



The Food and Beverage Market Entry Handbook: Canada

**a Practical Guide to the Market in Canada for European Agri-food Products
and Products with Geographical Indications**



*Agriculture
and Rural
Development*

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List of Acronyms

AIRS	Automated Import Reference System
CAD	Canadian Dollar
CAMH	Centre for Addiction and Mental Health
CBSA	Canadian Border Services Agency
CETA	Comprehensive Economic and Trade Agreement
CFIA	Canadian Food Inspection Agency
CIPO	Canadian Intellectual Property Office
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMSMC	Canadian Milk Supply Management Committee
COS	Confirmation of Sale
CPLA	Consumer Packaging and Labelling Act
CVA	Canadian Vintners Association
DG	EU Directorate General for Agriculture
AGRI	
DRC	Dispute Resolution Corporation
EUR	Euro
F&B	Food and Beverage
FDA	Food and Drugs Act
FDI	Foreign Direct Investment
FDR	Food and Drug Regulations
FIPA	Foreign Investment Protection and Promotion Agreement
FLO	The Fairtrade Labelling Organisations
FTA	Free Trade Agreement
G7	Group of Seven
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GI	Geographical Indication
GMO	Genetically Modified Organism
HS	Harmonised System
IPR	Intellectual Property Rights
IVA	Industry Value Added
MFN	Most Favoured Nation
NAFTA	North American Free Trade Agreement
NAS	National Airport System
OECD	Organisation for Economic Co-operation and Development
RTE	Ready-to-eat
SFCA	Safe Food for Canadians Act
SPS	Sanitary and Phytosanitary Standards
TEU	Twenty-foot Equivalent Unit



TRQ	Tariff Rate Quota
TQS	Tariff Quota System
UK	United Kingdom
US	United States
VQA	Vintners Quality Alliance
WHO	World Health Organisation
WTO	World Trade Organisation



2 The Food and Beverage Market Entry Handbook: Canada

This Handbook is intended to act as a reference for those agro-food producers planning for, or in the process of entering the Canadian market. This Handbook provides step-by-step guidance on the operationalisation of the market in Canada, including relevant information such as analysis of product-specific markets, market access and market entry procedures, changes under the Comprehensive Economic and Trade Agreement (CETA), intellectual property rights (IPR) and a signposting and referral system providing useful contacts to professional buyers and strategies for penetrating the Canadian market.

2.1 How to Use this Handbook

The applicability of each section of this handbook will depend on your stage of market entry, company profile, product range and existing business strategies.

For those wishing to learn more about the Canadian food and beverage (F&B) market in general, Section 3 provides an overview of the business climate. The section includes political, geographic, economic and cultural information relevant to successful market entry and performance. The information contained within this sector is of a general nature and so may not be relevant for those in the more advanced stages of market entry.

If you are interested in the market by Section 3, you may want to find out more information relevant to your product through the 15 Market Snapshots for selected products in this handbook. These sections illustrate the market overview, entry procedures, sanitary and phytosanitary (SPS) requirements and more, specific to each of the following product categories:

1. Processed Fruits and Vegetables
2. Fresh Fruits and Vegetables
3. Processed Meats
4. Fresh Meats
5. Processed Cereals
6. Baked Goods
7. Chocolate
8. Live Plants and Cotton
9. Confectionary Goods
10. Wine
11. Beer
12. Spirits
13. Honey, Gums, Plant Products and Cotton
14. Olive Oil
15. Dairy Products



This information will provide more industry-specific intelligence to consider as part of any market entry or market expansion strategies. The information contained in this Handbook is a first resource to consult in deciding how to export your product to the Canadian market and does not constitute legal guidance. Applicable legislation, regulations and market information are frequently updated or change in Canada and should be reviewed with a knowledgeable export support service or import counsellor prior to market entry.

If you have already decided to market your product in Canada, but need some assistance getting there, then the **Support Services Directory** can point you in the right way. A well-informed contact network of service providers, business facilitation support organisations and business contacts can be vital in entering and building a brand in the Canadian market.

3 The Canadian Market

Canada is a large, high-income, North American market with a stable political, economic and business environment. Canada's economy is productive, trade-oriented and deeply integrated into regional and global supply and consumption chains. At the same time, Canadian consumers are culturally diverse, open-minded and highly receptive to foreign products.

Canada's origins trace throughout successive waves of settlement and immigration, with first populations crossing from Asia more than 20 millennia ago. The roots of modern Canada are founded on more recent settlements by Europeans, first established during the 16th and 17th centuries. Immigration from the United Kingdom (UK) and France have imparted strong influence on the culture and political structure of Canada today. At the same time, Canada's global contact expanded greatly during the 19th, 20th and into the 21st centuries and now consists of a significant population of foreign- and native- born ethnicities from virtually all parts of the world.

The current population of Canada is more than 36.5 million inhabitants and increased by more than 500,000 between 2015 and 2016. The population of Canada is distributed across 10 provinces and 3 territories, with a high concentration living in the south-eastern corridor bordering the United States (US).¹

Along with an expanding population, the Canadian economy has maintained positive growth in gross domestic product (GDP) in recent years and the trend is forecasted to accelerate into the future. Canada's economy is expected to grow ahead of the Group of 7 (G7) average, reaching a GDP of 1.42 trillion CAD (1.27 trillion EUR) for 2016.² Underpinning this growth is a diverse, affluent and highly productive Canadian middle class increasingly seeking new consumption opportunities.

Stable business and social conditions across a variety of diverse sub-national markets, coupled with an international outlook, will continue to make Canada an attractive market for EU F&B producers. High-quality, responsible and sustainable food production systems in the EU are well-suited to meet growing demands in Canada. At the same time, cultural linkages render European products well-suited for growth opportunities in the Canadian market. The recently concluded CETA gives EU exporters the highest level of access to the Canadian market afforded to any of its trading partners and will be a springboard for further growth and success of EU F&B producers.

¹ "Population by sex and age group" September 2016 available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo10a-eng.htm>.

² "GDP long-term forecast" 2016 available at: <https://data.oecd.org/gdp/gdp-long-term-forecast.htm#indicator-chart>.

3.1 Canada at a Glance

Canada is the 2nd largest country in the world by landmass. The size of the country, different resource distributions and climate conditions have led to diverse patterns of settlement and economic activity. This section overviews some of the key figures and statistics for understanding the Canadian market.

Figure 1) Political Map of Canada




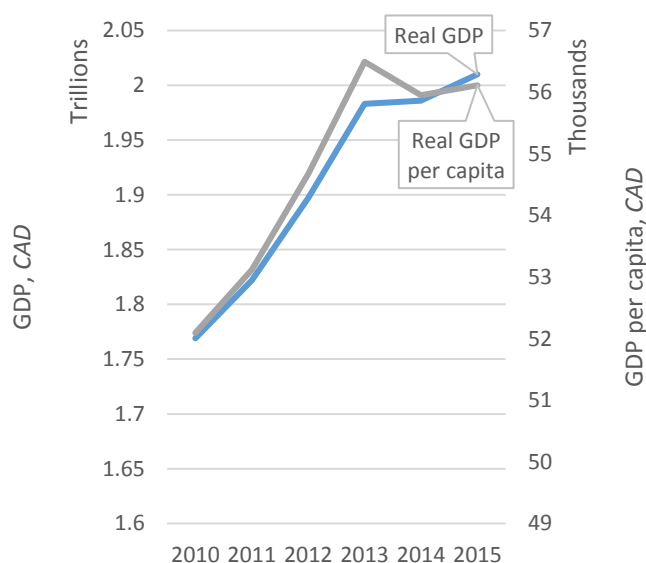
Natural Resources Canada

Population and economic activity were historically concentrated in Eastern Canada, in-line with original European settlement. In the late 19th and 20th centuries, Canada's centre of economic gravity began to shift to the west; greater availability of land

attracted new immigration to the Prairie and Pacific provinces, while the discovery of new natural resources accelerated the transition. As Canadians continued to build and consolidate their national market, the country became increasingly integrated with international flows of goods, services, investments, people and ideas. The following provides a synopsis of Canada's current economic environment.

Figure 2) Country Fact Sheet

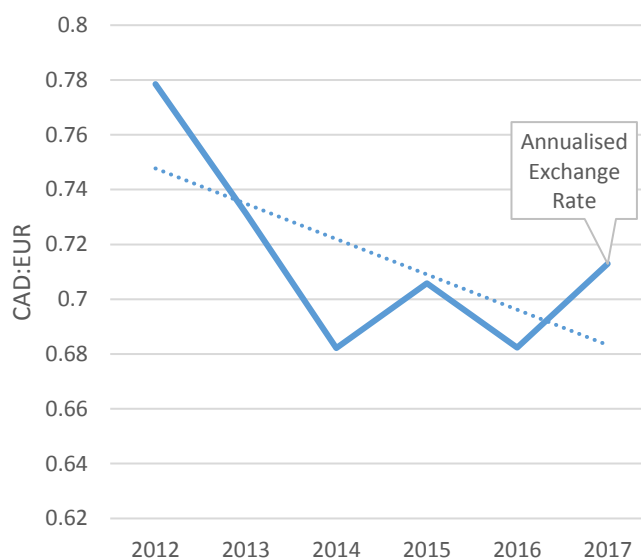
Canada	
Official Name	Canada
Political System	Federal parliamentary representative democracy under constitutional monarchy
Capital	Ottawa
Flag	
Official Languages (Federal)	English French
GDP at Purchasing Power Parity	1.7 trillion CAD (1.2 trillion EUR)
- Per capita	- 46,199 CAD (33,039 EUR)
- Trend	- Canada's economy has continued to grow despite both price and supply shocks in key economic sectors, such as hydrocarbons.





Currency
- **CAD to EUR Exchange Rate Trend**

Canadian dollar (CAD)



Major cities

- **Metropolitan population**
- **Estimated GDP**
- **Province**

Toronto

- 5,928,040
- 276.3 billion CAD (197.6 billion EUR)
- Ontario

Montreal

- 4,027,100
- 155.9 billion CAD, (111.5 billion EUR)
- Quebec

Vancouver

- 2,313,328
- 109.8 billion CAD, (78.5 billion EUR)
- British Columbia

Calgary

- 1,214,839
- 97.9 billion CAD, (70.0 billion EUR)
- Alberta

Edmonton

- 1,321,426
- 83.0 billion CAD, (59.6 billion EUR)
- Alberta

Land Area 9,984,670 kilometres squared

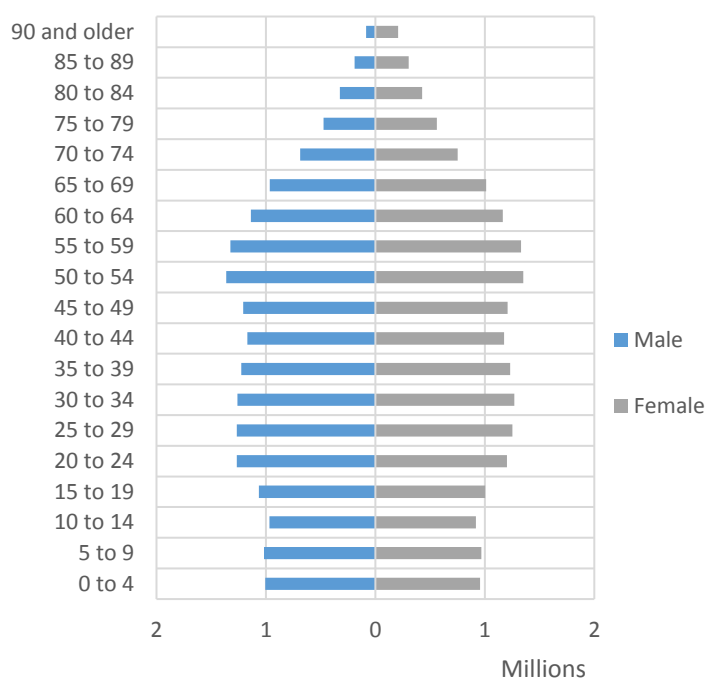
Population 36,443,632

Labour force 19 million

- **Main industries** - Transportation equipment, chemicals, minerals, food products, timber and pulpwood products, fish products, hydrocarbons
- **By sector**



- Productivity	- Agriculture (2 per cent), manufacturing (13 per cent), construction (6 per cent), services (76 per cent), other (3 per cent)
- Unemployment	- 49.80 CAD (34.77 EUR) per hour
	- 6.3 per cent
Population Density	3.7 per kilometre squared
Age Distribution	Median age and distribution of population is increasing, with provincial and trend variation including as a factor of high immigration rates.
- Median age	- 40.5 years
- Age by cohort	- The largest age cohort in Canada is the 50-59 year category, with approximately 7 per cent of total population.
- Trend	



- Canada has the highest population growth rate in the G7, in part due to higher rates of immigration and non-permanent residencies. New population growth will mitigate the continued aging of Canada's population structure.

Provinces				
	<u>Capital</u>	<u>Population</u>	<u>GDP</u>	<u>Official Languages</u>
Alberta	Edmonton	4,268,929	326.4 billion CAD (233.1 billion EUR)	English
British Columbia	Victoria	4,773,345	250.0 billion CAD (178.7 billion EUR)	English (de facto)



Manitoba	Winnipeg	1,323,958	65.9 billion CAD (46.5 billion EUR)	English and French
New Brunswick	Fredericton	757,997	33.1 billion CAD (23.7 billion EUR)	English and French
Newfoundland and Labrador	Saint John's	530,376	30.1 billion CAD (21.5 billion EUR)	English (de facto)
Nova Scotia	Halifax	952,333	40.2 billion CAD (28.7 billion EUR)	English
Ontario	Toronto	14,063,256	763.3 billion CAD (545.7 billion EUR)	English and French (regionalised)
Prince Edward Island	Charlottetown	149,278	6.2 billion CAD (4.3 billion EUR)	English
Quebec	Quebec City	8,349,793	381.0 billion CAD (272.5 billion EUR)	French
Saskatchewan	Regina	1,155,393	79.4 billion CAD (56.5 billion EUR)	English
Territories				
Northwest Territories	Yellowknife	44,204	4.8 billion CAD (2.9 billion EUR)	Indigenous languages, English and French
Nunavut	Iqaluit	37,146	2.4 billion CAD (1.7 billion EUR)	Indigenous languages, English and French
Yukon	Whitehorse	37,624	2.7 billion CAD (1.9 billion EUR)	English and French

Compiled from Statistics Canada and World Bank data

3.2 The Canadian Food and Beverage Market

Canada is a large market, both in terms of F&B production and consumption. Canadian agriculture and F&B processing industries account for 6.6 per cent of overall GDP, and more than 75 per cent of processed F&B products consumed are domestically produced in Canada. The Canadian agricultural sector generates gross sales of more than 51 billion CAD (36.5 billion EUR), and directly links into national and international processing and consumption chains.

Figure 3) F&B Subsector Highlights in Canada



Compiled from Statistics Canada and Agriculture and Agri-Food Canada

The prevalence of the primary agriculture and F&B processing sector is largest in Ontario, where it employs more than 1 out of 3 labourers. The corresponding figure is slightly more than 1 in 5 for the second largest province, Quebec; approximately 1 in 10 workers are employed in the primary agriculture and F&B processing sector in Alberta, British Columbia and Saskatchewan. In all provinces, foodservice is the largest F&B subsector, followed by food retailing and wholesale.³

F&B Trade Profile

This large footprint and high unit productivity reflects that the Canadian processed F&B sector is not just attuned for the domestic market, but produces a large trade surplus as well. In 2015, the value of Canadian agri-food exports was nearly 12 billion CAD (8.5 billion EUR) greater than imports, at 55.5 billion CAD (39.1 billion EUR). Canada is the 5th largest exporter of agricultural and agri-food products in the world, after the EU, US, Brazil and China. At the same time, Canada is 6th largest importer for this goods category, following the EU, US, China, Japan and Russia.⁴

This trade performance was not evenly distributed, however, with agricultural commodities leading Canada's exports while processed food products led in terms of

³ "An Overview of the Canadian Agriculture and Agri-Food System" April 2016 available at: https://caes.usask.ca/members/_pdf/Overview%202016-Final_eng.pdf.

⁴ Ibid.

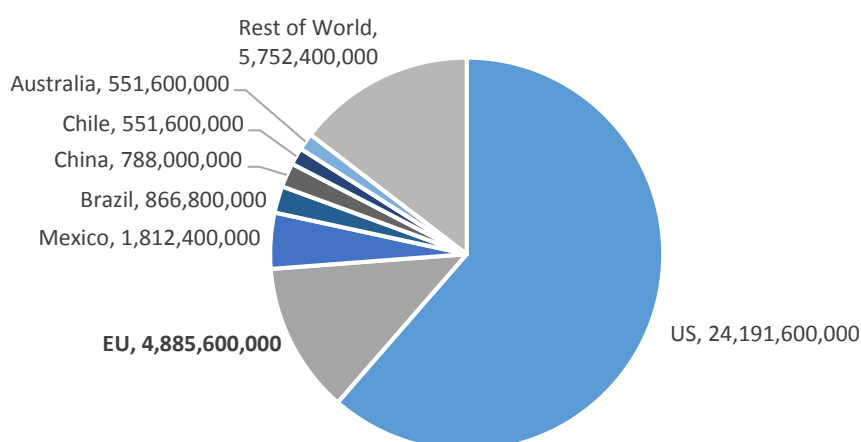


imported value.⁵ Canada has a trade surplus in total exports of primary agricultural products, whereas it has held a slight deficit in the value of processed F&B product imports relative to exports since 2006. It is estimated that more than half of the value of primary agricultural production in Canada is exported on an annual basis, either directly or indirectly as processed F&B products.⁶

Proximity to the US and depth of regional economic integration are highly influential to Canada's trade profile. The US receives more than half of all Canadian agriculture and agri-food exports, with the next largest recipients being China, Japan, the EU and Mexico. In reverse, more than 60 per cent of F&B imported into Canada originates in the US. The EU is the 2nd largest exporter of F&B products to Canada, with more than 12 per cent of the global share.

The US is therefore the largest competitor to the EU for the Canadian F&B market. However, the EU and US typically compete at different market segments, with the latter's large production and processing base oriented towards a different export profile than the former.

Figure 4) Canada's Profile of Imported F&B Products by Partner Country & Value in CAD



Agriculture and Agri-Food Canada

EU exports to Canada typically capture higher income consumer segments through product attributes such as quality recognition and luxury appeal, whereas US exports reflect a broader, unspecialised consumption base. The largest category of agri-food products imported from the US are processed and prepared foods, which accounted for

⁵ "Canada - At a Glance" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/?id=1410072148230>.

⁶ "An Overview of the Canadian Agriculture and Agri-Food System" April 2016 available at: https://caes.usask.ca/members/_pdf/Overview%202016-Final_eng.pdf.



1.4 billion CAD (990.5 million EUR) in 2015.⁷ From the EU, the largest category of imported F&B products was wine, at 983.7 million CAD (693.4 million EUR) worth of trade by value in 2015.⁸

Figure 5) Leading Imports in Canada by Product and Partner

EU		US	
Product	2015 Imported Value	Product	2015 Imported Value
Wines	983.3 million CAD (693.5 million EUR)	Food Preparations	1.4 billion CAD (990.1 million EUR)
Beer	406.1 million CAD (286.4 million EUR)	Baked Goods	1.2 billion CAD (850.4 million EUR)
Furs	306.6 million CAD (216.2 million EUR)	Ethyl Alcohol	767.1 million CAD (541.0 million EUR)
Whiskies	187.6 million CAD (132.3 million EUR)	Pet Food	754.6 million CAD (532.2 million EUR)
Chocolate	174.3 million CAD (122.9 million EUR)	Fresh Beef	693.2 million CAD (488.9 million EUR)

Agriculture and Agri-Food Canada

3.3 Operating in the Canadian Market

The large geographic scale of the Canadian market is offset by well-developed infrastructure between and within specific sub-national markets. At the same time, quality of administration and governance are relatively high in Canada and in-line with EU norms and standards. The Canadian economy is inherently import-reliant for many types of primary, intermediate and finalised goods and services which creates a conducive environment for international trade free of many kinds of trade barriers and restrictive practices. Canada is consistently ranked highly by established measures of international economic competitiveness.⁹

3.3.1 Logistics Services and Infrastructure

The quality of Canadian infrastructure outperforms the Organisation for Economic Co-operation and Development (OECD) average and is considered among the highest in the world. At the same time, the federal government of Canada recently approved an expansionary public budget which, among other priorities, will dramatically increase expenditures to maintain and improve existing infrastructure. The 10 year forecast for

⁷ "United States - At a Glance" April 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/united-states-and-mexico/trade-data-and-analysis/united-states/?id=1410072148259>.

⁸ "European Union (EU) 28 - At a Glance" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/europe/trade-data-and-analysis/european-union-eu-28-at-a-glance/?id=1410072148236>.

⁹ Cf. "Global Competitiveness Report 2016-2017" 2016 available at: http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf and "Ease of Doing Business in Canada" available at: <http://www.doingbusiness.org/data/exploreeconomies/canada>.

federal infrastructure spending in Canada now stands at over 125 billion CAD (88.3 billion EUR), and is expected to generate significant spill over effects in terms of consumer spending and confidence as the Canadian economy continues to restructure.¹⁰

This section overviews existing distribution and logistics avenues in Canada for a variety of services, depending on your specific product and requirements. For each subsector, a sample list of brokers and local logistics service suppliers is included.

Road

The majority of transportation services in Canada are provided by lorry. Public road-building and maintenance are administered jointly by the federal and provincial governments in Canada. While funding for roads in Canada is primarily ad hoc (there is no dedicated federal tax for road infrastructure), aggregate Canadian road quality is considered good.¹¹ Canadian road quality ranks well ahead of international comparators including Denmark, the US, UK, Sweden and Belgium.¹² The Trans-Canada Highway is one of the longest uninterrupted road networks in the world and connects all 10 Canadian provinces. The total length of the network is over 8,030 kilometres.¹³ Standard road freight transit times across Canada are typically 5-8 business days. In 2014 - the most recent year for which data is available - Canadian commercial lorry traffic amounted to more than 276.2 billion tonne-kilometres, representing a 10 per cent increase on the previous year.¹⁴

Despite good infrastructure quality and both operator and maintenance readiness, road transportation times in Canada can be affected by seasonal weather. Many Canadian provinces receive significant snowfall and ice deposits during winter months, whereas prairie provinces sometimes experience heavy, abrupt rainfall and other weather extremes during the summer.

In addition to medium- and long- distance freight haulage, local courier and messenger services are the fastest growing subsector of transportation and logistics services in Canada. These services can be particularly well-adapted to low-weight, high value F&B shipments and to supplying niche markets. However, it is important to consider shipment costs as these services are generally characterised by higher unit rates, although these are being driven down by increasing competition and activity within the market in recent

¹⁰ "The \$125-billion question" March 2016 available at: <http://www.theglobeandmail.com/news/where-will-125-billion-in-infrastructure-spendinggo/article28228477/>.

¹¹ "National Funding of Road Infrastructure: Canada" January 2015 available at: <https://www.loc.gov/law/help/infrastructure-funding/canada.php>.

¹² "Quality of Roads" 2013 available at: http://www3.weforum.org/docs/TTCR/2013/TTCR_DataTables7_2013.pdf.

¹³ "Trans-Canada Highway Map" January 2014 available at: <https://www.tc.gc.ca/eng/policy/acg-acgd-menu-highways-map-2152.htm>.

¹⁴ "Transportation in Canada 2015" 2016 available at: https://www.tc.gc.ca/media/documents/policy/2015_TC_Annual_Report_Overview-EN-Accessible.pdf.



years.¹⁵ Courier and messenger services may be most economic in southern Canada, and urban markets in particular. Road haulage may not be feasible for all markets in Canada, as some locations are remote and not well-served by highway infrastructure.

Of the more than 30 billion CAD (21.5 billion EUR) invested annually in the transportation sector in Canada, more than 80 per cent is directed to road infrastructure and logistics services. Overall investment has increased steadily in the last decade.¹⁶

A road freight broker can help you select the best ground shipment options within the Canadian market, including price competitiveness and responsiveness to needs based on product, such as refrigerated goods, containerised, dry and liquid bulk.

Air

Given the distances involved, even relatively minor delays can significantly reduce the value of goods in transit - particularly if goods are perishable or time-sensitive. Whereas road freight accounts for nearly one-third of overall transport and logistics services in Canada, the market for air transport services has increased at the highest rate for all logistics and distribution subsectors, except for warehousing and local courier services.¹⁷

The Canadian air logistics sector is organised around the National Airport System (NAS) serving 26 major cities in all provinces and territories. NAS facilities are typically equipped to handle direct international traffic and facilitate interchanges with more than 125 regional, satellite, remote and arctic airports.

In 2015, more than 1.2 million tonnes of freight were unloaded at airports in Canada, covering both foreign and domestic traffic. This figure represents a 7.2 per cent increase from the previous year. The overall size of the market for air freight services in Canada increased by 10 per cent between 2014 and 2015, to 128.1 billion CAD (91.6 billion EUR).¹⁸

¹⁵ "Industry Profile" October 2013 available at: https://www.ic.gc.ca/eic/site/dsib-logi.nsf/eng/h_pj00541.html.

¹⁶ "Transportation in Canada 2015" 2016 available at: https://www.tc.gc.ca/media/documents/policy/2015_TC_Annual_Report_Overview-EN-Accessible.pdf.

¹⁷ "Industry Profile" October 2013 available at: https://www.ic.gc.ca/eic/site/dsib-logi.nsf/eng/h_pj00541.html.

¹⁸ "Transportation in Canada 2015" 2016 available at: https://www.tc.gc.ca/media/documents/policy/2015_TC_Annual_Report_Overview-EN-Accessible.pdf.

Figure 6) Canadian Road & Air Logistics Network



Transport Canada

Direct air transport services between the EU and Canada were liberalised under the 2009 *EU-Canada Air Transport Agreement*, which allows EU and Canadian airlines to operate direct flights between any point in Canada and the EU, removes restrictions on the number of flights each are able to operate and liberalises investment opportunities.¹⁹

Air transport services can be well-suited for high-value EU F&B products which require direct, time-sensitive access to markets in Canada. This includes the fulfilment of direct

¹⁹ "International aviation: Canada" February 2017 available at: https://ec.europa.eu/transport/modes/air/international_aviation/country_index/canada_en.



client orders. However, the high unit price per shipment can undermine the cost-effectiveness of this service for bulk and non-premium F&B products.

Commercial airlines - including Air Canada and most EU flag carriers - offer air freight shipping in addition to passenger services between the EU and Canada. As well, specialised air logistics suppliers operate frequent direct service between major airports in the EU and Canada, as well as indirect services covering most airports in Europe and North America. An air freight broker can help you select the best service for your needs.

Verify prior to arranging for an air freight service that your product is suitable for air travel and not sensitive to significant changes in pressure, temperature and other conditions.

Maritime Shipping

The majority of goods imported to Canada from the EU arrive by sea. Nearly 5,000 Twenty-foot Equivalent Units (TEU) were shipped between the EU and North America in 2012, and regular maritime cargo services were operated by more than 50 companies.²⁰ Maritime cargo flows from Europe to North America increased between 2014 and 2015, whereas the reverse flow decreased slightly.²¹

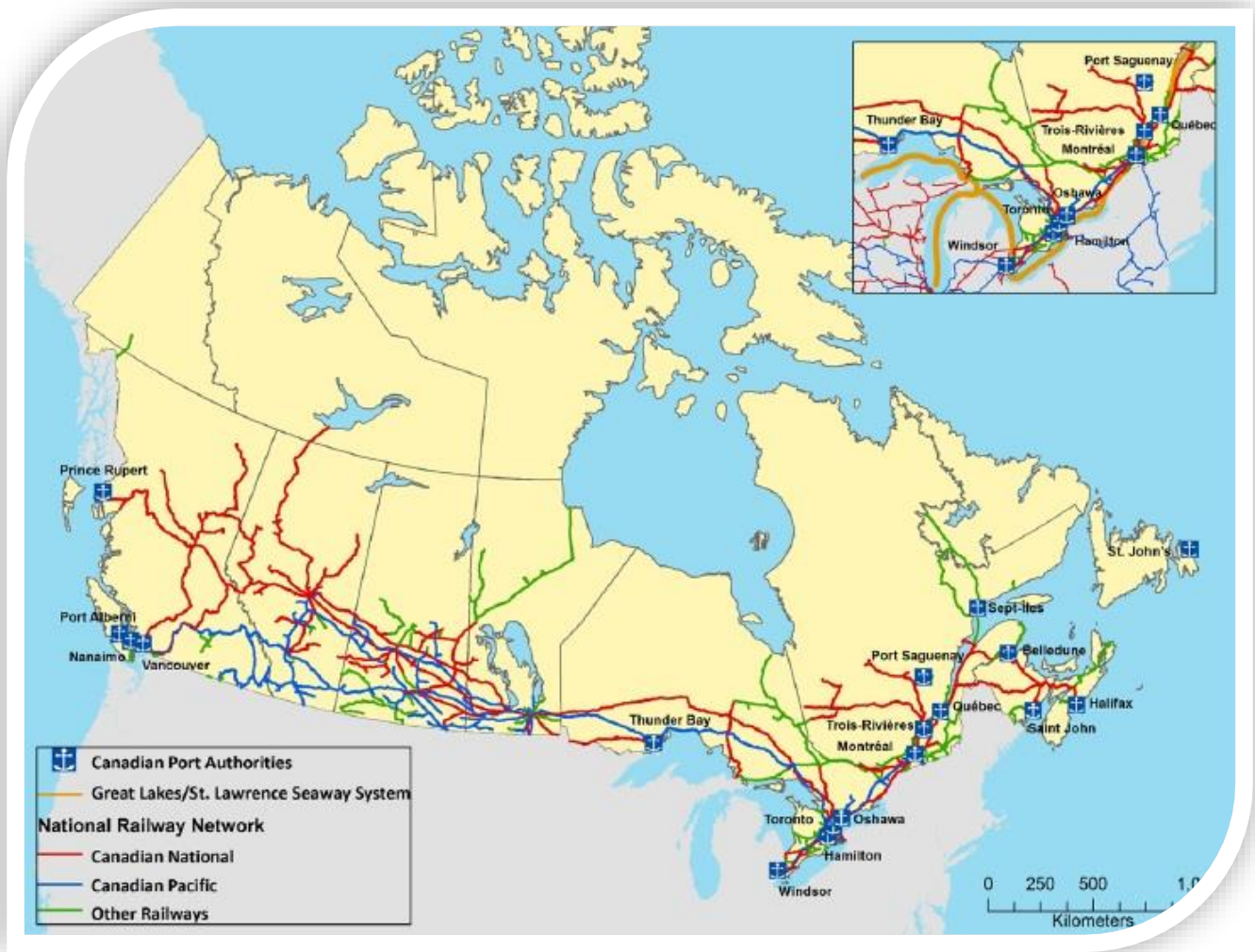
Foreign suppliers provide the majority of international-origin maritime shipments into Canada, whereas Canadian registered vessels only carried around a tenth of a per cent of imports - excluding those from the US. Montreal is the 2nd largest commercial port in Canada and main port of entry for imported goods from the EU, along with additional ports on Canada's Atlantic coast including Quebec City, Halifax and Saint John. Further direct maritime shipping access to Toronto and markets in central Canada is facilitated through the Saint Lawrence Seaway. Large port facilities in Montreal and Toronto offer good intermodal connectivity with rail and road freight services.²²

²⁰ "About the Industry" 2013 available at: <http://www.worldshipping.org/about-the-industry/global-trade/trade-routes>.

²¹ "Review of Maritime Transport 2016" 2016 available at: http://unctad.org/en/PublicationsLibrary/rmt2016_en.pdf.

²² "The Largest Ports of Canada" April 2016 available at: <https://www.seaoo.com/blog-en/the-largest-ports-of-canada/>.

Figure 7) Combined Maritime & Rail Infrastructure in Canada



Transport Canada

Primary ports of departure in the EU with regular service directly connecting to ports of entry in Canada include Antwerp, Belgium; Piraeus, Greece; Rotterdam, Netherlands; Hamburg, Germany; and Le Havre, France.

A shipping broker will be able to help you select the best options for moving your F&B products to the Canadian market. As well, you can access your local port website for information on regular liner services, companies and brokers.

Shipping times between the EU and Canada depend on ports of departure and entry, as well as the service arranged. Shipping times on most routes from Northern Europe to Eastern Canada are typically around 10 days, whereas some operators offer expedited services which reduce the transit time for goods by a few days.

Rail

Canada has an extensive rail network and large freight capacity. There are over 40 federally regulated railways in Canada, including 4 which generate gross revenues of more than 250 million CAD (178.8 million EUR) per year. In 2015, more than 300.5 million tonnes of freight were carried by rail in Canada, a slight decrease from the previous year. Most freight transported by rail in Canada consisted of bulk commodities, although a sizeable portion include containerised and refrigerated units as well as intermodal transfers from international shipping.²³

Shipping by rail - particularly bulk or large quantity items - can be more cost-effective than other modes of ground transportation. A rail broker can help you determine whether rail is a viable option for moving your product between markets in Canada, including estimation of all road and intermodal transfer prices.

Figure 8) Sample Freight Logistics Service Suppliers in Canada and from the EU

Name	Website	Logo
Milgram Freight Services	www.milgram.com	
Echo Global Logistics	www.echo.com	
Maisliner	www.maisliner.com	
Farrow	www.farrow.com	
CV Logistics	www.cvlog.com/	
MGA International Logistics	www.mgainternational.com/	

²³ "Transportation in Canada 2015" 2016 available at: https://www.tc.gc.ca/media/documents/policy/2015_TC_Annual_Report_Overview-EN-Accessible.pdf.

Universal Logistics www.universallogistics.com/



Yanke www.yanke.ca



Air Logistics Group www.airlogisticsgroup.com



Sea Cargo Air Cargo Logistics www.scacli.ca



Canworld Logistics www.canworld.ca



Priority Air Cargo www.corelogistics.net



Europe Cargo www.europecargo.be



North Atlantic Services www.nas.gosselingroup.eu



Jost Group www.jostgroup.com



JF Hillebrand www.jfhillebrand.com



Compiled from industry publications

Cold Storage and Supply Chain Logistics

Refrigerated warehousing and F&B cold-storage facilities are well-developed in Canada. In many cases, logistics providers can offer combined cold-transport and storage services depending on your product requirements.

Figure 9) Sample Cold Storage and Supply Chain Logistics Suppliers in Canada

Facility	Website	Contact
Accuristix	www.accuristix.com	info@accuristix.com
Adelaide Warehousing & Storage		Angelina.neeb@sdigroupin.com
All-Can Pro Logistics	www.allcan3pl.com	peterh@allcan3pl.com
Amco Storage	www.amcogroup.biz	steve@amcogroup.biz
Arctic Beverages	www.arcticbev.com	winnipeg@arcticbev.com
Canada Truck Reefer Container Services	www.ctrc.qc.ca	info@ctrc.qc.ca
Canadian Dry Storage	www.cdsltd.ca	
DART Logistics	www.dartlog.com	info@dartlog.com
Fine Wine Reserve	www.finewinereserve.com	info@finewinereserve.com
Fixair	www.fixair.qc.ca	adm@fixair.qc.ca
Fresh Pack Freezers	www.sfpltd.ca	Jennifer.jackson@aerodelivery.ca
Fripp Fibre Forms	www.frippwarehousing.com	hflatt@frippwarehousing.com
Great Lakes Food Company	www.greatlakesfood.ca	
Harbour Grace CS	www.hgcs.ca	jwh@eimskip.ca
Harbour International	www.harbourinternational.ca	moorsholm@hil-moorfrost-adm.ca
International Cold Storage	www.intlcold.com	bbergeron@intlcold.com
Keele Warehousing and Logistics	www.keelewarehousing.com	info@keelewarehousing.com
Lake Erie Warehousing	www.lakeeriewarehousing.com	jasonm@lakeeriewarehousing.com
Leader Cold Storage		leadergroup@telus.net
MTE Logistix	www.mtelogistix.com	mteinfo@mtelogistix.com
Natur Wise		naturwise@rogers.com
Norlock Refrigeration	www.norlockrefrigeration.com	norlock@shaw.ca
North Warehousing		marco@edn.ca
Nova Cold Consolidated	www.nova-cold.com	info@nova-cold.com



Reidpath Cold Storage	www.reidpath.ca	info@reidpath.ca
Sherway Warehousing	www.sherwaygroup.com	kleggett@sherwaygroup.com
Spire Group	www.groupspire.com	info@groupspire.com
StopWatch Transport		stopwatchtransport@gmail.com
Total Logistics Group	www.totallogistics.com	dispatch@totallogistics.com
Trenton Cold Storage	www.trencold.com	suem@trencold.com
UPS Supply Chain Solutions	www.ups.com	marketingca@ups.com
Versacold Logistic Services	www.versacold.com	Rick.evans@versacold.com

Innovation, Science and Economic Development Canada

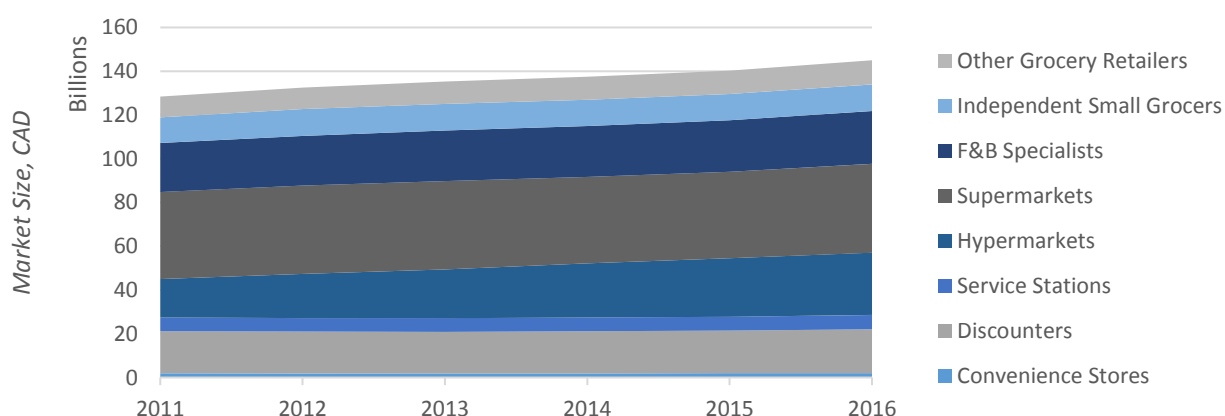
3.3.2 Distribution

Specialised food distributors in Canada can provide one-stop services, from international transport and importing through to connecting with local retailers and end consumers. There are more than 24,000 grocery retailers and more than 63,000 foodservice outlets in Canada - the right distributor or import partner can help you ensure your product reaches its targeted market.

