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GAIN Report

Global Agricultural Information Network

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Canada

Exporter Guide

2017

Approved By:

Evan Mangino, Agricultural Attaché

Prepared By:

Maria Arbulu, Senior Agricultural Marketing Specialist

Report Highlights:

In 2016, Canada was the second-largest export market for U.S. food and agricultural products. With more than \$16 billion USD of high-value, consumer-oriented exports, Canada represented roughly one quarter of all U.S. high-value exports in 2016. Canada remains an important destination for U.S. agricultural, fisheries and forestry exports as well as an excellent opportunity for new-to-export small- and medium-sized companies.

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SECTION I. MARKET OVERVIEW

A) General

The population of Canada is approximately 37 million and 90 percent of Canadians live within 100 miles of the U.S. border. In 2016, Canada ranked as the second leading export destination for U.S. agricultural exports, closely behind China. Although, U.S. exports to Canada dipped slightly in 2016, the market remained a stable and attractive market for U.S. exporters. For new-to-market and new-to-export firms, Canada offers stable financial markets and a sophisticated logistics network that supports \$120 million worth of food and agricultural products crossing the U.S.-Canada border, both ways, every single day.

In 2016, U.S. agricultural exports to Canada reached \$20 billion, representing 60 percent of Canada's global imports of agricultural products. The United States exported \$16 billion of high-value products to Canada in 2016, roughly 80 percent of the total value of U.S. exports to Canada. U.S. value-added exports to Canada (e.g., fresh meats, fresh and processed fruits and vegetables, snack foods, prepared foods) were double the value of U.S. value-added exports to Mexico and equal in value to high-value exports to Japan, Hong Kong, South Korea, and China combined. In 2016, the five leading consumer-oriented agricultural categories were prepared foods (\$1.9 billion), red meats (\$1.8 billion), fresh vegetables (\$1.8 billion), fresh fruits (\$1.6 billion), and snack foods (\$1.3 billion).

Canada is also an important market for U.S. fish and forestry exports. In 2016, Canada became the largest export market for U.S. fishery products, surpassing \$1 billion. Despite being a major producer and world exporter of forest products, Canada imported \$2 billion of U.S. forest products in 2016. Combined U.S. agricultural, fishery, and forestry product exports to Canada were over \$24 billion in 2016.

The United States and Canada maintain the world's largest bilateral trading relationship. In 2016, two-way trade of all agriculture and manufactured goods was valued at \$544 billion. Nearly 35 U.S. states count Canada as their number one export market. Total bilateral agricultural trade between the United States and Canada reached \$42 billion in 2016. Under the tariff elimination provisions of the U.S.-Canada Free Trade Agreement and the North American Free Trade Agreement (NAFTA), U.S. agricultural exports to Canada have quadrupled.

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 permitted the expansion of sourcing from the United States. Much of U.S.–Canada agricultural trade is substantially influenced by intra-industry trade, particularly with value-added products. The elimination of import duties under the trade agreement has resulted in significant gains for U.S. consumer-ready and food service products, as well as a number of integrated supply chains spanning the 49th parallel. As similar as the United States and Canada are, there are differences that exporters must appreciate in order to succeed. As in any foreign market, understanding the nuances of the marketplace is critical to successfully launching a product in Canada.

Canadian Market Overview Summary	
Advantages	Challenges
Proximity	Sophisticated selection of products already available in the Canadian market
Wide exposure to U.S. culture	Bilingual (English and French) labeling required for retail products
Similar consumption and shopping patterns	Differences in standard package sizes
High U.S. brand awareness	Differences in nutritional labeling
Canadians frequently visit the United States	Metric system conversions required
Ease of entry for business travel	Standard Canadian English required
Duty free tariff treatment for most products	Tariff rate quotas (e.g., dairy and poultry)
High U.S. quality and safety perceptions	Differences in chemical residue tolerances
U.S. as top choice among imported foods	Higher landed costs, especially small shipments

B) Consumer Trends in Retail Food

The popularity of U.S. food products continues to be high among Canadian buyers and consumers alike, as they are keenly aware of new product offerings in the United States. The close integration of the North American food market under NAFTA has helped to create an interest in U.S. food and agricultural products among Canadian retailers. The population is diverse and changing, influencing demand by consumers and the types of foods offered in grocery stores and in restaurants. The following bullets highlight major factors influencing the retail food landscape in Canada. For more information on food marketing and trends in Canada, see Section II on Market Sector Structure.

Overview

- Graying population – There are more Canadians over 65 than under 15.
- Baby boomers – Canadians born between 1946 and 1966 are 26 percent of the population.
- Family structure – At 2, the average household size has nearly halved over the last 50 years.
- Immigration – 1 in 5 Canadians was born overseas; half of Canada's population growth rate is attributed to immigration.

Economic/Demographic Trends

- Though dual-income families are the norm, single-parent families are more prevalent.
- One-person households, particularly in urban areas, outnumber couples with children.
- An increasing number of women in the workforce.
- On average, senior citizens are financially secure, well-educated, and willing to spend.
- Seniors have time to shop for what they want.

Graying Population

- Seniors make up the fastest-growing age group.
- Nearly 1 in 5 Canadians is over 65 years of age.
- Many seniors are more health conscious, due to medical conditions.
- Increasing demand for smaller portions and easy-to-open, single-serve packages with easy-to-read labels.

Millennials

- Urban, tech savvy and driving the gradual demand for on-line grocery sales.
- Eat fewer meals, more likely to skip meals, and eat more meals away from home.
- 15 percent of meals are taken home – double the rate of the rest of Canada.
- 42 percent of millennial shoppers perceive 'private label' products as more innovative.

GenWe/Gen Z

- Highly knowledgeable about food, health and nutrition.
- 78 percent of Canadian youth read labels.
- Increased demand for ethically raised meats, organic products and processed products with clean ingredients / clean labels.

Cultural Diversity

- More than 200 ethnic origins reported in the last census.
- 13 ethnicities with more than one million people.
- Canada has fewer Hispanic and more Asian influences.
- More than half of all immigrants are Asian, with China, Philippines and South Asian countries contributing the largest numbers.
- Cultural diversity is an important force in the marketplace, particularly in urban centers, creating new demands and driving new trends in the food industry.
- 73 percent of Canadians like to experience other cultures through food.
- The growing halal sector is predicted to nearly double by 2030.

Canadian Food Expenditures

- Food and beverage expenditures represent approximately 11 percent of average Canadian household income.
- Increased consumption of fresh/frozen fruits and vegetables, alcoholic beverages, soft drinks, fish, rice, breakfast foods, cereals, grains, pulses and nuts.
- From 2008 to 2016, grocery expenditures increased significantly for baked goods and ingredients, hot and cold cereals, coffee, candy and chewing gum, condiments, dressings, dried foods, juices, frozen foods, fresh produce, nuts, relishes and spaghetti/lasagna sauces, spreads, jams, jellies, preserves, syrups and spreads, dry pasta, and snack foods.

Market Place Behavior

- Consumers seeking fresh, tasty, and high quality foods.
- Growing segment of Canadians have become increasingly price conscious.
- Consumers are increasingly concerned about the safety and nutritional value of their food.
- Growing interest in functional foods to address specific dietary and health issues (including obesity, digestive health, and diabetes).
- Demand for organic foods continues to outpace supply.
- Increased demand for convenience is driving more home delivery, "ingredient solutions," home meal replacements, hand-held foods and microwavable products.
- Growing demand for snack foods.
- The majority of fish and seafood sales are in foodservice.
- Consumers have high confidence in private label products.

