn-an/nutrition/vitamin/index\\_e.html](http://www.hc-sc.gc.ca/fn-an/nutrition/vitamin/index_e.html).

**Trans Fats:** In July 2007, Health Canada announced that it is adopting the Trans Fat Task Force's recommendation on trans fats, but will ask industry to voluntarily limit the trans-fat content of vegetable oils and soft, spreadable margarines to 2 per cent of the total fat content and to limit the trans-fat content for all other foods to 5 per cent, including ingredients sold to restaurants. Canada also requires that the

levels of trans-fat in pre-packaged food be included on the mandatory nutrition label. Trans fat regulations are outlined at: <http://www.hc-sc.gc.ca/fn-an/nutrition/gras-trans-fats/index-eng.php>.

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

Under the Novel Foods Regulations, such foods can only be sold in Canada once approved by Health Canada. To learn more go to: *GM Foods and Other Novel Foods*: <http://www.hc-sc.gc.ca/fn-an/gmf-agm/index-eng.php>

**Health Claims:** The Canadian Food Inspection Agency enforces specific regulations regarding health claims. U.S. food firms should be keenly aware claims accepted in the U.S. may not be acceptable in Canada. These regulations can be closely reviewed at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/health-claims/eng/1392834838383/1392834887794>

**Packaging and Container Regulations:** Canadian regulations govern specific package sizes for fruits, vegetables, processed horticultural products and processed meats stipulate standardized package sizes that may differ from U.S. sizes. The standards of identity and the container sizes are generally stipulated in the regulations encompassing agriculture and food products. Electronic access to all Canadian food-related regulations is available through: [http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,\\_c.\\_291/index.html](http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._291/index.html)

**Allergen Labeling Regulations on Pre-packaged Foods:** Health Canada has added gluten sources, mustard, and sulphites to the list of Priority Food Allergens list (see table below). As of August 4, 2012, the Canadian Food Inspection Agency (CFIA) and Health Canada will require most pre-packaged products containing these allergenic ingredients be noted on the label in a list or in a statement such as “*Allergy and Intolerance Information*”; *Contains (name the allergen)*. The new regulations also require manufacturers to use common names, for example spelt and kamut are to be declared as wheat for allergen labeling purposes.

Health Canada provides the following reference tool for food companies:

**Tool for Managing Allergen Risk for Food Products**

<http://www.inspection.gc.ca/english/fssa/invenq/inform/toualle.shtml>

**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>.

**Revised Compositional Standards for Cheese:** New cheese compositional standards came into force on December 14, 2008. These standards impose limitations on the dairy ingredients that can be used in cheese making and also bring in a regulatory scheme designed to make cheese importers more accountable for ensuring that imported product complies with the new regulations. The regulations limit dairy ingredients by requiring “minimum %age of casein from milk” categories, and the requirement of cheeses to meet the minimum ratios. To determine whether or not cheese to be imported complies with

Canadian compositional standards, refer to an official copy of the regulations, available at: <http://www.inspection.gc.ca/food/dairy-products/imports-interprovincial-trade/composition-licensing/eng/1359103014709/1359460807028>

#### **4C. Comment period open on Canada’s Safe Food for Canadians Regulations (SFCR) – Expected to be introduced late 2017**

The Canadian government is harmonizing and removing duplications and moving more than 13 sets of regulations to one single framework that will be recognized as the *Safe Food for Canadian Regulations (SFCR)*. Under the proposed SFCR, importers and their principals will be expected to have a Preventative Control Plan in place that describes what measures have been taken to secure the food is safe and meets all Canadian requirements.

The proposed regulatory framework will:

- focus on prevention and enable regulated parties to rapidly mitigate emerging food safety risks;
- confirm industry responsibility and accountability for preparing safe food;
- enable the CFIA to apply a consistent science and risk-based approach to inspection;
- apply consistent approaches to procedural elements of the regulations (e.g. seizure and detention, applications for Ministerial Exemptions, use of inspection marks); and,
- address non-food safety requirements in a more consistent manner.

The Canadian Food Inspection Agency (CFIA) published the proposed “Safe Food for Canadian Regulations” in the Canada Gazette Part I, and opened a 90-day comment period.

The draft regulations can be found here:

<http://www.gazette.gc.ca/rp-pr/p1/2017/2017-01-21/html/reg1-eng.php>

Stakeholders are encouraged to analyze these proposed regulations and provide comments by **April 21, 2017**. FAS Canada published a report on how comments can be submitted, which can be viewed [here](#).