Off Trade Retail

Of the more than 130 billion CAD (92.9 billion EUR) market for consumer F&B products in Canada, more than half was distributed through the retail subsector. Of the retail sector's 71 billion CAD (50.8 billion EUR) share of trade in F&B products, three-quarters was distributed through traditional food stores - primarily supermarkets.

Figure 10) Structure of the Canadian Grocery Retail Market by Distributor



Euromonitor






Hypermarkets and retailers that do not exclusively distribute F&B products have been the fastest growing category of distributor in Canada. High-growth examples of this category include Walmart Canada, the Real Canadian Superstore (owned by Loblaw) and Costco, who collectively account for approximately 15 per cent of market share.²⁴ This trend is forecasted to continue at a 19 per cent compound annual growth rate (CAGR) in the next 5 years.

Similarly, the growth of ethnic, local and other specialised grocery retailers is expected to continue to grow that segment at more than 10 per cent during the same reference period. The average CAGR for the grocery retail industry is just under 5 per cent, with generally positive growth across most subsectors excluding convenience stores, service stations and independent small grocers.²⁵ This in part reflects a trend in consumption patterns, where Canadian consumers are increasingly eschewing processed F&B products and instead seeking natural, healthy, premium and imported consumption opportunities.

The Canadian grocery retail market is highly competitive, and the mainstay position of traditional supermarkets is increasingly challenged by discount and non-dedicated grocery retailers. At the same time, the structure of the grocery retail market is oligopolistic, and increasingly so. In 2015, the top 3 grocery retailers accounted for more than 60 per cent of overall market share in Canada - a 10 per cent increase from 2010.²⁶

Despite increasing market share by hypermarkets, non-traditional grocery retailers and discounters, there remains an important split between food sales by outlet. Grocery sales through hypermarkets are driven primarily by processed and packaged F&B products with low storage costs and long shelf life, whereas supermarkets have typically already stocked these; however the difference is in the increasing preference for convenience among Canadian consumers, who can buy diverse products including food at hypermarkets but generally only food at supermarkets.²⁷

Figure 11) "Big 3" Grocery Retailers in Canada at a Glance

(2016)			
Slogan	Better Food for All	Live Life Well	Numerous

²⁴ "Loblaw Companies Ltd." January 2012 available at: https://www.raymondjames.ca/en_ca/equity_capital_markets/equity_research/sample_research/docs/Loblaw%20Companies%20Ltd.%20011612.pdf.

²⁵ "Grocery Retailers in Canada" February 2017 available at: <http://www.euromonitor.com/grocery-retailers-in-canada/report>.

²⁶ "Distribution of the Supermarket and Grocery Store Industry in Canada from 2010 to 2015, by Market Share" 2017 available at: <https://www.statista.com/statistics/461397/distribution-of-the-supermarket-and-grocery-store-industry-canada/>.

²⁷ "Grocery Retailers in Canada" February 2017 available at: <http://www.euromonitor.com/grocery-retailers-in-canada/report>.



Revenue	6.0 billion CAD (4.3 billion EUR)	↓	10.9 billion CAD (7.8 billion EUR)	↓	2.7 billion CAD (2.1 billion EUR)	↑
Net earnings	-1.3 billion CAD (-930 million EUR)	↓	131.1 million CAD (93.7 million EUR)	↓	139.8 million CAD (99.9 million EUR)	↑
Total Outlets	1,544	↑	1,027	↓	1,325	↑
Markets	Nationwide; QC & Maritimes are largest markets		Nationwide; Ontario is largest single market with nearly 500 outlets		Quebec and Ontario	
Website	www.corporate.sobeys.com		www.loblaw.ca		www.corpo.metro.ca	
	www.sobeys.com		www.loblaws.ca		www.metro.ca	

Compiled from Canadian Grocer and Company Reports

Loblaws remains the largest dedicated grocery retailer in Canada, with approximately less than a third of the overall grocery market. Sobeys - following its recent acquisition of Safeway - generates approximately one-fifth of grocery sales in Canada.²⁸ Metro has posted the highest growth rates in terms of sales in recent years, however remains the smallest dedicated grocery retailer of the "Big 3" with around 10 per cent of overall market share.²⁹ Metro's primary markets are in Quebec and Ontario, whereas it does not have a nationwide distribution network on-par with major competitors.

Given the size, competitiveness and resilience of the Canadian grocery retail market, virtually all major retailers operate networks of subsidiaries and franchises. Retailers that traditionally conducted the majority of sales through supermarkets are increasingly creating new retail brands to adjust to changing market conditions. In particular, sales of discounters operated by traditionally supermarket brands are growing through outlets such as Maxi (Loblaws), Super C (Metro) and FreshCo (Sobeys).³⁰

Consumer decision-making regarding the selection of a grocery retailer in Canada primarily revolves around 3 considerations: (i) price of goods on offer; (ii) convenience, recognising that the majority of Canadian consumers are car-dependent; and (iii) nutritional value and quality of F&B products on offer.

On Trade Foodservice

The size of the consumer foodservice industry in Canada has grown slightly in the last 5 years for a total market value by sales of more than 56.8 million CAD (40.6 million

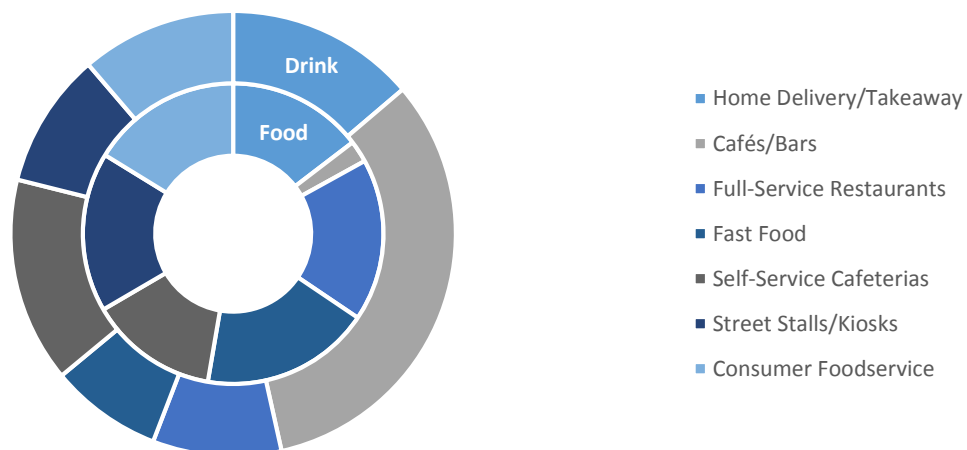
²⁸ "Who's Winning the Grocery Cart Wars?" April 2016 available at: <http://www.canadiangrocer.com/top-stories/whos-winning-the-grocery-cart-wars-63753>.

²⁹ "Loblaw Companies Ltd." January 2012 available at: https://www.raymondjames.ca/en_ca/equity_capital_markets/equity_research/sample_research/docs/Loblaw%20Companies%20Ltd.%20011612.pdf.

³⁰ "Grocery Retailers in Canada" February 2017 available at: <http://www.euromonitor.com/grocery-retailers-in-canada/report>.

EUR).³¹ On trade foodservice is a significant component of the Canadian economy in terms of GDP, employment and presence in daily life. Increasingly busy lifestyles and preference for convenient consumption options are further expanding Canadians' interactions with foodservice distributors. At the same time, consumption on trade forms a key part of social life in Canada typically shared with friends and family. Canadians are increasingly seeking modern, international and non-traditional consumption opportunities to this end.

Figure 12) On Trade Foodservice Distribution by Establishment in Canada



Euromonitor

Given the ubiquity of the foodservice industry in Canadian life, consumption outlets are relatively distributed and competitive. Approximately one third of the Canadian foodservice market is comprised of independent suppliers, though this figure has dropped sharply from more than 50 per cent in 2011. This is primarily accounted for a large number of Tim Hortons and Burger King restaurants that were independently franchised prior to 2014; the 2 together (owned by Restaurant Brands International) account for slightly more than 20 per cent of the total foodservice market in Canada.³² In total, there are more than 40,000 independent and 35,800 chained foodservice distributors across Canada.

Partly due to macroeconomic conditions and a relatively weak CAD against foreign currencies, the foodservice market in Canada is increasingly bifurcated. At one end, lower-income consumers are purchasing less through on trade food service and are increasingly value conscious. This is contributing to relative growth and stability in

³¹ "Consumer Foodservice in Canada" Jun 2016 available at: <http://www.euromonitor.com/consumer-foodservice-in-canada/report>.

³² Ibid; Burger King acquired Tim Hortons in December 2014.



foodservice distributors that offer low-priced options, such as meal deals. At the same time, there is also growing consumption in the premium segment of the market, in part driven by Canada's status as an attractive and increasingly popular tourist destination.

Premium foodservice establishments in Canada tend to be independently owned and operated. Depending on your product, premium bars, restaurants, cafes and other on trade F&B distributors can be well-suited to match you with increasingly culture- and quality- oriented consumers in the Canadian market.

3.3.3 Business Environment

The Canadian economy is high-performing and internationally integrated, with growth rates and key indicators consistently ahead of other high-income reference countries. Canada ranks 22nd out of 190 countries on the World Bank's *Ease of Doing Business* index for 2017, with a composite score of 79 per cent; Subcategory scores range from 2nd (starting a business) to 112th (enforcing contracts).³³ Measuring openness to trade as a percentage of GDP, Canada is typically on par with New Zealand, Italy, the UK and Denmark.³⁴ Canada is the 7th largest exporter and importer of merchandise; it is furthermore the 10th largest exporter and 8th largest importer of commercial services.³⁵ Canada ranks 46th overall in terms of ease of trading across borders under the World Bank's *Ease of Doing Business Index*.³⁶ Compared with other high income countries, importing products into Canada is more expensive in terms of cost, however processing times are much quicker - by as much as 80 per cent compared to the high income average in some cases.

³³ "Ease of Doing Business in Canada" 2016 available at: <http://www.doingbusiness.org/data/exploreeconomies/canada>.

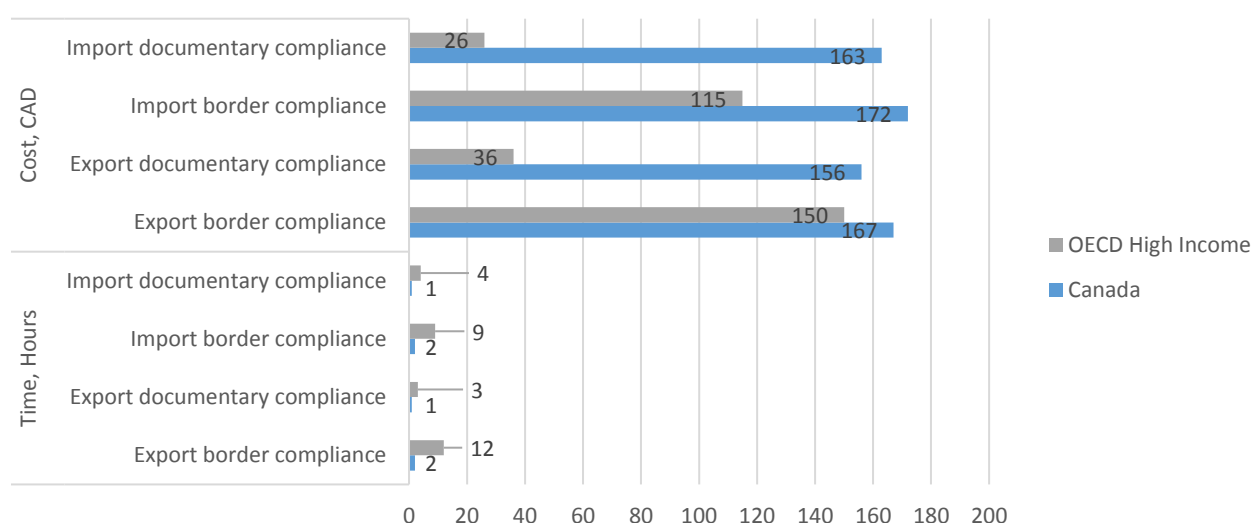
³⁴ "Openness to Trade" December 2014 available at: <http://wits.worldbank.org/openness-to-trade-visualization.html>.

³⁵ "Canada" available at: <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Country=CA>.

³⁶ "Ease of Doing Business in Canada" 2016 available at: <http://www.doingbusiness.org/data/exploreeconomies/canada>.

Provincial governments in Canada have a comparatively high degree of autonomy under the federal structure. This polycentric structure has left significant portions of Canada’s internal commerce fragmented, as regulations on interprovincial commerce require consensus while the provinces themselves pursue diverse interests according to their local economies. An attempt was made to harmonise interprovincial commerce and remove barriers through the Agreement on Internal Trade in 1995, specifically aimed at reducing and eliminating barriers to free movement of labour, goods and investments in Canada. All Canadian provinces were party to the agreement, however the need to achieve consensus across such a broad-base yielded a lowest common denominator outcome which ultimately failed to address many of the most salient barriers to interprovincial trade.³⁷

Figure 13) Trading Across Borders in Canada



World Bank

Challenges and Trends

Despite the relatively high receptiveness to foreign trade, EU exporters can still face challenges entering and meeting the Canadian market. Many of these challenges are intrinsic to the distance between European and Canadian markets. Owing to the greater distances involved, EU exporters may be less able to absorb costs created by interprovincial trade barriers, such as divergent labelling or food safety standards.

The incumbency of the US as a leading exporter to Canada can further complicate ease of access for EU suppliers - particularly during early stages of market entry - although

³⁷ “Canada’s Problem with Interprovincial Trade Barriers” available at: <https://www.fraserinstitute.org/article/canada%20s-problem-interprovincial-trade-barriers>.

the American and Canadian economies are more homologous whereas the EU is more complementary.

Weakness in the current CAD to EUR exchange rate reduces the spending power of Canadian consumers to buy EU products. These market limitations may be most pronounced in provinces and local economies which are typically dependent on commodity exports, such as Canada's oil-producing and agricultural provinces, whereas demand in urban markets may be less price-sensitive.

3.3.4 Consumer Profile

Canada's economy has performed well in the last decade at a time when many other countries underwent significant macroeconomic shocks. Consumer spending and confidence have remained above international comparators and have increased steadily since 2009.³⁸ This is reflected in consistently higher after-tax incomes in Canada than compared with other developed markets. At the same time, many Canadians pride themselves in their work, frugality and value-consciousness. In turn, leisure in Canada is closely linked with F&B consumption, which is often considered a social opportunity to further shared experiences.

More than 80 per cent of Canadian consumers live in urban markets.³⁹ Household composition is split into roughly equal shares between couples without children, single-person homes and couples with children together comprising roughly three quarters of the consumer base in Canada. The remaining quarter consists of single-parent homes, co-tenancies and other arrangements.⁴⁰

³⁸ "Canada Consumer Spending" 2017 available at: <http://www.tradingeconomics.com/canada/consumer-spending>.

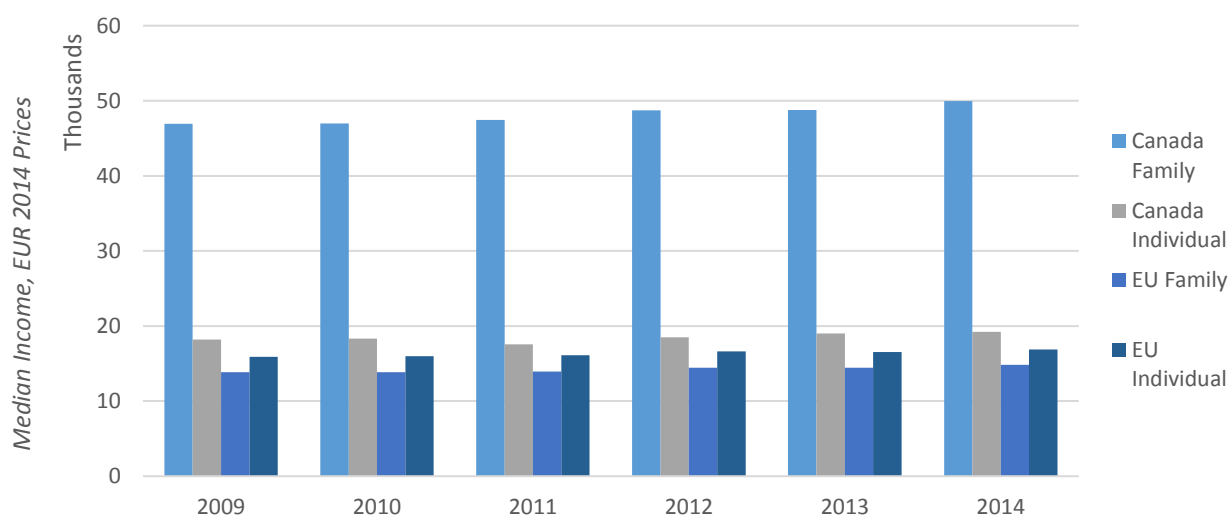
³⁹ "Population, Urban and Rural, by Province and Territory" February 2011 available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo62a-eng.htm>.

⁴⁰ "Consumer Lifestyles in Canada" August 2015 available at: <http://www.euromonitor.com/consumer-lifestyles-in-canada/report>.



The Canadian family household income is among the highest in the world, and surpassed that of the US in 2014. The same time, the average household size in Canada is smaller than regional and international comparators. The average household size is 2.6 in Canada, and more Canadians live in 1 and 2 person households than all other household sizes combined.⁴¹ In most Canadian households, food is the third largest expenditure category following shelter and transportation.⁴² Household spending on food in Canada typically amounts to around 10 per cent of annual expenditures; this is more than the US, but less than other high-income countries such as Germany, Australia, France and Japan.⁴³

Figure 14) Median After-Tax Income in Canada and the EU by Household Type



Compiled from Statistics Canada and Eurostat Data

⁴¹ "Consumer Lifestyles in Canada" August 2015 available at: <http://www.euromonitor.com/consumer-lifestyles-in-canada/report>.

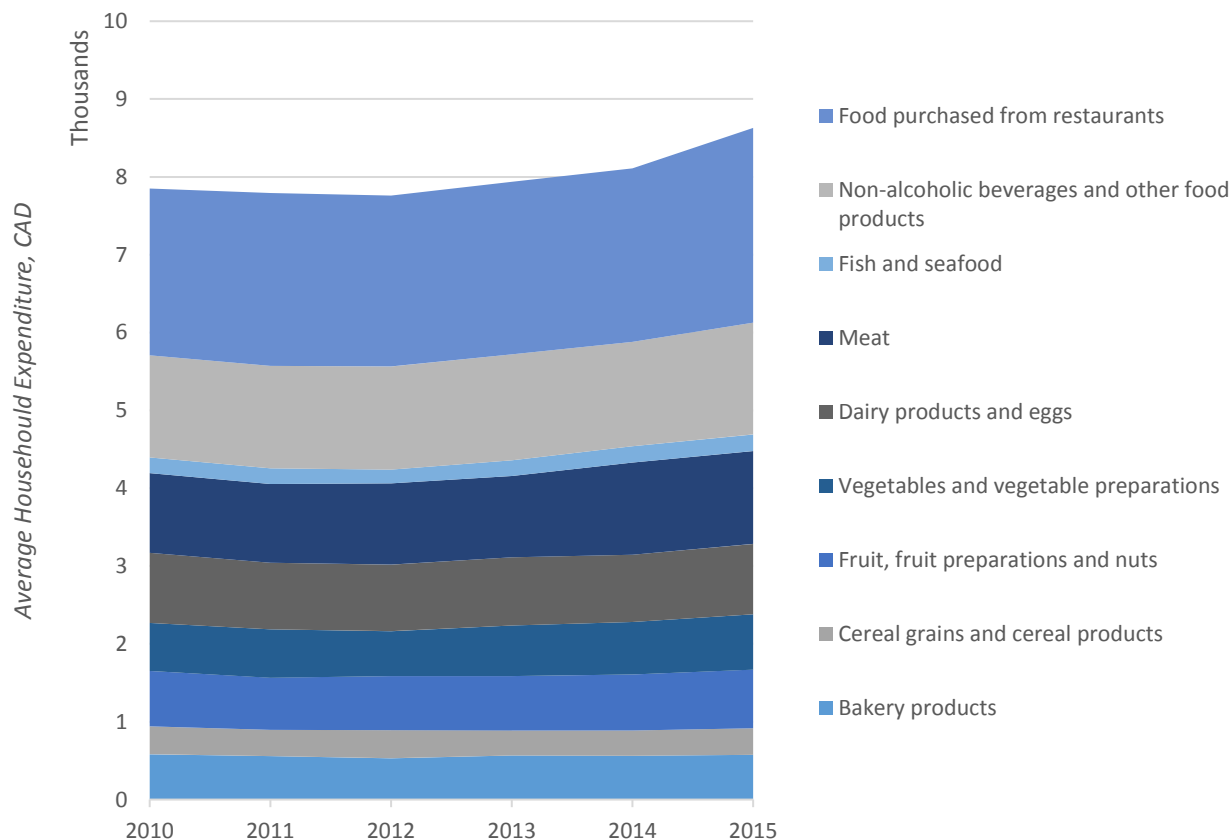
⁴² "Average Household Expenditure, By Province" January 2017 available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil130a-eng.htm>.

⁴³ "The Canadian Consumer: Behaviour, Attitudes and Perceptions Towards Food Products" May 2010 available at: <http://www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706>.



As Canadian income levels have increased in recent years, so too have food expenditures. Canadian consumers are increasingly price conscious, seeking greater value-for-money. At the same time, food quality, nutritional content and healthfulness are increasingly driving consumption decisions.

Figure 15) Average Annual Expenditure on F&B Products in Canada by Type



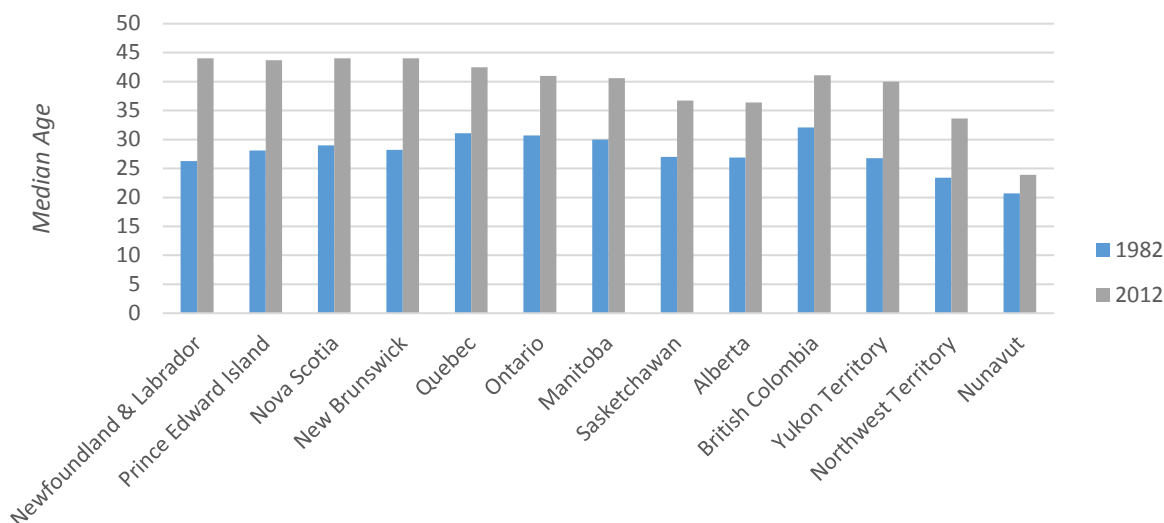
Statistics Canada

Canadians are spending more on fruits, vegetables and meats while other dietary staples remain constant or are otherwise seeing sales shift towards premium or health oriented products.

The median age of the Canadian population is increasing, up from 37 in 2000 to 41 in 2015. This is driving a greater emphasis on nutrition, similarly as it creates a larger pool of older consumers with typically greater spending power. Eastern Canada - the Atlantic provinces and Quebec - typically have older demographic structures than other Canadian provinces.⁴⁴ Older consumers, in turn, are more likely to place emphasis on quality and nutrition than younger cohorts.

⁴⁴ "Median Age, 1982 and 2012, Canada, Provinces and Territories" November 2015 available at: <http://www.statcan.gc.ca/pub/91-215-x/2012000/ct009-eng.htm>.

Figure 16) Median Age and Trend in Canada by Province and Territory



Statistics Canada

Young consumers nonetheless remain an important and influential source of demand in the Canadian F&B market. F&B producers and service suppliers are concentrating marketing and engagement strategies on young consumers who are among some of the most connected in the world. Social media and other digital approaches allow F&B suppliers to reach this market at low or virtually no cost. In turn, younger consumers are increasingly emphasising health and wellness in their consumption choices.

One result of increasing consumer awareness of the impact of nutrition and F&B choices on health is decreasing consumption of meat and meat-derived products - including certain types of dairy. For some consumers this trend is further driven by concern about animal welfare, as well as the environmental impact of meat consumption. Vegetarianism and veganism are relatively common concepts in Canada and are increasing their traction.⁴⁵ It is estimated that up to 10 per cent of Canadians are vegetarian, whereas one quarter intend to reduce their meat consumption.⁴⁶

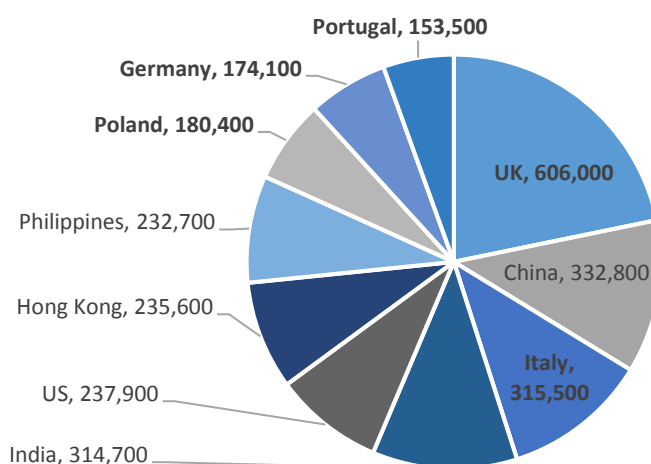
At the same time, the increasing median age and low birth rate in Canada are partly offset by a large population of permanent and temporary residents from foreign countries. This constitutes a significant segment of the population in Canada and drives increasing preferences for non-traditional F&B products.

⁴⁵ "Consumer Foodservice in Canada" Jun 2016 available at: <http://www.euromonitor.com/consumer-foodservice-in-canada/report>

⁴⁶ "Prevalence of Vegetarian Consumers and People Attempting to Eat Less Meat in Canada" 2015 available at: <https://www.statista.com/statistics/544771/vegetarian-prevalence-canada/>.

Multiculturalism, tolerance and acceptance of diversity are generally accepted as central tenets of the Canadian identity. Canadians are typically receptive of immigration and pride themselves in the degree of integration too which foreigners are integrated in Canadian society. Nearly one out of 6 Canadians are foreign-born, in addition to much larger 2nd and 3rd generation citizens as well as a large number of permanent residents.

Figure 17) Top 10 Countries of Origin for Immigrants in Canada



Customs and Immigration Canada

Overall, EU producers are well-suited to match increasing demand in Canada for international, healthy and responsible high-quality F&B options. Many Canadians are already familiar with EU F&B products through travel, media, university experience and the extent to which foreign cultures are integrated in Canada. At the same time, EU products - especially those with Geographical Indications (GI) - fit well with growing consumer preferences for high-quality, premium and imported F&B products.

EU producers of certain F&B products will face challenges to increase their sales to some consumer segments, particularly those that are price-sensitive and loyal to domestic or traditional suppliers. These consumers are more likely to be found in rural markets, and access from the EU may be restricted by the relative strength of the euro compared to the Canadian dollar which will lead to higher prices, regardless of whether imports under the product category are liberalised or not under CETA.

Key trends in the Canadian F&B market in the coming years will continue to emphasise health, value, convenience, authenticity, sustainability and originality.⁴⁷

⁴⁷ "The Canadian Consumer: Behaviour, Attitudes and Perceptions Toward Food Products" May 2010 available at: <http://www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706>.

3.4 Strengths, Weaknesses, Opportunities and Threats Analysis

SWOT Analysis	
<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Large Market Size with a population of 36.5 million habitants, Canada is the 6th largest F&B products importer in the world • Stable political and business environment • Business friendly environment • High income country, with growing disposable income and consumer spending • Growing economy, which is trade oriented and deeply integrated into regional and global supply and consumption chains • Good trade relations between the EU and Canada, which are to be further reinforced with concluding the CETA • Canada is a member of the WTO • Well-developed, comprehensive infrastructure which is considered among the best in the world • Well-developed logistics sector with Refrigerated warehousing and F&B cold-storage facilities • <i>EU-Canada Air Transport Agreement</i> allows unlimited flights to Canada • Very good quality of IPR protection, once IPRs are registered in Canada • Canada has undertaken unilateral measures to simplify import procedures and costs for some products • F&B is the third largest expenditure category in Canada, making it a good market for F&B products 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Road transportation times could be affected by seasonal harsh weather, such as heavy snowfall • Production and sales of F&B products in Canada are extensively regulated under Canadian law • Provinces may have different regulations on F&B products which have to be abide by when importing to Canada • Canada's internal commerce is fragmented as regulations on interprovincial commerce require consensus while the provinces themselves pursue diverse interests according to their local economies • CAD and EUR exchange rate reduces the spending power of Canadian consumers to buy EU products • Consumers in Quebec are less reluctant to buy foreign products and marketing F&B products to this region requires a different marketing strategy • Sale and distribution of alcoholic beverages is under extremely strict regulations of provincial alcohol boards, with private distribution of alcohol basically non-existent • Tariff quota systems (TRQ) for specific EU products, especially dairy and meat products
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Canadian population is culturally and ethnically diverse, offering business opportunities to a wide range of EU countries able to find foreign diasporas in Canada. • Canadian Population is highly receptive to foreign products, 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Due to greater distances, EU exporters may be less able to absorb costs created by interprovincial trade barriers, such as divergent labelling or food safety standards



<p>which offers possibilities to many EU countries.</p> <ul style="list-style-type: none"> • Entry into force of CETA will significantly facilitate EU-Canada cross-border trade as it eliminates major Customs duties (almost 99 per cent of tariffs will be eliminated) offering lucrative business opportunities for the EU member states • CETA will also address non-tariff barriers to trade, promising to lower or eliminate them, offering opportunities to producers of various EU products • CETA is aimed to increase the quantities of products admitted under the TRQ system, offering more market opportunities to EU dairy and meat producers • Under CETA EU-Canada dialogue on non-tariff related barriers on alcoholic beverages will continue, offering hope that some of the barriers could be eliminated in the near future and thus EU exports of alcoholic beverages to Canada could increase • Canada's simultaneous NAFTA and CETA membership can offer EU member states also tariff free access to the US markets through Canadian subsidiaries • Canada's spending on infrastructure is expected to generate significant spillover effects in terms of consumer spending and confidence, increasing demand for more F&B products • Many Canadians are already familiar with EU F&B products, giving EU countries thus an advantage in the market 	<ul style="list-style-type: none"> • US is the leading exporter to Canada and due to its closeness to Canada, many EU products may face fierce competition and lower prices from US products. • Non-tariff related barriers to alcoholic beverages restrict EU exports to Canada, these are likely to persist even under CETA • Sale of alcoholic beverages, especially wine and spirits is regulated by provinces and these provinces can easily impose further restrictions on EU products in order to protect their own economic interests • Buy local campaign, supported by some local provinces is gaining ground in Canada, further threatening the market share and market access for EU products • Labelling requirements, SPS requirements and different provincial requirements on imported products may discourage EU SMEs from exporting F&B products to Canada • Distribution system that favours the use of brokers and agents could also discourage EU SMEs from exporting F&B products to Canada
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- | | |
|--|--|
| <ul style="list-style-type: none">• As there is growing trend towards buying high-quality premium products in Canada, EU products with Geographic Indications have huge market potential | |
|--|--|

4 Market Access and Entry

Many types of EU F&B products, including those with GI, are already successfully exported to Canada, where they are met with a large market and growing demand. EU-Canada trade in F&B products is expected to increase substantially as the recently concluded CETA enters into force. To help you navigate this high-potential but shifting market, this section includes information on:

- Market Size and Market Share
- Growth Drivers and Trends
- Market Access and Entry Strategies
- Key Markets by Geography
- Customs, SPS Requirements and Labelling
- Status of GI and IPR
- WTO disputes and early warning for problematic sectors
- Province-level rules
- Changes and Opportunities under CETA

The information contained in this section provides an overview of Canada at the national, provincial, and key-market level. It is designed to be used in complement with the product-specific Market Snapshots in Section 5. You can find a list of F&B products covered by this handbook below.

Figure 18) Market Snapshots Overview



Own Compilation

Subsequent sections provide further information on EU support services already present in Canada and able to guide your product through market access and entry. EU support



services can help connect you with a knowledgeable and trustworthy import partner as well as local government contacts in Canada to ensure the success of your product.

4.1 EU and Domestic GI Products in Canada

IPR can account for a significant part of the value associated with your F&B product. Products bearing a GI are sold at an average price 2.23 times higher than non-GI products. Exports of EU GI F&B products are worth more than 54.3 EUR billion each year - more than 15 per cent of the value of overall F&B exports.⁴⁸ EU F&B products in particular are typically associated with higher levels of quality and craft. Canada is among the leading import markets for EU GI products, receiving more than 6 per cent of EU exports for the category - on par with China and Japan. This indicates much higher demand per capita in Canada than in larger East Asian markets and presents a significant opportunity for EU products.

IPR in Canada

IPR have been protected in Canada under the *Trade-marks Act* since 1985. This protection is administered by the Canadian Intellectual Property Office (CIPO) and extends to many F&B products - despite lack of a homologous system of GI marks in Canada.⁴⁹

3 types of trademarks are protected under the Canadian IPR regime. These are:

- i. Ordinary marks: words, sounds, designs or any combination used to distinguish the goods and services of one business from another. This could be your business name but does not necessarily apply to GIs;
- ii. Certification marks: evidence that a product meets a defined standard - for example quality controls or production methods - and can therefore be licensed to multiple rights holders who meet the certification criteria. This covers many GIs and F&B products, such as Canadian Whisky or Ontario Icewine.
- iii. Distinguishing guise: shape, packaging or presentation of a product distinguishes it from others and is associated with a specific business. The distinct triangular packaging of Toblerone chocolates is considered an example of this form of IPR.⁵⁰

The duration of coverage for trademarks registered in Canada is 15 years, after which a trademark can be renewed. Initial registration costs vary depending on the extent of the filing, as well as if you hire a trademark agent who will also charge a fee. Trademark registration fees in Canada are 200 CAD (143 EUR). These are often separate from additional fees which can range from 300 CAD (214 EUR) to 1,000 CAD (715 EUR) each.

⁴⁸ "EU Geographical Indications Worth About €54 Billion Worldwide" March 2013 available at: https://ec.europa.eu/agriculture/newsroom/106_en.

⁴⁹ "Trademarks" November 2016 available at: http://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr00002.html.

⁵⁰ "A Guide to Trademarks" February 2016 available at: http://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr02360.html.

A full list of filing and renewal fees can be found through the CIPO website, accessible [here](#).

The quality of IPR protections in Canada are generally good, however it is important to register your IP as early as possible. There is no *ex officio* protection of IPR; protection is only provided at the request of a rights holder. It is therefore important to establish legal ownership of your IP before or upon entry of your product in the market and periodically monitor to ensure your IPR is not being infringed. Unregistered trademarks area also entitled to protection in Canada, although the extent and scope of protection depends on use and awareness of use.⁵¹

Figure 19) Trademark Application Procedure in Canada

Applying for a Trademark in Canada

Trademark applications can be submitted online or by courier to the CIPO in English or French.