Food Safety and Label Consciousness

- Growing awareness and interest in food safety and food supply chain.
- More conscious of the Nutrition Facts Table.
- Increased concern for the levels of trans fats, sodium, fiber, and sugar in packaged foods.
- Greater awareness of allergens, food fortification, and health claims.

SECTION II. MARKET SECTOR STRUCTURE AND TRENDS

To be successful in the Canadian marketplace, U.S. exporters need to study the business channels and be knowledgeable of the trends in the marketplace. The following points highlight aspects of the business

landscape and consumer trends that influence market success.

Market Characteristics and Geography

- **Smaller Market Size:** Selecting the appropriate Canadian business partnership and targeting the appropriate food channel is critical. Although demand is promising, U.S. exporters are reminded that the Canadian market is approximately one-tenth the size of the U.S. food market. Compared to the United States, there are fewer potential partners and retailers.
- **Larger Land Mass:** Rather than one single market, the country is viewed as five regional markets: Ontario, Quebec, Atlantic Canada, Prairies, and Western Canada. Development efforts should focus on one regional market at a time.
- **Relationship-Based Marketing:** Strong relationships built on trust are essential.

Business Channels

- **Sales Channels:** U.S. companies are urged to study the retail or food service landscape well and determine how best to position their product in the market. For example, is the product better suited in an independent gourmet store or a larger grocery chain?
- **Canadian Grocery Consolidation:** Seventy-five percent of total retail beverage and food sales are attributed to five companies: Loblaws, Sobeys, Metro, Walmart, and Costco.
- **Type of Canadian Partnership:** Some U.S. food companies have had success selling directly into the Canadian market or working through an importer/distributor. Others, particularly small-to medium-sized firms, have had success appointing a food broker.
- **Food Brokers:** The Canadian retail structure supports the food brokerage network. Brokers are highly regarded in the industry and can be seen as essential for long-term success. Brokers work on a fee-basis and help to 'pioneer,' a new product in the market by calling on various food accounts.

Value

- **Private Label:** Though generally perceived as lower quality and/or less desirable in the United States, Canadian consumers are increasingly fond of private label products. In 2016, private label sales growth outstripped national brands, increasing by five and two percent respectively.
- **Economical Meal Solutions:** A resurgence of traditional pre-packaged products that offer value, such as dehydrated soups.
- **Promotionally Priced Products:** Higher retail food prices have caused consumers to seek out promotions and have encouraged more Canadians to shop at discount retailers, which captured 40 percent of food retail sales in 2016.

Quality/Freshness

- **Fresh Foods:** Consumption of fresh produce and demand for fresh ingredients are growing along with greater interest in nutrition.

- **Frozen Foods:** Frozen foods remain popular among consumers, with steady demand for single-serving sizes of microwavable meals.

Convenience

- **Ready-to-Heat and -to-Eat Foods:** Demand for foods that are easy and quick to prepare, yet tasty, fresh and nutritious continues to grow.
- **Custom Quick and One-Dish Meals:** Growth in quick one-dish meal kits, such as stir-fries and stews continues. Consumers do not like to spend too much time preparing meals, but still like to feel that they have contributed in the preparation.
- **Smaller Portions and Packages:** With more single households, individual portion sizes are in demand. Single portion sizes also cater to the trend of, "eating-where-you-are."
- **Flexible and Portable Packaging:** Eating in vehicles, referred to as "Dashboard Dining," along with lunches at the work desk are increasingly common practices.
- **Snacks and Mini-Meals:** Snacks account for 50 percent of total eating occasions. Demand for nutritious, portable snacks helped push the retail snack market to nearly \$4 billion CAD in 2016.
- **Innovation:** Convenience will continue to be popular, but innovation drives sales.

Health and Wellness

- **Functional Foods:** Consumption of specific ingredients to promote health and prevent disease is a growing trend and leading demand for functional foods and nutraceuticals.
- **Physical and Emotional Energy:** Sports drinks, energy bars and healthy snacks cater to consumers looking to extract more 'energy' from their diet.
- **Healthy Foods for Kids:** Approximately 26 percent of Canadians under 17 are obese. Parents are seeking healthier snacks and products with key nutrients for their children.
- **Allergen Awareness:** Consumers, especially parents of young and school-aged children are increasingly conscious of allergies and food sensitivities. Nut-free and other allergen-free products represent a growing segment in the pre-packaged, processed food industry.
- **Food Safety:** Consumers are increasingly interested in the safety of their food, a trend that will continue as the Safe Food for Canadians Regulations roll out in 2018.
- **Gluten-Free:** The demand for gluten-free products has doubled since 2005.
- **Low Sodium:** Though Canadian consumers are increasingly conscious of sodium in prepackaged processed foods and in restaurants, voluntary industry efforts to reduce sodium in products have not had much effect on national sodium consumption.
- **Low Sugar:** [*Canada's Food Guide*](#) recommends moderate consumption of sugar, glucose, fructose, and syrups, which are deemed as major contributors to weight gain.
- **Low Calorie:** Interest in weight-loss products and lower calorie foods continues to be high.
- **Organics:** Canada's organic market is the fourth largest in the world at an estimated \$4.3 billion, including fresh and processed foods.

- **Trans-Fats and Saturated Fats:** Canadians are concerned about fat intake and health concerns associated with trans and saturated fats. Health Canada required the elimination of partially hydrogenated oils from all foods by September 15, 2018.
- **Popular dietary components:** Top dietary components are: fiber, whole grains, protein, calcium, omega-3 fats, potassium, probiotics, and omega-6 fats.

Pleasure/Ethnic Foods

- **Indulgence and Comfort Foods:** Despite growing concern about nutritional content, Canadians still enjoy comfort foods, which are often considered a ‘reward’ for healthy eating or surviving the stresses of everyday life.
- **Gourmet Products:** New, unique, high-quality and premium products are small indulgences for consumers who are seeking something different.
- **Regional Cuisines:** Growing popularity of seasonal, regional and high-flavor foods.
- **Ethnic Foods:** A number of independent restaurants are offering more ethnically diverse menus with more options.

Ethical Buying

- **Food with Heart:** A small but growing number of Canadians make decisions based on where and how their food was grown. Going beyond taste and health concerns, this practice includes social concepts like “fair trade,” “sustainable,” and “food miles.”
- **Buy Local:** Consumer support for local economies and local farmers is booming. Though U.S. foods are not viewed as local, Canadians are likely to choose U.S. when local is not available.
- **Clean Labels:** More and more millennials and young parents are demanding products with clean labels and more natural ingredients (e.g., no artificial coloring, preservatives, or flavors).
- **Recycled and Biodegradable Food Packaging:** Many Canadian cities have extensive recycling programs, and food manufacturers can capitalize on ‘green marketing.’

Non-Traditional Media Influencers

- **Mobile Devices:** An FAS/Canada consumer survey reported that 55 percent of millennials use a mobile device at the point-of-purchase compared to 31 percent of the general population.
- **Mobile Shopping Apps:** 41 percent of millennials actively use shopping apps, and 64 percent of those use apps to save money.
- **On-line Shopping:** One-quarter of millennials expressed a high interest in online shopping.

Market Sector Reports

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

REPORT#	Title of Report	Date
CA18013	Canada Proposes Front-of-Package Labeling Regulations	02/13/2018
CA17030	Health Canada publishes templates for updated Nutrition Facts	7/26/2017
CA17014	Canada Top Market for U.S. High-Value Agricultural Exports	04/07/2017
CA17013	The Wine Market in The Province of Quebec	04/02/2017
CA17003	Food Processing Ingredients	03/02/2017
CA16012	New Canadian Halal Labeling Requirements Come Into Force	03/23/16
CA16009	City Scope Report on Montreal Market	03/11/16
CA16008	City Scope Report on Toronto Market	03/11/16

SECTION III. BEST HIGH-VALUE CATEGORY PROSPECTS

In 2016, the leading consumer-oriented agricultural product categories were prepared foods (\$1.9 billion), red meats (\$1.8 billion), fresh vegetables (\$1.8 billion), fresh fruits (\$1.6 billion), snack foods (\$1.3 billion) and non-alcoholic beverages (\$1.1 billion). Canada's wholesale, retail, and food service industries watch and follow the trends in prepackaged and processed foods in the United States, and there is always room on retail shelves for innovative, value-added products with a proven sales record in the United States. The following are among the products with the best outlook in the Canadian market.