The U.S. [Food and Drug Administration](#) (FDA) has undergone modification of their food safety laws as well. Due to the significant trade relationship between Canada and the U.S., both governments are working together to align certain food regulations and laws where it is mutually beneficial in both jurisdictions. This joint effort will help in facilitating trade between Canada and the U.S.

#### **Proposed Import Licensing**

One of the major policy changes that CFIA will bring under the new SFCR is the introduction of mandatory licensing requirements of all importers working with food products. Currently, under

existing regulations, only a very limited number of products require importers to be registered or licensed.

CFIA argues that import licensing will strengthen the safety of imported food items by holding importers accountable. In addition, CFIA will also have the power to attach conditions to import licensing, for instance the implementation of a preventive food safety system, or the implementation of food recall protocols, or residency.

Importers and U.S. exporters with non-resident importer (NRI) status that are the ‘importer of record’ will be able to apply for CFIA license. Those products exempted from licensing are beverages less than 0.5% alcohol, food additives, and certain bulk foods destined for further processing.

U.S. exporters are encouraged to review the proposed imported food product regulations to ensure they are compliant and their potential Canadian partners are well informed of these changes so as not to impede future transactions.

***A Guide to Identifying Food Products Affected by the Proposed Imported Food Sector Product Regulations***

<http://www.inspection.gc.ca/food/non-federally-registered/imports/proposed-regulations/guide/eng/1334784241708/1334784551831>

Section 5: **Further Canadian Contacts and FAS/Canada Contacts**

5A. **Government Organizations**

**Table 22**

Organization	Contact Information
Agriculture and Agri-Food Canada	1341 Baseline Road Ottawa, Ontario K1A 0C5 Tel.: 613-773-1000 Fax: 613-773-2772 TDD/TTY: 613-773-2600 Email: info@agr.gc.ca Web: <a href="http://www.agr.gc.ca/index_e.php">http://www.agr.gc.ca/index_e.php</a>
Statistics Canada	150 Tunney's Pasture Driveway Ottawa, Ontario K1A 0T6 Tel.: 1-800-263-1136 or 613-951-8116 Fax: 1-877-287-4369 or 613-951-0581 TTY-1-800-363-7629 Online requests: <a href="mailto:infostates@statcan.gc.ca">infostates@statcan.gc.ca</a> Web: <a href="http://www.statcan.gc.ca">www.statcan.gc.ca</a>
Department of Foreign Affairs and International Trade	125 Sussex Drive Ottawa, ON, Canada K1A 0G2 Fax.: 613-996-9709 Email: <a href="mailto:enqserv@international.gc.ca">enqserv@international.gc.ca</a> Telephone: 1-800-267-8376 (toll-free in Canada) 613-944-4000 (in the National Capital Region and outside Canada) Web: <a href="http://www.international.gc.ca">www.international.gc.ca</a>
Canada Border Services Agency	Canada Border Services Agency Ottawa ON, K1A 0L8 Call within Canada: Service in English: 1-800-461-9999 Service in French: 1-800-959-2036  Calls outside Canada: Service in English: 204-983-3500 or 506-636-5064 Service in French: 204-983-3700 or 506-636-5067 Email: <a href="mailto:Contact@cbsa.gc.ca">Contact@cbsa.gc.ca</a> Web: <a href="http://www.cbsa.gc.ca">www.cbsa.gc.ca</a>
Canadian Food Inspection Agency	1400 Merivale Road Ottawa, Ontario K1A 0Y9 Tel: 1-800-442-2342 / 613-225-2342 TTY: 1-800-465-7735 Fax: 613-228-6601 Web: <a href="http://www.inspection.gc.ca">www.inspection.gc.ca</a>
Health Canada	Address Locator 0900C2

	Ottawa, Ontario K1A 0K9 Tel. 613-957-2991 Toll free 866-225-0709 Email. <a href="mailto:info@hc-sc.gc.ca">info@hc-sc.gc.ca</a> Web: <a href="http://www.hc-sc.gc.ca">www.hc-sc.gc.ca</a>
Industry Canada	C.D. Howe Building 235 Queen Street Ottawa, Ontario K1A 0H5 Tel.: 613-954-5031 Toll-free: 1-800-328-6189 (Canada) TTY (for hearing-impaired only): 1-866-694-8389 (toll-free) Fax: 613-954-2340 Online: <a href="mailto:info@ic.gc.ca">info@ic.gc.ca</a> , Web: <a href="http://www.ic.gc.ca">www.ic.gc.ca</a>