→ **CIPO Postal Address**

Canadian Intellectual Property Office
Place du Portage
50 Victoria Street
Hull, Quebec K1A 0C9
PCT Office
Box PCT

Telephone: +1 (819) 953 9712

+1 (819) 997 1936

Fax: +1 (819) 953 7620

+1 (819) 953 9538

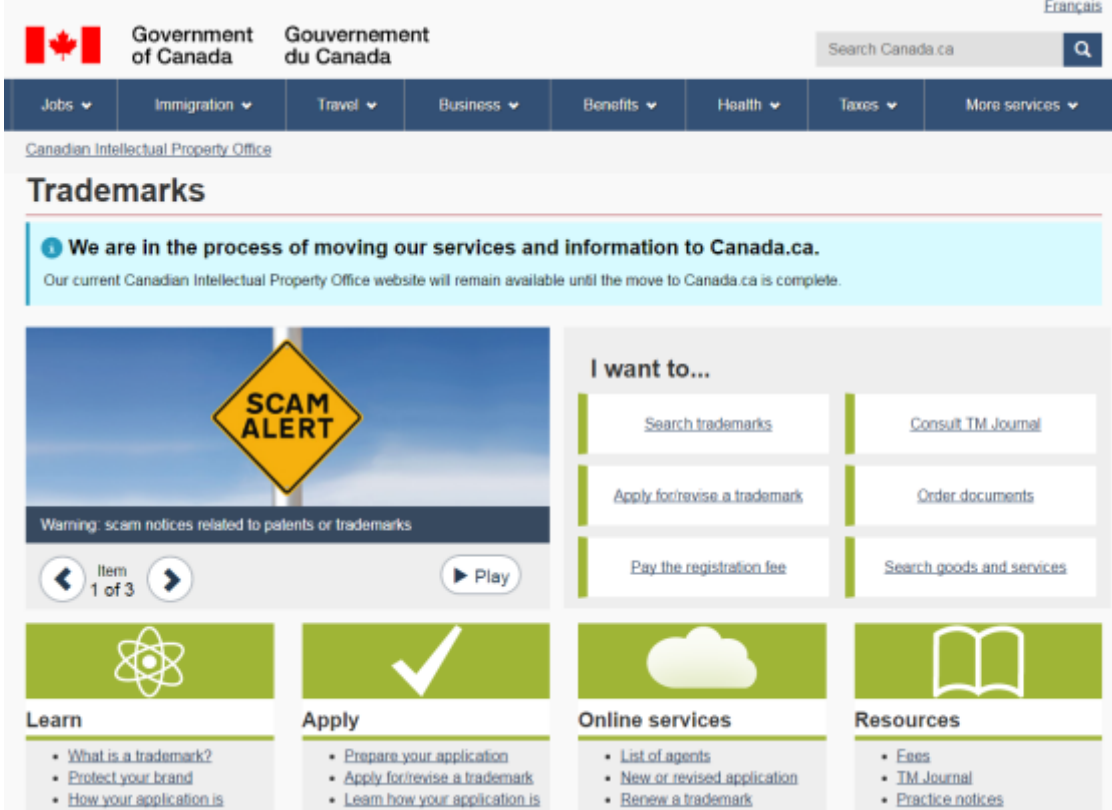
Email: cipo.contact@ic.gc.ca

→ **CIPO Web Application**

<https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr01369.html>

The CIPO web portal can help you assess your IPR needs and application requirements in Canada. The resource includes frequently asked questions, a comprehensive database of existing trademarks and other valuable IPR tools.

⁵¹ "Protection of Geographical Indications in 160 Countries Around the World" June 2007 available at: http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc_135089.pdf.



You will need to provide the following information to complete your application for a trademark in Canada:

- Applicant name and address
- Drawing of the trademark, unless the trademark is text-only
- Products and services which will be associated with the trademark and for which it will be used
- Applications for Certification marks will require definition of the standard that the mark is intended to indicate along with a statement that the applicant is not engaged in the manufacture, sale, leasing or hiring of products or the performance of services such as those in association with which the Certification mark is used
- Either a statement indicating intent to use a certain trade mark and type of use or - if your product is already in the Canadian market - the date of first use
- Payment of application, registration and filing fees⁵²

A knowledgeable trademark agent, usually an IP lawyer or specialised service, can help you determine what protection is best-suited for your product in Canada.

Compiled from CIPO and EU Directorate General for Trade Data

⁵² "Protection of Geographical Indications in 160 Countries Around the World" June 2007 available at: http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc_135089.pdf.

EU GI Products in Canada

Before determining your IP strategy in Canada, you should first consult as to whether your product is already protected by bilateral agreement between the EU and Canada. There are more than 3,300 products registered under the EU GI scheme, and most GIs recognised worldwide are attributable to EU Member States - led by Italy, France, Spain, Portugal, Greece and Germany.⁵³

Since 2003, EU GI wines and spirits were already eligible for recognition under Canadian trademark law as the result of a bilateral agreement.⁵⁴ **The recently concluded CETA expands Canadian recognition of EU GI products from previous bilateral agreements.** Under CETA, 143 EU GI products are recognised and granted the highest level of protection in Canada. However, protection will apply differently depending on specific product, with some types of EU GI products having phase-out periods for producers in Canada or different specifications for use of qualifiers such as “like” or “type”, so long as the origin is clearly indicated.⁵⁵

The specific market snapshots in Section 5 include further information on covered GIs under CETA.

Figure 20) Types of EU Geographical Indications



EU Directorate General for Agriculture

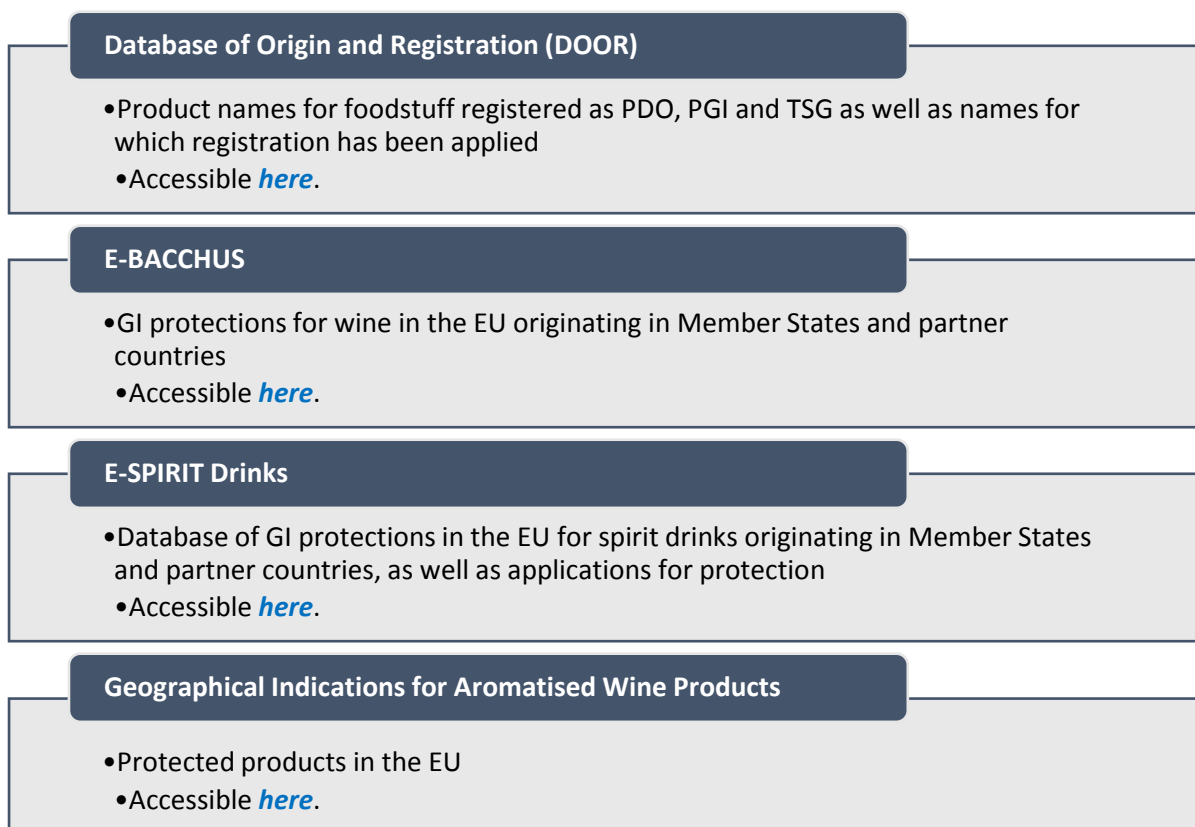
⁵³ "Worldwide Symposium on Geographical Indications" June 2009 available at: http://www.wipo.int/edocs/mdocs/geoind/en/wipo_geo_sof_09/wipo_geo_sof_09_www_124276.pdf; 4 EU Member States account for more than 80 per cent of all GI registrations worldwide. Only a handful of EU Member States have yet to register GI products.

⁵⁴ "Canada-European Community Wine and Spirits Agreement" February 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/agri-food-trade-policy/trade-agreements-in-force/canada-european-community-wine-and-spirits-agreement/?id=1383943512933>.

⁵⁵ "Geographical Indications in CETA, the Comprehensive Economic and Trade Agreement between Canada and the EU" November 2011 available at: http://www.origin-gi.com/images/stories/PDFs/English/14.11.24_GIs_in_the_CETA_English_copy.pdf.

Complete information on the EU GI protection framework and agreements with non-EU partner countries can be found online through the EU Directorate General for Agriculture (DG AGRI), as well as several product-specific databases. The DG AGRI website contains further information on how to obtain GI protection if your product is not already registered in the EU.

Figure 21) information sources on GI protection



EU Directorate General for Agriculture

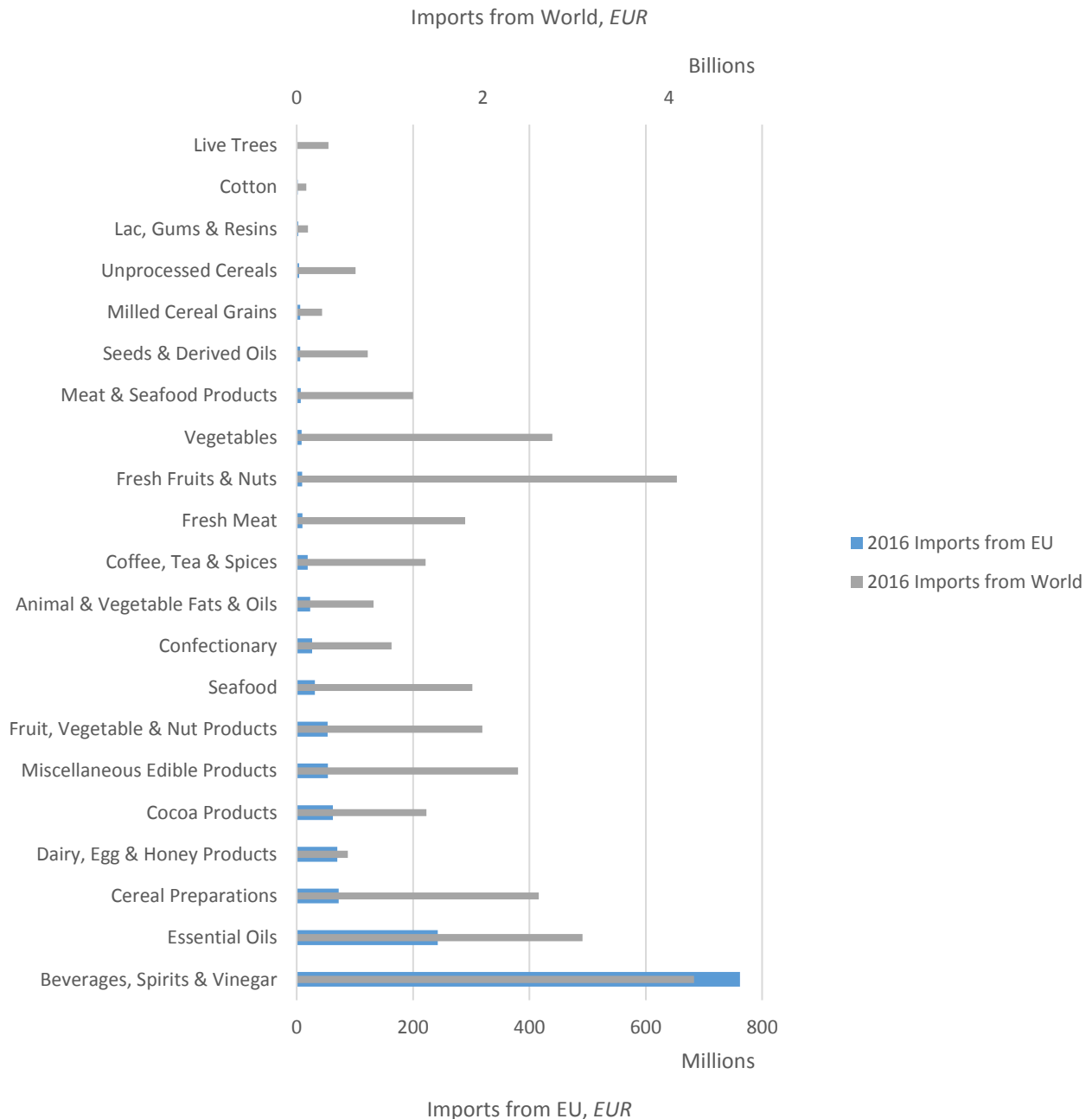
4.2 EU F&B Exports to Canada

F&B products - including those recognised under the EU's GI protection framework - are a significant source of the exported value to Canada. Current trade data does not distinguish between products by GI status, however the spread between EU export volumes and values to Canada is indicative of a concentration of high price-per-weight products.



The largest categories of EU F&B exports to Canada by value are beverages, essential oils, baked goods, pastas, cheese and chocolates. Given the distance to market and entrenched competition from other advanced agricultural economies, premium and high-value EU F&B products constitute the majority of exports.

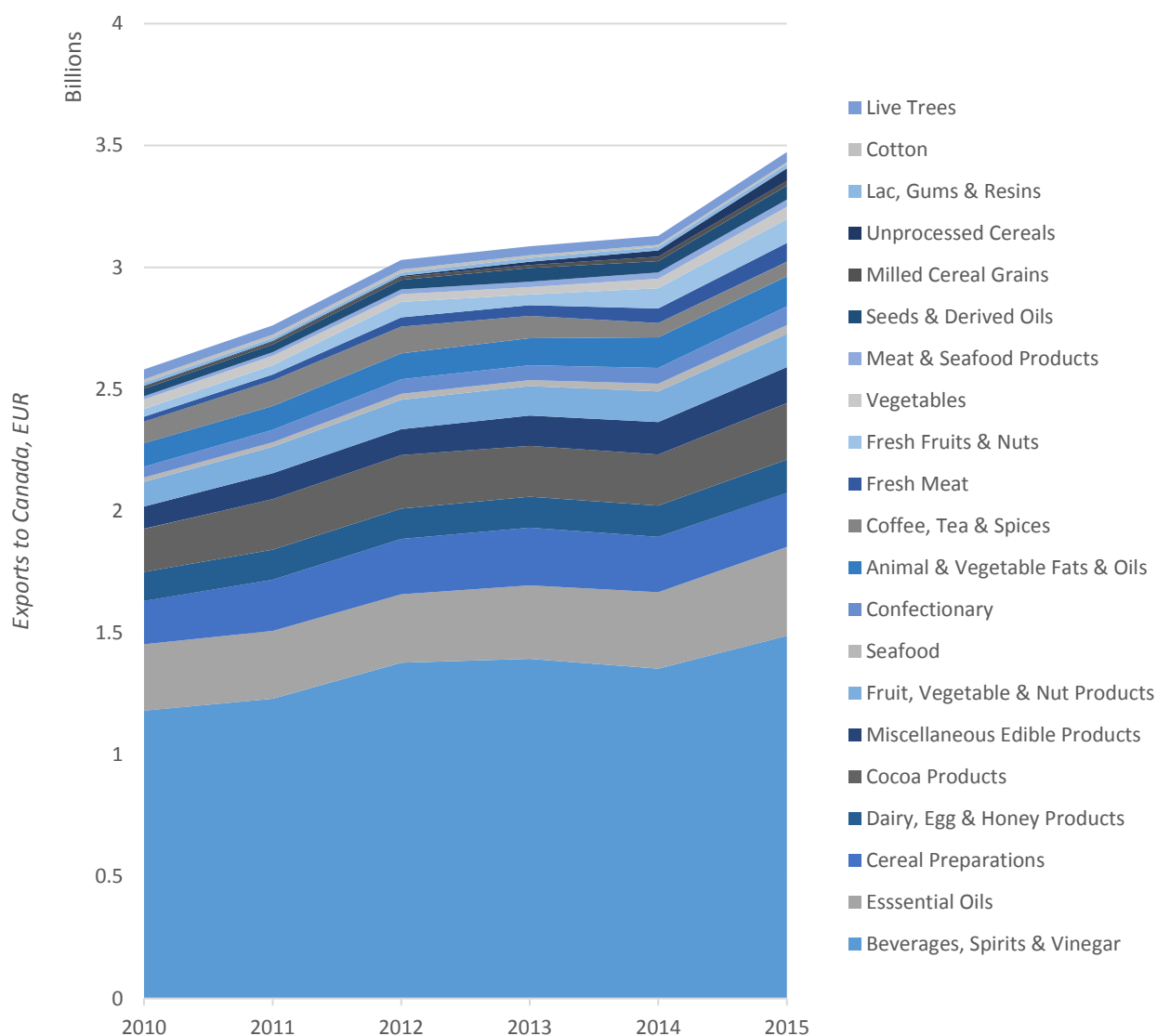
Figure 22) Canada F&B Imports by Value from EU and World





The average ratio of exported value to weight of EU F&B trade with Canada was 364 EUR per 100 kilogrammes in 2015. EU cotton, essential oils and lac, gums and resins exports to Canada were the most valuable by weight in 2015, at 2,051, 1,885, and 1,398 EUR per 100 kilogrammes respectively. Overall export values per 100 kilogrammes were grouped around a median price of 402 EUR - greater than the average price which was skewed by a handful of lower-value exports.⁵⁶

Figure 23) Trend of EU F&B Exports to Canada by Value



Eurostat

⁵⁶ "International Trade in Goods" available at:
http://ec.europa.eu/eurostat/data/database?p_p_id=NavTreeportletprod_WAR_NavTreeportletprod_INSTANCE_nPqeVbPXRmWQ&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-2&p_p_col_count=1.



Major types of EU GI products already exported to Canada include wines, spirits, baked goods, pastas and more.

Overall, the EU exported more than 1.5 billion EUR worth of F&B products to Canada in 2016. EU F&B exports to Canada represented more than 5 per cent of overall F&B imports by value for the latter in 2016. The EU's product-specific share of exports to Canada at the Harmonised System (HS) 2-level ranges from 18 per cent (beverages) to less than 1 per cent (cereals).

The largest absolute value increase in terms of exports was recorded for the beverages sector, whereas exports of unprocessed cereals and fresh meats from the EU to Canada saw the largest relative increases, 95 and 54 per cent respectively between 2010 and 2015.⁵⁷

At the EU Member State level, there is quite some diversity with regards to F&B exports to Canada. The largest EU Member State trading partners with Canada in 2016 were Germany, the UK, Italy, France and the Netherlands. Section 5 contains more specific information on detailed trade flows by product.

The outlook for most EU Member States is that exports to Canada will continue to stably increase in the coming years. This forecast is based on positive assumptions about the effectiveness of the current administration's expansionary budget in buoying consumer demand as well as market access improvements afforded under CETA. At the same time, the Canadian currency has begun to recover and bridge the gap with the EUR, indicating greater purchasing power in the Canadian market relative to foreign imports.

4.2.1 Key Markets

Although the Canadian market is geographically among the largest in the world, population centres are highly concentrated. Canada's population is highly urbanised. Furthermore, the vast majority of the Canadian population lives in the southern part of the country, within close proximity to the US border. The strongest population concentrations are located along the axes between Quebec City and Windsor and, increasingly, in western Canada between Vancouver and Victoria as well as between Calgary and Edmonton.

Canada covers roughly the same landmass as the EU but has less than a 5th of the latter's overall population. Given the logistical distances and cultural variations between Canada's provinces and cities, it is important to understand key markets in the country before exporting your product. Note that this handbook primarily considers the 10 Canadian provinces, whereas the 3 territories remain difficult to access for foreign exporters owing to their remoteness and low purchasing power relative to logistics and retail prices.

⁵⁷ "Bilateral Trade Between European Union 28 and Canada" 2016 available at: http://www.trademap.org/Bilateral_TS.aspx?nvpm=1||14719|124||TOTAL||2|1|1|2|2|1|1|1|1

Atlantic Canada

Atlantic Canada is comprised of the easternmost provinces, New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia. Despite the relatively small size of the region as a proportion to Canada, provinces such as Prince Edward Island, Nova Scotia and New Brunswick have among the highest population densities in the country. The population of Atlantic Canada is typically more homogenous and likely to trace European ancestry than the rest of the country. At the same time, the median age in Atlantic Canada is higher than in the rest of Canada. Older consumers typically have greater spending power and in some cases a preference for premium imported F&B or those with demonstrable health and nutrition benefits. The effect in Atlantic Canada is mixed, however, as the provinces overall tend to see wealth increasingly gravitating to the west.

The F&B industry in Atlantic Canada is a highly important part of the regional economy, in large part due to its close interlinkage with the tourism sector. Atlantic Canada is a popular tourist region hosting visitors from Ontario, Quebec, within the province itself, the US and internationally. Atlantic Canada received more than 22 million tourists from within Canada alone in 2015.⁵⁸ Ocean-front communities are often a focal point for this activity.



This tourism activity is an important opportunity for EU F&B exporters. Atlantic Canada is perceived among Canadians as more aligned with the country's early European settlements. At the same time, tourists are more likely to seek non-traditional F&B consumption opportunities, and typically spend more than would otherwise be the case. Canadian visitors to another province within Canada may spend up to a quarter of their daily holiday budget on F&B.

⁵⁸ "Trips by Canadians in Canada, by province and territory" March 2014 available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/arts26a-eng.htm>.

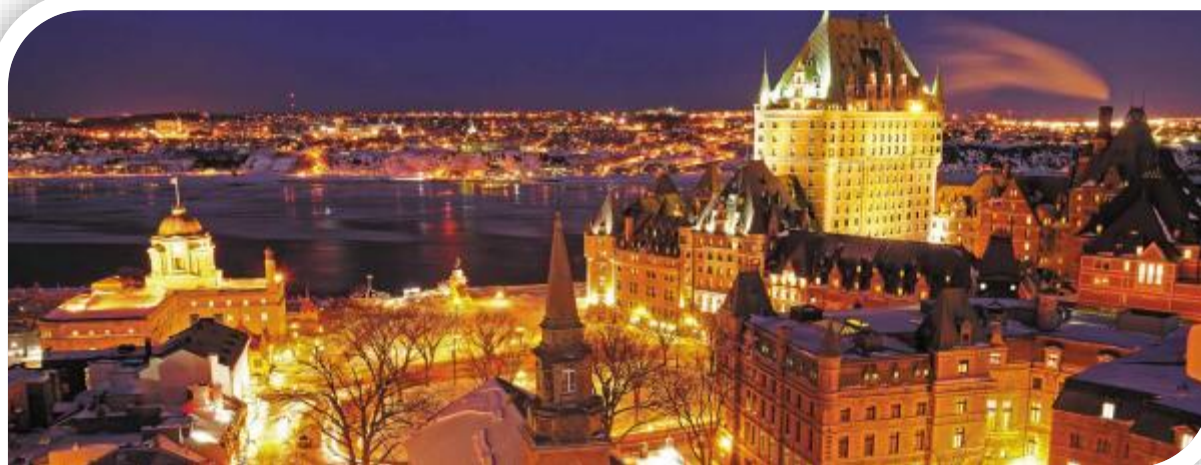
Atlantic Canada is furthermore an important market for EU F&B exports as a likely first point-of-entry for many products, especially those arriving by maritime freight. Atlantic Canada has major international ports with regular transatlantic lines in Saint John and Halifax. These facilities have intermodal and transshipment infrastructure, but are also important markets themselves and good access points to markets in Atlantic Canada.

Quebec

Quebec is the largest province in Canada and the second most populous. The province is highly urbanised and the second largest economy in Canada overall. A large portion of the population and economic activity in Quebec traces along the Saint Lawrence River.

Quebec is considered a focal point for the concept of French Canada; whereas English is the official or *de facto* language of most of Canada, French is the only official language in Quebec and is widely spoken throughout the province. This is derived from a separate historical legacy based on French settlement in the 17th century rather than by the UK as is the case with most other Canadian provinces. This in turn is reflected in different consumer attitudes, values, demographic structure and immigration patterns.

Agricultural production and pride in and enjoyment of agro-food products are important aspects of the Quebec cultural identity derived from the provinces agrarian origins. Agriculture remains an important part of the province, however economic activity has been increasingly concentrated in major cities such as Montreal and Quebec since the latter half of the 19th century.



Montreal and Quebec are now recognised as major cosmopolitan cities and attract sizeable tourist visitors as well as young educated professionals and students from Canada and internationally. Montreal is considered among Canada's leading markets for



the F&B industry and innovative, novel and imported cuisine. The cities have large communities of European expatriates that further drive local demand for EU F&B products, and are easily accessible by maritime shipping and other modes from EU countries of export.

Reflecting an at-times tenuous relationship with the rest of Canada under administration by the UK, Quebec has a greater degree of political autonomy than other provinces. For F&B products, this includes specific requirements that goods entering the market comply with local labelling standards - namely the need to display product information in French. You may want to consider applying a different marketing strategy in Quebec than in the rest of Canada as well, as consumer attitudes differ and do not respond the same. For some categories of F&B products, consumers in Quebec may be less willing to switch from their traditional purchasing habits or may be more reluctant to buy foreign products.⁵⁹ A reliable import partner in Quebec can help you determine how best to introduce and position your product in the market, including compliance with provincial regulations.

Ontario

Ontario is the largest province in Canada by population and economic activity. More than 1 out of 3 Canadians live in Ontario, with virtually all living in the southern half of the province near the US. The province has historically held deep economic and cultural linkages with manufacturing industries in the American Midwest, some of which continue to this day. It has also been an important transportation hub between eastern and western Canada during the latter's expansion - particularly owing to excellent rail and maritime transport options.

Also located within Ontario are Canada's capital and largest cities, Ottawa and Toronto, respectively. The province is among Canada's most prosperous and the country's major financial and political centre. The province hosts a large financial and professional services industry, as well as advanced research and design and manufacturing. At the same time, Ontario has attracted migration from across Canada and internationally. It is considered Canada's most diverse province and a primary destination for most new immigrants, who are attracted by cultural tolerance, receptiveness to foreign concepts and products and good economic opportunities.

⁵⁹ "What's so Different About Marketing to Quebec?" April 2014 available at: <https://www.sbcncanada.org/articles/whats-so-different-about-marketing-quebec>.

The F&B industry is a significant part of Ontario's economy and is at the centre of shifting consumer preferences. EU producers face excellent opportunities in Ontario through the combination of a dynamic, internationally-conversant market with high spending power and a business-friendly environment. At the same time, EU products will need to navigate increasing consumer preferences for convenience, low-fat content, and environmental responsibility such as for local produce and organic products; these are not necessarily specific to Ontario but are significant in this affluent market that considers itself a bellwether for the rest of Canada.



Prairies

Canada's Prairie provinces include Manitoba, Saskatchewan and Alberta. The Prairie provinces are characterised by their large scale, low population density and emphasis on primary economic activities such as agriculture and mineral extraction. Historically significant export performance of commodities such as grain and oil products from the Prairie provinces have several large and successful markets within the region. This is reflected in an average GDP per capita for the Prairie provinces higher than that national average. The largest cities in the Canadian prairies are Calgary and Edmonton - both in Alberta - followed by Winnipeg, Saskatoon and Regina. Calgary and Edmonton are the 5th and 6th largest cities in Canada, respectively. The Prairie provinces are further buoyed by high population growth and immigration rates; Alberta leads with the highest population growth as a combined result of international immigration, interprovincial migration and natural increases. If current growth rates continue, the Prairie provinces will be the second most populous in the country within 50 years.

At the same time, spending power - especially for foreign imports - is more likely to be resilient in the eastern Prairie provinces, Saskatchewan and Manitoba which are less dependent on commodities exports.⁶⁰ EU F&B producers seeking to export to the Prairie provinces should carefully consider their target market in a region comprised of both large rural communities as well as urban areas with high population growth and disposable incomes. Most of the region is effectively landlocked, leading way to a perceived isolation; EU F&B products are an opportunity to overcome this and appeal to cosmopolitan consumer segments.



British Columbia

British Columbia is Canada's westernmost province and borders the Pacific Ocean. British Columbia was one of the last Canadian provinces to be settled but is nonetheless the most populous in Western Canada and third most populous in the country overall. The size of the economy in British Columbia measured by GDP is more than 250 billion CAD (178 billion EUR), with GDP per capita greater than in Quebec and on par with Ontario.

⁶⁰ "Recent Changes in Demographic Trends in Canada" November 2015 available at: <http://www.statcan.gc.ca/pub/75-006-x/2015001/article/14240-eng.htm>.

Vancouver is the 3rd largest city in Canada and is surrounded by a large metropolitan area of more than 2.5 million inhabitants. British Columbia is situated along the northern half of the Rocky Mountains and most of the population lives in and around Vancouver, Victoria - the provincial capital - and the Fraser and Okanagan Valleys. The economy of British Columbia is diverse, with white collar services, tourism and primary resource extraction accounting for significant overall shares. In the case of the latter two, these activities are facilitated in part by British Columbia's relatively moderate climate at such latitude.



British Columbia is the most promising while also challenging market for EU F&B products. The province has a relatively young and internationally-oriented population - including in large, cosmopolitan cities. At the same time, it is the furthest market from the EU by distance and is influenced by Pacific trade and immigration patterns. For some types of F&B products, British Columbia's mild climate allows for domestic cultivation which increases competition faced by EU exports. Approaching the market in British Columbia might be best achieved once your product has already been successfully exported to and established in other Canadian provinces.

4.3 Legislation, Regulations and Administrative Information

Production and sales of F&B products in Canada are extensively regulated under Canadian law. This legislation and regulation is enacted at both the federal and provincial levels of government in Canada.

4.3.1 Federal Legislation, Regulations and Resources

The *Food and Drugs Act* is the primary federal legislation that applies to all food sold in Canada, including both domestic and imported products.⁶¹ The *Food and Drugs Act* was first passed in 1920 and revised in 1985. The *Food and Drugs Act* establishes basic principles of food quality and safety (Part I: Food) and establishes the scope of government regulation of F&B products (Part II: Regulations). Under the *Food and Drugs Act*, regulations are established on:

- a) Prohibited substances and additives in F&B products;
- b) Labelling and packaging requirements to ensure safe use of F&B products as well as truthful information to the consumer;
- c) Prescribing standards of composition, strength, potency, purity, quality or other properties of any article of F&B products;
- d) Ensuring compliance of imported F&B products with provisions of the Act and subsequent regulations;
- e) Manufacturing, preparing, preserving, packing, storing and testing of F&B products in the interest of preventing injury to the health of consumers;
- f) Registration requirements for importers of F&B products into Canada;
- g) Administrative and technical requirements for F&B production in Canada;
- h) Inspecting F&B products, including procedures and sampling;
- i) Exemptions;
- j) Public communication of information relevant to the Act;
- k) Conducting analysis of F&B and other regulated products and prescribing a tariff of fees to be paid for the analysis, with a purpose to assess the effect on the environment and human health of a given product;
- l) Expanding or increasing the number of products covered by the Schedules of the Act;
- m) Defining 'agricultural chemical', 'food additive', 'mineral nutrient', 'veterinary drug' and 'vitamin' for the purpose of the Act;
- n) Determining marketing authorisations, including the eligibility criteria for submitting an application for authorisation or amending an existing authorisation;
- o) Implementing international agreements affecting F&B products;
- p) All other regulations within the scope of the Act.⁶²

F&B inspection and regulation in Canada was consolidated under the *Canadian Food Inspection Agency Act* of 1997, which established the Canadian Food Inspection Agency

⁶¹ "Guide to Importing Food Products Commercially: Canadian Food Legislation" March 2015 available at: <http://www.inspection.gc.ca/food/imports/commercial-importers/importing-food-products/eng/1376515896184/1376515983781?chap=2>.

⁶² "Food and Drugs Act (R.S.C., 1985, c. F-27)" December 2016 available at: <http://laws-lois.justice.gc.ca/eng/acts/f-27/page-5.html#h-16>; Note that regulations not pertaining to F&B products have been purposefully excluded from this list.

(CFIA). The CFIA combined a service that was previously distributed across 3 federal agencies: Agriculture and Agri-Food Canada, Fisheries and Oceans Canada and Health Canada.⁶³

Whereas the *Food and Drugs Act* is the primary legislation regulating F&B products in Canada, it is complemented by several additional product-specific legislations at the federal level. The CFIA provides a public overview of the Acts and regulations applicable to F&B products in Canada.

In 2012, the *Safe Food for Canadians Act* (SFCA) was passed. The legislation was largely a response to a previous outbreak of listeria and subsequent recommendations of an independent review. The SFCA consolidates the authorities of the *Fish Inspection Act*, the *Canada Agricultural Products Act*, the *Meat Inspection Act* and the F&B provisions of the *Consumer Packaging and Labelling Act* to raise food safety requirements, target unsafe practices, increase penalties for infringements, increase control over imports, and enhance inspections and traceability. The SFCA has specific impacts on importing F&B products, in particular by increasing the licencing and registration requirements for importers of foreign goods. Import licences are valid for 2 years and are required for international as well as interprovincial trade.⁶⁴

Figure 24) Overview F&B Legislation Canada

F&B Legislation in Canada

Complementary legislation to the *Food and Drugs Act* includes the *Consumer Packaging and Labelling Act*, which applies to all F&B products. Additional legislation which applies to specific types of products includes the *Fish Inspection Act*, *Meat Inspection Act* and *Canada Agricultural Products Act*. The first 2 are eponymous, the latter applies to most dairy, egg, fruit, vegetable, maple and honey products marketed through import, export and interprovincial trade.

The CFIA also administers legislation to protect Canadian agriculture, fisheries and wildlife from diseases and pests.

Various statutes contain standards or specifications that complement or further define the food standards set out in the *Food and Drugs Act* and Regulations. The *Consumer Packaging and Labelling Act* and Regulations, for example, establish labelling and net quantity requirements for consumer packaged goods for sale in Canada. The *Canada Agricultural Products Act* and associated Regulations, the *Fish Inspection Act* and Regulations and the *Meat Inspection Act* and Regulations also contain food standards. However, these statutes are primarily intended to ensure the marketability of food products traded internationally and interprovincially, through a combination of safety, quality and grading standards.

⁶³ "Canadian Food Inspection Agency Act (S.C. 1997, c. 6)" February 2017 available at: <http://laws-lois.justice.gc.ca/eng/acts/C-16.5/>.

⁶⁴ "Canada's New Regulatory Framework for Federal Food Inspection" 2013 available at: http://www.europarl.europa.eu/meetdocs/2009_2014/documents/envi/dv/envi20131014_canada_presentation/_envi20131014_canada_presentation_en.pdf.

Several federal statutes are designed to protect Canadian agriculture, fish stocks, forestry, industry and wildlife from the introduction of animal and plant diseases and pests: the Health of Animals Act and Regulations, the Plant Protection Act and Regulations, and the Fish Health Protection Regulations of the Fisheries Act. These statutes restrict the importation of certain foods from specific areas of concern or require phytosanitary certificates, permits or other documentation.

To permit the CFIA to take effective enforcement action against importers and domestic companies marketing products that do not meet Canadian regulatory standards, the Agriculture and Agri-Food Administrative Monetary Penalties Act will allow regional CFIA officials to issue monetary penalties for non-compliance with provisions of the seven Agri-food Acts to which this legislation applies.

CFIA Website and Contact

The CFIA maintains a network of more than 20 regional offices across Canada with national headquarters in Ottawa. CFIA offices are present in most likely ports of entry for EU F&B exports. A list of all CFIA offices and contact points can be found [here](#).



The CFIA website - accessible [here](#) - contains regularly updated information for domestic and foreign F&B producers and is an essential resource when planning for entry into the Canadian market.

Labelling

The CFIA maintains a web-based labelling requirements guideline for F&B producers, including general and product-specific requirements, checklists and frequently asked questions. The CFIA web-resources is accessible [here](#) and provides information on the following:

- Core Labelling Requirements
 - Bilingual Labelling
 - Common Name
 - Country of Origin
 - Date Markings and Storage Instructions
 - Identity and Principal Place of Business
 - Irradiated Foods
 - Legibility and Location
 - List of Ingredients and Allergens
 - Net Quantity
 - Nutrition Labelling
 - Sweeteners
 - Food Additives
 - Fortification
 - Grades
 - Standards of Identity
- Claims and Statements
 - Advertising
 - Allergens and Gluten
 - Composition and Quality
 - Health Claims
 - Method of Production
 - Pictures, Vignettes, Logos and Trade-marks
 - Organic
 - Origin
 - Nutrition Content
- Food-Specific Labelling Requirements
 - Alcohol
 - Confectionary, Chocolate and Snack Foods
 - Dairy
 - Eggs-Processed
 - Eggs-Shelled
 - Fats and Oils
 - Fish and Seafood
 - Foods for Special Dietary Consumption
 - Fresh Fruit and Vegetables
 - Grain and Bakery Products
 - Honey
 - Infant Food and Infant Formula
 - Maple

- Meat and Poultry
- Processed Foods
- Salt
- Shipping Containers
- Water and Ice

Services for Importers

The CFIA maintains a suite of services for importers of foreign F&B products into Canada. These include contact and resource databases, the Automated Import Reference System (AIRS), directories, factsheets, step-by-step guides and joint services with the Canadian Border Services Agency (CBSA). These programmes and services can be accessed [here](#).

Prepared by the Canadian Food Inspection Agency

Additional to the CFIA, there are 4 main agencies with remit over the importation of F&B products into Canada.