Sugar-free and Low Sugar Foods

According to Nielsen Canada's consumer survey, sugar remains a top concern among Canadians. The Heart and Stroke Foundation has estimated that Canadians consume 13 percent of their total calorie intake from added sugars, and that excess sugar consumption contributes not only to obesity, diabetes, high blood cholesterol, but heart disease. Health Canada has introduced new labelling requirements for how sugars are to be formatted in the ingredient listing and has proposed new front-of-packaging (FOP) labeling for foods that are "high in" sugar, sodium and fat. See GAIN Report [CA18013](#) for more information on FOP labeling.

Low Sodium Foods

Canadian consumers are becoming more conscious about the level of sodium in prepackaged processed foods and in restaurant meals. In 2012, Health Canada issued [voluntary industry guidance for sodium reduction](#). While these targets were not mandated, several food processors voluntarily reduced sodium content, as lower sodium became an attractive marketing feature. However, in response to continued high levels of sodium consumption, Health Canada has proposed new FOP labeling for foods that are "high in" sugar, sodium and fat. See GAIN Report [CA18013](#) for more information on FOP labeling.

Low Glycemic Diet

Growing adult diabetes incidence has increased demand for foods with a low glycemic index (GI), which measures the impact of carbohydrates on blood sugar levels. Some lower GI foods are fresh fruit and vegetables and whole wheat, along with selected rice varieties.

Functional Foods / Superfoods

Functional foods are enhanced with bioactive ingredients or fortified with vitamins and minerals beyond the legislated mandatory requirements (e.g., fruit juice with calcium, probiotic yogurt, muffins with beta-glucan). Superfoods, generally rich in antioxidants that help boost the immune system, have gained in popularity in Canada. Prominent examples include: berries, pomegranates, blueberries, kale, beets and broccoli. Some outlets have added bakery products incorporating these foods (e.g., beets in cupcakes) in response to this trend.

Organics

Sales of organic foods continue to increase, and Canada is an important market for U.S. organic exports. The United States supplies approximately 74 percent of the total Canadian market for pre-packaged organic foods. Although, most organic foods are priced higher, there is a growing segment of consumers willing to pay the premium price for their organic choice. The total retail market is estimated to be over \$4.3 billion CAD in value and is forecasted to grow 5 to 10 percent per year. Mutual recognition of organic certification procedures enables U.S. producers to export to Canada with the USDA Organic and/or the Canada Organic/Biologique logos. See FAS/Canada's Food and Agricultural Import Regulations and Standards (FAIRS) Reports [CA17049](#) and [CA17050](#) for more information on exporting organic products to Canada.

Snack Foods

Snacking continues to be an important contributor to Canadians' daily food consumption as more and more Canadians find themselves 'eating on the run.' An estimated 67 percent of Canadians eat 1-2 snacks daily. Controlled portions like 100-calorie snacks are popular. The savory snack category is expected to grow by 21 percent and the sweet category by 6 percent by 2020.

Clean Foods

Maintaining a ‘clean diet’ is a growing trend, particularly among older Canadians and new mothers concerned with providing healthy options to their children. Clean foods are void of artificial preservatives, artificial coloring and artificial flavors. These foods are less refined / processed and provide a nutritional value in their natural state. Some examples include bulgur wheat, quinoa, brown rice, millet, natural nut butters, and a range of vegetables.

Ethnic Flavors and Strong / Complex Flavors

High immigration rates have driven strong growth in Canadian exposure to and consumption of products inspired by cuisine from other regions of the world. Mexican-style tacos as well as Filipino pancit (noodles) and Pakistani bun kebabs have become increasingly common. The popularity of more intense flavors continues to rise and the fusion of ethnic styles is prevalent in Canada’s restaurant scene. Hot peppers and a variety of sauces like Sriracha are in demand.

SECTION IV. ROAD MAP FOR MARKET ENTRY AND BUSINESS TIPS

Entry Strategy

Food product manufacturers from the United States seeking to enter the Canadian marketplace have a number of opportunities. Although Canadians continue to look for new and innovative U.S. products, there are a number of challenges U.S. exporters must be prepared to meet. Some of them include exchange rate fluctuation, customs procedures, regulatory compliance, and labeling requirements. To facilitate initial export success, FAS/Canada recommends the following steps when entering the Canadian market:

1. Contact an international trade specialist through your state department of agriculture.
2. Thoroughly research the competitive marketplace.
3. Locate a Canadian partner to help identify key Canadian accounts.
4. Learn Canadian government standards and regulations that pertain to your product.

Step 1: Contact an international trade specialist through your state department of agriculture.

FAS/Canada relies on the State Regional Trade Groups (SRTG) and the U.S. state departments of agriculture they represent to provide one-on-one export counseling. These offices and their staff specialize in exporting food and agricultural products around the world. Their export assistance programs have been recognized by third party auditors to be highly effective in guiding new-to-market and new-to export U.S. companies.

Some of the services available through SRTGs and state departments of agriculture include: one-on-one counseling, business trade missions, support for participation in selected tradeshow, and identification of potential Canadian partners. Through their Canadian market representatives, SRTGs offer a service that strictly targets the food channels in Canada, similar to the U.S. Commercial Service’s [International Partner Search](#). Under the Market Access Program (MAP) [Branded Program](#) / [Brand Promotion](#)

[Program](#) / [FundMatch](#), financial assistance for small- and medium-sized firms may be available to promote their brands in Canada and other foreign markets. This assistance may include partial reimbursement for marketing/merchandising promotions, label modifications, tradeshow participation, and advertising.

To reach an international trade specialist, please visit the appropriate SRTG website and/or the local state department of agriculture website by navigating through the National Association of State Departments of Agriculture (NASDA) website below.

Organization	Website	States
Food Export USA Northeast	https://www.foodexport.org	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Food Export Association of the Midwest USA	https://www.foodexport.org	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
Southern United States Trade Association (SUSTA)	https://www.susta.org	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Puerto Rico, Virginia, West Virginia
Western United States Agricultural Trade Association (WUSATA)	https://www.wusata.org	Alaska, Arizona, American Samoa, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming
National Association of State Departments of Agriculture (NASDA)	http://www.nasda.org/9383/States.aspx	State Directory of State Departments of Agriculture

Step 2: Thoroughly research the competitive marketplace.

For those new to exporting, SRTGs offer a number of resources that are available on-line and through special requests. These resources cover a range of exporting topics, from exporting terms to labelling information. Some of the SRTGs retain in-country, Canadian representatives that can help in a number of ways, including providing market intelligence specific to a particular product category. This type of information may help a potential U.S. exporter price their products to the market and identify the most appropriate food channel for their company. In coordination with SRTG services, FAS/Canada publishes numerous market and commodity reports available through the [Global Agricultural Information Network](#) (GAIN).

Step 3: Locate a Canadian partner to help identify key Canadian accounts.

FAS/Canada recommends that exporters looking to enter the Canadian market consider appointing a broker or develop a business relationship with a distributor or importer. Some retailers, and even distributors, prefer working with a Canadian firm instead of working directly with U.S. companies unfamiliar with doing business in Canada. U.S. companies are urged to closely evaluate their business options and evaluate all potential Canadian business partners before entering into a contractual arrangement. Factors such as previous 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 before appointing a Canadian partner and or entering into a business relationship. FAS/Canada encourages U.S. exporters to be clear in their objectives and communications to avoid confusion.