**5B. Industry Associations**

**Table 23**

Organization	Contact Information
Canadian Beverage Association(CBA)	CBA 20 Bay Street WaterPark Place, 11 <sup>th</sup> Floor Toronto, ON M5J 2N8 Tel.: 416-362-2424 Fax.: 416-362-3229 Email: <a href="mailto:info@canadianbeverage.ca">info@canadianbeverage.ca</a> Web: <a href="http://www.canadianbeverage.ca">http://www.canadianbeverage.ca</a>
Canadian Convenience Stores Association (CSSA)	CCSA 103-220 Wyecroft Road Oakville, ON L6K 3V1 Tel.: 877-934-3968 Email. <a href="mailto:Info@theccsa.ca">Info@theccsa.ca</a> Web: <a href="http://theccsa.ca">http://theccsa.ca</a>
Canadian Health Food Association (CHFA)	CHFA 235 Yorkland Blvd., Suite 302 Toronto, ON M2J 4Y8 Tel.: (416) 497-6939 / 1-800-661-4510 Fax.: (416) 497-3214 Email: <a href="mailto:info@chfa.ca">info@chfa.ca</a> Web: <a href="http://www.chfa.ca">www.chfa.ca</a>
Canadian Federation of Independent Grocers (CFIG)	CFIG 2235 Sheppard Ave. East, Suite 902 Willowdale, ON M2J 5B5 Tel.: (416) 492-2311 or 800-661-2344 Fax.: (416) 492-2347 Email: <a href="mailto:info@cfig.ca">info@cfig.ca</a>

	Web: <a href="http://www.cfig.ca">www.cfig.ca</a>
Canadian Produce Marketing Association [CPMA]	CPMA 162 Cleopatra Drive Ottawa, ON K2G 5X2 Tel.: (613) 226-4187 Fax.: (613) 226-2984 Email: <a href="mailto:question@cpma.ca">question@cpma.ca</a> Web: <a href="http://www.cpma.ca">www.cpma.ca</a>
Food and Consumer Products of Canada (FCPC )	FCPC 100 Sheppard Avenue East, Suite 600 Toronto, Ontario M2N 6N5 Tel.: (416) 510-8024 Fax.: (416) 510-8043 Email. <a href="mailto:info@fcpc.ca">info@fcpc.ca</a> Web: <a href="http://www.fcpc.ca">www.fcpc.ca</a>
Fruit and Vegetable Dispute Resolution Corporation (FVDRC)	Fruit and Vegetable Dispute Resolution Corporation Building 75, Central Experimental Farm 960 Carling Avenue Ottawa, ON K1A 0C6 Tel.: 613 234-0982 Fax.: 613 234-8036 E-mail: <a href="http://www.fvdrc.com/en/home/contact.aspx">http://www.fvdrc.com/en/home/contact.aspx</a> Web: <a href="http://www.fvdrc.com/en/home.aspx">http://www.fvdrc.com/en/home.aspx</a>
Pet Food Association of Canada	PFAC P.O. Box 35570 2528 Bayview Avenue Toronto, Ontario M2L 2Y4 Tel.: (416) 447-9970 Fax.: (416) 443-9137 Web: <a href="http://www.pfac.com">www.pfac.com</a>
Retail Council of Canada (RCC)	Retail Council of Canada 1881 Yonge Street, Suite 800 Toronto, ON M4S 3C4 Tel.: (416) 373-8245 Fax: (416) 922-8011 Email: <a href="mailto:info@retailcouncil.org">info@retailcouncil.org</a> Web: <a href="http://www.retailcouncil.org">www.retailcouncil.org</a>

## 5C. Trade Publications

**Table 24**

Publications	Contact Information
Canadian Natural Health Retailer	CNHR 5707 Forgets Road