1. The Department of Foreign Affairs and International Trade controls the importation of certain agricultural products and administration of tariff rate quotas (TRQ) under the *Export and Import Permits Act*;
2. Foreign Affairs, Trade and Development Canada is responsible for the issuance of permits applicable to certain F&B products under the *Import Control List*;
3. Environment Canada controls the import, export and transit of various plant and animal species listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
4. Measurement Canada sets measurement standards for foods destined for commercial or industrial enterprises under the *Weight and Measure Act*.⁶⁵

4.3.2 Provincial Legislation, Regulations and Resources

Most provinces in Canada have legislation and regulations in place additional to those existing at the federal level. Generally speaking, provincial regulation relates to hygiene requirements whereas federal legislation covers specific food safety requirements such as food additives, process controls, allergens, composition and labelling requirements.⁶⁶ Provincial legislation and regulations apply in addition to the federal legislation and regulations above. Federal, provincial and territorial coordination on F&B product regulations occurs through the Federal/Provincial/Territorial Food Safety Committee.⁶⁷

⁶⁵ "The Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>.

⁶⁶ "Food Safety Legislation in Alberta" January 2017 available at: [http://www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/fs14749](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/fs14749).

⁶⁷ "Interagency Program" October 2011 available at: <http://www.hc-sc.gc.ca/ahc-asc/branch-dirgen/hpfb-dqpsa/fd-da/bfria-braai/interagenc-eng.php>.



Some provinces may apply legislation and regulations that do not directly apply to the production and sale of F&B products but nonetheless impact market entry and business operations for EU producers. In many cases, provinces apply regulation on the distribution and retail of F&B products, whereas production, safety and quality regulations are administered at the federal level. A similar hierarchy is observed in some large Canadian cities.

One example of indirect F&B regulation also includes container recycling requirements administered on a provincial basis.⁶⁸ Another includes packaging and labelling requirements - including language requirements. If your product is markedly different from comparable goods on the market, consider consulting support services listed in Section 9.

Note that alcoholic beverages are subject to high-levels of provincial regulations in most provinces except Alberta and British Columbia. Fully regulated sales in 8 out of 10 provinces mean close cooperation with a licenced distributor is essential for this product category.⁶⁹

Alberta

F&B product regulations are administered under the *Public Health Act* of the Legislative Assembly of Alberta. The *Public Health Act* established the *Food Regulation* in 2006.

Alberta Health is the primary provincial agency responsible for F&B product safety in the province, supported in part by Alberta Agriculture and Forestry which regulates production and supply chain safety, as well as animal and plant health.

Information on F&B safety legislation and regulatory compliance in Alberta can be accessed [here](#).

British Columbia

There are multiple legislations and regulations applicable to F&B products in British Columbia, including specific product coverage as well as horizontal legislation on food safety and public health.

The primary provincial legislation on F&B products in British Columbia is the *Food Safety Act* which applies to production, manufacturing, sales and food service. The *Food Safety Act* clarifies the legal responsibility of food establishment operators with respect to the

⁶⁸ For example, New Brunswick enacted the *Beverage Containers Act* in 2011 which requires beverage containers to be approved and recyclable.

⁶⁹ "The Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>.



safety of their products, grants inspection and enforcement powers to inspectors and specifies offences and penalties for infractions.⁷⁰

Additional to the *Food Safety Act*, the *Public Health Act* applies in British Columbia. F&B product regulations are administered primarily by the British Columbia Ministry of Health, in conjunction with the provincial Ministry of Agriculture which primarily oversees regulations pertaining to production, plant and animal health. Under the *Public Health Act*, the Ministry of Agriculture of British Columbia administers specific regulations pertaining to meat, dairy, fish and shellfish products. *Food Premises Regulations* are also regulated under the *Public Health Act*.

Information on F&B safety legislation and regulatory compliance in Alberta can be accessed [here](#).

Manitoba

The primary legislations applicable to F&B products in Manitoba at the provincial level are the *Public Health Act*, *The Dairy Act*, *the Livestock and Livestock Products Act*, and *The Livestock Industry Diversification Act*. These legislation primary apply to cultivation and production and are administered by the Ministry of Agriculture of Manitoba.

Detailed information on the Food and Food Handling Establishments Regulation, Dairy Regulation, Honey Regulation, Poultry Products Regulation, and Safe Livestock and Livestock Products Regulation in Manitoba can be accessed [here](#). A Ministry of Agriculture [Food Safety Specialist](#) can further address your queries.

Consumption and distribution of F&B products in Manitoba is legislated under the *Public Health Act*, which establishes the *Food and Food Handling Establishments Regulation*. Information and guidelines on food safety regulations in Manitoba can be accessed [here](#).

New Brunswick

New Brunswick administers provincial F&B safety and protective measures under the *Public Health Act*. Primary emphasis is on inspection and regulation of food distribution and food service premises. Additional specific regulations were enacted in 2009 and apply to *Food Premises*, *Dairy Plant and Transportation of Milk*, and *Abattoir*.

The Ministry of Agriculture, Aquaculture and Fisheries of New Brunswick administers a range of F&B safety regulations and certifications. A list of food safety resources accessible in New Brunswick can be found [here](#).

Newfoundland and Labrador

Regulation of F&B products in Newfoundland and Labrador is primarily focused on inspection of food premises. Food safety inspections are administered by the Department

⁷⁰ "Food Safety Legislation" available at: <http://www2.gov.bc.ca/gov/content/health/keeping-bc-healthy-safe/food-safety/food-safety-legislation>.



of Health and Community Services of Newfoundland and Labrador to ensure compliance with the *Food Premises Regulations* of the provincial *Food and Drug Act*.

Additional information on F&B regulations in Newfoundland and Labrador can be accessed [here](#).

Nova Scotia

F&B product safety is administered by the Nova Scotia Department of Agriculture, specifically the Food Protection and Enforcement Division. The Division issues the Nova Scotia Food Retail and Food Services Code under the legislative mandate of the *Health Protection Act*.

Additional information on the Food Retail and Food Services Code is accessible [here](#).

Ontario

The provincial government of Ontario maintains extensive F&B product regulations and has adopted legislation and administrative procedures that have been looked to as a model by other provinces. The principal legislation is the *Food Safety and Quality Act* passed in 2001. The *Food Safety and Quality Act* provides for the quality and safety of food, agricultural or aquatic commodities and inputs, the management of food safety risks, and the control and regulation of sales and processing.

In addition to the *Food Safety and Quality Act*, product-specific legislations are in place for dairy products under the *Milk Act*. Regulations for eggs, fruits and vegetables are also in place. Eggs are highly regulated in Ontario.⁷¹

The government of Ontario is active in promoting international and interprovincial trade. The provincial government maintains a web-based resource including guidelines and specific information on importing F&B products into Ontario. This resource can be accessed [here](#).

A directory of information services on specific F&B legislation and regulations in Canada can be accessed [here](#).

Prince Edward Island

The provincial government of Prince Edward Island recently revised its regulations applicable to F&B products. The primary emphasis of F&B regulations in Prince Edward Island are on food premise licensing and inspection, whereas limited local production and resources mean other aspects related to F&B products are regulated at the federal level.

Quebec

⁷¹ "Regulations for the Food Industry" available at:
http://www.omafra.gov.on.ca/english/food/fid_regulations.htm.



Provincial legislation and regulations on F&B products are extensive in Quebec and apply to a range of measures. In all, F&B production and sales in Quebec are subject to more than 30 laws and an equivalent number of regulations, codes and decrees. Application of F&B product regulations falls under the remit of the Ministry of Agriculture, Fisheries and Food of Quebec (*Agriculture, Pêcheries et Alimentation Québec*).

The overarching legislation applicable to the production and sale of F&B products in Quebec is the *Food Products Act (Loi sur les Produits Alimentaires)*. The *Food Regulation (Règlement sur les Aliments)* is established under the *Food Products Act*. However, given the extensive legislation and regulations in place applicable to F&B products in Quebec, it is important to carefully assess which are applicable to your specific product in order to avoid shipping delays or penalties.

A comprehensive list of applicable F&B regulations can be accessed [here](#). Note that all government documents are published in French in Quebec. The majority of public services are furthermore only available in French. If intending to export your product to Quebec, you will want to ensure that your import partner is proficient in French

Saskatchewan

Saskatchewan regulates food service establishments, food processing facilities, slaughter plants and most other types of F&B production and retail. Authority to conduct inspections and monitor food quality is derived from the *Food Safety Regulations* in Saskatchewan. Some areas of F&B product regulation are also administered under the *Sanitation Regulation*.⁷²

Information on F&B product regulations applicable in Saskatchewan can be accessed [here](#).

4.3.3 Additional Information

Section 5 contains product-specific information on exporting your F&B product to Canada, including sanitary and phytosanitary standards (SPS) and labelling requirements.

A knowledgeable import partner in Canada can help you understand specific regulations applicable to your product in the market. A partner can contact directly or further recommend to you a CFIA contact point for further information on import and regulatory compliance requirements. You can also contact the CFIA [here](#).

4.4 Canada and International Trade in F&B

Canada is an original participant in the multilateral trade regime and a member of the World Trade Organisation (WTO) since its foundation in 1995. The Canadian economy is fundamentally trade-oriented, with a small but highly productive domestic market and

⁷² "Food Safety" available at: <https://www.saskatchewan.ca/residents/environment-public-health-and-safety/food-safety>.



diverse international geographic, cultural, and historical economic linkages. Canadian producers depend on the strengths and opportunities offered by foreign markets to achieve competitive economies of scale at the same time as they rely on a vast range of imported unprocessed and intermediate inputs, as well as final goods.

The current Government of Canada holds a broadly pro-trade mandate and will seek to expand and diversify Canada's trade relations in the coming years. To date, Canada has signed more than 50 Free Trade Agreements (FTAs), Foreign Investment Protection and Promotion Agreements (FIPAs), and other international economic cooperation initiatives. These agreements represent a wide scope of ambition and coverage, most notably with proposed agreements such as the Comprehensive Economic and Trade Agreement (CETA) at the vanguard.

Figure 25) List of Canadian International Economic Agreements

<u>Partner</u>	<u>Agreement</u>	<u>Date</u>
Andean Community	Canada-Andean Community Trade & Investment Cooperation Agreement	31 May 1999
Argentina	Canada-Argentina Foreign Investment Protection & Promotion Agreement	29 April 1993 (entry into force)
Armenia	Canada-Armenia Foreign Investment Protection & Promotion Agreement	29 March 1999 (entry into force)
Asia-Pacific region	Trans-Pacific Partnership	4 February 2016
	Canada-Asia-Pacific Economic Cooperation - Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment	8 May 1998
Australia	Canada-Australia Trade & Economic Cooperation Arrangement	15 November 1995
Barbados	Canada-Barbados Foreign Investment Protection & Promotion Agreement	17 January 1997 (entry into force)
Benin	Canada-Benin Foreign Investment Protection & Promotion Agreement	12 May 2014 (entry into force)
Burkina Faso	Canada-Burkina Faso Foreign Investment Protection & Promotion Agreement	April 2015
Cameroon	Canada-Cameroon Foreign Investment Protection & Promotion Agreement	March 2014
Chile	Canada-Chile Free Trade Agreement	5 July 1997 (entry into force)
China	Canada-China Free Trade Agreement	1 October 2014 (entry into force)
Colombia	Canada-Colombia Free Trade Agreement	15 August 2011 (entry into force)



Costa Rica	Canada-Costa Rica Free Trade Agreement	1 November 2002
	Canada-Costa Rica Foreign Investment Promotion & Protection Agreement	29 September 1999
Côte d'Ivoire	Canada-Côte d'Ivoire Foreign Investment Promotion & Protection Agreement	November 2014
Croatia	Canada-Croatia Foreign Investment Promotion & Protection Agreement	30 January 2001 (entry into force)
Czech Republic	Canada-Czech Republic Foreign Investment Promotion & Protection Agreement	22 January 2012 (entry into force)
Ecuador	Canada-Ecuador Foreign Investment Promotion & Protection Agreement	6 June 1997 (entry into force)
Egypt	Canada-Egypt Foreign Investment Promotion & Protection Agreement	3 November 1997 (entry into force)
Europe region	Canada-European Union: Comprehensive Economic & Trade Agreement	29 February 2016 (legal review)
	Canada-European Community - Agreement on Mutual Recognition Between Canada & the European Community	
	Canada-European Union - Trade & Investment Enhancement Agreement	
	Canada-European Free Trade Association	1 January 1997
	Canada Republic of Iceland, Principality of Lichtenstein, & the Kingdom of Norway - Agreement on Mutual Recognition in Relation to Conformity Assessment	2000
Guinea	Canada-Guinea Foreign Investment Promotion & Protection Agreement	May 2015
Honduras	Canada Honduras Free Trade Agreement	1 October 2014 (entry into force)
Hong Kong	Canada-Hong Kong Foreign Investment Promotion & Protection Agreement	February 2016
Hungary	Canada-Hungary Foreign Investment Promotion & Protection Agreement	21 November 1993 (entry into force)
Iceland	Canada-Iceland Trade & Investment Cooperation Arrangement	24 March 1998
Israel	Canada-Israel Free Trade Agreement	1 January 1997 (entry into force)
Jordan	Canada-Jordan Free Trade Agreement	1 October 2012
	Canada-Jordan Foreign Investment Promotion & Protection Agreement	14 December 2009



Korea	Canada-Korea Free Trade Agreement	1	January	2015
			(entry into force)	
Kuwait	Canada-Kuwait Free Trade Agreement	1	January	2015
			(entry into force)	
Latvia	Canada-Latvia Foreign Investment Promotion & Protection Agreement	24	November	2011
			(entry into force)	
Lebanon	Canada-Lebanon Foreign Investment Promotion & Protection Agreement	19	June	1999
			(entry into force)	
Mali	Canada-Mali Foreign Investment Promotion & Protection Agreement			November 2014
Mexico	North American Free Trade Agreement	1	January	1994
			(entry into force)	
Nigeria	Canada-Nigeria Foreign Investment Promotion & Protection Agreement			May 2014
Norway	Canada-Norway Trade & Economic Cooperation Arrangement	3	December	1997
Palestine	Canadian-Palestinian Framework for Economic Cooperation & Trade	27	February	1999
Panama	Canada-Panama Free Trade Agreement	1	April	2013
	Canada-Panama Foreign Investment Promotion & Protection Agreement	13	February	1998
Peru	Canada-Peru Free Trade Agreement	1	August	2009
	Canada-Peru Foreign Investment Promotion & Protection Agreement	20	June	2007
Philippines	Canada-Philippines Foreign Investment Promotion & Protection Agreement	13	November	1996
			(entry into force)	
Poland	Canada-Poland Foreign Investment Promotion & Protection Agreement	22	November	1990
			(entry into force)	
Romania	Canada-Romania Foreign Investment Promotion & Protection Agreement	23	November	2011
			(entry into force)	
Russian Federation	Canada-Russian Federation Foreign Investment Promotion & Protection Agreement	27	June	1991
			(entry into force)	
Senegal	Canada-Senegal Republic Foreign Investment Promotion & Protection Agreement			November 2014
Serbia	Canada-Serbia Republic Foreign Investment Promotion & Protection Agreement	27	April	2015
			(entry into force)	
Slovak Republic	Canada-Slovak Republic Foreign Investment Promotion & Protection Agreement	14	March,	2012
			(entry into force)	
South Africa	Canada-South Africa Trade & Investment Cooperation Agreement	24	September	1998



MERCOSUR	Canada-Southern Cone Common Market Trade & Investment Cooperation Arrangement	16 June 1998
Switzerland	Canada-Switzerland Trade & Economic Cooperation Arrangement	9 December 1997
Tanzania	Canada-Tanzania Foreign Investment Promotion & Protection Agreement	9 December 2013 (entry into force)
Thailand	Canada-Thailand Foreign Investment Promotion & Protection Agreement	24 September 1998 (entry into force)
Trinidad & Tobago	Canada-Trinidad & Tobago Foreign Investment Promotion & Protection Agreement	8 July 1996 (entry into force)
Ukraine	Canada-Ukraine Free Trade Agreement	14 July 2015
	Canada-Ukraine Foreign Investment Promotion & Protection Agreement	24 July 1995 (entry into force)
United States	North American Free Trade Agreement	1 January 1994
	Canada-US Free Trade Agreement	1 January 1989
	Canada-US Agreement on Government Procurement	16 February 2010
	Softwood Lumber Agreement between the Government of Canada & the Government of the United States of America (extended & amended)	2006 & 2012
Uruguay	Canada-Uruguay Foreign Investment Promotion & Protection Agreement	2 June 1999 (entry into force)
Venezuela	Canada-Venezuela Foreign Investment Promotion & Protection Agreement	28 January 1998 (entry into force)

Compiled from Global Affairs Canada

Separate from trade, investment, and other economic agreements with international counterparts, Canada has undertaken unilateral measures to simplify import procedures and costs. These revisions, however, have typically been applied for categories of imports that figure into Canada's manufacturing and finished goods production chains.

4.4.1 Canada at the WTO

Canada is active in international trade diplomacy through the WTO, including as complainant, respondent and third party to more than 170 trade disputes.⁷³ Canada has been respondent in several disputes applicable to F&B products since 1995. These include:

- **DS103: Canada - Measures Affecting the Importation of Milk and the Exportation of Dairy Products (resolved)**

⁷³ "Canada and the WTO" available at: https://www.wto.org/english/thewto_e/countries_e/canada_e.htm.



This case brought by the US and to which the EU was a Third Party was resolved in May 2003 after a mutually acceptable solution on implementation was notified. During the dispute, the Appellate Body largely upheld the Dispute Settlement Body's finding that Canada was not fulfilling its obligations under the Agreement on Agriculture and was providing prohibited export subsidies.⁷⁴

- **DS113: Canada - Measures Affecting Dairy Exports (resolved)**
This case brought by New Zealand and to which the EU was a Third Party challenged the application of the 'Special Milk Classes' scheme in Canada. The case was resolved in May 2003 after a mutually acceptable solution on implementation was notified. The Dispute Settlement Body found that Canada was providing a prohibited export subsidy through the Special Milk Classes scheme, and the finding was largely upheld by the Appellate Body.⁷⁵
- **DS276: Canada - Measures Relating to Exports of Wheat and Treatment of Imported Grain (resolved)**
This case brought by the US and to which the EU was a Third Party was resolved in August 2005 following amendments to the Canada Transportation Act and the Canada Grain Act. The Dispute Settlement Body found that the US' complaint was partially valid, in particular concerning trade violations under specific sections of the Canada Grain Act and Canada Transportation Act.⁷⁶
- **DS321: Canada - Continued Suspension of Obligation in the EC - Hormones Dispute (resolved)**
This case brought by the EU was resolved in 2008 following the adoption of the Appellate Body's report. The Dispute Settlement Body found that Canada was not in violation of the SPS Agreement because it was not established that the EU had first removed its corresponding measures.⁷⁷
- **DS338: Canada - Provisional Anti-Dumping and Countervailing Duties on Grain Corn from the United States (in consultations)**
This case brought by the US entered into consultations in March 2006. The US believes that provisional anti-dumping and countervailing duties imposed by

⁷⁴ "Canada - Measures Affecting the Importation of Milk and the Exportation of Dairy Products" 2017 available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds103_e.htm.

⁷⁵ "Canada - Measure Affecting Dairy Exports" available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds113_e.htm.

⁷⁶ "Canada - Measures Relating to Exports of Wheat and Treatment of Imported Grain" available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds276_e.htm.

⁷⁷ "Canada - Continued Suspension of Obligations in the EC - Hormones Dispute" available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds321_e.htm.



Canada on unprocessed grain corn are inconsistent with the Agreement on Subsidies and Countervailing Measures.⁷⁸

- **DS354: Canada - Tax Exemptions and Reductions for Wine and Beer (resolved)**

This case brought by the EU was resolved in 2008 upon notification of a mutually agreed solution. Canada reduced duties applied on imported wines and beers in line with federal tax exemptions and reductions for those products produced wholly in Canada.⁷⁹

- **DS520: Canada - Measures Governing the Sale of Wine in Grocery Stores (in consultations)**

This case brought by the US is currently in consultations as of January 2017. As of February 2017, New Zealand, Australia, the EU and Argentina have been approved to join consultations. The Complainant believes Canada is violating the National Treatment clause of the General Agreement on Tariffs and Trade (GATT) Article III as the province of British Columbia only allows local wines to be sold in Grocery stores.⁸⁰

In total, Canada has been the respondent to 6 cases brought by the EU and is the complainant in 9 cases against the EU, plus 1 case against Hungary. 6 out of 9 cases brought against the EU by Canada have applied to agricultural production and F&B products; Canada's complaint against Hungary pertains to export subsidies for agricultural products. Canada is furthermore a Third Party to more than 117 cases, many of which pertain to F&B products.

Canada's latest *Trade Policy Review* was revised and completed in 2015 and can be accessed [here](#).

4.5 Canadian F&B Market under CETA

CETA is a comprehensive bilateral free trade agreement negotiated between Canada and the European Union. The final, legally-verified text of the CETA was released in February 2016. First implementation of CETA has begun as of early 2017.

⁷⁸ "Canada - Provisional Anti-Dumping and Countervailing Duties on Grain Corn from the United States" available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds338_e.htm.

⁷⁹ "Canada - Tax Exemptions and Reductions for Wine and Beer" available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds354_e.htm.

⁸⁰ "DS520: Canada - Measures Governing the Sale of Wine in Grocery Stores" available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds520_e.htm and "US Angry over BC Policy Allowing Only Local Wine to Be Sold in Grocery Stores" available at: <http://www.theglobeandmail.com/news/british-columbia/us-challenges-sale-of-bc-wines-in-provinces-grocery-stores/article33655441/>.

Once enacted, CETA will create a free trade zone between Canada and the 28 Member States of the EU, greatly facilitating cross-border trade in goods and services and foreign direct investment (FDI). In particular, the CETA provides preferential tariff treatment that will result in the elimination of the majority of customs duties (more than 99 per cent) currently in place, national treatment and most favoured nation (MFN) treatment for EU goods and services among other guarantees to address non-tariff barriers to trade, enhanced and standardised intellectual property (IP) protections, and a range of other commitments that will facilitate unparalleled trade and investment opportunities by opening up previously restricted markets.

Importantly, Canada will be the only G7 country to have guaranteed preferential access to the world's two largest economies: the EU, under the CETA, and the US, under the North American Free Trade Agreement (NAFTA). This will create important opportunities for EU enterprises that wish to trade in the US market through Canadian subsidiaries. It will also create opportunities for new supply chains that can leverage the applicable rules of origin under not only the CETA's Protocol on Rules of Origin and Origin Procedures but also Chapter Four and Annex 401 of the NAFTA.

Canada does not have dedicated chapters on F&B products - barring perhaps the coverage of Chapter 5 on Sanitary and Phytosanitary Measures. Instead, the effects of the agreement on EU F&B export opportunities to Canada are diverse and spread throughout the agreement.⁸¹ The primary developments affecting F&B exports from the EU to Canada, however, will apply to changes in tariff regimes. CETA will greatly reduce or eliminate tariffs on EU F&B products which were previously in excess of 200 per cent, in some cases. These reductions will apply differently depending on category of F&B product, and even within sub classifications of specific products. In some cases, Canada's tariff regime is structured to encourage first-mover entry, with reduced or duty-free rates under a certain quota.



The text of the CETA signed by former Canadian Prime Minister Stephen Harper and former European Commission President Jose Manuel Barroso on 11 October 2013

You can find product-specific information on market access changes under CETA in Section 4. Section 4 provides further information on EU trade counsellors who can help

⁸¹ "Comprehensive Economic and Trade Agreement" available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf.



you determine the specific requirements and conditions for your F&B products access to Canada under CETA. The full text of the agreement can be accessed [here](#).



5 Market Snapshots

This section provides product-specific information for 15 categories of F&B and agricultural products exported by the EU to Canada. Each Market Snapshot contains the latest available information on consumption, production and retail trends for F&B products in Canada. As well, each Market Snapshot reviews Canada and the EU's trade profile for each covered product, as well as specific market entry requirements in Canada and anticipated changes under CETA.



5.1 Market Snapshot: Bread, Pastry, Cakes and Biscuits

The baked goods category in Canada is mature and well-established. Baked goods such as bread, pastry, cakes and biscuits are commonly consumed goods in the country. In 2016 around 957 thousand tonnes of baked goods were sold at a value of 7.2 CAD billion (5.1 EUR billion). In terms of value, Canada is the world's second largest exporter and ranks 5th in terms of import values.⁸² The market for baked goods in the country is slightly in decline in terms of volume but continues to record value growths of 2 per cent for 2016. The retail volume for baked goods is expected to continue growing in value by 1 per cent and reach sales of 961,000 tonnes until 2021.⁸³ The consumption of baked goods is impacted by the increasing health consciousness of Canadian consumers and the changing eating habits particularly for the younger generations. As there is a growing tendency towards snacking in the country this directly impacts bread and baked goods consumption. Further, the increasing awareness on health issues and the negative press surrounding gluten has affected consumer's decision on baked goods purchases.



⁸² "ITC Trade map" available at:

http://www.trademap.org/Country_SelProduct.aspx?nvpm=1||||1905||4|1|1|1|1|2|1|

⁸³ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

5.1.1 Consumption

As a staple product, baked goods are relatively constant in demand and serve a large group of Canada's population as a daily food product. Overall, the market for baked products is already saturated, implying only marginal increases in volume sales for traditional baked goods. Per capita wheat consumption in Canada has been stagnating in recent years. Demand growth is expected to be driven by increased purchases of specialty and artisanal baked goods. The categories' best performing product in terms of volume and value sales is bread, accounting for 62 per cent of the overall value sales within the baked goods category. There are a variety of bread products available in the country, differing in packages and composition. Overall, bread consumption has been stagnating in Canada, while other products such as artisanal offerings, freshly baked goods and cakes have enjoyed an increase in consumer demand in recent years. In general, the baked goods industry in Canada is responding to changing consumer preferences by introducing new product lines, in particular gluten-free products and niche products and ethnic foods. In Canada the average unit price for baked goods has continued to rise, as a result of increased prices for raw materials which have been passed on to the consumer.⁸⁴

5.1.1.1 Consumer Profiles and Trends

Changing preferences towards baked goods among Canadian consumers is affecting sales across all categories. For some artisanal and niche products the changing consumer preferences create growth opportunities, whereas traditional baked goods have experienced only marginal demand decreases. These changing consumer preferences have narrowed the market for conventional baked products, while opening growth opportunities for premium baked goods.⁸⁵

These trends are partly driven by increasing health consciousness among Canadian consumers, the widespread changing conceptions on gluten in the country and changing eating habits particularly among younger generations. For the latter, it is reported that younger generations tend to skip traditional meal times and instead revert to snacking during the day. As traditionally bread is part of meals in the form of sandwiches with spreads and other companion products, the snacking trend and other changes in eating patterns are affecting bread sales in the country.⁸⁶

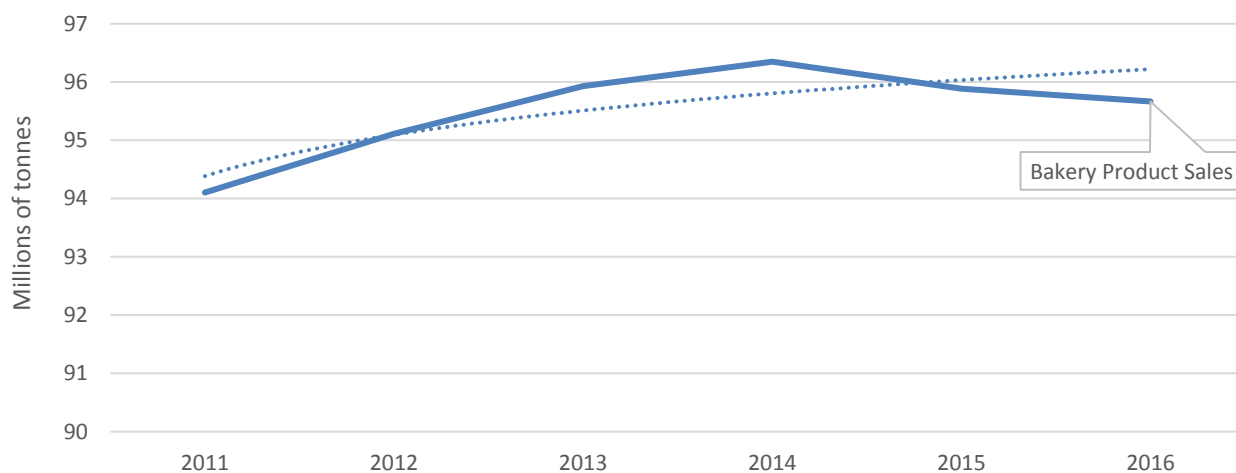
In general per capita baked goods consumption remains relatively stable in Canada. As consumption is at an already high level in the country, the sale of baked goods has only increased marginally in the past 5 years. As shown in volume sales, the increase has amounted to 1.6 per cent, this is reflected in the graph below showing the evolution of baked goods sales between 2011 and 2016.

⁸⁴ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

⁸⁵ "Bread Production in Canada" August 2016, available at: <https://www.ibisworld.ca/industry/bread-production.html>.

⁸⁶ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

Figure 26) Trend of Baked Goods Sales by Volume in Canada



Euromonitor

Overall, consumer habits in regards to baked products are shifting in the country. The most influential consumer trends are the growing popularity of snacking, herewith opening possibilities for a variety of new product launches responding to this trend. Further, the increasing awareness towards ingredients and food production among Canadian consumers affect the bakery sector and cause the industry to explore variations of production and composition methods. The growing trend towards the restoration of less industrial production methods has been prompted by these changing consumer preferences leading to an increase in demand for baked products produced in wood-burning ovens, and the use of simple and natural ingredients.⁸⁷ In addition, overall increasing health-consciousness has impacted sales and production of baked goods in Canada. In particular gluten-free products have increased in demand over the past years, most likely caused by negative media coverage on the protein composition.

The Canadian bakery industry has been challenged by stagnating per capita consumption of bread and other processed baked foods over the past 5 years. At the same time production costs for bread have increased due to inflation and volatile prices for wheat and sugar. Producers have only partially transferred these price increases to the consumers.⁸⁸ The average Canadian spends around 574 CAD (413 EUR) annually on bakery goods. Numbers vary among provinces, with Quebec as the province with the highest consumer spending on bakery goods accounting for 685 CAD (493 EUR) per year,

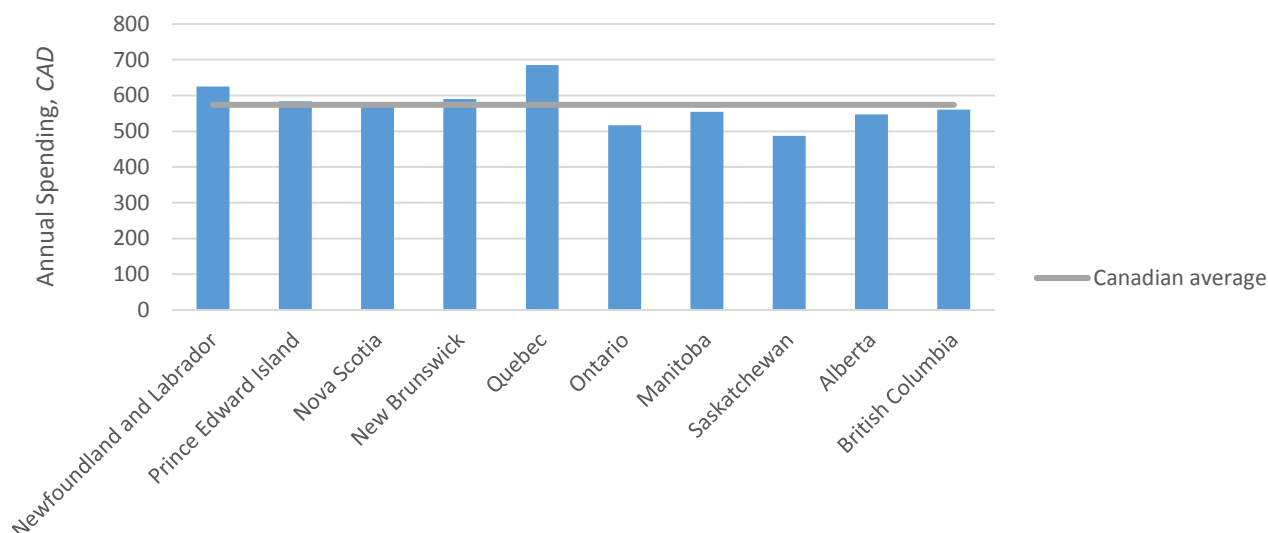
⁸⁷ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

⁸⁸ "Bread Production in Canada" August 2016, available at: <https://www.ibisworld.ca/industry/bread-production.html>.



in stark contrast to the average of 487 CAD (350 EUR) that Saskatchewan spends on bakery goods annually.⁸⁹

Figure 27) Average Household Spending on Bakery Products by Province



Statistics Canada

5.1.1.1.1 Classic Packaged Bread

Leavened bread usually produced with white wheat flour is Canada's most consumed bakery product and the largest product segment of the industry. The countries' total volume sales of leavened bread amounted to 647,940 tonnes at a total value sale of 4.3 billion CAD (3 billion EUR) in 2016.⁹⁰ Packaged bread in Canada is by far the most consumed bakery product, the category alone has a market penetration level of 62 per cent, significantly higher than in other developed markets.⁹¹

However, as demonstrated in the graph below this product category is in constant high demand while at the same time a slight decline in sales has been recorded for packaged bread. Overall, sales of leavened bread are in slight decline in the country, affecting packaged and unpackaged bread unevenly. The graph shows that decline in sales is largely affecting packaged leavened bread products, whereas sales for unpackaged bread have slightly increased over the period under review. This shows that consumers in the Canadian market have growing interest in purchasing unpackaged bread products as volume sales for this category have increased by 8.9 per cent between 2011 and 2016.

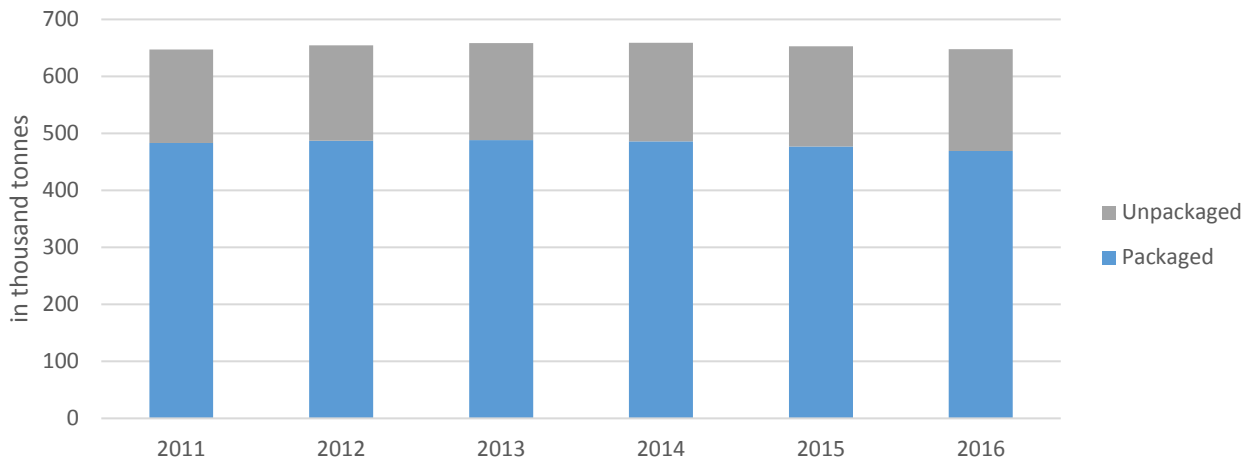
⁸⁹ "Average household food expenditure" available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil132a-eng.htm>

⁹⁰ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

⁹¹ "Bread Production in Canada" August 2016, available at: <https://www.ibisworld.ca/industry/bread-production.html>.