A partial listing of Canadian food brokers is available in GAIN Report [CA11025](#). FAS/Canada can provide assistance in identifying a broker, distributor, or importer, but cannot endorse any particular firm. Canadian business partners may request certain aspects of a product and/or a level of commitment from a U.S. exporter. Some of these criteria may include: product UPC coding; a proven track record of retail sales and regional distribution in the United States; production growth capacity; and commitment to offer a trade promotion program for Canada.

SRTGs offer services that can help vet potential partners, though these services are not an endorsement and we strongly recommend U.S. companies scrutinize the background of each potential Canadian partner and obtain referrals from the potential partner. Another avenue to identify potential business partners is to visit and/or participate in trade shows in Canada. Agriculture and Agri-Food Canada, USDA's Canadian counterpart, maintains a list of trade shows on [this webpage](#).

USDA endorses [SIAL Canada](#), one of the largest food trade shows in Canada. The annual event alternates between Montreal and Toronto. The next iteration will be in Montreal on May 2 – 4, 2018 at the Palais des Congrès. Interested U.S. food companies can contact USDA's show contractor, IMEX Management and ask for [Ms. Claire Gros](#) at 704-733-7211 or the USDA Foreign Agricultural Service's [Ms. Yolanda Starke](#) at 202-690-2148.

FAS/Canada recommends that U.S. firms electing to sell directly to retail or food service accounts, first evaluate the Canadian accounts to avoid future strategic conflicts. For example, selling a brand into a discount chain could limit that brand's ability to enter higher-end retail outlets. In addition, large grocers and mass merchandisers may demand minimum quantity orders from U.S. exporters.

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

Start by reviewing the latest FAS/Canada FAIRS Reports ([CA17049](#) and [CA17050](#)) for information on Canadian import policies pertaining to your product. In addition, the Canadian Food Inspection Agency (CFIA) provides extensive information on the [programs and services](#) it offers for importing commercial foods into Canada, including a [Guide to Importing Food Products Commercially](#). In addition, the CFIA [Automated Import Reference System](#) (AIRS) provides specific import requirements for food items by the Harmonized System (HS) classification, and detailed by place of origin (i.e., a specific U.S. state), destination in Canada (i.e., a specific province) and end use of the food item (e.g., for animal feed, for human consumption, etc.). The CFIA [Contact Us](#) webpage covers a range of issues, including contact information for regional offices and the [National Import Service Centre](#), which can help ensure customs paperwork accuracy and facilitate pre-clearance of some goods.

Canadian National Import Service Centre

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

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

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

Fax: 1-613-773-9999

Canadian agents, distributors, brokers, and/or importers are also able to assist exporters through the import regulatory process.

SECTION V. FREQUENTLY ASKED QUESTIONS AND THEIR ANSWERS

1. Question: Where can I get information on my labels?

Answer: The Canadian Food Inspection Agency provides the helpful [Industry Labelling Tool](#) that includes a checklist for food manufacturers, outlining the core labelling requirements. U.S. exporters will have until December 14, 2022, to comply with new labeling requirements introduced in 2017. For more information on labeling requirements, refer to FAS/Canada's FAIRS Report [CA17049](#).

Firms commonly engage the services of a labeling specialist to ensure all elements on a label are compliant to Canadian standards. FAS/Canada maintains a list of established Canadian labeling service companies that provide these services for a fee. This list can be obtained by contacting agottawa@fas.usda.gov or agtoronto@fas.usda.gov. A portion of label modification costs incurred by U.S. exporters may be reimbursable under SRTG programs.

2. Question: How do I find a broker or distributor?

Answer: FAS/Canada encourages U.S. companies to access SRTG export assistance programs. In addition, as mentioned above, U.S. food companies may consider visiting or exhibiting at selected Canadian trade shows to help them identify prospective business partners.

3. Question: I heard dairy and poultry products are on a controlled list and are subject to quotas. How do I know if my dairy or poultry product is subject to Canadian tariff rate quotas (TRQ)?

Answer: To determine whether a food product is subject to a TRQ, please review the Global Affairs Canada [list of controlled products](#) and refer to FAS/Canada's FAIRS Report [CA17049](#).

4. Question: What sales opportunities do I have if my product is subject to Canadian TRQs?

Answer: To sell a controlled product, like chicken or dairy, the U.S. exporter will need to identify a Canadian importer that has access to quota. Only registered Canadian companies are allocated quota. The 'quota holder' will determine if it is in their best interest to use their allocated quota for a new product. If the product cannot be imported into Canada under quota, then the controlled product will be subject to tariff rates as high as 277 percent. A list of quota holders, arranged by product, is available on the Global Affairs Canada [controlled products webpage](#).

5. Question: How do I identify the major Canadian importers of a selected product?

Answer: Canada maintains a [database of major Canadian importers](#) by product type.

6. Question: Will there be import duties on my food products entering Canada?

Answer: Under provisions of the U.S.-Canada Free Trade Agreement and the North American Free Trade Agreement, the majority of Canadian import duties on all U.S. food and commercial products have been eliminated with a few exceptions, like over-quota tariffs on dairy and poultry products. If using the services of a customs broker, there will be clearance and handling fees and these charges should not be confused with duties.

7. Question: I've heard that U.S. exporters can't sell apples or potatoes to Canada. Is this true?

Answer: There are package-size regulations restricting bulk imports, but imports in consumer and wholesale sized packages are permitted. Commonly referred to as Canada's "bulk waiver" requirement (or ministerial exemption), processors or packers must apply for a special exemption to import bulk products. For more information about fruit and vegetable export regulations, please refer to FAS/Canada's FAIRS Report [CA17049](#).

8. Question: I am new to exporting. Can I test market my product in Canada with my U.S. label? I am hesitant to produce a label for the Canadian market until I know it will be successful.

Answer: Canada offers certain [test marketing exemptions](#) that can facilitate entry of products that do not comply with standard container sizes, bilingual labeling requirements and certain provisions of the processed products regulations. However, this provision has certain limitations and is specifically designed to facilitate the entry of products that are not currently found in Canada. This provision does not apply to U.S. brands being introduced into Canada for types of processed foods commonly found on Canadian retail shelves.

Before committing to a new label, companies may consider applying a [Canadian compliant label](#) sticker over the U.S. packaged good label. A number of major retailers discourage this option and prefer the packaging be modified accordingly to the Canadian market.