	<p>Wyebridge, Ontario L0K 2E0  Tel. (705) 526-8444  Tel.: 705-526-8444  Email: <a href="mailto:dalelo@cnhr.ca">dalelo@cnhr.ca</a>  Web: <a href="http://www.cnhr.ca">www.cnhr.ca</a></p>
Food in Canada	<p>Food in Canada ( Business Media Group)  80 Valleybrook Drive  Toronto, ON M3B 2S9  Tel.: (416) 510-6775  Fax: (416) 510-5140  Email: <a href="mailto:jmeli@foodincanada.com">jmeli@foodincanada.com</a>  Web: <a href="http://www.foodincanada.com">www.foodincanada.com</a></p>
Canada Grocer	<p>Canadian Grocer/Rogers Media  One Mount Pleasant Rd.  Toronto, ON M4Y 2Y5  Tel.: 1-800-268-9119, ext. 1441  Fax: (416) 764-1523  Email: <a href="mailto:miliescu@ensembleiq.com">miliescu@ensembleiq.com</a>  Web: <a href="http://www.canadiangrocer.com">www.canadiangrocer.com</a></p>
Foodservice and Hospitality	<p>Foodservice and Hospitality /Kostuch Media  101-23 Lesmill Road  Toronto, ON M3B 3P6  Tel.: (416) 447-0888  Fax: (416) 447-5333  Email: <a href="mailto:web@kostuchmedia.com">web@kostuchmedia.com</a>  Web: <a href="http://www.kostuchmedia.com/">http://www.kostuchmedia.com/</a></p>
Grocery Business	<p>Grocery Business  390 Queen's Quay West  P.O. Box 4085  Toronto, ON M5V 3A6  Tel: 416-561-4744  Email: <a href="mailto:Info@grocerybusiness.ca">Info@grocerybusiness.ca</a>  Web: <a href="http://www.grocerybusiness.ca">www.grocerybusiness.ca</a></p>
C-Store Canada	<p>C-Store Canada/Mercury Publications Ltd.  1740 Wellington Avenue  Winnipeg, MB R3H 0E8  Tel.: (204) 954-2085, ext. 223 or (800) 337-6372  Fax: (204) 954-2057  Email: <a href="mailto:sdavila@mercury.mb.ca">sdavila@mercury.mb.ca</a>  Web: <a href="http://www.c-storecanada.com">www.c-storecanada.com</a></p>
Western Grocer	<p>Western Grocer/Mercury Publications Ltd.  1313 Border Street, Unit 16  Winnipeg, R3H 0X4  Tel: (204) 954-2085, ext. 215 or (800) 337-6372  Fax: (204) 954-2057  Email: <a href="mailto:mp@mercury.mb.ca">mp@mercury.mb.ca</a></p>

## 5D. FAS/Canada Contacts

USDA/FAS Canada endorses and organizes a U.S. pavilion at SIAL Canada every year. The next SIAL Canada show is scheduled for May 2-4 in Toronto at the Enercare Centre.

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](mailto:agottawa@fas.usda.gov)

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P.O. Box 135

Lewiston, NY 14092-0135

Telephone: (416) 646-1656

Fax: (416) 646-1389

Email: [agtoronto@fas.usda.gov](mailto:agtoronto@fas.usda.gov)

Maria A. Arbulu, Senior Agricultural Marketing Specialist

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<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

**Table 25: Other available GAIN Reports on Canada:**

AGR REPORT#	Title of Report	Date
CA 16060	Food Service – Hotel Restaurant Institutional	12/22/16
CA 16055	Exporter Guide – An Exporting Resource Manuel	12/21/16
CA 16048	Health Canada Consults on Front-of-Page Nutrition Labeling	11/15/16
CA 16046	Quebec Proposes Changes to Various Alcoholic Beverages	10/28/16

	Regulations	
CA 16046	Quebec Proposes Changes to Various Alcoholic Beverage Regulations	10/28/16
CA 16030	Recently Approved Novel Foods in Canada	05/24/16
CA 16023	What's Cooking in Canadian Food Trends for 2016	05/03/16
CA 16012	New Canadian Halal Labeling Requirements Come Into Force	03/23/16
CA 16009	City Scope Report on Montreal Market	03/11/16
CA 16008	City Scope Report on Toronto Market	03/11/16
CA 16007	Canada Number One Market for U.S. Agricultural Exports	03/07/16

## 5E. Summary of Key Resources

BrandSpark International (2016). Commissioned FAS Consumer Survey Study  
Canada's Food Price Report (2017).  
Colliers International. (2016). *The Retail Report Canada Fall Edition*  
Canadian Grocer. (2015). *Category Captains*  
Canadian Grocer. (2014-2015). *Executive Report*.  
Canadian Grocer Who's Who. (2015). *Annual Directory of Chains and Groups in Canada*.  
Directory of Retail Chains in Canada (2015).  
Euromonitor International. (January 2016). *Grocery Retailers in Canada. Loblaw's Cos in Retailing, Sobeys Inc. in Retailing*  
Euromonitor International. (February 2016). *Packaged Food in Canada*  
Euromonitor International. (April 2016). *Naturally Healthy Packaged Food in Canada*  
Euromonitor International (January 2016). *Loblaw Cos Ltd in Retailing (Canada)*  
Kevin Grier Market Analysis and Consulting Inc. (June 2016)  
Global Trade Atlas. (2006-2015)  
*Grocery and Shoppers Favor Discount Coupons to offset Rising Grocery Prices.*  
Nielsen Market Track and Nielsen Insights (2016)  
Statistics Canada. (2015 - 2016). International Imports, Wholesale Retail Trade, CANSIM Tables  
Statistics Canada (February 2016). Canadian Demographics at a Glance  
Who's Who 2017, Canadian Annual Director of Chains and Groups in Canada