Figure 28) Volume Sales of Leavened Bread

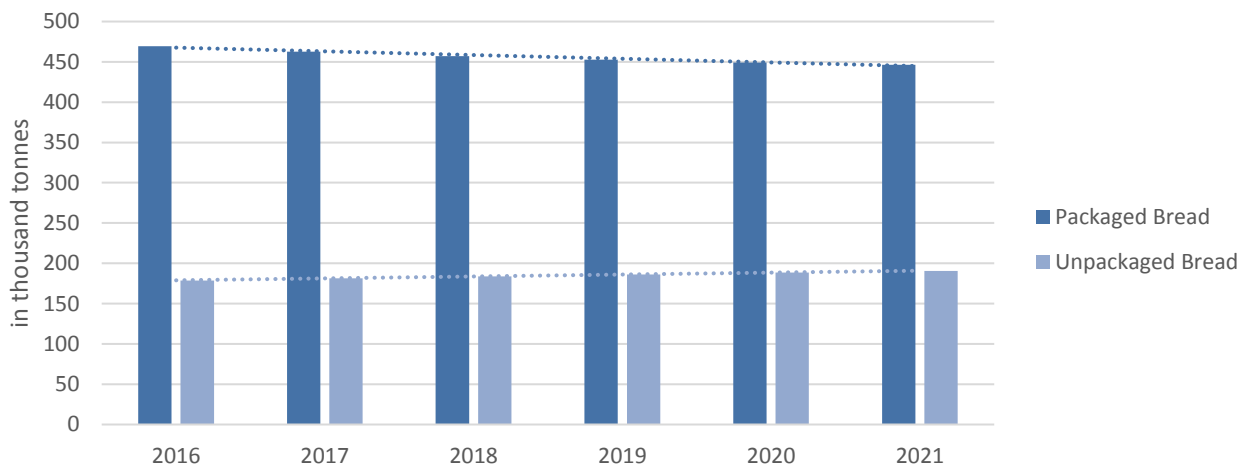


Euromonitor

The decreasing consumption of packaged bread is attributed largely to 3 factors (i) increasing health consciousness combined with the bad reputation on wheat and its gluten content (ii) growing awareness of food waste (iii) shifting consumer preferences towards fresh and artisanal baked products.⁹²

This trend is likely going to continue in the upcoming five years. It is expected that the Canadian market for packaged bread will see a continuing decline in volume sales. At the same time further growth is expected for the unpackaged bread category.⁹³

Figure 29) Forecast Volume Sales for Bread



Euromonitor

⁹² "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

⁹³ *ibid*



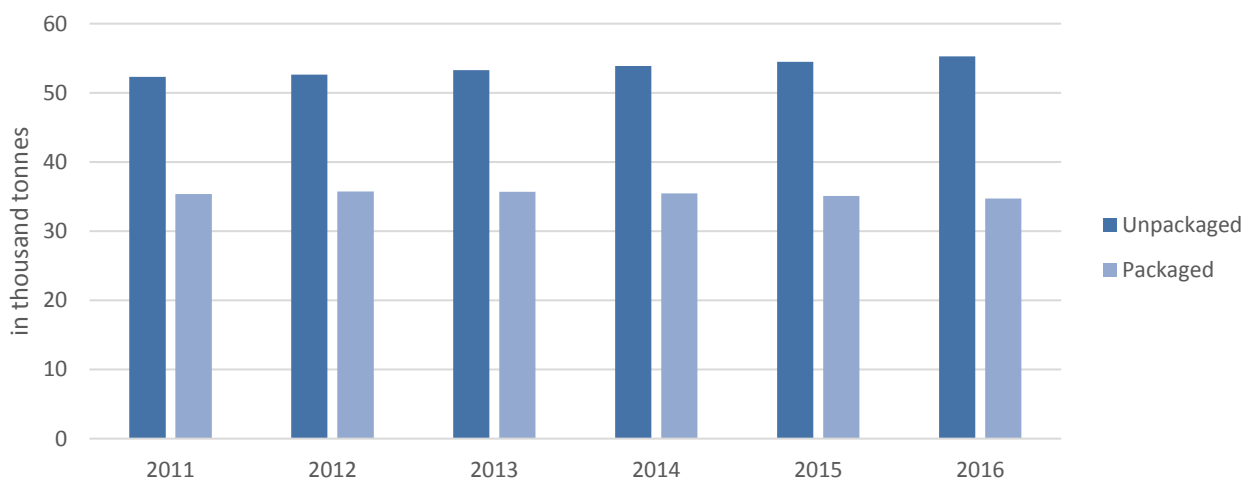
5.1.1.1.2 Cakes, Pastries and Biscuits

In addition to traditional bread products the Canadian market has a variety of pastries, cakes and biscuits to offer. While changing consumer preferences have affected these product categories, producers of pastries, cakes and biscuits have responded accordingly. A variety of new product innovations have been introduced in recent years - 991 alone between 2006 and 2012. Product innovations in these product categories have largely evolved around introducing additional flavours and changing ingredients to respond to the gluten-free movement in Canada. An increasing number of cakes, pastries and sweet goods in the country are produced with rice flour as a means to provide consumers with gluten-free alternatives to traditional bakery goods.⁹⁴

Sales for cakes in Canada are relatively stable and have increased only marginally in the past five years on an average of 3 per cent in value terms. In terms of total volume sales the cake industry has increased by 1 per cent reaching 90,000 tonnes of sales of packaged and unpackaged cake in 2016. The industry has achieved a total value of 974 million CAD (701 million EUR) for the cake product category alone.⁹⁵

Volume growth for cake products varies significantly between the packaged and the unpackaged categories. As visible in the graph below, Canadian consumers prefer unpackaged cakes over the packaged product version. Whereas the compound annual growth rate for unpackaged cake between 2011 and 2016 showed an increase of 1.11 per cent, packaged cakes have declined in sales by 0.38 per cent over the same period.

Figure 30) Sales of Cakes in Volume



Euromonitor

⁹⁴ "Consumer Trends - Bakery Products in Canada" January 2013, available at:

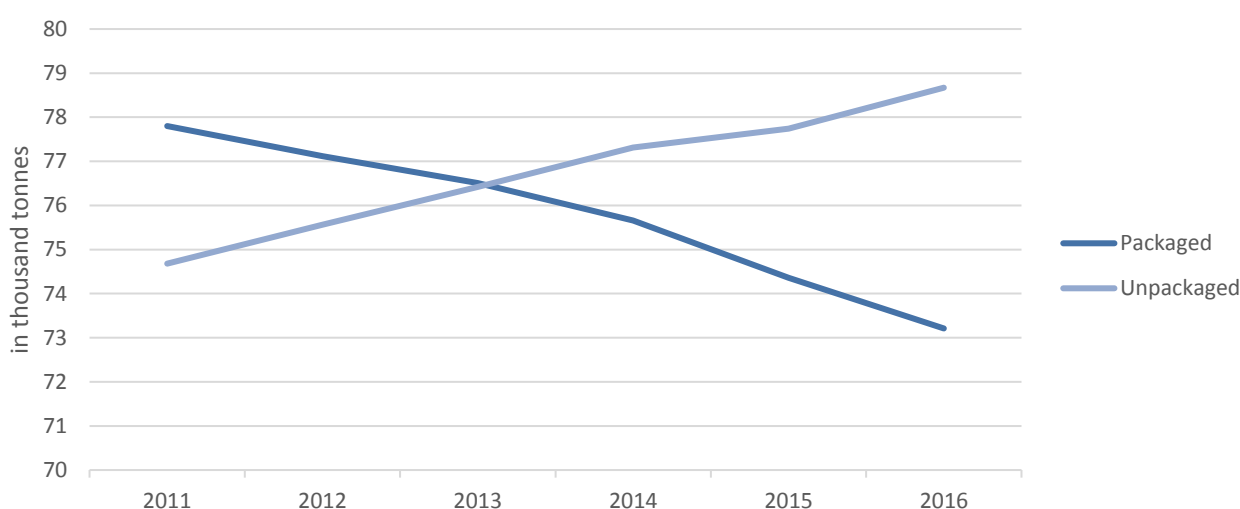
<http://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6333-eng.pdf>

⁹⁵ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.



Consumption of pastry products in Canada has been decreasing in recent years, with the trend expected to continue for the forecast period until 2021. This decrease is in line with the overall changing consumer preferences in terms of health awareness and fresh and artisanal products. In 2016 pastries have achieved total volume sales of 151.88 thousand tonnes at a total value of 1377.15 million CAD (991.54 million EUR).⁹⁶ In Canada pastry products are offered in packaged and unpackaged forms, as visible in the graph below, unpackaged pastries have increased in volume sales and overtaken packaged pastry sales in recent years. Despite the fact that unpackaged pastry products have higher sales value, they enjoy increased popularity in the country. This trend is expected to continue over the forecast period until 2021.

Figure 31) Sales of Pastries in Volume



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Canadian biscuits are usually categorised as sweet and savoury biscuits. Consumption trends for biscuit products show increased consumer interest in the category overall, with good performance for the savoury biscuit and crackers categories. Sales of biscuits in 2016 are expected to amount to 138,000 metric tonnes at a value of 1.51 billion CAD (1.08 billion EUR) in the country.⁹⁷ The largest market share is held by sweet biscuits, primarily chocolate flavoured, followed by plain biscuits. A variety of new biscuit innovations have been introduced to the Canadian market. This is in reflection of the changing consumer preferences and the growing demand for dietary products in the country.⁹⁸

⁹⁶ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

⁹⁷ "retail sales of biscuits in Canada" available at: <https://www.statista.com/statistics/460735/retail-sales-of-biscuits-canada/>

⁹⁸ "Consumer Trends – Bakery Products in Canada" January 2013, available at: <http://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6333-eng.pdf>



5.1.1.1.3 Trends in Bakery Products

In recent years, growing health concerns and changing consumer preferences have affected the bakery industry in the country. In particular the increasing awareness towards nutritional quality has changed consumers' tastes for bakery products.

According to Agriculture and Agri-Food Canada, nearly 10 million Canadian consumers regularly purchase gluten-free products. Levels of clinical gluten intolerance are estimated to be far-below sales of gluten-free products; nonetheless, there is a widespread negative perception on products containing gluten in the country. This trend is likely going to continue and so gluten-free products will continuously be in a relatively high demand in Canada. Consumers state various reasons for their gluten-free consumption, celiac disease is among the least mentioned whereas the highest proportion of consumers state the following factors: (i) digestive health; (ii) nutritional value; (iii) weight loss and (iv) healthier skin. Bakery products from buckwheat, rice flour and other gluten-free alternatives are therefore expected to be in continued high demand.⁹⁹

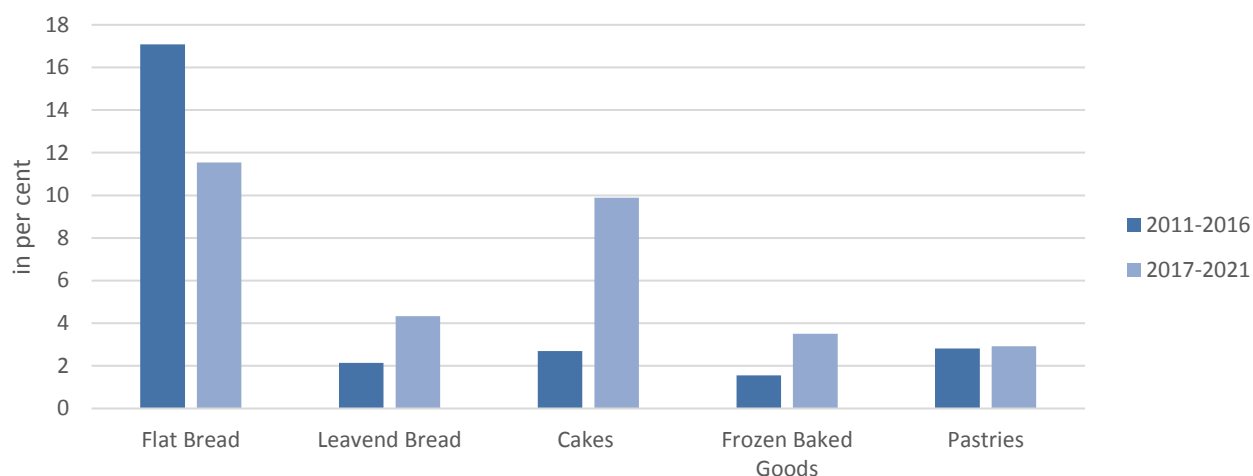
Overall, Canadian consumers are increasingly cautious when buying food products, in particular concerning artificial ingredients such as colourings, flavourings and preservatives. Canadian consumers increasingly seek food products adhering to the "clean-label movement," products labelled natural,' 'organic,' and/or 'free from additives/preservatives' are popular in the country. There is however a strong element of price sensitivity here, where the latter category of products are typically eschewed by lower income consumers.

A further trend in the Canadian market for bakery products is related to new variations of bakery products in the form of flat bread such as pita and tortilla. This product category currently accounts for 4 per cent of the overall bread value sales, but has enjoyed significant growth in the past several years. This growing consumer interest in flat bread is expected to continue due to the changing eating habits of Canadians and the growing part of Canadians that have cultural background in countries' where flat bread is widespread, such as North Africa and the Middle East. As flat bread is easier to store and can accompany snacks and dinner meals, the demand growth of flat bread is expected to continue in the Canadian market. The graph below demonstrates the current sales volume of flat bread in the country between 2011 and 2016 and depicts the prospected volume growth for 2017 and 2021.¹⁰⁰

⁹⁹ "Gluten Free Claims in the Canadian market" available at: <http://www.agr.gc.ca/enq/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/reports-and-resources-food-processing-innovation-and-regulations/gluten-free-claims-in-the-marketplace/?id=1397673574797>

¹⁰⁰ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

Figure 32) CAGR Volume Growth Rates 2011-2021 of Selected Bakery Products



Euromonitor

5.1.1.2 Challenges for EU Products

One of the possible challenges for the European baked goods producers can be seen in the increasing number of Canadians who prefer fresh and unpacked goods, and prefer local production to imported products. The "Buy Local" movement in Canada is growing and finds support from major grocery retailers. This trend is in part driven by Canada's aging demographic structure, with older consumers more likely to value locally produced and traditional products ahead of foreign options.

In addition, the stagnating per capita wheat consumption signals a changing structure for producers of traditional baked goods, in particular white breads. Canadian consumers are decreasingly purchasing these product categories and demand for artisanal products is growing.

These challenges are however, expected to be mitigated to some extent by the EU non-genetically modified organism (GMO) policy, which is increasingly favoured among Canadian consumers. The wide selection of EU baked products including whole-grain bread and pastries have the potential to correspond favourably with the changing consumer preferences in Canada. Overall, CETA and the corresponding elimination of trade barriers is expected to significantly increase trade in various food products between Canada and the EU.

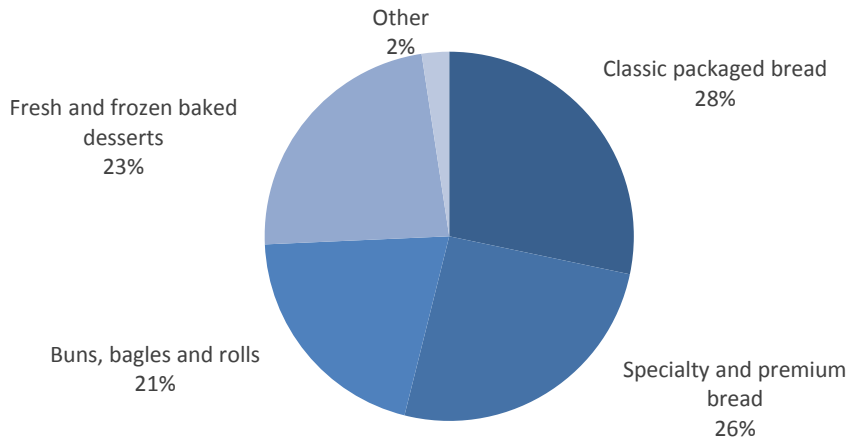
5.1.2 Offer

Canadian domestic production of bread products generates revenue at the amount of 8.3 billion CAD (5.9 billion EUR) and comprises a total of 2,388 businesses. The annual industry growth rate for the past 5 years has been measured at 6.5 per cent, but is expected to fall to 2.5 per cent until 2021. The Canadian bread industry operates in a variety of areas, the largest production share is held by classic packaged bread



accounting for 28.3 per cent, followed by specialty and premium bread which accounts for 25.6 per cent of the total bread production.

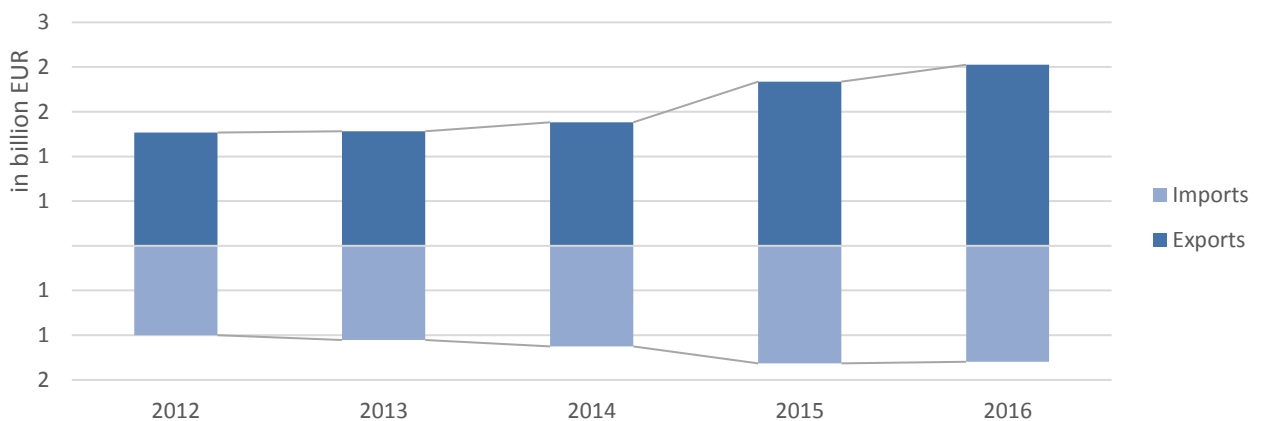
Figure 33) Product Segmentation Canadian Bread Industry



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Overall, Canada is a net exporter of bakery products including bread, cakes, pastries and biscuits, exporting products at the value of 2.1 billion EUR in 2016 while importing at a value of 1.3 million EUR for the same period. The US is by far Canada's largest trading partner in bakery goods as it has provided for 77 per cent of Canada's imports and 96 per cent of the countries' exports in 2016. Canada further exports to the UK, Australia, Mexico and Saudi Arabia. These export markets amount to 61 million CAD (44 million EUR) in 2016 and account for 2.1 per cent of total bakery product exports of Canada. ¹⁰¹

Figure 34) Import Export Flows for Bakery Products



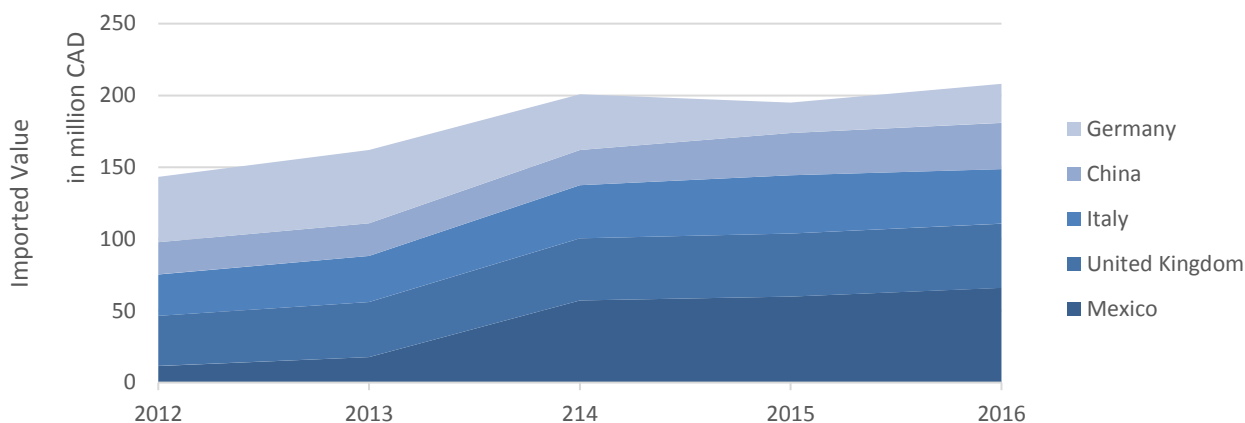
ITC Trade Map

¹⁰¹ "Report / Trade Data online" available at: <http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home>



Canada's largest import share originates in the US, followed by imports from Mexico, the UK, Italy and China. EU exports for bakery products largely originate in the UK and Italy followed by Germany and Belgium.

Figure 35) Canadian Bakery Product Imports by Selected Countries



Statistic Canada

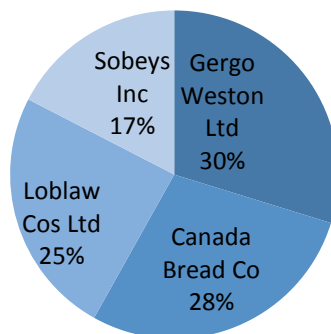
As consumer spending levels continue to rise in Canada's main export destinations, the country will likely increase its shares of exports in the upcoming 5 years. As for bread products it is further predicted that the countries share of imports will increase by 20.4 per cent until 2021.

5.1.2.1 Main Competitors

The largest establishments for Bread Production in Canada are situated near the key sources of product inputs like wheat, flour, grains and sugar. Further, production establishments are usually located close to large population centres like Ontario, British Columbia and Quebec.

The domestic production is characterised by its medium level of concentration. The four largest companies combined make up 39.3 per cent of value shares for baked products in the country.

Figure 36) Company Shares of Baked Products, Largest Producers



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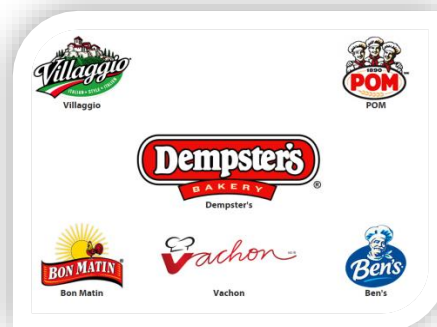
In terms of bread production only George Weston Ltd. and Canada Bread Co are present all over the country, the other 2,386 bread production establishments operate on a provincial level. A large amount of these are small-scale bakeries as an estimated 66.5 per cent share of industry establishments have a workforce of 10 or fewer employees. The bakery industry has seen a tendency to acquisition based growth in particular by large market shareholders that have recently engaged in acquisition of smaller bakeries in order to expand their product portfolio and so enter in new markets¹⁰².

Figure 37) Package Example for Wonder Bread (George Weston Ltd)



Major players in Canada's bakery goods industry are, George Weston Ltd. and Canada Bread Company. George Weston Ltd. has a longstanding tradition in the Canadian market for bakery products and currently employs more than 140,000 workers in the country. George Weston Ltd specializes in food processing and distribution and also manages Canada's largest food retailer, Loblaws. George Weston Ltd. is holder of major industry brand names, most famously Canada's Wonder Bread, Country Harvest, Ready Bake and Ace Bakery. The company produces a variety of bakery products and held a 21.5 per cent market share for bread and 11.70 per cent in

Figure 38) Brand Names under Canada Bread Co



¹⁰² "Bread Production in Canada" August 2016, available at: <https://www.ibisworld.ca/industry/bread-production.html>.

the overall baked goods category in 2016.¹⁰³ The company has successfully responded to changing consumer preferences by introducing gluten-free products, such as Quinoa breads and further offers fresh and frozen baked goods, premium and artisanal bread products as well as cookies, biscuits and wafers.¹⁰⁴

The second largest producer of fresh and frozen baked goods in the country is Canada Bread Company which was recently purchased by Grupo Bimbo and is now operating as an independent subsidiary. The company held a market share of 16.7 per cent for bread production and 11.14 per cent for overall baked goods in 2016. Canada Bread Co owns major brands in the country, such as Dempster's which has a 6.23 per cent market share. Further brands operating under Canada Bread Co are Pom, Bon Matin and Vachon.

Figure 39) Example of Package Style for Villaggio Brand



Canada Bread Co produces for a variety of differing consumer markets. Under the European style brand "Villaggio" the company sells wholesome sliced breads as well as buns and rolls. Canada Bread Co is further the holder of "Dempster's" which produces a variety of bakery products of which a large segment is the flat bread category including tortillas and pitas.

5.1.2.2 Entry Requirements and Changes Under CETA

All imported bread, pastries, cakes and biscuit products must comply with Division 13 of the Food and Drug Regulations (FDR) for the standards for grain and bakery products and the Food and Drug Act (FDA), further all imported food products need to adhere to the Canadian Consumer Packaging and Labelling Regulations (CPLR) and the Consumer Packaging and Labelling Act (CPLA). Additional information regarding food imports to Canada can be found in these listed documents on Canadian standards and guidelines for processed food imports.

Figure 40) Bakery Product Food Import Resources

Canadian Standards for Various Chemical Contaminants in Foods

<http://www.hc-sc.gc.ca/fn-an/securit/chem-chim/contaminants-guidelines-directives-eng.php>

Consumer Packaging and Labelling Act and Regulations

<http://www.inspection.gc.ca/english/reg/rege.shtml>

Food and Drugs Act and Regulations

<http://www.inspection.gc.ca/english/reg/rege.shtml>

Food Labelling for Industry

¹⁰³"Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

¹⁰⁴ "Bread Production in Canada" August 2016, available at: <https://www.ibisworld.ca/industry/bread-production.html>.



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

Good Importing Practices

<http://www.inspection.gc.ca/english/fssa/imp/goodbonne.shtml>

Guide to food safety

<http://www.inspection.gc.ca/english/fssa/gui/guide.shtml>

Guidelines for the General Cleanliness of Food

http://www.hc-sc.gc.ca/fn-an/alt_formats/hpfb-dgpsa/pdf/res-rech/emo-mea-eng.pdf

Maximum Residue Limits

<http://www.hc-sc.gc.ca/cps-spc/pest/part/protect-proteger/food-nourriture/mrl-lmr-eng.php>

Standards and Guidelines for Microbiological Safety of Food

<http://www.hc-sc.gc.ca/fn-an/res-rech/analy-meth/microbio/volume1/intsum-somexp-eng.php>

Automated Import Reference System

European exporters should keep in mind that exact SPS requirements and import procedures may vary by product and should be reviewed with a knowledgeable import partner and Canadian agencies including the CFIA and CBSA, as well as provincial agencies in targeted markets prior to shipment.

5.1.2.3 EU GI Products

CETA has secured the recognition and protection of GIs for a variety of processed food products originating in EU countries. As for bread, pastry and biscuits the most significant change will be the protection of *Ricciarelli di Siena*, biscuits from Italy.

5.1.3 Distribution

As bakery products are a common part of the Canadian diet the national distribution network is well-established. Bakery products are largely distributed through the retail sector accounting for 63.2 per cent of the total market share. These products are distributed via a variety of retail channels often including intermediary wholesalers.

As a growing proportion of large producers are developing their own distribution systems, industry wholesalers are increasingly being bypassed and producers directly deliver to the retail channels. In addition to large scale baked goods producers, small-scale bakeries distributed all over the country directly sell their bakery products to the consumers.¹⁰⁵

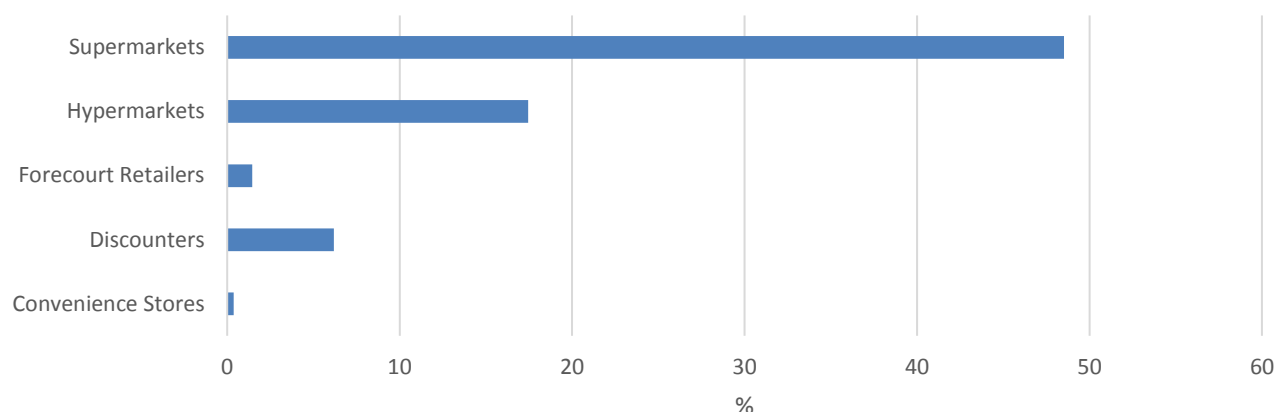
Overall, the retail sector for bakery products in Canada can be distinguished between the modern grocery retailers, including convenience stores, discounters, hypermarkets, forecourt retailers and supermarkets. These variations of retail selling account for the

¹⁰⁵ "Bread Production in Canada" August 2016, available at: <https://www.ibisworld.ca/industry/bread-production.html>.

largest and most significant share of store-based retailing in the country and make up 74 per cent of total retail value sales in 2016.

This distribution sector varies in terms of selling value for bakery products quite substantially. As the graph below demonstrates, supermarkets are by far the largest selling point for bakery goods, followed by hypermarkets. Discounters have increased their retail value share from 5.9 to 6.2 per cent between 2011 and 2016¹⁰⁶

Figure 41) Distribution of Value in per cent for Modern Grocery Retailers



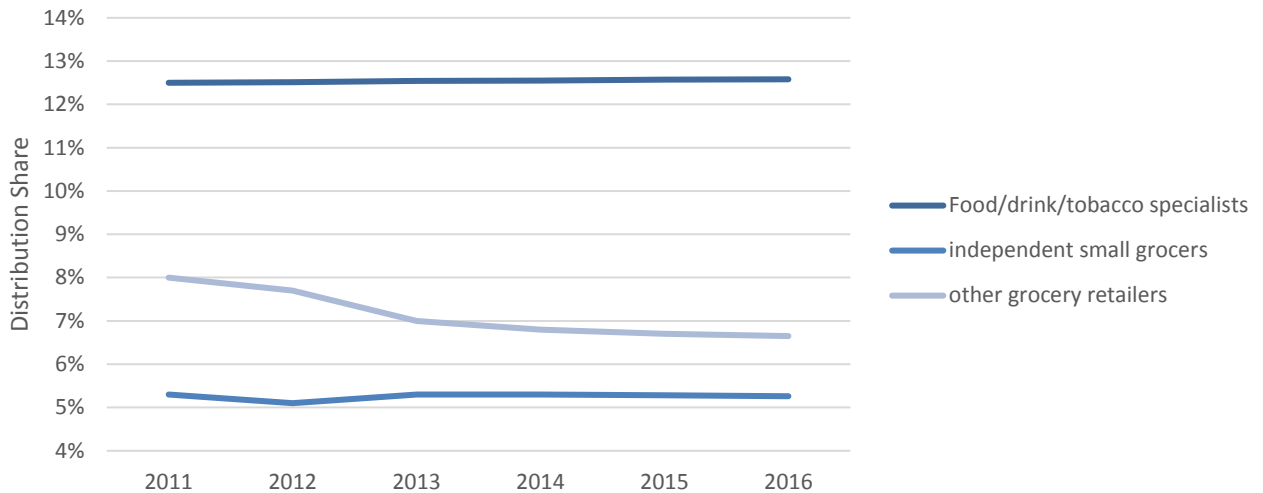
Euromonitor

Traditional grocery retailers, such as food/drink/tobacco specialists, independent small grocers and other grocery retailers account for an estimated 25 per cent of total retail sales in 2016. Within this sub-sector the largest point of purchase are food specialist retailers, accounting for 12.6 per cent of the retail value sales in Canada.

As seen in the figure below, independent and other grocery retailers have decreased slightly in their share of total value sales between 2011 and 2016.

¹⁰⁶ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

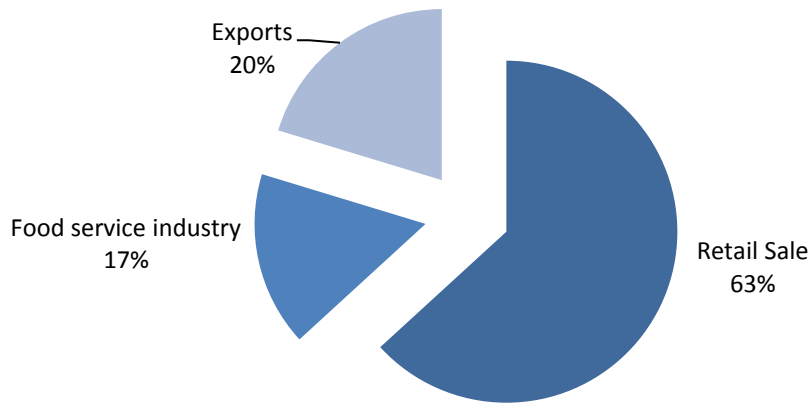
Figure 42) Retail Value of Bakery Products in Canada by Distribution



Euromonitor

Online distribution of food products has taken off slowly in the country. Overall online food purchases account for 1 per cent of the total retail food sales and has more a provincial than national dimension. Bakery products sales are no exception from this overall consumer behaviour. Internet sales for bakery products remain stagnant and marginal for the industry. This format of selling has not increased its retail value shares since 2012 and remains at 0.8 per cent of total retail value.¹⁰⁷

Figure 43) Market Segmentation for Bread Products in Canada



Ibis World

¹⁰⁷ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.



The on-trade sale for Canada's bakery products depends on the market standing of the food service industry overall. In 2016 a share of 16.5 per cent of Canada's bakery products were consumed in the food service sector. This figure also includes consumption in institutional establishments such as hospitals and university cafeterias. In particular fast food outlets have had increased demand for baked products. Due to the stagnating income levels in the country, this foodservice category has done especially well in the country and increased its demand for buns and rolls in particular.¹⁰⁸

Market Takeaway: *Baked Goods*

Consumption: Sales of unpackaged baked goods are consistently higher growth than for packaged goods. Canadian consumers already spend more on unpackaged cakes and pastries, with the share of unpackaged bread sales increasing gradually. Consumption of unpackaged baked goods is in part driven by increased awareness of and preference for artisanal preparations.

Competition: Large and well-established bakery sector is present in Canada, including both local producers with a focus on unpackaged products and industrial producers of packaged baked goods. More than 2,300 bakeries across Canada, with majority (66.5 per cent) employing less than 10 staff. Canada is a net exporter of baked goods and has a large trading relationship with NAFTA partners for this category.

Distribution: Supermarkets are prominent in distribution of baked goods and increasingly offer freshly baked options alongside packaged pastries, breads and cakes. Supermarkets are also active in the upstream supply for both subcategories and account for large shares of overall production in Canada. At the same time, Canadian producers already offer EU-styled products and initial distribution of foreign products may be more successful through specialty grocers.

Challenges: Distribution of freshly baked EU products in Canada will remain a challenge due to distance to market at the same time as competing with domestic supply and compelling consumers of value added for authentic EU products.

Opportunities under CETA: full tariff liberalisation (HS 1905: Bread, pastry, cakes, etc.)

¹⁰⁸ "Baked Goods in Canada", November 2016 available at: <http://www.euromonitor.com/baked-goods>.

5.2 Market Snapshot: Beer

In terms of consumption and production the beer industry in Canada is large and well-established. Beer drinking and brewing have a long standing history in the country and are integral parts of Canadian culture as expressed by Stephen Beaumont stating that “*Along with back bacon, winter and hockey, beer practically defines Canada*”.¹⁰⁹ It is therefore no surprise that beer is the most popular alcoholic beverage in Canada accounting for 55 per cent of the total consumption of alcoholic beverages.¹¹⁰

Canada ranks among the World’s top beer drinking nations with an annual average per capita consumption of 63 litres.¹¹¹ Brewing is further one of Canada’s oldest industries, reportedly going back to the 17th century. The industry is generating revenues of 5.3 billion EUR while providing for around 9,000 workplaces in the country.¹¹² Main types of beer sold in the Canadian market include lagers, dark beers, ports and stouts.



¹⁰⁹ “The great Canadian beer guide” by Stephen Beaumont, McArthur, 2001

¹¹⁰ “Global alcohol report”2014 available at:

http://www.who.int/substance_abuse/publications/global_alcohol_report/en/

¹¹¹ “Industry Trends” available at: <http://www.beercanada.com/statistics>

¹¹² “Breweries in Canada, Industry Report” August 2016 available at:

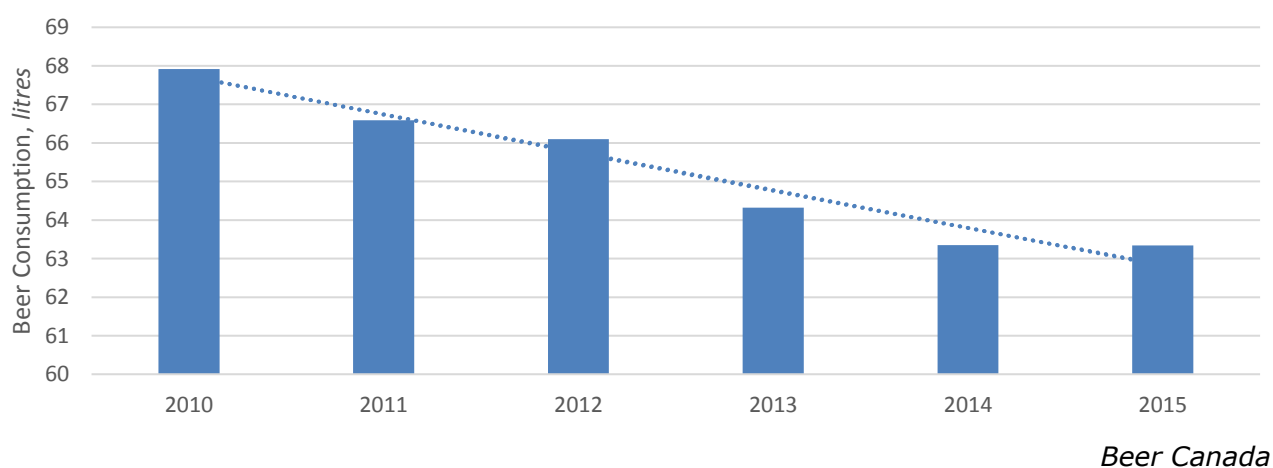
www.ibisworld.ca/industry/default.aspx?indid=288

5.2.1 Consumption

The beer industry in Canada despite its maturity is growing steadily and continuously. Total volume sales of beer have increased by 1 per cent in 2015. Forecasts predict a sales increase to 2.5 billion litres by 2020.¹¹³ The industry's growth rates are attributed to favourable production factors such as the recent weather conditions, a rising average unit price and increased marketing efforts by large beer producers in the country.¹¹⁴ In respect to product innovations the industry has invested in offering new flavours and focused on diversification. This has led to a rapid expansion of styles and taste profiles in the Canadian beer market, including the launch of limited editions or vintage products, new craft beers and new innovative packaging.