SECTION VI. KEY CONTACTS AND HELPFUL WEBSITES

Office of Agricultural Affairs
U.S. Embassy, Ottawa
Mailing Address: P.O. Box 5000, MS-30
Ogdensburg, NY 13669-0430
Telephone: (613) 688-5267
Email: agottawa@fas.usda.gov

Holly Higgins, Agricultural Minister-Counselor
Evan Mangino, Agricultural Attaché
Mihai Lupescu, Senior Agricultural Specialist
Erin Danielson, Agricultural Specialist
Alex Waters, Agricultural Specialist
Hanna Wernersson, Marketing Specialist
Joyce Gagnon, Administrative Assistant

Office of Agricultural Affairs
U.S. Consulate General - Toronto
Mailing Address: P.O. Box 135
Lewiston, NY 14092-0135
Telephone: (416) 646-1656
Email: agtoronto@fas.usda.gov

Maria Arbulu, Senior Agricultural Marketing Advisor

Summary of Useful Websites

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

Canada Border Services Agency	http://www.cbsa-asfc.gc.ca/menu-eng.html
Canadian Food Inspection Agency	http://www.inspection.gc.ca
Acts and Regulations	http://www.cfia-acia.agr.ca/english/reg/rege.shtml
Food Labelling and Advertising Industry Labelling Tool	http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml
Food Allergen Labelling	http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/food-allergen-labelling/eng/1462469921395/1462472833650
Automated Import Reference System (AIRS)	http://inspection.gc.ca/plants/imports/airs/eng/1300127512994/1300127627409
Steps for Choosing a Nutrition Facts Table	http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/nutrition-labelling/nutrition-facts-table-formats/eng/1389209684841/1389210023155?chap=2
Compendium of Nutrition Facts Table Templates	http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/nutrition-labelling/nutrition-facts-table-formats/eng/1389209684841/1389210023155?chap=5#s6c5
Meat & Poultry Product Regulations	http://www.inspection.gc.ca/food/meat-and-poultry-products/eng/1300124955992/1300125034322
Fish Import Program Policy	http://www.inspection.gc.ca/food/fish-and-seafood/imports/documents/fish-import-program-policy/eng/1360859473208/1360859694298

Safe Foods for
Canadians
Regulations

<http://inspection.gc.ca/about-the-cfia/acts-and-regulations/regulatory-initiatives/sfca/proposed-sfcr/eng/1426531180176/1426531265317>

Global Affairs Canada	http://www.international.gc.ca
Chicken Quota Holders List	http://www.international.gc.ca/controls-controles/prod/agri/chicken-poulet/index.aspx?lang=eng
Dairy Quota Holders List	http://www.international.gc.ca/controls-controles/prod/agri/dairy-laitiers/index.aspx?lang=eng

Bank of Canada <i>Daily Currency Convertor</i>	http://www.bankofcanada.ca/rates/exchange/daily-convertor/
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Innovation, Science and Economic Development Canada	http://www.ic.gc.ca/eic/site/ic1.nsf/eng/home
Canadian Importers Database	http://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home
Trade Data Online	http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home

Health Canada	http://www.hc-sc.gc.ca/index-eng.php
Nutrition Labeling	http://www.hc-sc.gc.ca/fn-an/label-etiquet/nutrition/index_e.html
Food Labelling Changes on Nutrition Facts Table	https://www.canada.ca/en/health-canada/services/food-labelling-changes.html
Natural and Non-prescription Health Products	https://www.canada.ca/en/health-canada/corporate/about-health-canada/branches-agencies/health-products-food-branch/natural-non-prescription-health-products-directorate.html

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

SECTION VII. EXPORTER SERVICES, CUSTOMS PROCEDURES, AND FOOD REGULATIONS

A) Export Services for U.S. Food and Agricultural Exporters

FAS and its agricultural partners offer a variety of export marketing services. U.S. firms new to exporting may access the FAS [Getting Started](#) webpage.

State Departments of Agriculture

State departments of agriculture and SRTGs promote U.S. food, beverage, and agricultural exports. Some departments of agriculture are staffed with international trade specialists that can provide one-on-one counseling and valuable resources. The [National Association of State Departments of Agriculture](#) (NASDA) represents the state departments of agriculture as well as the territories of Puerto Rico, Guam, American Samoa, and the Virgin Islands. Prospective exporters are encouraged to check with their respective state and/or regional organization for assistance.

Country Commercial Guide

The U.S. Department of Commerce [Country Commercial Guide](#) (CCG) provides a general overview of Canada and its various commercial industries.

Credit Checks

In addition to well-established credit check services, such as Equifax and Dun & Bradstreet, the U.S. Commercial Service (USCS) offers the [International Company Profile](#) service to verify the credit worthiness of companies in Canada.

B) Customs Brokers

A number of U.S. firms use the services of a Canadian customs broker (a private company operating as a trade facilitator). According to the Canadian Society of Customs Brokers, close to 80 percent of Canadian imports are cleared by a customs broker. These companies assist exporters in complying with Canadian import requirements, handling border transactions, and ensuring the release of goods from Canadian Customs. The Canada Border Services Agency (CBSA) licenses customs brokers to carry out customs related responsibilities on behalf of their clients. Some brokers' services may include:

- Obtaining release of the imported goods
- Paying duties that apply
- Obtaining, preparing, and presenting or transmitting the necessary documents or data
- Maintaining records
- Responding to any Canada Revenue Agency concerns after payment
- Fulfillment and warehousing services
- Third-party logistics

Fees will vary, based on the shipment and service requested by the U.S. exporter. Generally, customs clearance fees are proportionally higher on smaller shipments than larger shipments.

Alternatively, U.S. exporters who do not wish to use the services of a customs broker may authorize an agent to represent them. Although, exporters may use an agent to complete transactions on their behalf, the exporter is ultimately responsible for accounting documentation, payment of duties and taxes, and subsequent corrections, such as re-determination of classification, origin and valuation. The shipper remains liable for all duties owed.

Custom brokers are required to obtain written authorization from their clients in order to act on their behalf. Once appointed as the 'official' customs broker, transactions to clear goods at the border may include but are not limited to:

- Registering for a Business Number (BN), Importer/Exporter Account
- Providing assistance in cases involving the Special Import Measures Act (SIMA)
- Submitting refund requests (B2s)
- Preparing release documentation
- Preparing final accounting documentation
- Remitting payment of duties and taxes to the Receiver General of Canada

For additional information, contact:

Canadian Society of Customs Brokers
Suite 320, 55 Murray Street
Ottawa, ON K1N 5M3
Tel.: 613-562-3543 Fax: 613-562-3548
Email: cscb@cscb.ca
Web Site: www.cscb.ca

- ✓ **Tip:** Brokerage fees are determined by the cost of goods and the amount. U.S. exporters should inquire about these fees prior to shipping their products as this may influence the selling price to their Canadian customer.

C) Business Customs Step-by-Step Import Procedures and Documentation

Commercial Customs Documentation

The following documents are the basic documentation required to clear customs for most shipments. U.S. exporters are encouraged to review the steps and work closely with their appointed customs broker to ensure all documentation is in order to avoid delays.

- Appoint a customs broker
- Two copies of the [Canada Customs Invoice](#)
- Two copies of the [Canada Customs Coding Form](#) (to be completed by the importer of record or customs broker).
- [NAFTA Certificate of Origin](#) (required to receive duty-free treatment under NAFTA). Commercial shipments exceeding \$2,500 CAD (\$1,890 USD) require a copy of the NAFTA Certificate of Origin to be retained by the importer on file for up to five years.

- Determine if import permits, health certificates, or other regulatory forms are required prior to entry into Canada. Review the CBSA [Reference List for Importers](#).
 - Exporters intending to export to Canada over the long-term should [register for a Business Number](#) (BN) to facilitate regular and even sample shipments. For assistance, exporters can call the Canadian Revenue Agency (CRA) Business Phone at 1-800-959-5525.
- ✓ **Tip:** CBSA and the CRA highly recommend the registration of a BN number to all U.S. exporters.
 - ✓ **Tip:** Declare all products with a detailed description on the commercial invoice. If applicable, include a description of the packaging or container of the commodity being shipped. Ensure the descriptions are consistent across all paperwork.
 - ✓ **Tip:** In section three of the commercial invoice, insert the way bill number of the carrier/courier.
 - ✓ **Tip:** Maintain all records for up to six years.

NAFTA Certificate of Origin and HS Classification Number

For more information on the [NAFTA Certificate of Origin](#) and the appropriate HS product number to use in your customs documentation, please consult the FAS/Canada FAIRS Export Certificate Report [CA17050](#).

CFIA National Import Service Centre (NISC)

CFIA's National Import Service Centre (NISC) serves as a control point in the import process and can respond to import information requests electronically, by phone or by fax. For more information on NISC, please see page 12 and/or the [NISC webpage](#).

Import Notification Requirements and Electronic Data Interchange (EDI)

Today much of the commercial importation process is handled electronically through the [Electronic Data Interchange](#). CBSA recommends that exporters [establish an EDI profile](#) to facilitate the import notification process.

Small Parcel Shipments

The growth of e-commerce has contributed to the volume of cross-border shipments. Many of these packages are smaller and are sent either through the postal service or through a courier company. U.S. shippers are expected to complete all necessary documentation (e.g., waybills, commercial invoices, permits, certificates or forms) mandated by the Canadian government. Commercial shipments exceeding \$20.00 CAD are subject to provincial taxes and the federal Goods and Services Tax / Harmonized Tax, which are collected by CBSA. For goods being cleared by Canada Post, there is a flat clearance fee of \$10.00 CAD per shipment, not including other taxes. U.S. exporters are encouraged to calculate all charges beforehand, including brokerage fees if applicable, as these added costs may significantly affect the selling price to the buyer/customer once.

U.S. exporters may contact CBSA Border Information Services at 1-506-636-5064 with further questions. For additional information, please visit [this CBSA webpage](#) as well as the U.S. Postal Service's [Canada webpage](#) and [general customs and online shipping webpage](#).

- ✓ **Tip:** To avoid courier shipments stuck in customs, U.S. exporters should inquire if the courier service can serve as the appointed customs broker. If they can, then please clearly note the name of the courier on the way bill and indicate that they are the customs broker.
- ✓ **Tip:** For direct shipments to Canadian e-commerce customers, U.S. shippers are recommended to include all duty (if applicable), tax, clearance, and shipping charges in the selling price to the customer. This will avoid unexpected charges customer.
- ✓ **Tip:** Lastly, exporters should note all ‘charges are to be billed back to the shipper’ in the of *Payment of Charges* section of the commercial invoice. Most Canadian customers are unfamiliar with importation charges.

Sample Products

Food samples for research, evaluation, or display at trade shows and food exhibitions are permitted entry, but may not be offered for commercial sale. Entry at the border will be facilitated if U.S. exporters show proof of their trade show / food exhibition participation and that the products are of U.S. origin. Typically, the weight of each product sample may not exceed 100 kilograms (about 220 pounds).

CFIA provides detailed information on their [webpage](#) dedicated to the importation of food and plant products for trade shows and exhibitions in Canada. Products requiring export certificates (e.g., FSIS-regulated products) will still need to provide all necessary certificates, regardless of the size of the shipment. For more information on products requiring export certificates, please refer to FAS/Canada FAIRS Reports [CA17049](#) and [CA17050](#). For more detailed information on bringing products into Canada for a trade show, please refer to FAS/Canada’s *Entering Canada with Products for a Show or Trade Fair* GAIN Report [CA14103](#).

- ✓ **Tip:** In section four of the CBSA commercial invoice under CONSIGNEE, write in the name of the show and the booth number.

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

The Canada Revenue Agency (CRA) does not assess the Goods and Services Tax (GST) / Harmonized Sales Tax (HST) on most basic groceries. However, certain items are taxable, including alcoholic beverages, carbonated drinks, snack foods and candies. Tax treatments for food products can be found on [this CRA webpage](#).

For taxable food items, exporters may consider the benefits of establishing their company as a non-resident importer (NRI) to reclaim the five percent GST. Those exporters not registered as an NRI, will have no recourse to claim the GST assessed on their export shipments to Canada. In Atlantic Canada and in Ontario the federal tax is harmonized, meaning that the provincial tax and federal tax is combined into a Harmonized Sales Tax (HST). In Quebec, the taxes are combined and referred as the Quebec Sales Tax (QST). For inquiries related to non-resident GST/HST claims, contact the appropriate Tax Service Office listed [here](#).

Registering as an NRI requires that an exporter have a [Business Number](#) (BN). For assistance, exporters can call the CRA Business phone at 1-800-959-5525. The U.S. Commercial Service provides an overview of the NRI program [here](#).

D) Food and Labeling Regulations

For a comprehensive description of Canadian food-related regulations and labeling requirements, please refer to FAS/Canada's FAIRS Reports [CA17049](#) and [CA17050](#).

Labeling requirements for selected products are highlighted below:

Confectionary, Chocolate and Snack Food Products

Most confectionary products and snack foods are “unstandardized foods,” meaning that there are no standards of composition. However, this is not the case for chocolate products, such as bittersweet, semi-sweet, or dark chocolate. Canadian composition standards for chocolate and cocoa products can be reviewed [here](#).

Chocolate, and other products for which there is a standard of composition, must use the appropriate standard common name when referring to the product, such as “dark chocolate.” However, products that are unstandardized or that deviate from the standard of composition may not use the standard common food name. More information on common food names is available on [this CFIA webpage](#).

For confectionary items, if the product is sold as a one-bite confection, the product is exempt from the nutrition facts table requirement. However, a larger retail package containing multiple one-bite treats would be subject to standard labelling requirements.

Pet Food

The [Consumer Packaging and Labelling Act](#) and the [Competition Act](#) govern the labeling and advertising of pet foods sold in Canada. All pet food labels and advertising are to be truthful and verifiable. Pet food labeling guidelines are available [here](#).

CFIA regulates pet food imports and related products to prevent animal diseases from being introduced into Canada under the [Health of Animals Regulations](#). Exporters may review CFIA pet food import policies on [this CFIA webpage](#). The USDA Animal and Plant Health Inspection Service (APHIS) provides information on pet food exports to Canada through its [IREGS](#) system.

As of July 1, 2016, all U.S.-origin heat-processed, shelf-stable pet foods, treats, and compound chews must be certified for export to Canada by APHIS on the basis of APHIS inspection and approval of the manufacturing facilities. For specific information on exports of heat-processed, shelf-stable pet foods, treats, and compound chews to Canada, please refer to [this APHIS webpage](#). For specific information on exports of unprocessed (raw) pet foods to Canada, please refer to [this APHIS webpage](#).

Livestock Feeds

Under the [Feeds Act](#), CFIA administers a national livestock feed program to regulate domestic and imported livestock feeds by means of pre-sale product evaluation and registration as well as post-market inspection and monitoring. As an initial step, U.S. livestock feed exporters must apply to have all feeds registered in Canada. Further, U.S. exporters must retain an agent who resides in Canada and has the legal authority to act on their behalf. The current list of approved feed ingredients (as either single ingredient feeds or as mixed feeds) is published in Schedules [IV](#) and [V](#) of the [Feeds Regulations](#).

Additional information on the requirements for livestock feeds in Canada and the online forms for product registration are available on [this CFIA webpage](#).

Health Claims

Health claims on pre-packaged foods must be truthful and not misleading. Health claims must be substantiated before they can be used on food labels in Canada. Claims generally fall into one of three categories: general health, function, and disease risk reduction. An overview of CFIA-regulated health claims is available on [this CFIA webpage](#).

[General health claims](#) do not require approval by the Canadian government as they promote broad claims of healthy eating and provide dietary guidance. This kind of claim does not refer to a health effect, disease, or health condition. Statements that imply a 'healthy choice' or that use a logo/symbol are subject to review and must not be false, misleading or deceptive.

[Disease risk reduction and therapeutic claims](#) are statements that link a food or a constituent of a food to reducing a risk of developing a diet-related disease or condition. These claims are substantiated by sound scientific evidence that have established a relationship between certain elements of healthy diets and the risk reduction of certain diseases. These claims are specific to the food composition and labeling conditions that are to be met. For example, "A healthy diet containing foods high in potassium and low in sodium may reduce the risk of high blood pressure, a risk factor for stroke and heart disease. (Naming the food) is a good source of potassium and is low in sodium." CFIA offers a [table of acceptable claims](#) outlined under the [Food and Drug Regulations](#) (B.01.600).