Nonetheless, in the past years a general decline in the per capita consumption and the sales of beer can be detected.¹¹⁵ This consumption decline is caused by changing consumer preferences along the lines of demographics and increasing health awareness.¹¹⁶ The shifting consumer preferences for niches are one explanation for the simultaneous industry growth while sales and consumption are decreasing. Specific beer product categories such as craft beers, flavoured beers and no/low alcohol beers are benefiting from increased consumer demand. These sub-sectors have undergone substantial growth and enjoyed increasing popularity amongst Canadian consumers. Overall a shift from traditional consumer preferences from light beer to more sophisticated beer products can be seen in Canada. It is therefore that new demand growth is expected to be driven by consumers seeking uncommon, non-traditional and imported beer types.

Figure 44) Annual per capita Beer Consumption



¹¹³ "Beer in Canada" June 2016 available at: <http://www.euromonitor.com/beer-in-canada/report>

¹¹⁴ Ibid.

¹¹⁵ "Beer market of Canada" available at: <https://www.statista.com/topics/2292/beer-market-of-canada/>

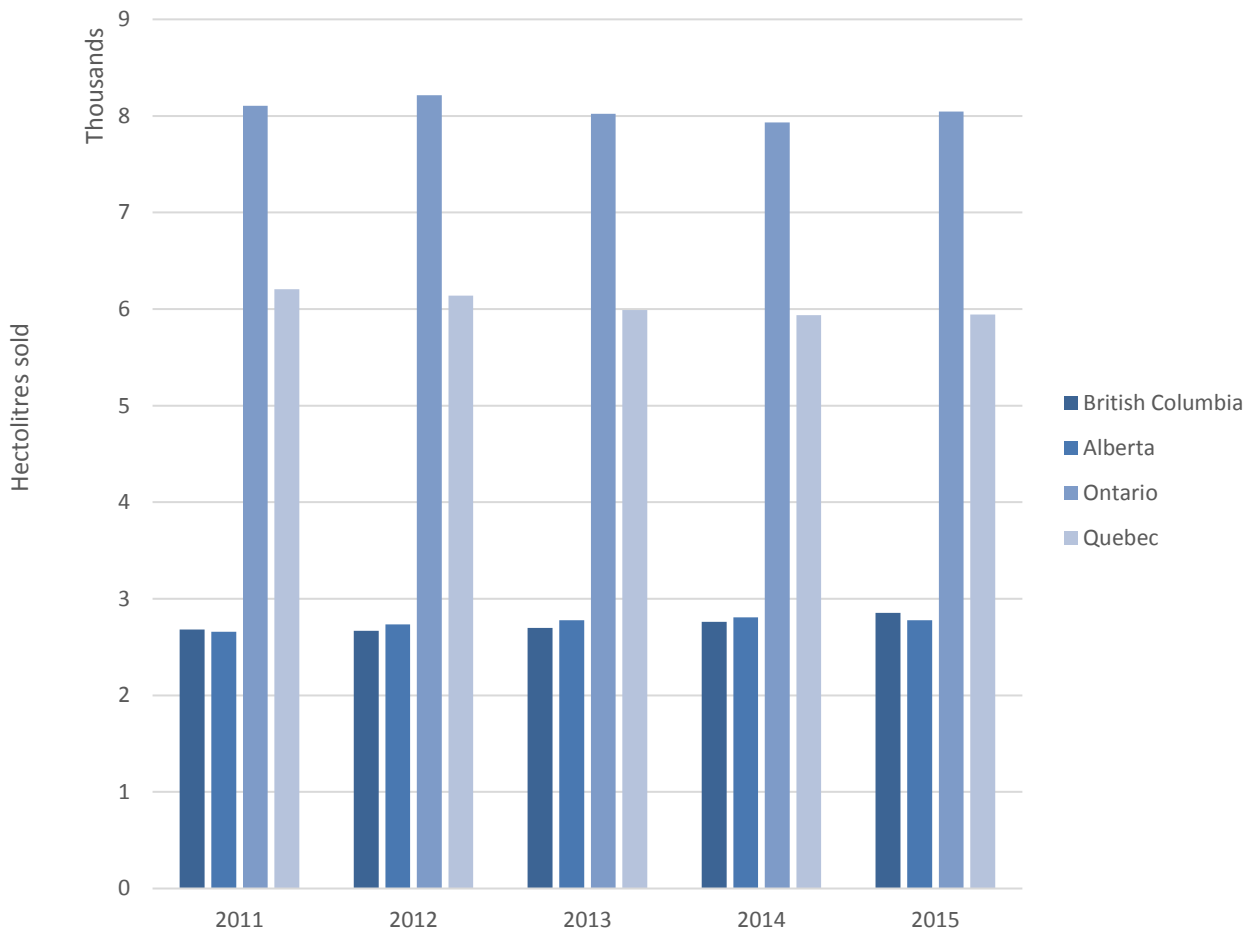
¹¹⁶ "Beer in Canada" June 2016 available at: <http://www.euromonitor.com/beer-in-canada/report>



Beer consumption trends vary among the Canadian provinces and territories. Albeit the fact that beer sales have declined by 3.9 per cent in the past 5 years, Newfoundland continuous to be the province with the highest per capita consumption rate in the country. The second largest province in terms of beer consumption is Quebec having an average consumption rate of 71.91 litres per capita. However, the decreasing consumption rate is also visible in this province, beer sales in Quebec have declined by 4.26 per cent between 2010 and 2015. Along similar lines, in Prince Edward Islands, Nova Scotia, New Brunswick, Ontario, Yukon and Manitoba beer sales have also gone down in the past 5 years.

On the other hand in the Canadian provinces of Saskatchewan, Alberta, British Columbia, the Northwest Territories and Nunavut beer sales have increased in the past 5 years at an average rate of 4.33 per cent.¹¹⁷

Figure 45) Beer Sales by Selected Canadian Provinces



Statista

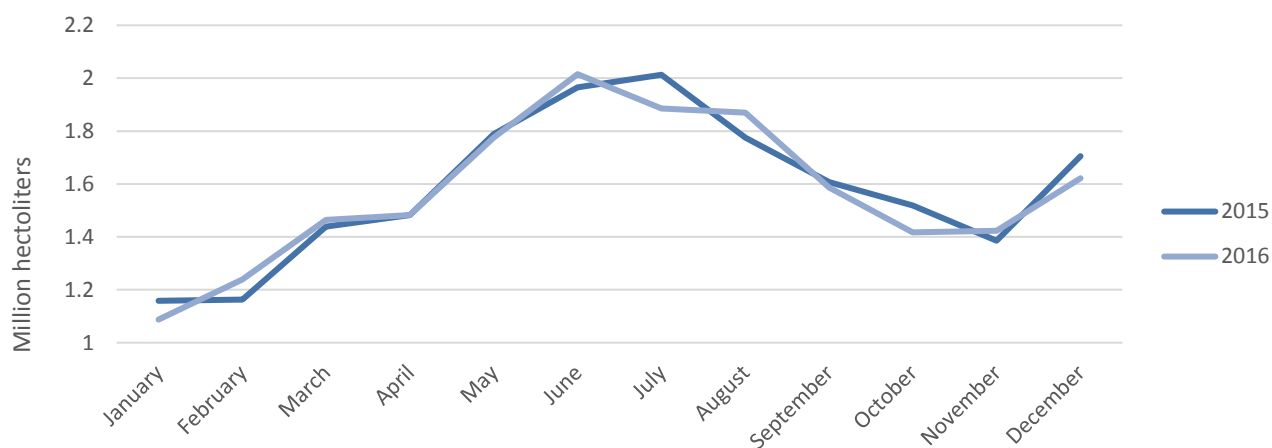
¹¹⁷ "Beer market of Canada" available at: <https://www.statista.com/topics/2292/beer-market-of-canada/>



5.2.1.1 Consumer Profiles and Trends

Albeit at an all year long relatively high level, beer sales in Canada are seasonal. Beer consumption is high during December and increases over the course of spring and summer so that the summer months account for over one-third of annual sales in Canada.¹¹⁸

Figure 46) Beer Sales by Month



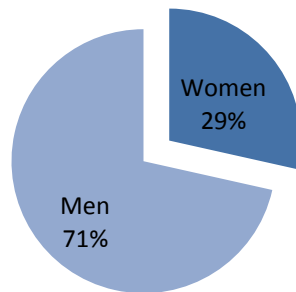
Beer Canada

As the major beer producers in Canada have primarily targeted young men, a large difference in beer consumption by gender can be detected. The largest consumer group is men between 19 and 34 years old. Men are accounting for over 71 per cent of total beer consumption in the country. Despite being significantly lower, beer consumption of women in the country has increased in the past five years. New products such as sweetened beers, low-calorie products and new types of local and craft beer are expected to be preferred by the female consumer group.¹¹⁹

¹¹⁸ "Beer in Canada" June 2016 available at: <http://www.euromonitor.com/beer-in-canada/report>

¹¹⁹ "Breweries in Canada, Industry Report" August 2016 available at: www.ibisworld.ca/industry/default.aspx?indid=288

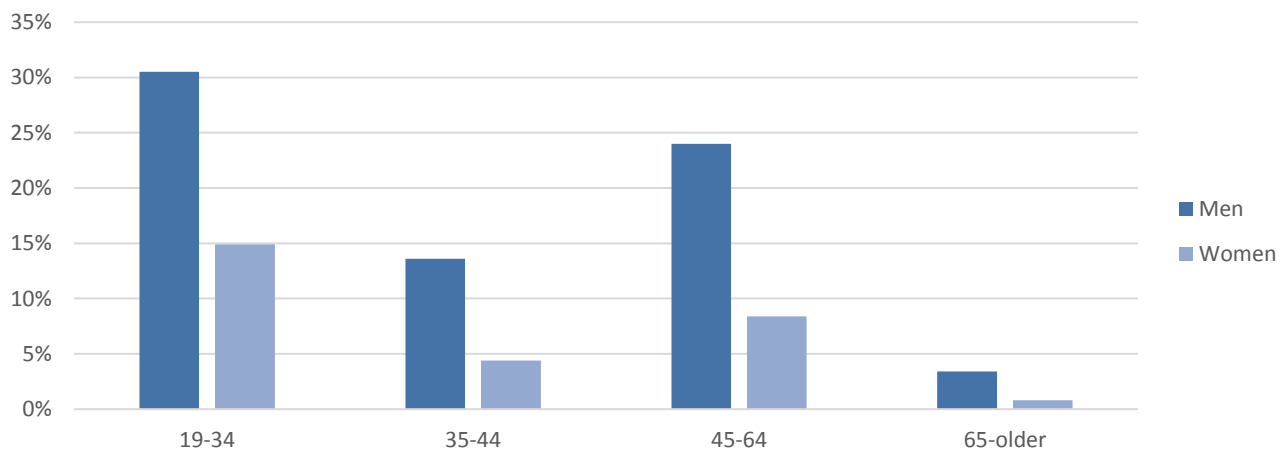
Figure 47) Domestic Beer Consumption by Gender



Statista

Beer consumption in Canada also has an age dimension. Consumer trends show that the largest segment of beer consumers is the age-group from 19 to 34. The numbers are significantly smaller for the age group of 35-44 and increase again for 45-65 year olds. Taking into account the shifting demographics in Canada this consumer pattern can constitute a challenge for the industry.

Figure 48) Domestic Beer Consumption by Age

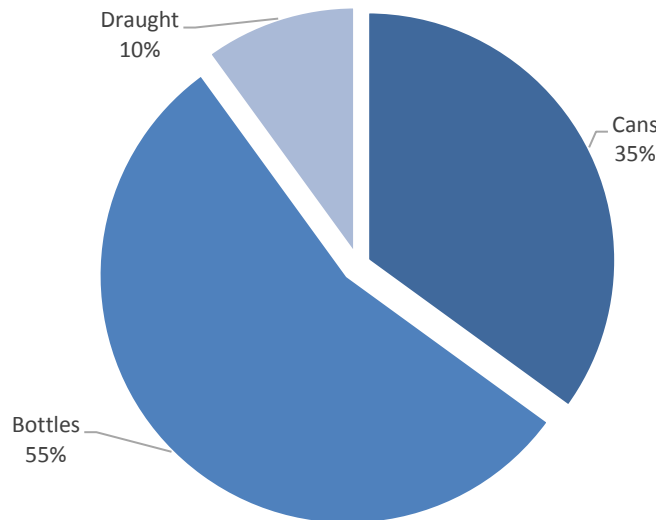


Statista

The most popular beer packaging style in Canada is canned beer. More than half of beer sales in Canada are distributed in cans. Although bottled beer has been the standard packaging for the industry's products the added transportation costs caused by the relative heaviness of glass has led to increased canned beer packaging. Bottled beer accounts for 35 per cent and draught beer makes up 10 per cent of beer sales in the country. In Canada producers are held responsible for packaging which results in a 99

per cent return rate for beer bottles. An average beer bottle in Canada is re-filled 15 times showing the significant environmental record of the Canadian beer industry.¹²⁰

Figure 49) Domestic Packaging Types



Beer Canada

Overall, industry growth in Canada has been held up by changing consumer preferences. Despite the fact that per capita alcohol consumption among Canadians has declined, the industry benefitted from changing consumer patterns towards craft beer. A large amount of small-scale breweries producing craft beers have opened and benefit from the products popularity. The growing popularity of new craft beers alongside with the sharp increase of licensed breweries in Canada have boosted industry growth and constitute a polarization trend in Canadian beer consumption.¹²¹

Forecasts over the next five years predict that the major beer companies in Canada will likely face significant challenges due to the fact that consumer preferences are shifting from traditional light beers to more sophisticated categories. Another factor contributing to the decrease in domestic beer consumption is the growing popularity of imported beer among Canadians. Imported beer sales have gone up by an annual

Figure 50) Example of Can Packaging in Canada



¹²⁰ "The average beer bottle is refilled 15 times in its environmentally friendly life cycle" June 2013 available at:

https://www.thestar.com/life/food_wine/2013/06/28/the_average_beer_bottle_is_refilled_15_times_in_its_environmentallyfriendly_life_cycle.html

¹²¹ "Breweries in Canada, Industry Report" August 2016 available at:

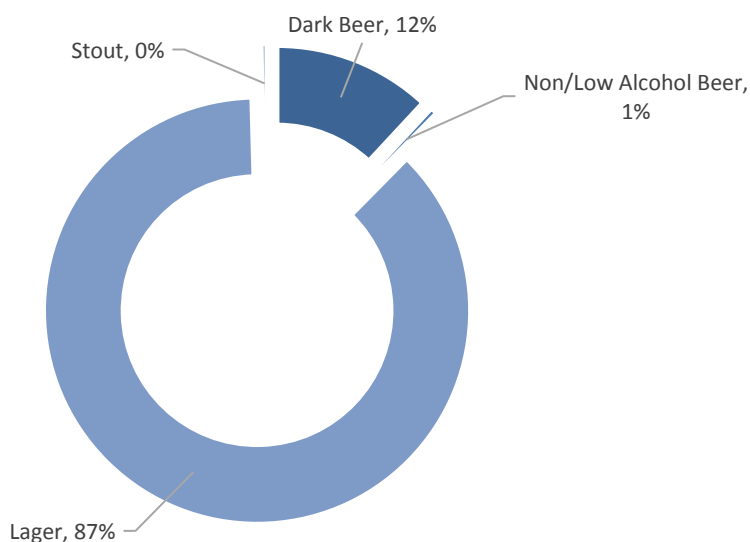
www.ibisworld.ca/industry/default.aspx?indid=288

average rate of 6.0 per cent in the last 10 years. In 2015 imported beer sales in Canada rose to 3.73 million hectolitres, whereas sales of Canadian beer grew at the much lower rate of 1.1 per cent.¹²²

The industry is further challenged by a more general shift of consumer preferences within the alcoholic beverages segment, trending towards wine consumption. In total the market share of beer sales within the alcoholic beverages segment has declined in recent years, falling from 47.9 per cent to 42.0 per cent between 2010 and 2015. The market share for wine during the same time increased from 26 per cent to 31.4 per cent.

Overall, lager constitutes the main category of beer sales in Canada. This type of beer has the largest market share and is followed by dark beers such as ale's and wheat beers. Smaller market segments in Canada are no/low alcohol beers and stouts.

Figure 51) Domestically-Produced Beer Sales by Category in Millions Hectolitres



Euromonitor

5.2.1.1.1 Lager

Lager is by far Canada's most popular beer category, an average of 2,111.85 million litres is sold annually in the country. Overall Lager can be distinguished in 3 price categories: Premium, Mid-Priced and Economy.¹²³

Figure 52) Lager Price Categories in CAD & EUR

Premium Lager	CAD 5.30 and above (3.70 EUR and above)
Mid-Priced Lager	CAD 4.50 - 5.30 (3.14 EUR - 3.70 EUR)
Economic Lager	CAD 4.50 and below (3.14 EUR and below)

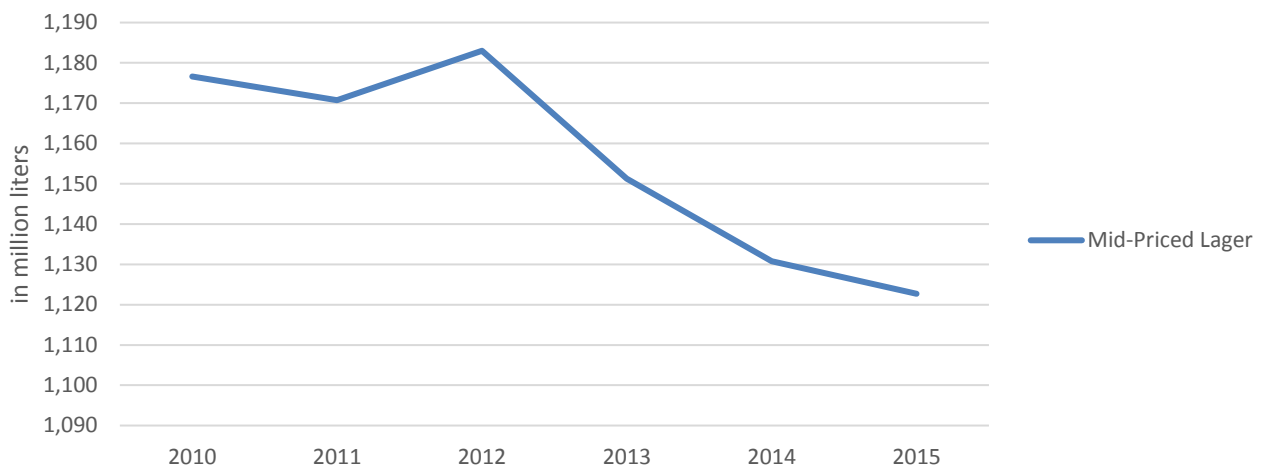
¹²² "Beer in Canada" June 2016 available at: <http://www.euromonitor.com/beer-in-canada/report>

¹²³ Ibid.

Euromonitor

Lager includes domestic brands such as Labatt Blue, Coor Light and Budweiser and accounted for sales of 1,122.7 million litres in 2015. Mid-priced lager is the most popular category of beer sold in the country. Despite the large market share mid-priced lagers hold, popularity is steadily declining with consumption decreasing by more than 4.5 per cent between 2010 and 2015. This is largely due to the polarisation trend and increased competition from craft beer brands. The flagship value products, Budweiser and Molson Canadian have experienced volatility due to the growing popularity of craft beer.¹²⁴

Figure 53) Sales of Mid-Priced Lager



Euromonitor

Figure 54) Package Example of Labatt Blue



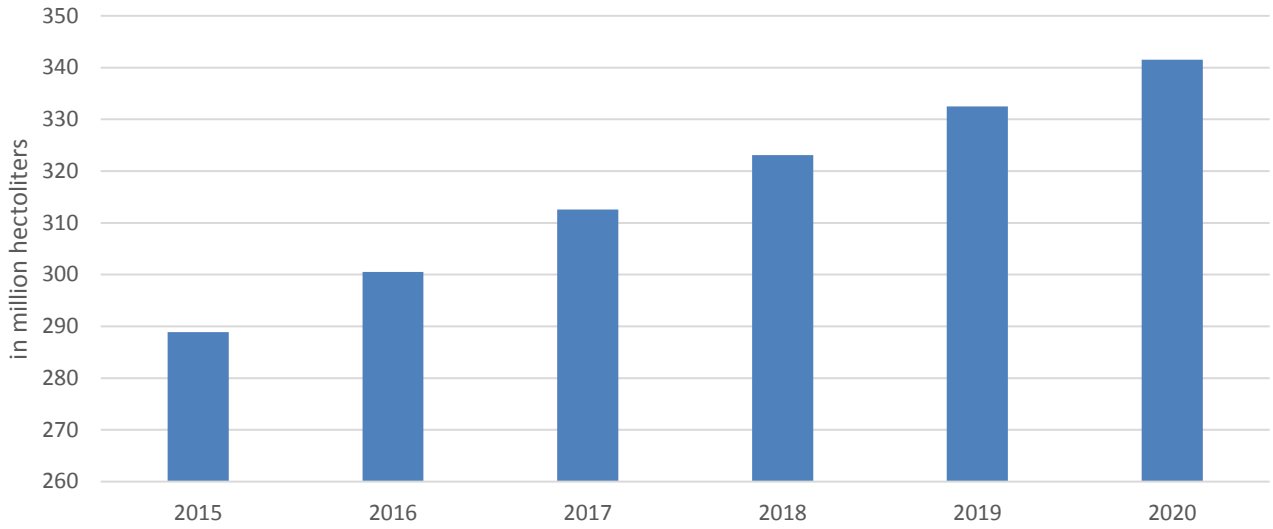
Among the differing lagers, sales for flavoured and mixed Lagers have significantly increased over the past 5 years growing by over 50 per cent since 2010. In the premium category a growth rate of 16.6 for the same time period can be seen. Premium lagers are the fastest growing price segment in Canada, leading domestic beer producers to launching more brands in this specific segment. Further, figures over the last five years show that imported beers continue to have a dominant share over domestic Lagers in the premium lager category.¹²⁵

¹²⁴ "Breweries in Canada, Industry Report" August 2016 available at: www.ibisworld.ca/industry/default.aspx?indid=288

¹²⁵ Beer in Canada" June 2016 available at: <http://www.euromonitor.com/beer-in-canada/report>



Figure 55) Forecast of Imported Beer Sales in Canada (Premium Lager)

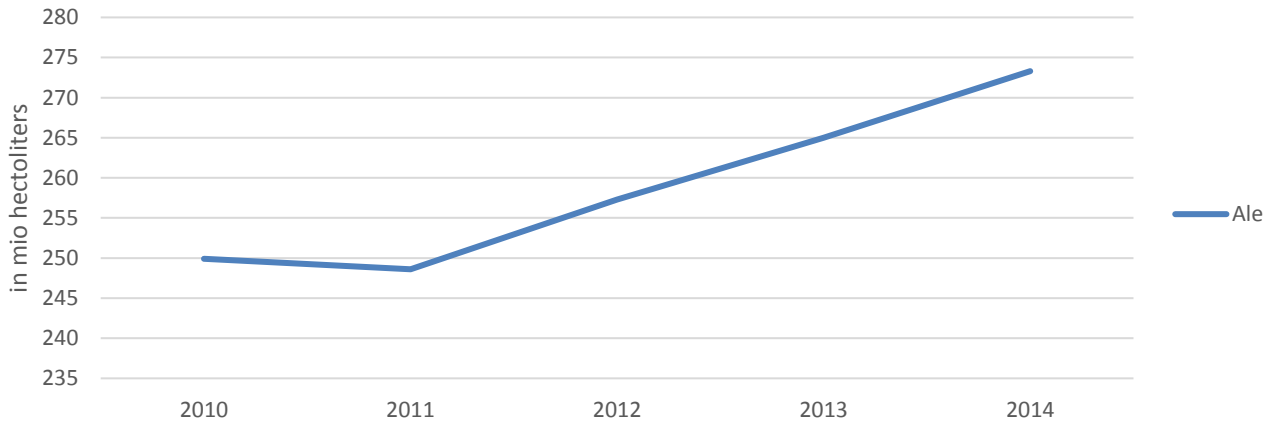


Euromonitor

5.2.1.1.2 Dark Beer

Dark beers and in particular ales hold a substantial market share in Canada. In line with the overall polarisation trend, sales for dark beers have increased by 12.6 per cent between 2010 and 2015. Sales of Weizenbier (wheat beer) stagnated between 2014 and 2015, in both years 5.1 million litres were sold. The consumption patterns for ales are in line with steadily increasing sales amounting to 281.2 million litres, an increase of 12.5 per cent over 5 years.

Figure 56) Total Volume Sale of Ale's



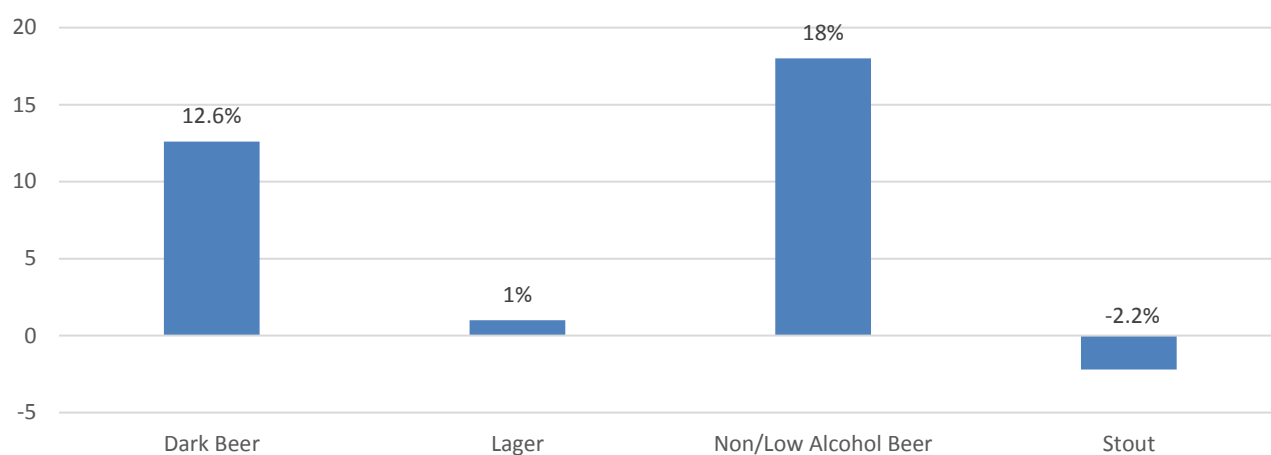
Euromonitor



5.2.1.1.3 Non/Low Alcoholic Beer

The biggest growth has been brought in by the no/low alcohol beer category. Sales within this segment have increased significantly in the past several years. The amount sold has doubled from 5.7 million in 2010 to 11.6 million in 2015. This sharp increase constitutes the industry's strongest total volume growth and is reportedly caused by the products appeal to a wider demographic. As traditional mass-market beers primarily target young males, the non/low alcoholic beer segment appeals to a wider demographic. Reportedly, consumption has increased in particular by women. This growth is further in line with the general health consumer trend in Canada.¹²⁶

Figure 57) Forecasts Sales of Beer by Category by 2020



Euromonitor

5.2.1.1.4 Trends in Beer

EU beers in Canada are partially insulated from shifting consumption as they are easily recognisable as authentic and premium options. There is already a significant presence of EU beer exports in the Canadian market, and this trend is expected to continue with the passage and implementation of CETA. However sales may remain concentrated within a higher-income, premium-oriented segment for the foreseeable future as many Canadians may continue to spend on lower value-per-volume options.

5.2.1.2 Challenges for EU Products

EU beer exports are in many ways well-situated, as indicated by the already large share of shipments. However, continued competitiveness of the EU beer industry in Canada will need to contend with decreasing volume consumption of beer overall, unresolved barriers to trade including at the inter-provincial level, limited distribution outlets through

¹²⁶ "Consumer Trends – wine, beer and Spirits in Canada" September 2013 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/consumer-trends-wine-beer-and-spirits-in-canada/?id=1422297046469#c>



Canada's provincially-operated liquor boards, and competition with domestic craft breweries, artisanal producers and alternative products that compete at a similar consumer segment.

5.2.2 Offer

Canadian domestic beer production is highly advanced and accounts for over 83 per cent of all Canadian beer sales. The industry benefited from massive growth in the popularity of craft beer. A range of new small-scale breweries have emerged and consumer preferences have shifted from the traditional light and premium beer brands which currently represent the vast majority of sales. In recent years Canada's beer industry is particularly focused on product innovation and new launches. Numerous new beer styles and tastes have been introduced in the Canadian market.

Figure 58) Overview of the Canadian Beer industry

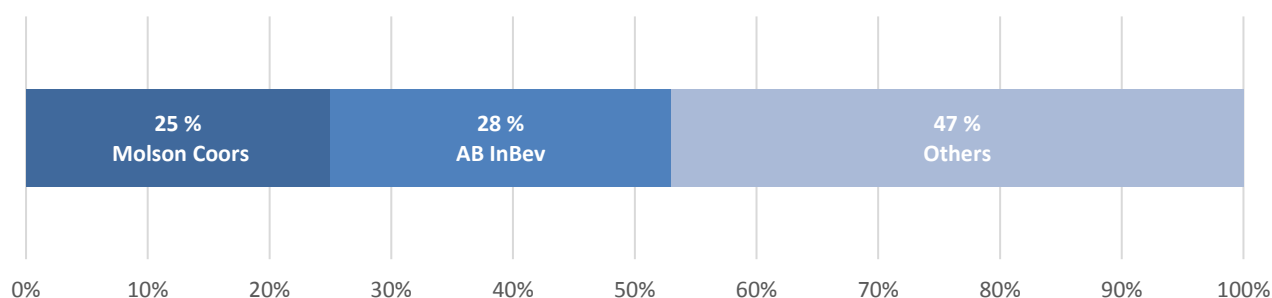
Total Beer Sales	22.7 million hl
Sales of domestic beer	18.9 million hl
Sales of imported beer	3.7 million hl
Revenue of beer manufacturing in 2015	5.3 billion EUR
Number of licensed breweries	640
Employment	8,890

Compiled from Euromonitor & Ibisworld data

5.2.2.1 Main Competitors

The industry's 2 major companies dominate the Canadian beer market and hold a market share of 53 per cent. These companies have engaged in acquisition based growth and purchased a large group of domestically owned and operated brands. Although a large disparity exists in terms of market shares between the major players in the industry and their smaller counterparts, many small-scale, independently owned breweries have entered the industry in recent years and their products are met with increased consumer demand.

Figure 59) Market Share of Major Brewing Companies



Ibisworld

Breweries in Canada are distributed among all provinces and small and local breweries are increasing in number. In order to keep transportation costs low large breweries are usually located near major markets and so concentrated in provinces with densely populated urban areas such as Ontario, Quebec and British Columbia. These three provinces are the location of over 88.2 per cent of Canadian breweries.¹²⁷

The total number of licensed breweries has more than doubled in the past five years. Especially breweries operating at a production level of less than 2,000 hectolitres have seen a stark increase from 220 to 490 establishments between 2010 and 2015. Reportedly, small breweries¹²⁸ amounted to a total sale of 2.01 million hl and so hold a market share of 10 per cent. The two major beer sellers hold popular brand names including:

Figure 60) Beer Brands in Canada by major brewers

<i>Molson Coors Brewing Co.</i>	<i>Anheuser Busch InBev</i>
<i>Molson Canadian</i>	<i>Budweiser</i>
<i>Coor Light</i>	<i>Labatt</i>
<i>Rickard's</i>	<i>Beck's</i>
<i>Carling</i>	<i>Stella Artois</i>
<i>Keystone Light</i>	<i>Alexander Keith's</i>
<i>Pilsner</i>	<i>Bass</i>
<i>Black Label</i>	<i>Kolanee</i>



Beer in Canada

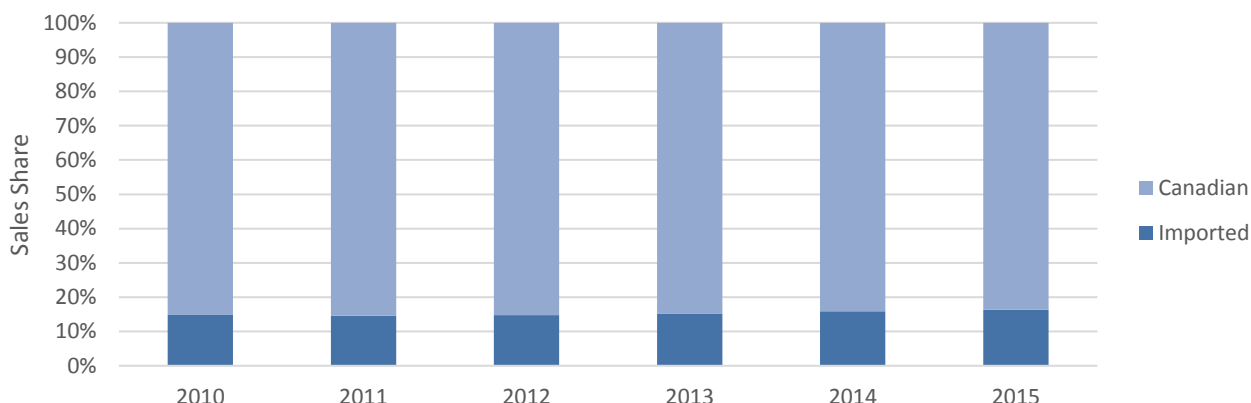
Overall domestic beer consumption has been declining in the past several years. Nonetheless, this trend seems not to apply to imported brands. Imported beer has outpaced domestic beer in growth rates over the past five years. Imported beers account for 16.4 per cent of total beer sales in Canada and amount to sales of 3.73 million hectolitres in 2015. There has been a particular growth in the provinces of Yukon (18.8 per cent) and Manitoba (14.7 per cent). In Quebec, Ontario and British Columbia steady growth rates between 4.3 and 6.2 per cent for imported beer are recorded.¹²⁹

¹²⁷ "Breweries in Canada, Industry Report" August 2016 available at: www.ibisworld.ca/industry/default.aspx?indid=288

¹²⁸ Defined as having a production level of below 100 k hl.

¹²⁹ "Beer in Canada" June 2016 available at: <http://www.euromonitor.com/beer-in-canada/report>

Figure 61) Share of Canadian and Imported Beer Sales

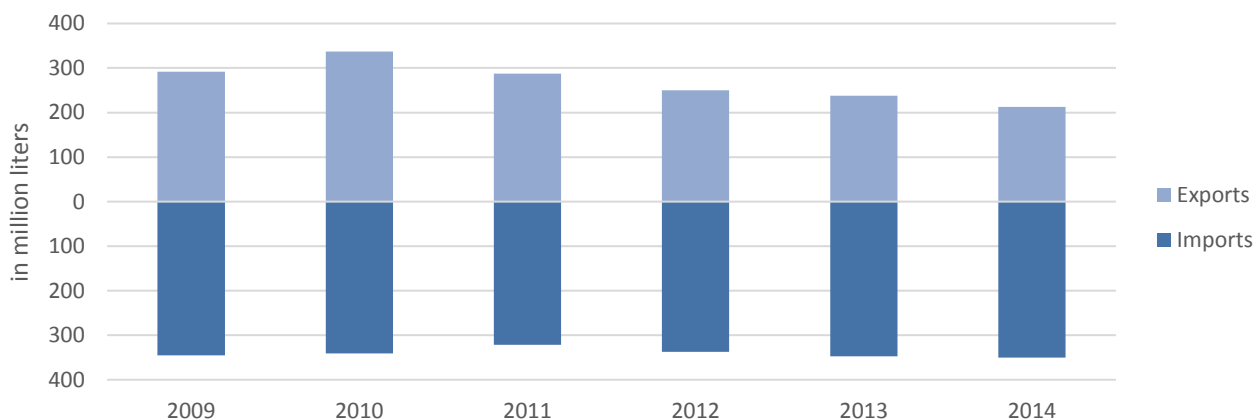


Beer Canada

The Canadian beer industry holds prominent international brands such as Labatt, Molson, Sleeman, Rickard's and craft brand Dieu du Ciel which are widely available in Canada and enjoy popularity throughout North America.

The value of Canadian beer exports has declined at an annual rate of 1.6%.¹³⁰ In terms of imports and exports Canada runs a net-deficit. The country is exporting its brewery products almost exclusively to the US, accounting for a total volume of 212.7 million litres in 2015. The US are also Canada's largest trading partner in terms of beer imports, supplying close to a quarter of the total volume. Overall, a general increase of beer imports in Canada can be seen in recent years, a trend which is likely to continue.