[Function claims](#) describe the specific beneficial effects of foods or food constituents on normal functions or biological activities of the body associated with health or performance. They are based on the specific role that the food or food constituent plays when consumed at a level consistent with normal dietary patterns. There are conditions of use, including minimum levels and content requirements, before a function claim can be made. Claims should be submitted to Health Canada for an acceptability review prior to use on Canadian food packaging labels. A table of acceptable function claims previously reviewed by Health Canada is available [here](#).

[Nutrient function claims](#) are a subset of function claims that pertain to a food's energy value or a nutrient contained in the food recognized as an aid to maintain functions of the body in good health and normal growth and development. A table of acceptable nutrient function claims previously reviewed by Health Canada is available [here](#).

[Probiotic function claims](#) are another subset of function claims relating to live microorganisms, which provide a health benefit when administered in adequate amounts. Health Canada provides specific

[guidance](#) regarding the use of probiotic microorganisms in food and the conditions for acceptable probiotic function claims. In particular, use of the term “probiotic” should be accompanied by specific, validated statements about the effect of the probiotic, which should be identified by the Latin name and strain identity of the specific microorganism. CFIA provides a table identifying a limited number of acceptable non-strain specific claims about probiotics [here](#).

Method of Production Claims

Method of production claims refer to how a product is produced, grown, handled or manufactured, and they are subject to the [Food and Drugs Act](#) and the [Consumer Packaging and Labelling Act](#). CFIA prohibits claims that are misleading, false, or deceptive to the consumer and demands all producers ensure these claims are true and specific.

Natural / Feed Claims

CFIA provides the conditions for the use of the word “natural” (and other permutations thereof) [here](#). For meat, poultry and fish products to be labeled as “naturally raised,” further specific information explaining the meaning of the claim must be included on the label to avoid confusion. CFIA provides the conditions under which a meat, poultry or fish product can make certain feed claims, such as “raised without ...,” [here](#).

Homemade / Artisan Made Claims

CFIA defines “homemade” products as those foods that are not commercially prepared. The claim “artisan made” refers to products that are made in small batches with limited use of automated machines. CFIA considers the use of a brand name or a trademark symbol in conjunction with the term “homemade” to be misleading when the product is prepared at a commercial scale. Terms “homemade style”, “home-style”, or “like homemade” are acceptable for those foods that contain mixes in whole or in part from commercial or private recipes.

Kosher/Halal Claims

[Kosher](#) food certification that a food is processed in accordance with the requirements of the Kashruth is made by a Rabbi or Rabbinical organization and is identified by the appropriate Rabbi or Rabbinical organization symbol. Similarly, [Halal](#) foods must be certified by a certifying body or person and the name of that certifying authority should appear on the product label. Both Kosher and Halal certifying authorities are private entities in Canada and are not regulated under Canada’s food related acts and regulations.

Gluten-Free Claims

There is a range of gluten-free products available in Canada. Gluten-free claims fall under [Division 24](#) of the [Food and Drug Regulations](#), which covers food for special dietary use, and have been interpreted by Health Canada [here](#). It is prohibited to claim or give the impression that a product is ‘gluten-free,’ if derived from barley, rye, oats, triticale, or wheat, kamut, or spelt. The prohibition also applies to products derived from modified gluten proteins as well as gluten protein fractions derived from any of the aforementioned cereals. Food products containing less than 20 parts per million (ppm) of gluten may be considered gluten-free foods provided they are prepared under good manufacturing practices. Health Canada has determined that [glabrous hull varieties of canary seed](#) and “[gluten-free oats](#),” which

contain less than 20 ppm of gluten from aforementioned grains, are acceptable ingredients in gluten-free foods. Gluten-free claims on beer are permitted for beers brewed from other than the aforementioned grains.

Nutrition Labeling Exemptions

Prepackaged food products that are imported as ingredients for the manufacture of other food products are exempt from some food labeling requirements, including the format of the nutritional information. More information on Foods for use in Manufacturing Other Foods is available [here](#).

Prepackaged foods [exempt from mandatory nutrition labeling](#) can be found in sections B.01.401 (2) (a,b) and B.01.401 (3) of the *Food and Drug Regulations*. Products may lose the aforementioned exemption if they add certain ingredients, labeling claims or images. Refer to [this CFIA webpage](#) for additional information.

Wine, Beer and Other Alcoholic Beverages

The federal *Importation of Intoxicating Liquors Act* gives the provinces and territories full control over the importation of intoxicating liquor into their jurisdictions. Provincial liquor commissions control the sale of alcoholic beverages in Canada and the market structure can vary considerably from province to province. A number of the liquor control boards, recommend that distillers, vintners, and brewers appoint a registered agent, as they fully understand how to do business with the boards and provide invaluable marketing support to help a brand get established in the provincial market. For more information on alcohol-related regulations, please refer to FAS/Canada's FAIRS Report [CA17049](#).

Natural Health Products

FAS/Canada provides export assistance to U.S. firms that process vitamins and supplements that are derived from at least 50 percent U.S. agricultural sources. Health Canada regulates vitamins, minerals, and supplements, which are not considered food, as natural health products (NHPs) under the *Natural Health Products Regulations*. Authorized NHPs are issued an eight-digit product license number, referred to as a natural product number (NPN), which must appear on the NHP product label. To legally sell NHPs, all importers and distributors must acquire a site license, particularly if they intend to warehouse the product in Canada. To obtain this license, the Canadian business must demonstrate implementation of good manufacturing practices (GMPs). For this reason, most U.S. exporters do not sell directly into the Canadian market and prefer to work with a Canadian partner. GMPs ensure the identity, strength, and quality of the product by putting in place good operational practices, such as manufacturing, storage, handling and distribution practices. Health Canada provides NHP guidance documents [here](#) and outlines the site licensing process [here](#).

Health Canada is currently in the process of updating the regulatory framework for NHPs to help strengthen the regulation of natural health products for the safety of consumers. Health Canada has proposed a regulatory framework that would cover all "[Self-Care Products](#)," including NHPs as well as over-the-counter drugs and cosmetics, under one set of rules that would assess and regulate products based on the potential health risks they pose to consumers. Summaries of consumer and industry comments on the proposed framework, collected through consultations in 2017, are available [here](#).

Based on that feedback, Health Canada anticipates publishing proposed amendments to current regulations and legislation covering NHPs sometime in the Fall of 2018. More information on the self-care framework is available [here](#).

Veterinary Drugs, Vitamins and Supplements

All veterinary drugs and health products, including natural products, are regulated by the Veterinary Drugs Directorate and must receive a market authorization before they can be sold in Canada. Health Canada provides guidance for new drug submissions [here](#). As with NHPs, proof of GMPs is required. Additional information on veterinary drug applications and submissions is available [here](#). Once approved, the manufacturer will receive a Notice of Compliance and a valid drug identification number (DIN). This DIN number must appear on the product label.

Additional information on the regulation of veterinary drugs can be found on [this Health Canada webpage](#). Information on veterinary health products can be found [here](#).

G) Safe Food for Canadians Regulations (SFCR)

To avoid confusions and ensure food safety for all Canadians, the Canadian government is harmonizing and removing duplications and moving 13 sets of regulations into one single framework known as the [Safe Food for Canadians Regulations](#) (SFCR). The final SFCR language is expected to be released later in 2018. To educate the food industry in Canada and abroad, CFIA has produced a [Handbook for Food Businesses](#), a regularly updated [FAQ page](#), and [several interactive tools](#) to help companies understand how SFCR will affect their business. For more information on the SFCR, please refer to FAS/Canada's FAIRS Report [CA17049](#).