Figure 62) Canadian Beer Imports and Exports in Total Volume

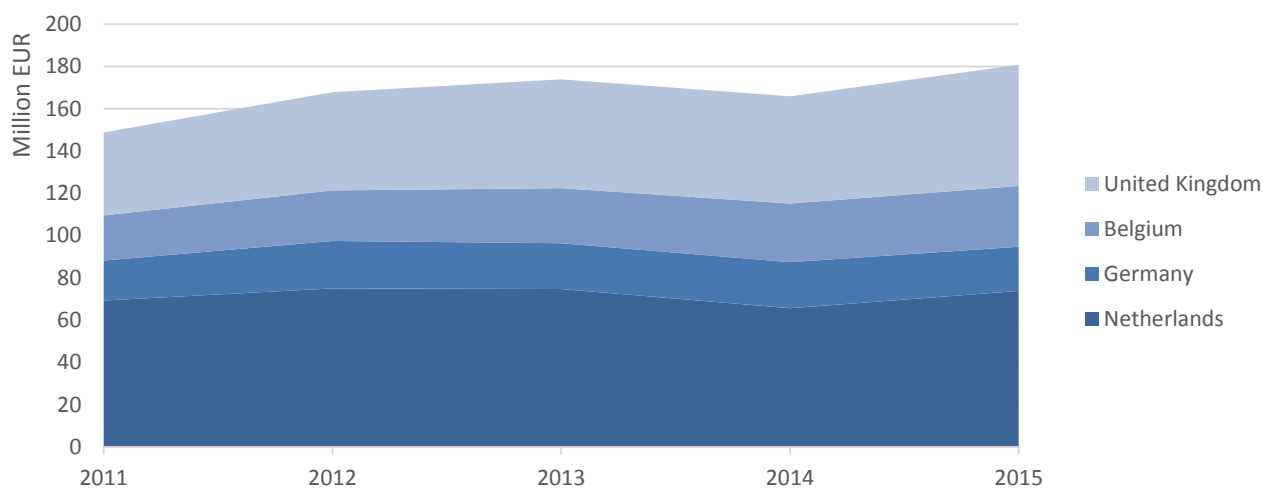


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¹³⁰ "Breweries in Canada, Industry Report" August 2016 available at: www.ibisworld.ca/industry/default.aspx?indid=288

The Netherlands and Mexico further export large volumes of beer to Canada, 18.38 per cent and 17.84 per cent respectively of the total volume in 2016. EU member states combined have accounted for 51.9 per cent of Canada's beer imports in 2016.¹³¹ This share is expected to increase in the upcoming years.

Figure 63) Beer Export Figures to Canada



Eurostat







5.2.2.2 Entry Requirements and Changes Under CETA

In Canada alcoholic beverages are non-federally registered food sector products. The manufacture and distribution of alcohol in Canada is highly regulated, and all but one province require that alcoholic beverages must be distributed through governmental entities. Import controls are performed by provincial and territorial liquor control boards. Each of Canada's 13 Provinces and Territories has its own Liquor Board or Commission that oversees the distribution and sale of alcoholic beverages in their respective territories. Note that significant differences in licensing requirements may occur and that these should be reviewed with the relevant authority in the province or territory. Under CETA these liquor control boards maintain their import monopoly on alcoholic beverages as reservations largely permit the provincial governments to regulate and issue authorisations relating to alcoholic beverages. As such provinces are permitted to regulate on various issues regarding the purchase, distribution and sale of alcoholic beverages. Import and distribution vary among the differing provinces and territories.

Figure 64) Provincial Liquor Boards in Canada

Province	Description	Website
British Columbia	The LBD is the sole buyer and re-seller of liquor in the province.	http://www.bcldb.com/

¹³¹ "Report /Trade Data online" available at: <https://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/home>

		Products manufactured outside of Canada are purchased through the BC agency authorized by the manufacturer to represent them. Sales of alcoholic beverages to the LDB require prior licensing	
Alberta		The AGLC is the provincial entity controlling manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta. Liquor suppliers must register with the AGLC	http://www.aglc.ca
Saskatchewan		The SLGA is responsible for distribution, regulation, management and operation of liquor and operates 75 retail liquor stores.	https://www.slga.com/
Quebec		SAQ oversees the control, distribution and sale of beverage alcohol in Quebec province. Off license sales of beer are however permitted in Quebec, whereas most imported beers are required to be sold through the SAQ.	http://www.saq.com
Manitoba		Manitoba Liquor & Lotteries is the province's wholesaler and distributor of liquor. Permits and licences can be obtained via the Liquor and Gaming Authority of Manitoba (LGA).	http://www.mbl.ca
Newfoundland		The NLC is the corporation responsible for managing the importation, sale and distribution of beverage alcohol within Newfoundland.	http://www.nliquor.com/
New Brunswick		The ANBL is responsible for the purchase, importation, distribution and retail activity for beverage alcohol.	http://www.anbl.com
Nunavut		The Nunavut Liquor Commission is responsible for is under the	www.finance.gov.nu.ca

		authority of the Minister of Finance. Its responsibilities include the operation of liquor stores, purchasing, selling, classifying and distributing liquor in Nunavut.	
Northwest Territories		The NWTLC is the provinces entity responsible for the purchase, distribution and sale of alcoholic beverages	http://www.fin.gov.nt.ca/liquor-fund/index.htm
Nova Scotia		The NLSC oversees the control, distribution and sale of beverage alcohol in Nova Scotia.	https://www.mynslc.com//
Ontario		The LCBO is a government enterprise and sole buyer and retailer of beverage alcohol. The LCBO licenses retailers and suppliers of alcohol in Ontario.	http://www.lcbo.com
Prince Edwards Islands		The PEILCC as a crown corporation is responsible for the purchase, sale and control of beverage alcohol. It further has licensing and inspecting functions.	http://www.peilcc.ca
Yukon		The YLC regulates the sale, service and consumption of liquor products in Yukon. It oversees the purchase, distribution and sale of liquor products	http://www.ylc.yk.ca

Canadian Association of Liquor Jurisdictions

Any beverage containing more than 1.1 per cent alcohol by volume is considered an alcoholic beverage and must meet Canadian labelling and compositional requirements as set out in *Division 2 of the Food and Drug Regulations*. These are federal requirements and it has to be noted that legislation may differ on provincial level and should therefore be carefully reviewed with a reliable import partner.

5.2.2.3 EU GI Products

Canada has granted the highest level of protection to a great majority of EU GIs, in respect to European beers, the following GI's are recognised:

Indication	Country of Origin
České pivo	Czech Republic
Bayerisches Bier* / Bavarian Beer/Bière Bavaroise,	Germany

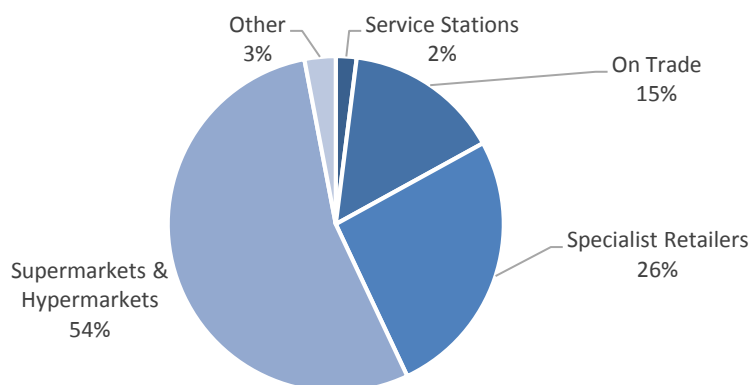
These names will be protected as GIs while the use of English or French translations of these terms is allowed.

5.2.3 Distribution

Each province has its own liquor control board/commission resulting in differing regulations for distribution across the Canadian provinces and territories. In Canada the distribution and sale of beer is controlled by provincial regulatory bodies rather than private wholesalers and merchants. These entities are responsible for the sale of alcoholic beverages. Currently, Alberta is the only jurisdiction that has privatised its retail liquor industry. Other jurisdictions continue to have control over the sale of alcoholic beverages, with some exclusion to country-originated beer and wine sales. Since distribution of alcoholic beverages is heavily regulated, distribution opportunities are scarce.¹³²

The structure of distribution channels for alcoholic beverages in Canada is largely shaped by sales channels such as Super/hypermarkets, specialist retailers and on-trade stations like bars and restaurants. Note that due to the heavily regulated distribution of alcoholic beverages, shelf space in retail outlets is limited.¹³³ Despite an increase of on-trade sale in Canada, the vast majority of beer sales, 79.46 per cent occur in off-trade retail channels.

Figure 65) Distribution of the Alcoholic Beverage Market in per cent



Statista

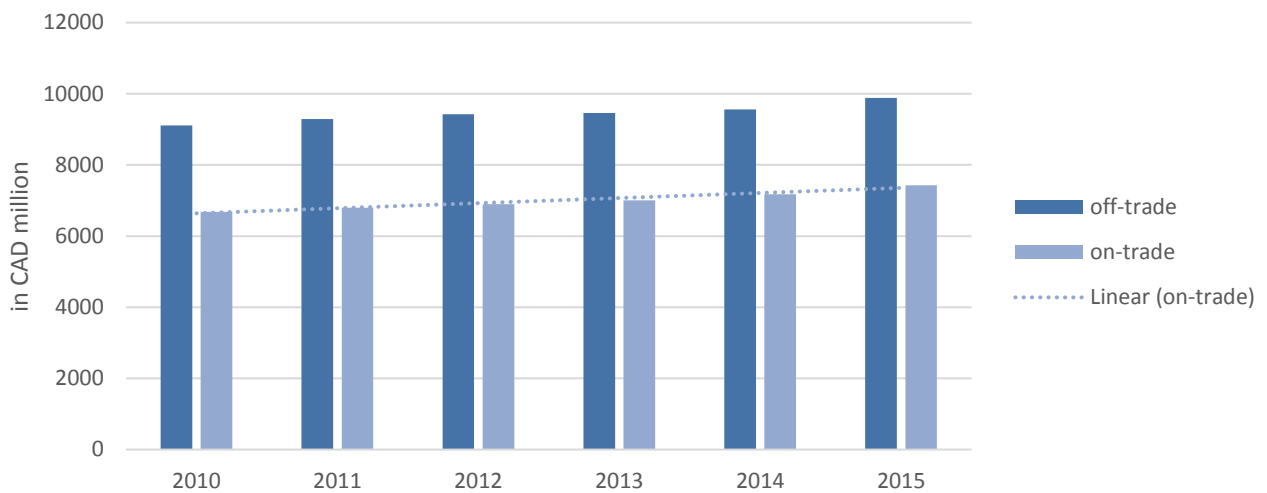
¹³² "Breweries in Canada, Industry Report" August 2016 available at: www.ibisworld.ca/industry/default.aspx?indid=288

¹³³ Ibid.



The trend of the increased on-trade sale can be explained by fast food chains acquiring licenses to sell Beers, such as KFC in Toronto and Starbucks in selected locations. Furthermore, there is a growing cocktail culture in Canada, going alongside with an increased demand for beer cocktails. This drives on-trade sales of beer in the country.

Figure 66) Sales of Beer by Off vs On-trade in Value



Euromonitor

Market Takeaway: Beer

Consumption: Beer consumption by quantity is decreasing as preferences shift to alternative beverages and higher value beer options, such as craft brews and imports.

Competition: Largest category of producer in Canada is the collective of independent, craft and artisanal brewers, with largest single output shares held by large conglomerate brewers: Molson Coors and AB InBev.

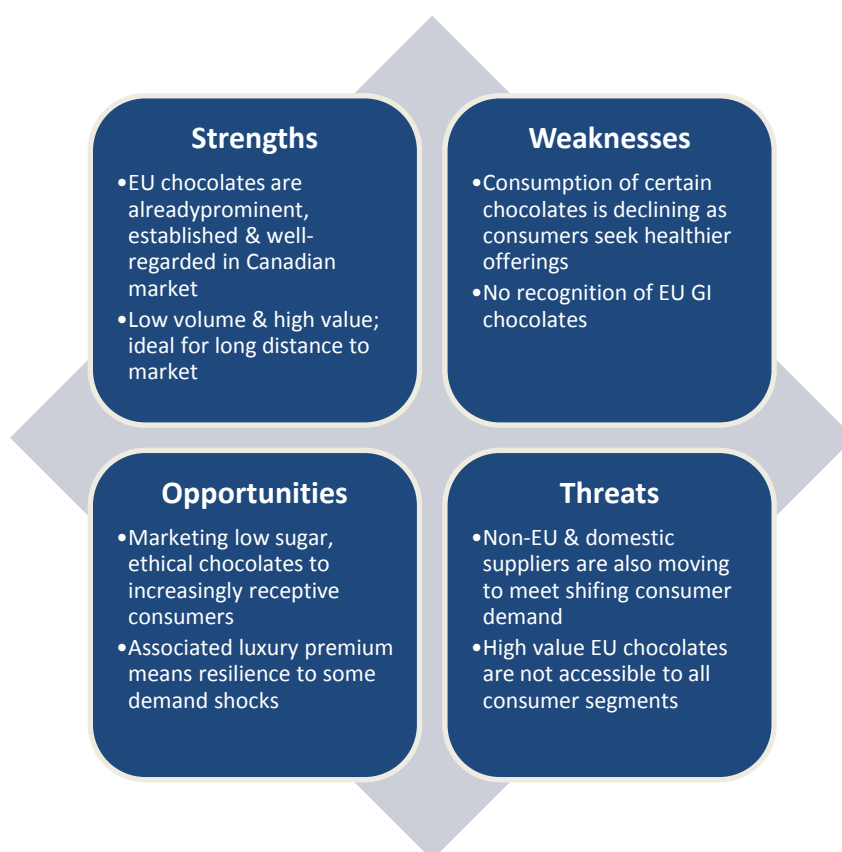
Distribution: Highly regulated sector with provincial monopolies on imports and distribution in most cases - check with the province corresponding to your target market.

Challenges: Price sensitivity to EU imported beers compared with local competitors, compounded by interprovincial barriers to trade and non-tariff barriers. EU beers may compete with local or regional loyalties in some markets.

Opportunities under CETA: full tariff liberalisation (HS 2203: Beer made from malt) as well as streamlined opportunities and procedures for producers already in the market

5.3 Market Snapshot: Chocolate

The chocolate industry in Canada is one of the largest industries in the country. Canada itself is one of the largest importers and exporters in the world (6th and 8th respectively). Chocolate imports have seen a steady growth over the years, which have slowed down from 2015. With CETA it is expected that the imports will increase as trade barriers are eliminated. Currently EU member states are among the top exporters to the Canadian market and CETA will create an even more positive outlook. However, consumer behaviour has had an important impact on chocolate consumption, as awareness has been raised about the risks of high sugar intake in the diet. This includes serious obesity, heart disease and diabetes, problems linked to poor diets, as well as the trend to live and eat “clean”. In response, “healthy” chocolate is popular, such as dark chocolate or new chocolate recipes and combinations that claim higher health benefits. This is expected to be a growing market for the future.



5.3.1 Consumption

Global chocolate consumption is concentrated in the North American and Western European regions, accounting for 32 per cent and 20 per cent of the 2012 global market share of chocolate. Canadian consumption of chocolate is one of the highest in the world, on average Canadians consume 3.5 kg of chocolate per person per year, a large amount although lower than the rates in some European countries such as the UK (11 kg per



year) or Germany (7.5 kg per year). The Ontario Investment and Trade Centre claims that Canada is in fact the second highest chocolate consumer per capita at 2.9 kilograms (6.4 pounds).¹³⁴

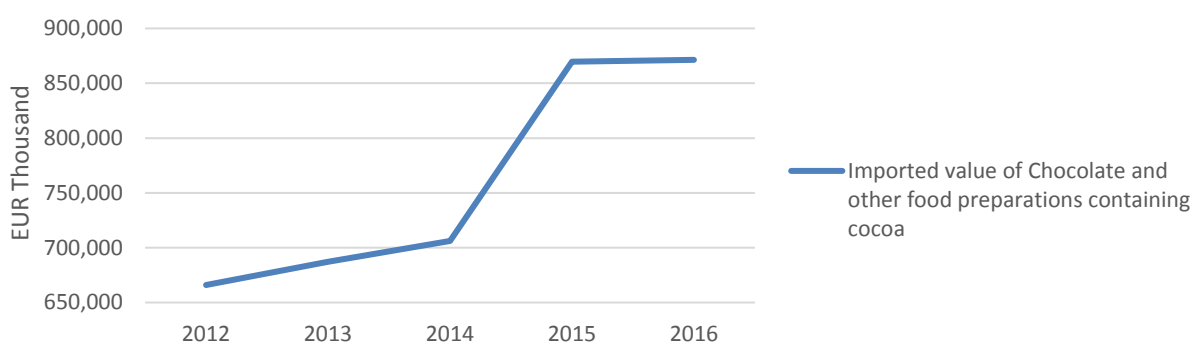
According to research conducted on the Canadian Chocolate industry by Mintel, 93 per cent of Canadians eat chocolate bars, and high numbers also consume bagged or boxed chocolate. It is also reported that half of the population eat chocolate bars several times a month.¹³⁵

5.3.1.1 Consumer Profiles and Trends

In the chocolate and chocolate confectionery production industry, a series of raw materials, including cocoa beans, sugar and milk are processed and transformed into products such as chocolate bars or other forms of chocolate that are used in combination with other products, such as cereals, chocolate covered nuts or powdered chocolate among others.¹³⁶

FAO statistics record Canada in 2011 to be the 5th largest importer and the 8th largest exporter of chocolate products.¹³⁷ In fact, chocolate is not a luxury food item which shoppers are willing to replace, research suggests that consumers would prefer cutting elsewhere. While some food items are being reduced due to the decreased disposable income of Canadians, it does not seem to be affecting the Chocolate industry.¹³⁸

Figure 67) Total Imported Value of Chocolate and Other Food Preparations Containing Cocoa to Canada



ITC Trade Map

¹³⁴ "Canada's sweet spot for confectioners" available at: www.investinontario.com/confectionery#intro

¹³⁵ "Chocolate Confectionery - Canada" April 2015 available at: www.store.mintel.com/chocolate-confectionery-canada-april-2015

¹³⁶ "Chocolate Production in Canada: Market Research Report" October 2016 available at: <https://www.ibisworld.ca/industry/chocolate-production.html>

¹³⁷ "Chocolate: facts and figures" February 2015 available at : www.fao.org/resources/infographics/infographics-details/en/c/277756/ /en/c/277756/ FAO

¹³⁸ "Chocolate Sales Up Worldwide" December 2009 available at: www.foodincanada.com/food-trends/chocolate-sales-up-worldwide-1224/

Canadians are increasingly becoming a health-conscious society. The awareness of the negative effects of sugar on their health is mostly on the rise, and they are looking for alternatives.¹³⁹ Canadian consumers are looking for lower fat and lower calorie foods, to replace the traditional ones. They also seek products that that beneficial for the health, while still tasting good. The Kellogg's Granola and Quinoa from the "Nourish" line is a new product in the Canadian market that exemplifies this. Whilst it contains chocolate, it is dark chocolate with fewer calories than the typical milk chocolate option. Furthermore, the product claims it contains high fibre content, it incorporates fruit and also includes Quinoa, an ethnic food product popular among nutrition enthusiasts as a proclaimed "superfood".

A niche market for healthier chocolate has emerged as a response to the growing obesity problem in Canada. Unlike other types of snacks, certain types of chocolate have been praised for their health benefits. Dark chocolate, chocolate that should contain 60 per cent of cocoa, is attributed a number of health benefits. It also often contains less sugar and less milk, making it more attractive for those looking to indulge whilst taking into account their diet. Dark chocolate is rich in antioxidants, which have been attributed to disease prevention, such as hypertension.¹⁴⁰

Figure 68) Package Example for Kellogg's Cereals



Chocolate companies are seeking to incorporate more natural ingredients, such as roasted almonds and cocoa beans, and sugar substitutes. Stevia and xylitol can also be found in chocolate, but the trend within the chocolate confectionary industry is to "go natural". Companies are also taking into account top Canadian allergens and reducing or eliminating GMO, artificial ingredients and gluten when making their products. Saturated fat is also being reduced by some producers.¹⁴¹

According to Agriculture and Agri-Food Canada, one of the most important drivers of food choice for Canadians is a low trans-fat content (80 per cent), low sugar and salt content (71-72 per cent) and the country of origin (50 per cent).¹⁴²

¹³⁹ "Canadians not so sweet on sugar: Mintel" February 2017 available at:

www.canadiangrocer.com/research/canadians-not-so-sweet-on-sugar-mintel-70824

¹⁴⁰ "Chocolate Industry" 2017 available at: <https://www.franchisehelp.com/industry-reports/chocolate-industry-report/>

¹⁴¹ "A Healthy Candy Revolution " May 2015 available at: www.foodincanada.com/features/a-healthy-candy-revolution/

¹⁴² "The Canadian Consumer Behaviour, Attitudes and Perceptions Toward Food Products" May 2010 available at: www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706

In the Canadian Consumer Behaviour, Attitudes and Perceptions Toward Food Products report, it is highlighted "Food-On-The-Go" where food consumption fitted around Canadians' busy lifestyles and that they are increasingly becoming a "Quick-Fix Society". Packaged snacks are an ideal product for such lifestyles that many purchase, typically in the form of packaged individual chocolate bars. It is a small excuse for indulgence for many, but for those with health concerns many alternatives from the traditional industrial chocolate, such as Hershey's, is emerging. For example, dark chocolate with a variety of "healthy" ingredients.

Awareness of the ethical sourcing of cocoa beans that are used in Chocolate manufacturing industry is something that is expected to rise. The Canadian trend of choosing the "better" versions of products, such as organic, non-GMO, lactose free and gluten free is also linked to this concept. "Fairtrade" has been used as a brand that brings to light the human rights abuses that can take place in the food industry, for example in the main cocoa-producing countries such as Ivory Coast and Ghana. One example is the use of child labour in the cocoa beans industry, which is the key ingredient needed in order to use chocolate. Sustainable palm oil is another product that is encouraged in the chocolate industry. The Canadian Fairtrade Network highlights these issues in the chocolate industry.¹⁴³ Fair Trade labelling in Canada is authorised by TransFair Canada, the only certifier of Fair Trade products in Canada. Transfair is the Canadian representative to the Fairtrade Labelling Organization (FLO) International.¹⁴⁴

Figure 69) Cadbury Introduces in 2010 the Fairtrade Logo on its Chocolate in Agreement with TransFair Canada



The ways in which chocolate is consumed differ between Europe and North America. In North America consumers prefer chocolate inside other products such as chocolate chip cookies or cakes, whereas Europeans prefer chocolate bars and pralines. North Americans prefer chocolate candy bars that are often mixed with

Figure 70) Popular Peanut Butter and Chocolate Snack in North America - Milk Chocolate Reese's Butter Cups



¹⁴³ "Cocoa - Fair Trade Products Available in Canada" available at: cftn.ca/products/cocoa

¹⁴⁴ "Cadbury Dairy Milk Goes Fair Trade in Canada" August 2009 available at:

www.marketwired.com/press-release/cadburyi-dairy-milki-goes-fair-trade-in-canada-1035139.htm



ingredients such as peanuts or peanut butter, which find themselves less popular in the European region.¹⁴⁵ The marketing in North America tends to either highlight the "healthy" aspects of chocolates, or on the contrary accept chocolate as an indulgent pleasure. In Europe the attitude towards chocolate is that it is accepted as part of a normal balanced diet.¹⁴⁶

Other more clear marketing opportunities that can be taken into account is that during popular Holiday seasons such as Christmas and Easter, seasonal chocolate is produced and available and it is also more widely consumed. Some brands, such as Cadbury's carry out effective marketing campaigns "to help build and strengthen the brand's emotional connection with Canadians".¹⁴⁷

Canada's increasing multi-ethnic population and immigration is having a positive effect on chocolate consumption. Despite the fact China is one of the lowest chocolate-consuming nations globally, Chinese Canadians are in fact higher than average consumers of chocolate in Canada. Adapting chocolate "culture" with the Eastern citizens, by understanding the Asian festivities such as Chinese New Year can bring a competitive edge to cater to this consumer base.

5.3.1.2 Challenges for EU products

The US as the key exporter of chocolate to Canada may be the greatest challenge for EU exporters. Despite the fact that the US exports understand the Canadian market, in terms of cultural similarities and consumer behaviour, there is a positive outlook for the European chocolate industry in Canada. It is already an established market, although dominated by the US, followed by Switzerland and Mexico, EU Member States follow these as the main importers to the market, in particular Belgium. This means that with CETA it is expected that the market share for EU Member States in Canada for the chocolate industry is expected to grow rapidly.

Previously the European market in North America concentrated in speciality stores and import stores. During the last two decades this market has expanded and now large department stores are offering them, for example, brands such as German Ritter Sport and British Cadbury's.

5.3.2 Offer

Canadian manufactured chocolate is in itself a major competitor in the market. Sugar is a key component of most manufactured chocolate and in Canada, all raw sugar imports

¹⁴⁵ "The Economics of Chocolate" 2016 available at: https://books.google.com/books/about/The_Economics_of_Chocolate.html?id=GTAiCwAAQBAJ&printsec=frontcover&source=kp_read_button&hl=en#v=onepage&q&f=false

¹⁴⁶ "The Economics of Chocolate" 2016 available at: https://books.google.com/books/about/The_Economics_of_Chocolate.html?id=GTAiCwAAQBAJ&printsec=frontcover&source=kp_read_button&hl=en#v=onepage&q&f=false

¹⁴⁷ "Cadbury celebrates the holidays" December 2016 available at: www.canadiangrocer.com/top-stories/cadbury-celebrates-the-holidays-69961



enter duty free. Canada is one of the few countries in the developed world with no regulated sugar program. This allows the sugar prices and all products where it is used to be more competitive than foreign products.¹⁴⁸

In Canada there are no import restrictions on cocoa beans, essential for most chocolate manufacturing, which result in lower tariff rates and overall lowering cocoa bean import costs and chocolate production costs. This is encouraging a strong local market for Canadian chocolate, which means that imported chocolate can be much more expensive than local products.

According to Agriculture and Agri-Food Canada, sugar and confectionery product manufacturing industry sales account for over 2.9 billion EUR in 2014. The Ontario Investment and Trade Centre considers there is a strong market potential for private label sales growth in Canada.¹⁴⁹ Canada is North America's strongest private label market (23.5 per cent of grocery dollars spent in 2011).

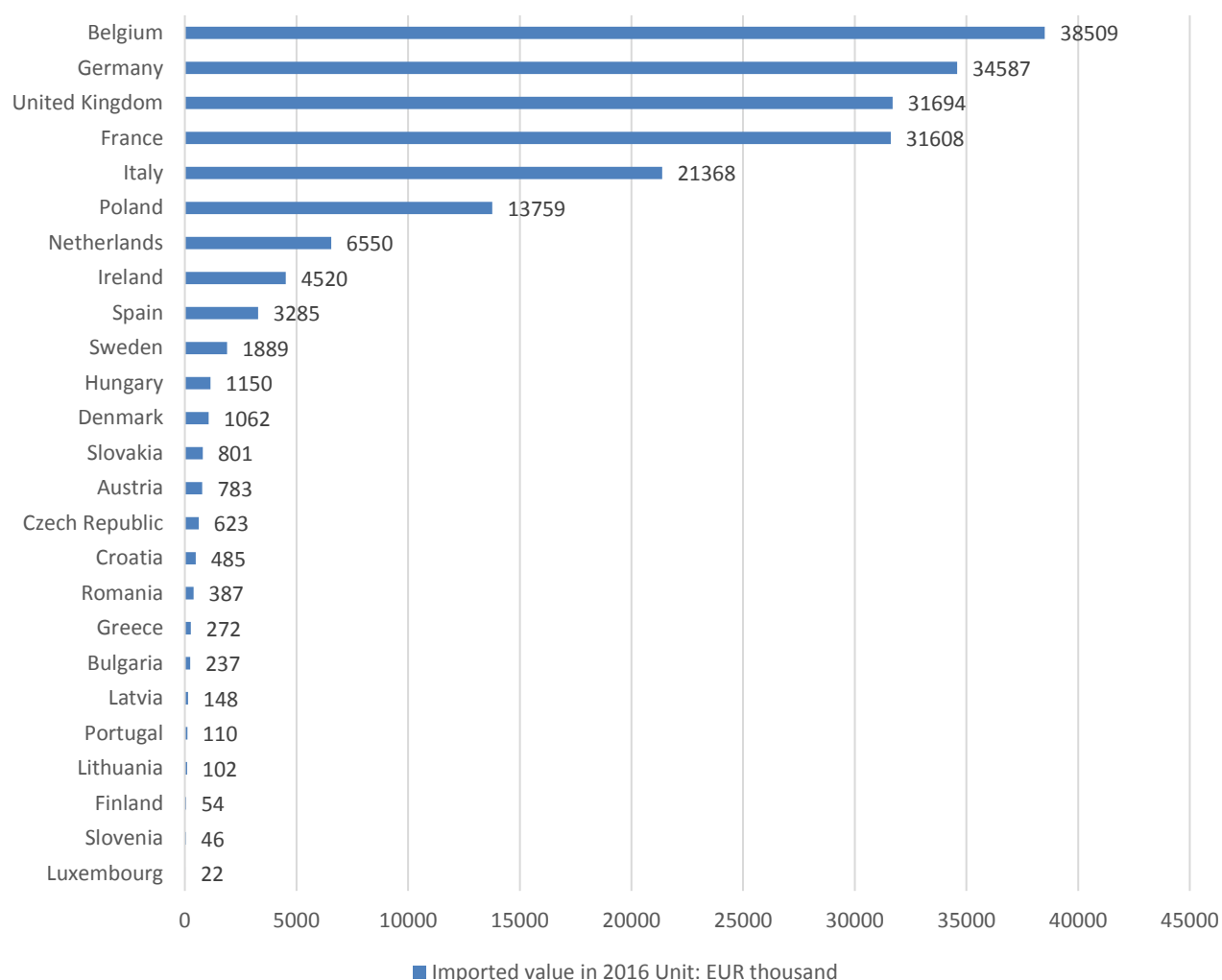
Canada is one of the largest importers of chocolate, 6th on a global scale. An important part of these imports originate from EU Member State countries. In the graph below all the EU Member State are listed with their total imported value to the Canadian market.

In relation to the top 50 chocolate exporters to Canada, the table below ranks EU Member States and the relevant export growth over the past 5 years. The US is the main exporter to the Canadian market, followed by Switzerland and Mexico.

¹⁴⁸ "Canada's sweet spot for confectioners" available at: www.investinontario.com/confectionery#intro

¹⁴⁹ "Ibid."

Figure 71) Supplying Markets from European Union (EU 28) for Chocolate and Other Food Preparations Containing Cocoa Imported by Canada in 2016.



ITC Trade Map

Figure 72) Canadian Imports from EU MS among Global top 50 of Chocolate and Other Food Preparations Containing Cocoa Unit (EUR Thousand)

Global Ranking	Exporters	Imported value in 2012	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016
4	Belgium	39,522	46,375	44,350	37,937	38,509
5	Germany	37,470	36,998	35,702	36,930	34,587



6	United Kingdom	27,835	28,204	30,884	34,709	31,694
7	France	26,273	26,655	26,391	31,292	31,608
8	Italy	14,043	12,538	10,556	18,212	21,368
9	Poland	10,936	12,199	13,086	14,542	13,759
11	Netherlands	6,328	5,177	5,517	5,087	6,550
13	Ireland	9,935	3,579	3,276	4,047	4,520
15	Spain	1,126	1,275	1,406	2,296	3,285
18	Sweden	271	1,153	2,818	1,902	1,889
22	Hungary	764	2,009	1,815	1,436	1,150
23	Denmark	1,121	526	606	1,166	1,062
25	Slovakia	150	977	422	1,007	801
26	Austria	486	668	567	833	783
28	Czech Republic	1,275	1,293	1,001	720	623
30	Croatia	377	364	405	368	485
33	Romania	360	417	518	446	387
35	Greece	128	97	91	138	272
36	Bulgaria	59	106	121	238	237
42	Latvia	47	45	62	115	148
44	Portugal	82	93	136	85	110
45	Lithuania	79	128	102	76	102
50	Finland	33	49	62	37	54

ITC Trade Map

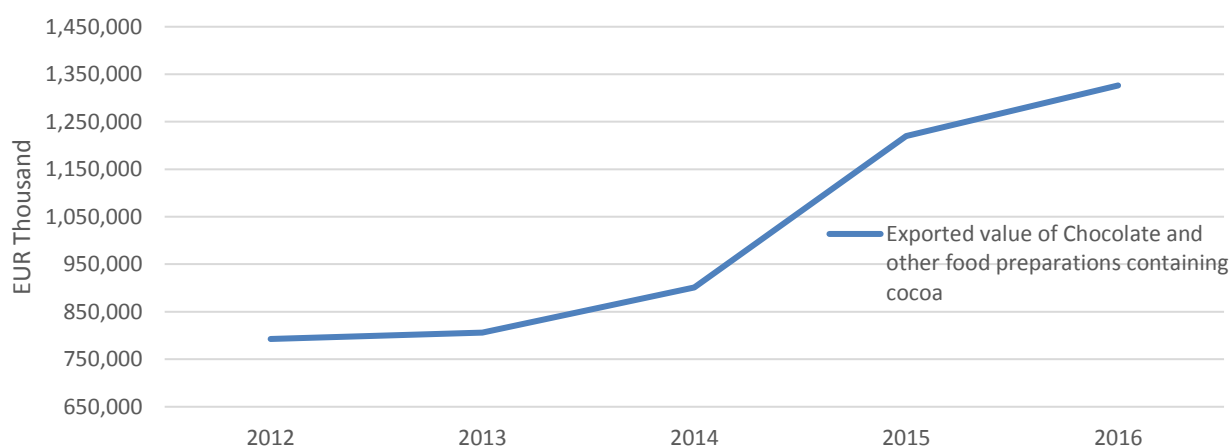
Figure 73) List of Importers of Chocolate and Other Cocoa Containing Food Products (in EUR Thousand)

<u>Global Ranking</u>	<u>Importers</u>	<u>Imported value in 2012</u>	<u>Imported value in 2013</u>	<u>Imported value in 2014</u>	<u>Imported value in 2015</u>	<u>Imported value in 2016</u>
	World	18,545,690	19,555,125	20,882,484	23,135,252	
1	United States of America	1,612,853	1,631,592	1,745,092	2,216,469	2,404,509
2	Germany	1,578,857	1,673,939	1,961,186	2,119,907	
3	United Kingdom	1,332,130	1,434,501	1,666,772	1,833,481	1,675,420
4	France	1,403,660	1,437,672	1,554,105	1,807,023	1,904,322
5	Netherlands	720,312	825,043	930,399	1,019,167	
6	Canada	665,980	687,135	706,257	869,586	871,328
7	Belgium	492,832	581,901	600,972	611,354	
8	Poland	353,685	432,529	443,963	572,836	
9	Spain	412,562	443,606	491,070	504,502	
10	Japan	486,808	462,889	493,513	501,966	491,314

ITC Trade MAP

The Canadian chocolate and confectionary industry is growing, and as a result so are its exports. Canada has greatly increased its chocolate exports over the past years, as apparent in the graph below. In 2015 Canada was the 8th largest exporter of chocolate on a global ranking.

Figure 74) Total Exported Value of Canadian Chocolate and Other Food Preparations Containing Cocoa Unite (in EUR Thousand)



ITC Trade Map



Despite being one of the largest chocolate exporters globally the export destination is not diversified, as the US imports almost the entirety. Canadian chocolate is exported to the US, accounts to a total of 98 per cent of its total chocolate exports. The remaining chocolate exports are destined mainly for Mexico, Japan, Australia and China.

Figure 75) Total Exported Value of Chocolate

	Exported value in 2012	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016
World	18863452	19914925	21079400	23152125	
Canada	792703	805837	901035	1220078	1326400

ITC Trade Map

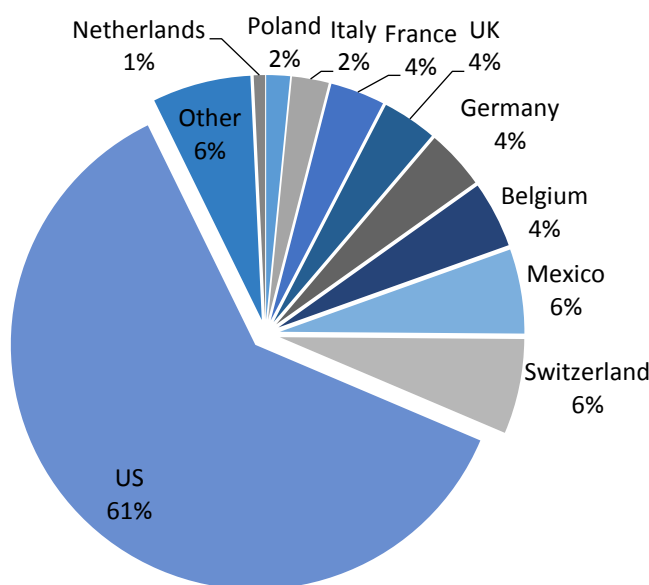
5.3.2.1 Main Competitors

In the chocolate industry European countries hold a strong position globally; however, the US in this aspect still remains the main competitor in the Canadian market. As seen in the chart below, the US in 2016 exported to Canada 61 per cent of the total imported value for chocolate. Unlike other categories, such as fresh fruits and vegetables, the amount imported from Mexico amounts to only 6 per cent, despite the NAFTA agreement.

The US is heavily dominant in the chocolate industry for many reasons. One clear reason is the fact the US enjoys the NAFTA and the precedent FTA agreement with Canada that have eliminated trade barriers for many years. This has created a strong trade relationship with the US. The US and Canada enjoy geographical and cultural similarities that facilitate trade. Business ethics and language are similar, and agreements can be reached more easily than with Mexico, for example. Furthermore the consumer base and cultural approach to sugar and snacks allows companies to create innovative chocolate products that are appealing to both countries and the evolving demands of the consumers.

In order for European companies to compete with the US and to penetrate the Canadian market further, the growing demands of the evolving Canadian consumer base must be understood. This also accounts to understanding the diverse consumer base and the different ethnicities and immigrant communities that exist, in order to cater to these groups.