APPENDIX I. Statistics and References

Table A. Key Trade and Demographics

Agricultural Imports/from All Countries/2016/U.S. Market Share ¹	\$33 billion/ 60 percent
Consumer Food Imports/from All Countries/2016/U.S. Market Share ¹	\$25.3 billion/ 62 percent
Total Population, July 2017 ² Canada's three major urban centers ² <ul style="list-style-type: none"> • Toronto • Montreal • Vancouver 	36.7 million 6.2 million 4.1 million 2.5 million
Urban Population / Rural Population / Percent Urban/2011 ²	27.1 mil./6.3mil/ 81 percent urban/ 19 percent rural
Number of Metropolitan Areas Over 100,000 ²	35
Per Capital Gross Domestic Product (U.S. dollars), per capita; 2016 ^{3/estimate}	\$46,400
Gross Domestic Product Growth Rate ³	3.6 percent
Unemployment Rate (October 2016) ⁴	6.2 percent
Average Household Spending on food and drink, retail/foodservice, 2016; (U.S. dollars) ⁵	\$543 monthly/ \$6,516 annually • \$4,626 /Retail • \$1,889 /Foodservice
Total Employment / Full & Part Time; September 2017 ⁴	18.4 million
Exchange Rate, average annual 2016 ⁶	\$1USD = \$1.30CAD
Exchange Rate, average rate between January 1, 2017 to September 30, 2017 ⁶	\$1USD = \$1.31CAD

Footnotes:

¹/Global Trade Atlas

²/Statistics Canada

³/ Bank of Canada

⁴/ Canada: Economic and Financial Data, Statistics Canada

⁵/ 2011 Survey of Household Spending Statistics Canada/based on 19.5 million households

⁶/ Bank of Canada and <http://www.usforex.com/>

Table B. Consumer Food & Edible Product Imports into Canada

	Total Imports			Imports from the U.S.			U.S. Market Share of Total Imports		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Consumer –Oriented Agricultural	26.2	25.7	25.3	16.8	16.5	16.0	64%	64%	62%
Fish & Seafood	2.7	2.4	2.5	0.9	0.9	0.98	34%	36%	38%
Total Agricultural	34.7	33.3	32.9	21.1	20.3	19.7	61%	61%	60%
Agricultural, Fish & Forestry	41.4	39.2	38.7	24.8	23.5	22.7	60%	60%	59%

Source: Estimates derived from Global Trade Atlas are in \$USD billion

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

Consumer-Oriented Agricultural Imports into Canada (Value in billions USD)			
	2014	2015	2016
World	26.2	25.7	25.3
United States	16.8	16.4	15.8
<i>U.S. market share</i>	<i>64 percent</i>	<i>64 percent</i>	<i>62 percent</i>
Mexico	1.4	1.5	1.7
Italy	0.7	0.7	0.7
France	0.6	0.6	0.7
China	0.5	0.5	0.5
Chile	0.5	0.4	0.4
Australia	0.5	0.5	0.4
New Zealand	0.3	0.3	0.3
Spain	0.3	0.3	0.3
Germany	0.3	0.2	0.3
All other countries	4.2	4.2	4.3

Source: Estimates derived from Global Trade Atlas are in \$USD billion

Fish and Seafood Product Imports into Canada			
(Value in billions USD)			
	2014	2015	2016
World	2.7	2.4	2.5
United States	0.9	.9	1.0
<i>U.S. market share</i>	<i>34 percent</i>	<i>36 percent</i>	<i>38 percent</i>
China	0.4	0.4	0.4
Thailand	0.3	0.3	0.3
Vietnam	0.2	0.2	0.2
India	0.2	0.1	0.1
Chile	0.2	0.1	0.08
Norway	0.1	0.1	0.08
Indonesia	.04	.04	0.04
Iceland	.02	.02	0.03
Taiwan	.03	.02	0.03
All other countries	.34	0.32	0.34

Source: Estimates derived from Global Trade Atlas are in \$USD billion

Total Agricultural Product Imports into Canada			
(Value in billions USD)			
	2014	2015	2016
World	34.8	33.3	33.0
United States	22.3	20.3	20.0
<i>U.S. market share</i>	<i>61 percent</i>	<i>61 percent</i>	<i>60 percent</i>
Mexico	1.6	1.6	1.7
Italy	0.9	0.8	0.8
China	0.7	0.7	0.7
France	0.6	0.6	0.6
Chile	0.5	0.5	0.5
Guatemala	0.3	.0.3	0.4
Australia	0.5	0.5	0.4
New Zealand	0.4	0.4	0.3
Thailand	0.3	0.3	0.3
All other countries	6.8	6.5	6.3

Source: Estimates derived from Global Trade Atlas are in \$USD billion

Total Agricultural, Fish, and Forestry Product Imports into Canada (Value in billions USD)			
	2014	2015	2016
World	41.4	40.0	38.7
United States	24.8	23.5	23.0
<i>U.S. market share</i>	<i>60 percent</i>	<i>60 percent</i>	<i>59 percent</i>
Mexico	1.6	1.6	1.8
China	1.8	1.6	1.7
Italy	0.8	0.8	0.9
Brazil	0.8	0.7	0.8
France	0.7	0.6	0.6
Thailand	0.7	0.6	0.6
Chile	0.7	0.6	0.6
Guatemala	0.3	0.3	0.4
Australia	0.5	0.5	0.4
All other countries	8.5	8.1	8.0

Source: Estimates derived from Global Trade Atlas are in \$USD billion

Glossary of Acronyms

AIRS – Automated Import Reference System (part of CFIA)

ASSIST – Automated Shipment Inspection Status Search Tool (part of CFIA)

CAPA – Canada Agricultural Products Act

CBSA – Canada Border Services Agency

CFIA – Canadian Food Inspection Agency

CCD – Cargo Control Document

CCG – Country Commercial Guides

CRA – Canada Revenue Agency

CPLA – Consumer Packaging Labelling Act

DV – Daily Value

EDI – Electronic Data Interchange

FAS – Foreign Agricultural Service (USDA)

FBL – Foreign Buyers List FAS- Foreign Agricultural Service (Division of USDA)

FDR – Food Drug Regulations

FFNHP – Functional Foods and Natural Health Products

GST – Goods and Services Tax (federal)

GMP – Good Manufacturing Practices

HC – Health Canada

HST – Harmonized Sales Tax (federal and provincial)

ISC – Import Service Centre

LRVHP – Low Risk Veterinary Health Products

LPAD – Labelling and Program Delivery Staff (LPDS)

LSAS – Labelling Submission and Approval System (LSAS)

MA – Market Authorization

MAP – Market Access Program (USDA)
MFN – Most Favored Nation
MRL – Maximum Residue Levels
NAFTA – North American Free Trade Agreement
NASDA – National Association of State Departments of Agriculture
NHP – Natural Health Products
NISC – National Import Service Centre
NNHPD – Natural and Non-prescription Health Products Directorate (NNHPD)
NRI – Non-Resident Importer
NPN – Natural Product Number
PMRA – Pest Management Regulatory Agency
PPR – Processed Product Regulations
SFCFA – Safe Food for Canadians Act
SFCR – Safe Food for Canadian Regulations
SRTG-State Regional Trade Group
SRM – Specified Risk Material
TMA – Temporary Marketing Authorization
TMAL – Temporary Marketing Authorization Letter
TRQ – Tariff Rate Quota
USCS – United States Commercial Service
USDA – United States Department of Agriculture
USEAC – United States Export Assistance Centers
WTO – World Trade Organization

Summary of Key Resources

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