Figure 76) Chocolate Exporters to Canada in 2016 (Percentage of Import Value)



ITC Trade Map

5.3.2.2 Entry Requirements and Changes Under CETA

Any agricultural product that is labelled organic (including food for human consumption, livestock feed and seeds) is regulated by the CFIA. Producers of these products must be prepared demonstrate that organic claims are truthful and not misleading, and that all commodity-specific requirements have been met. All food sold in Canada must comply with the *Food and Drugs Act and Regulations*, the *Consumer Packaging and Labelling Act and Regulations*, and any commodity-specific requirements, such as those for dairy and eggs.¹⁵⁰

At the federal level, confectionery products and snack foods are subject to the requirements under the FDA and the CPLA. Most confectionery products and snack foods are "unstandardized foods", meaning that no standard for composition is provided for them in the FDR, with the exception of chocolate products such as bittersweet chocolate, semi-sweet chocolate, dark chocolate, sweet chocolate, milk chocolate and white chocolate for which standards are provided in Part 7, Division 4.¹⁵¹

¹⁵⁰ "Regulating organic products in Canada" available at: www.inspection.gc.ca/food/organic-products/labelling-and-general-information/regulating-organic-products/eng/1328082717777/1328082783032

¹⁵¹ "Labelling Requirements for Confectionery, Chocolate and Snack Food Products" available at: www.inspection.gc.ca/food/labelling/food-labelling-for-industry/confectionery-chocolate-and-snack-food-products/eng/1392136343660/1392136466186?chap=1

Figure 77)
Fairtrade Logo
Used in Canada.



In order to approve Fairtrade labelling in products, Fairtrade Canada, also previously known as TransFair Canada, is the only authorised entity that works as the representative of FLO. Fairtrade Canada monitors and audits the supply chains of a number of products, including coffee, cocoa, sugar, tea, flowers, and rice, to ensure compliance with internationally-recognized Fair Trade standards from the producer to the point of packaging. The Fair Trade Certified Mark is the image that appears on products that have been Fair Trade Certified in Canada, and is consumers' third-party guarantee that Fair Trade standards have been met. For more information visit www.fairtrade.ca.¹⁵²

5.3.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 GIs – distinctive food and drink products from specific towns or regions in the EU. Currently no GIs exist for EU or Canadian chocolate products.

5.3.3 Distribution

Chocolate and sugar confectionery manufacturers in Canada are concentrated in the province of Ontario and Quebec, which together account for 95 per cent of exports.

The main chocolate manufacturing companies in Canada are Nestlé Canada and Hershey Canada, which lead chocolate confectionery in 2016 with value shares of 15 per cent and 14 per cent, respectively, closely followed by Cadbury Adams Canada Inc. which held a 13 per cent share of value sales.¹⁵³

The majority of retail foods continue to be sold through Canada's traditional grocery retailers. These large stores are seen as convenient in buying everything the consumer needs in one go. However, when it comes to snacks, these are more commonly found in convenience stores, where larger floor area is being dedicated to these food products. The Canadian Convenience Store Association reported 10.4 million visits are made each day to Canada's 23,000 convenience stores and gas stations.¹⁵⁴ As chocolates are often seen by North Americans as small indulgences or even sins, often it is not a product that is bought in advance, but rather in response to an urge.

Consumers who may seek this instant gratification include stressed out individuals that are seeking an energy boost, or a reward to compensate for the stresses of daily life.

¹⁵² "Cadbury Dairy Milk Goes Fair Trade in Canada" August 2009 available at:

www.marketwired.com/press-release/cadbury-dairy-milk-goes-fair-trade-in-canada-1035139.htm

¹⁵³ "Chocolate Confectionery in Canada" July 2016 available at: www.euromonitor.com/chocolate-confectionery-in-canada/report

¹⁵⁴ "An Updated Overview of the Retail Sector in Canada" September 2015 available at:

[https://gain.fas.usda.gov/Recent GAIN Publications/Retail Foods Ottawa Canada 12-9-2015.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods%20Ottawa%20Canada%2012-9-2015.pdf)

Market Takeaway: Chocolate

Consumption: *Relatively high level of chocolate consumption in Canada, with imports increasing at a faster rate than domestic consumption growth in recent years. Important seasonal dimension to chocolate consumption in Canada, particularly for premium and imported chocolates. Significant holidays for chocolate sales include Valentine's Day (February), Easter (April), Thanksgiving (October), Christmas (December) and birthdays.*

Competition: *US, Mexico and Switzerland are largest exporters of chocolate to Canada. Chocolate is a leading type of EU export to Canada by value. Large producers and manufacturers are present in Canada, with 95 per cent of industry concentration in Ontario and Quebec.*

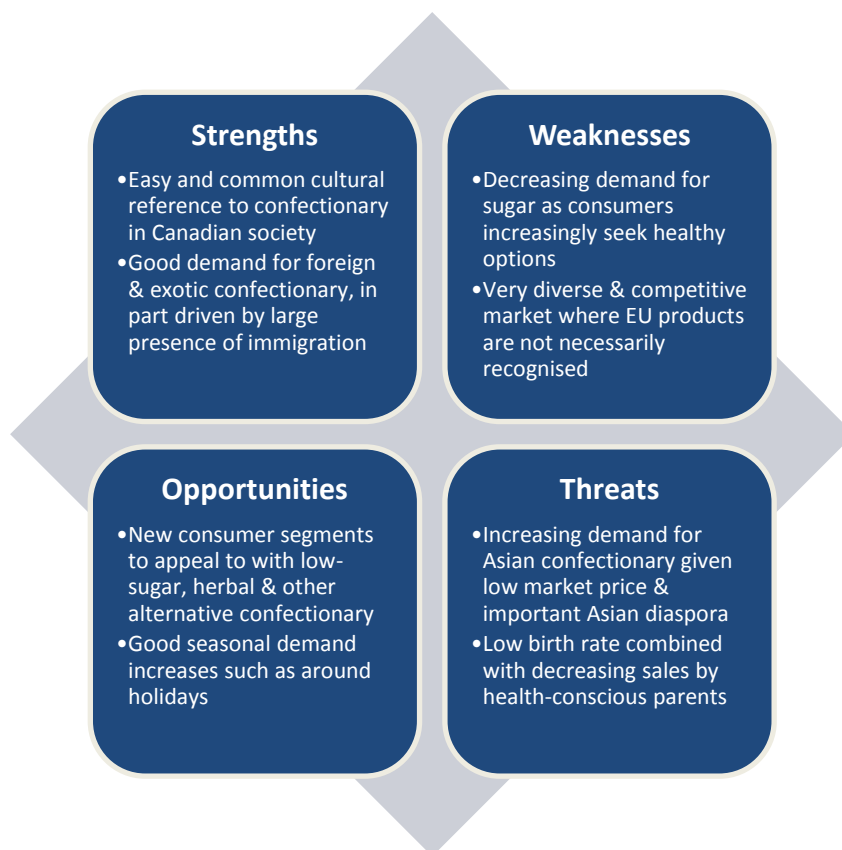
Distribution: *Majority of sales continue to take place off trade through traditional grocery retailers, however convenience-oriented nature of consumption means an important share of distribution takes place through convenience stores, service stations and similar avenues.*

Challenges: *The share of chocolate products originating in the US, Switzerland and similar markets presents a challenge for consumers who may not understand different product attributes and who may purchase primarily on brand recognition or price.*

Opportunities under CETA: *full tariff liberalisation (HS 1806: Chocolate and other food preparations containing cocoa)*

5.4 Market Snapshot: Confectionary

The confectionery market in Canada is a significant one globally. Canada is the 5th largest importer and the 7th largest exporter of sugar confectionery on the global ranking of 2016 according to ITC Trade Map data. Although smaller than the chocolate confectionery market, confectionery still remains a large and important sector. On average, Canadians consume more sugar than the global citizen, and over a third are attributed to sugars added to confectionery products. Sugar confectionery is part of North American and Canadian culture, in particular in the context of national holidays such as Halloween, Christmas and Easter. Childhood and candy has traditionally been seen as a natural link, something that many parents are trying to change to due childhood health concerns that have been raised. This, and the decreased birth rate in Canada, means that childhood consumption of confectionery not on the rise. Innovation to make healthier and sugar free options are slowly developing to cater the demand of the health-conscious citizen in Canada. Natural sweeteners such as stevia are being used as alternatives to chemical sweeteners and sugar. The average Canadian consumer is becoming more health-conscious and this is resulting in static growth in the market.



The US is the largest competitor in this sector, accounting for two thirds of the total imported value of confectionery to Canada in 2016. Ethnic demand is also an important factor that can be a limitation in competing with exports from China, which is one of the

top exporters of confectionery worldwide and to Canada. Asian and Chinese Canadians account to an important sector of society, and are the largest ethnic minority in Canada. The CETA agreement will make European products more competitive versus the largest competitors.

5.4.1 Consumption

Confectionery products are foods that are generally recognized as sweet treats, including candy such as lollipops, candy canes, chewing gum, mints, candy floss, nut brittles, toffee, jellies, gummies, liquorice, fudge and caramels, candy bars, fruit snack products such as fruit leathers and fruit flavoured pieces, and frozen confections.¹⁵⁵

Agriculture and Agri-Food Canada expect to see sugar confectionery sales to marginally decline over the coming years.¹⁵⁶ Canada's low birth rate is also seen as a cause for this decline, which has reduced demand and innovation. Public concern regarding children's sugar intake, has caused many parents to ban sugar and unhealthy snacks from their diets.

In 2011, Statistics Canada reported that on average Canadians consume the equivalent of 26 teaspoons of sugar a day, a total of 21 per cent of their daily calorie intake. Natural occurring sugars account for most of this sugar intake; however intake from added sugars amounts to a large amount. It is reported that 35 per cent of sugar intake by Canadians is from sweetened products such as candy.¹⁵⁷ The sugar contained in many confectionery products is often referred to as "empty" calories that add no nutritional value to the consumer. Many confectionery products are usually lacking in vitamins, minerals and other nutrients such as protein or fibre.

Data by Euromonitor reported that Canadians consume 89.1 grams of sugar a day and the global average is approximately 50 grams a day. The recommended daily amount is 25 grams of sugar a day.¹⁵⁸

¹⁵⁵ "Labelling Requirements for Confectionery, Chocolate and Snack Food Products" August 2016 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/confectionery-chocolate-and-snack-food-products/eng/1392136343660/1392136466186?chap=1>; "Industry Overview: Confectionery"

May 2016 available at: <https://sba.ubc.ca/blog/industry-overview-confectionery>

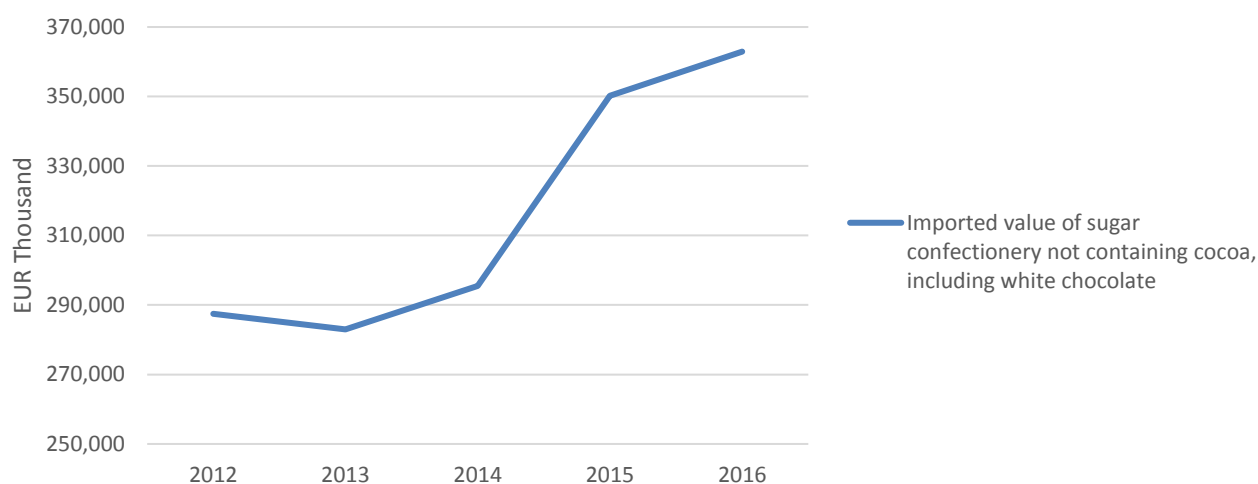
¹⁵⁶ "What's New in BC - Spotlight on Confectionery" 2010 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/export-agriculture-and-food-products-from-canada/agri-food-trade-services-for-exporters/agriculture-and-food-trade-contacts-for-exporters/agriculture-and-agri-food-canada-regional-offices/british-columbia/what-s-new-in-bc-spotlight-on-confectionery/?id=1410072148306>

¹⁵⁷ "Sweet heavens: Statscan finds average Canadian eats 26 tsp of sugar a day" September 2012 available at: <http://www.theglobeandmail.com/life/health-and-fitness/sweet-heavens-statscan-finds-average-canadian-eats-26-tsp-of-sugar-a-day/article600803/>

¹⁵⁸ "Where people around the world eat the most sugar and fat" February 2015 available at: https://www.washingtonpost.com/news/wonk/wp/2015/02/05/where-people-around-the-world-eat-the-most-sugar-and-fat/?utm_term=.78ce4f1cc830



Figure 78) Total Imported Value of Sugar Confectionery not Containing Cocoa, Including White Chocolate, to Canada



ITC Trade Map

5.4.1.1 Consumer Profiles and Trends

Canadians are increasingly becoming a health-conscious society. The awareness of the negative effects of excessive sugar consumption on their health is mostly on the rise, and they are looking for alternatives.¹⁵⁹ Whereas in the confectionary industry chocolate has shown to have several health benefits, non-chocolate confectionary does not have the same attraction.

A healthy diet has become a trend amongst Canadians, who are increasingly becoming nutrition savvy and are paying attention to labels and their diets. This is not done only to keep in shape, but also to keep the doctor away, especially from very serious illnesses such as obesity and diabetes. Canadian consumers are looking for lower fat and lower calorie foods, to replace the traditional ones. They also seek products that are beneficial for the health, while still tasting good.

According to Agriculture and Agri-Food Canada, one of the most important drivers of food choice for Canadians is a low trans-fat content (80 per cent) and low sugar and salt content (71-72 per cent)¹⁶⁰

In North American culture, childhood and candy go hand in hand. Sweets are considered treats for children, but this attitude is slowly changing as parents are taking a different attitude when it comes to their children's nutrition. Studies regarding sugar confectionery consumption conclude with major concerns with children's consumption and its link with

¹⁵⁹ "Canadians not so sweet on sugar: Mintel" February 2017 available at:

www.canadiangrocer.com/research/canadians-not-so-sweet-on-sugar-mintel-70824

¹⁶⁰ "The Canadian Consumer Behaviour, Attitudes and Perceptions Toward Food Products" May 2010 available at: www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706



childhood obesity. Agriculture and Agri-Food Canada highlights parental concerns as one of the major drivers behind the reduced demand and consequent reduced innovation in the confectionery industry.¹⁶¹ On the other hand, chocolate has even been linked with weight loss, brain health and innovations towards the production of a "healthy" chocolate bar have been reported. Public perception of chocolate is overall more positive than of confectionery as it struggles to hold such claims.

In response, the industry is striving to bring in product improvement and innovation to meet the demand in this regard. Obesity is a serious problem in Canada, as well as other diet-related illnesses. Sugar is the number one problem in this regard, and replacing traditional sugar has been common use, by using sweeteners such as saccharine.

However, saccharine over the years has received a negative reputation as it has been listed in the past as a possible carcinogen, although now it is considered in most countries, including Canada, safe for consumption. Instead the "going natural" Canadian trend is also apparent with sweeteners, as natural alternatives of these are sought. There are two main natural sweeteners that are making steady progress in replacing sugar in many confectionary products; stevia and xylitol.

Xylitol is considered to have a positive effect on dental health, as it can help with cavity and tooth decay prevention. Lollipops, gum, mints and hard candy are examples of confectionary products that contain xylitol. Stevia is a sweetener derived from extracts of the stevia plant, which can be added to a number of products, including dairy and acidic fruits such as oranges and pineapples. The International Stevia Council states that hundreds of new products are being launched each year made with stevia extracts, across a wide range of countries.¹⁶²

In response to health-conscious Canadians, it is expected that increasingly confectionary will start to include more healthy ingredients such as amino acids and vitamins to its products.

Making confectionary products safer, at least in eyes of the consumer, by removing artificial sweeteners and other types of additives, and instead replacing them with ingredients that claim health benefits can be positive for the confectionary industry. It is necessary for confectionary producers to understand the growing concerns and demands of the Canadian consumer, and to cater to these in order to remain competitive in the market. Sugar-free confectionery is the country's largest growing segment within the

¹⁶¹ "Industry Overview: Confectionery" May 2016 available at: <https://sba.ubc.ca/blog/industry-overview-confectionery>

¹⁶² "A Healthy Candy Revolution" May 2015 available at: <http://www.foodincanada.com/features/a-healthy-candy-revolution/>

industry.¹⁶³ Many labels are now reading for “0 per cent” sugar or indicate that their product is appropriate for diabetes sufferers.

Traditional confectionary over the years has been symbolic of childhood and brings memories of treats. Festivities such as Halloween are extremely popular in North America, and every October 31st children are knocking on neighbours’ doors asking for candy “trick or treat”. Christmas and Easter seasons are also popular times for confectionary to be consumed, and when many thematic products are also available for a limited period of time.

However, whereas this remains a symbol of North American culture, views and consumer behaviour towards confectionary are clearly changing. Unlike chocolate, that can indeed bring some positive health benefits when the adequate type is consumed, and in moderation, confectionary on the contrary cannot claim such health benefits. Some consumers refuse to give up on these sweet snacks, and others are trying to find “healthier” alternatives.

Figure 79) Chinese Lychee Candy



Another important aspect to take into account is the ethnic makeup of the modern Canadian society. A total of 20.6 per cent of Canada’s population is foreign-born, the highest proportion among the G8 countries.¹⁶⁴ Asian Canadians are the largest visible minority group, which account to 15 per cent of the population. China is the second largest exporters of confectionary to Canada after the US, and other Asian countries also find themselves among the top global exporters. These include Thailand, Taipei, Japan, Indonesia and India.

Catering for the immigrant, foreign-born, and ethnic minority population in Canada is important, as these account to a large segment of the population. Imports reflect that this demand exists, and European brands can learn to cater to the cultural aspects that confectionary can have for special occasions such as Chinese New Year.

¹⁶³ "CANADA'S SUGAR AND CONFECTIONARY INDUSTRY" available at: <http://inacservices.com/canadas-sugar-and-confectionary-industry/>

¹⁶⁴ "The Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>



5.4.1.2 Challenges for EU Products

One of the major challenges that EU products face is being able to provide Canadian consumers innovative confectionary options in relation to the current consumer trends mentioned above. Traditional sugar confectionary products perhaps will not be as well received, as would the healthier alternatives, such as the sugar-free or naturally sweetened products.

One limitation to take into account is that some products that may be exported by Asian countries, such as China the second largest exporter to Canada, might not be able to be provided by the European market. An example would be all the specific varieties of Chinese candy and other confectionery products that exist, such as Lychee candy that are popular among the Chinese and Asian populations in Canada. The CETA will give a competitive edge to European confectionery products by lowering the overall import expenses.

Native to Canada, maple sugar remains an important sweetener in Canada, as well as in the US. It is also a common ingredient in many snacks. Many confectionery products include maple syrup or sugar as an ingredient. This is also part of the "Canada Brand" popularity, which tries to stay local. Research suggests Canadians have a stronger tendency to buy local brands, as there is a higher consumer confidence.

Although Canadian consumers have many similar preferences to European consumers, European companies must also study taste preferences of Canadians, which do not always align, despite being Western countries. The usage of peanuts or peanut butter in confectionery products in the North American market is much more prevalent than in the European one. Toffee is also very popular in Canada. An example of usage of maple, toffee and peanuts is "Maple Nut Goodies" by Brach's. Many other products offer these ingredients in combination with others, catering to the Canadian consumer's palette.

5.4.2 Offer

Canadian manufactured confectionery is in itself a major competitor in the market. Sugar is a key component of most manufactured confectionery in Canada, all raw sugar imports enter duty free. Canada is one of the few countries in the developed world with no regulated sugar program. This allows the sugar prices and products where it is used to be more competitive than foreign products.¹⁶⁵

Figure 80) North American Candy Containing Peanuts, Toffee and Maple Coating by Brach's



Between 2004 and 2012, sales of goods manufactured by the Canadian sugar and confectionery industry increased 7.9 per cent from a value 3.9 billion CAD (2.8 billion EUR) to a value of 4.2 billion CAD (3 billion EUR). Exports of sugar and confectionery products grew at an average annual rate of 0.8 per cent over the same period while imports experienced a growth rate of 5.2 per cent. Imports as a percentage of the domestic market steadily increased from 40.5 per cent in 2004 to 48.4 per cent in 2012.¹⁶⁶

The European market is a large source of imports to Canada. As apparent in the table below, many of the EU Member States find themselves among the top 50 global exporters to Canada. The CETA is expected to increase the imported value, and increase the competitive edge versus the largest competitors in this market, the US, China and Mexico. The CETA agreement will be able to provide equivalent access to that provided to competitor counties by the NAFTA trade agreement, particularly the US and Mexico.

Figure 81) Canadian Imports from EU MS among Global top 50 of Sugar Confectionery not Containing Cocoa, incl. White Chocolate. Unit EUR Thousand

		<u>Imported</u> <u>value in</u> <u>2012</u>	<u>Imported</u> <u>value in</u> <u>2013</u>	<u>Imported</u> <u>value in</u> <u>2014</u>	<u>Imported</u> <u>value in</u> <u>2015</u>	<u>Imported value in</u> <u>2016</u>
3	Germany	12753	10260	11300	12254	14485
5	Spain	6902	7235	6773	7408	10571
6	Belgium	9637	9330	7722	8025	8447

¹⁶⁵ "Canada's sweet spot for confectioners" available at: www.investinontario.com/confectionery#intro

¹⁶⁶ "Canada's Sugar and Confectionery Product Industry" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-sugar-and-confectionery-product-industry/?id=1449753264003>

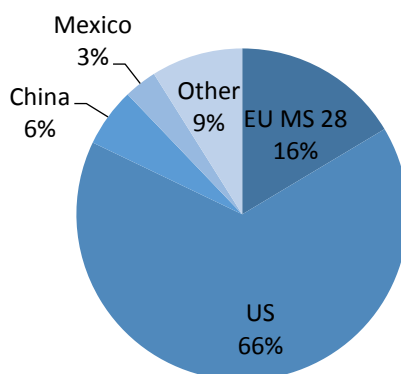


7	UK	7416	4885	5025	5693	5836
8	Netherlands	4199	4011	3960	3920	4446
9	Italy	2560	1761	3236	3769	3922
13	France	1538	1816	1871	2554	2897
14	Poland	1601	2180	2583	2337	2753
17	Czech Republic	1281	1649	1620	2144	2076
19	Ireland	643	1037	933	1872	1631
27	Finland	1175	837	1007	1057	939
31	Greece	376	443	378	458	429
34	Sweden	111	134	127	405	381
39	Austria	8	21	35	108	185
42	Croatia	180	72	169	211	156
46	Denmark	257	128	142	196	147
49	Portugal	94	123	114	112	134

ITC Trade Map

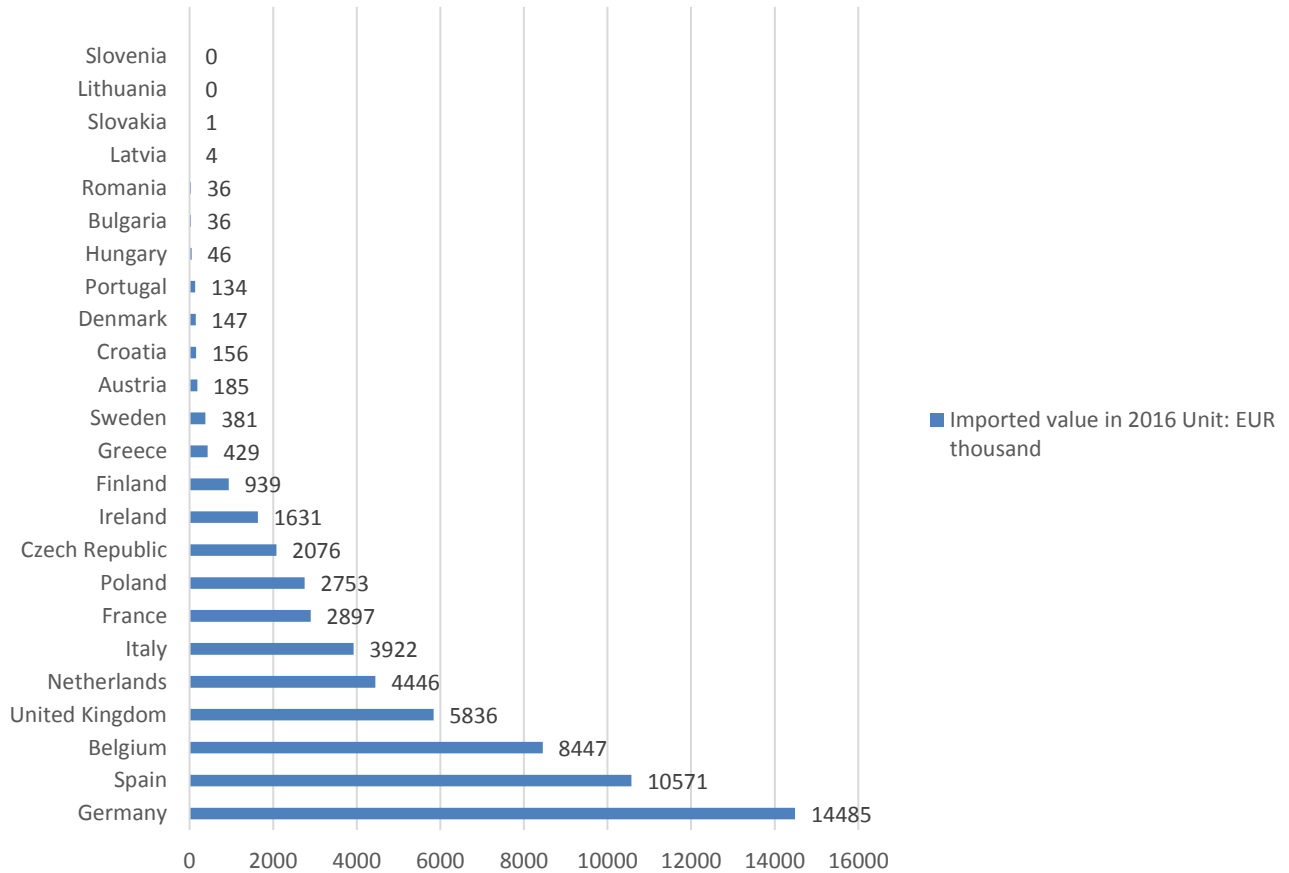
In 2016, on the aggregate the European Member States (EU28) exported a total of 16.4 per cent of Canada's total confectionary imports. The leading countries in Europe are Germany, Spain, Belgium, the United Kingdom and the Netherlands. Germany is the third largest exporter of confectionary to Canada in the world, behind the US and China. It is expected that the CETA will further increase the overall imported value. The table below lists the total import value of confectionery from European Member States to Canada in the year 2016.

Figure 82) Percentage of Confectionery Imports by Country



ITC Trade Map

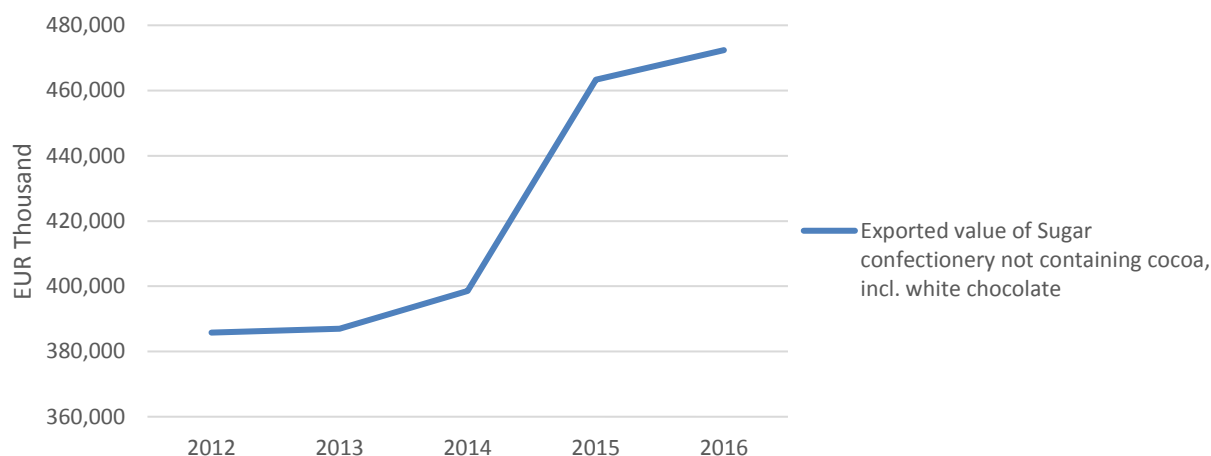
Figure 83) Imported Value of Confectionery from EU MS to Canada in 2016



ITC Trade Map

Canada is also one of the leading exporters of confectionery in the world. It currently holds the 7th position in top exports, as apparent in the table below, exporting in 2015 approximately 5 per cent of global confectionery exports. As raw sugar imports are duty free in the Canadian market, this makes confectionery manufacturing competitive in the global sphere. The graph below shows an increase of total exported value from Canada from 2012 and 2016. From the year 2014 to 2015 it experienced a rapid growth, which became more static from 2015 to 2016.

Figure 84) Total Exported Value of Canadian Sugar Confectionery not Containing Cocoa, incl. White Chocolate.



ITC Trade Map

Figure 85) Total Exported Value of Confectionary (in EUR Thousand)

<u>Global Ranking</u>	<u>Exporters</u>	<u>Exported value in 2012</u>	<u>Exported value in 2013</u>	<u>Exported value in 2014</u>	<u>Exported value in 2015</u>	<u>Exported value in 2016</u>
	World	7,810,160	8,372,703	8,810,797	9,435,659	
7th	Canada	385,792	387,011	398,565	463,328	472,387

ITC Trade Map

5.4.2.1 Main Competitors

The US is one of the main sources of snacks in the Canadian industry, which naturally includes confectionary products. Several American companies that produce sugar confectionery products are present in Canada, headed by Mars Inc. with a total 18,480 USD (17,455 million EUR) million sales in 2014 and followed by, Mondelez International, Hershey Food Corp. and General Mills. Top Mexican confectionery companies include Barcel S.A., div. of Grupo Bimbo, Canel's SA de CV and Dulces De la Rosa.

Figure 86) Skittles Candy Owned by US Company Mars Inc.



The US is the largest competitor for the EU, as it has consistently dominated the market, in 2016 accounting for 66 per cent of imports, as apparent in the chart above.¹⁶⁷

¹⁶⁷ "The top candy companies in North America" October 2014 available at: <http://www.candyindustry.com/articles/86473-sweet-60-the-top-candy-companies-in-north-america?page=3>



Furthermore, the US shares cultural, language and geographical similarities. Consumer behaviour is consistent across North America, although discrepancies exist. The US and Canada trade relationship is strong given these factors as well as the NAFTA agreement. Despite the fact that the US exports understand the Canadian market, in terms of cultural similarities and consumer behaviour, there is a positive outlook for the European confectionary industry in Canada. It is already an established market, that although dominated by the US and followed by China, several EU MS follow these as the main importers to the market, in particular Germany. This means that with CETA it is expected that the market share for EU Member States in Canada for the confectionary industry is expected to grow rapidly.

5.4.2.2 Entry Requirements and Changes under CETA

All food sold in Canada must comply with the *Food and Drugs Act and Regulations*, the *Consumer Packaging and Labelling Act and Regulations*, and any commodity-specific requirements.

At the federal level, confectionery products and snack foods are subject to the requirements under the FDA and the CPLA. Most confectionery products and snack foods are "unstandardized foods", meaning that no standard for composition is provided for them in the FDR.¹⁶⁸

5.4.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 GIs – distinctive food and drink products from specific towns or regions in the EU. Currently limited Geographic Indications exist for EU or Canadian confectionary products. Please see the table below.

Figure 87) Geographical Indications on Confectionary Products

<u>Indication</u>	<u>Transliteration</u>	<u>Product Class</u>	<u>Place of Origin</u>
Aachener Printen		confectionery and baked products	Germany
Nürnberger Lebkuchen		confectionery and baked products	Germany
Lübecker Marzipan		confectionery and baked products	Germany
Bremer Klaben		confectionery and baked products	Germany
Μαστίχα Χίου	Masticha Chiou	confectionery and baked products	Greece

¹⁶⁸ "Labelling Requirements for Confectionery, Chocolate and Snack Food Products" available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/confectionery-chocolate-and-snack-food-products/eng/1392136343660/1392136466186?chap=1>



Λουκούμι Γεροσκήπου	Loukoumi Geroskipou	confectionery and baked products	and	Cyprus
Jijona		confectionery and baked products	and	Spain
Turrón Alicante	de	confectionery and baked products	and	Spain
Ricciarelli Siena	di	confectionery and baked products	and	Italy

Comprehensive Economic and Trade Agreement

5.4.3 Distribution

Chocolate and sugar confectionery manufacturers in Canada are concentrated in the province of Ontario and Quebec, who together amount for 95 per cent of exports.

In 2012, Agriculture and Agri-Food Canada reported that 345 establishments engaged in manufacturing sugar and confectionery products were operating in Canada with the majority in Ontario (135), Quebec (119), and British Columbia (61). The industry generated revenues of 20 billion EUR (4.2 billion CAD) and employed over 9,800 people. The industry is a net importer, importing 1.9 billion EUR (2.6 billion CAD) in 2014 while exporting 1.6 billion EUR (2.2 billion CAD).¹⁶⁹

The majority of retail foods continue to be sold through Canada's traditional grocery retailers. These large stores are seen as convenient in buying everything the consumer needs in one go. However, when it comes to snacks, these are more commonly found in convenience stores, where larger floor area is being dedicated to these food products. The Canadian Convenience Store Association reported 10.4 million visits are made each day to Canada's 23,000 convenience stores and gas stations.¹⁷⁰ As confectionery food products are often seen by North Americans as small indulgences, often it is not a product that is bought in advance, but rather in response to an urge.

Consumers who may seek this instant gratification include stressed out individuals that are seeking an energy boost, or a reward to compensate for the stresses of daily life.

¹⁶⁹ "Canada's Sugar and Confectionery Product Industry" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-sugar-and-confectionery-product-industry/?id=1449753264003>

¹⁷⁰ "An Updated Overview of the Retail Sector in Canada" September 2015 available at: [https://gain.fas.usda.gov/Recent GAIN Publications/Retail Foods Ottawa Canada 12-9-2015.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods%20Ottawa%20Canada%2012-9-2015.pdf)

Market Takeaway: Confectionary

Consumption: Products are adapting to match shifting consumer preferences, particularly in terms of reducing sugar content. Important seasonal dimension to confectionary consumption in Canada. Significant holidays for confectionary sales include Valentine's Day (February), Easter (April), Thanksgiving (October), Christmas (December) and birthdays.

Competition: US has the largest single share of imported confectionary in Canada, with more than 50 percentage over EU. Well-established domestic and regional producers.

Distribution: Majority of sales continue to take place off trade through traditional grocery retailers, however convenience-oriented nature of consumption means an important share of distribution takes place through convenience stores, service stations and similar avenues.

Challenges: Confectionary products are usually bought at low value per weight in Canada. Health consciousness will continue to pressure innovation in confectionary.

Opportunities under CETA: full tariff liberalisation (HS 1704: Sugar confectionary)

5.5 Market Snapshot: Dairy Products

Dairy markets in Canada are large and well-developed, both in terms of domestic consumption and production. Dairy products are omnipresent across all Canadian provinces, and consistently rank among the top agricultural outputs for each. At the same time, the industry is characterised by a high degree of government intervention and oversight. Dairy products in Canada are subject to the supply management system. Per capita consumption of dairy products in Canada is larger than the EU28 average and on par with consumption rates in the US. Main categories of dairy products in the Canadian market include fresh milk, cheese, cream-based products, butter and yogurt.



5.5.1 Consumption

On the aggregate, per capita consumption of dairy products in Canada has decreased in the last 5 years. This has however been primarily driven by a decline in consumption of fresh milk, whereas rates of consumption for other types of dairy products such as cheese and butter have largely remained stable during the same reference period. For certain categories of dairy products in Canada, such as cheeses, declining sales volumes mask increasing overall market size by value as consumers buy smaller quantities of more premium and imported products.



5.5.1.1 Consumer Profile and Trends

Increasing health consciousness among Canadian consumers is affecting sales across all categories of dairy products. In most categories this has created downward pressure on demand, with most dairy products considered as having higher fat and lactose contents. Some specific product categories have nonetheless been able to adapt well to meet evolving consumption criteria. These have tended to be those dairy-based products which are successfully marketed as having significant health benefits, which target younger, urban consumers and which are well-adapted to shifting dietary habits, including a greater propensity for snacking.

Dairy products are relatively ubiquitous in the Canadian market. At the same time, Canada's supply management approach has engendered a conception of dairy products as more of a commodity than standalone product. The mainstay of dairy product consumption in Canada was historically the family household, with milk leading in terms of overall quantity consumed. Dairy products were regarded for their calcium content and therefore a staple for parents raising children; however, understanding of health benefits derived from dairy consumption often remains limited to calcium content, and sales of dairy products decrease with older demographics.¹⁷¹

With overall consumption of dairy products relatively stagnant (albeit at an already high level), new demand growth is expected to be driven by younger generation consumers seeking artisanal, non-traditional and increasingly imported dairy products.

5.5.1.1.1 Milk

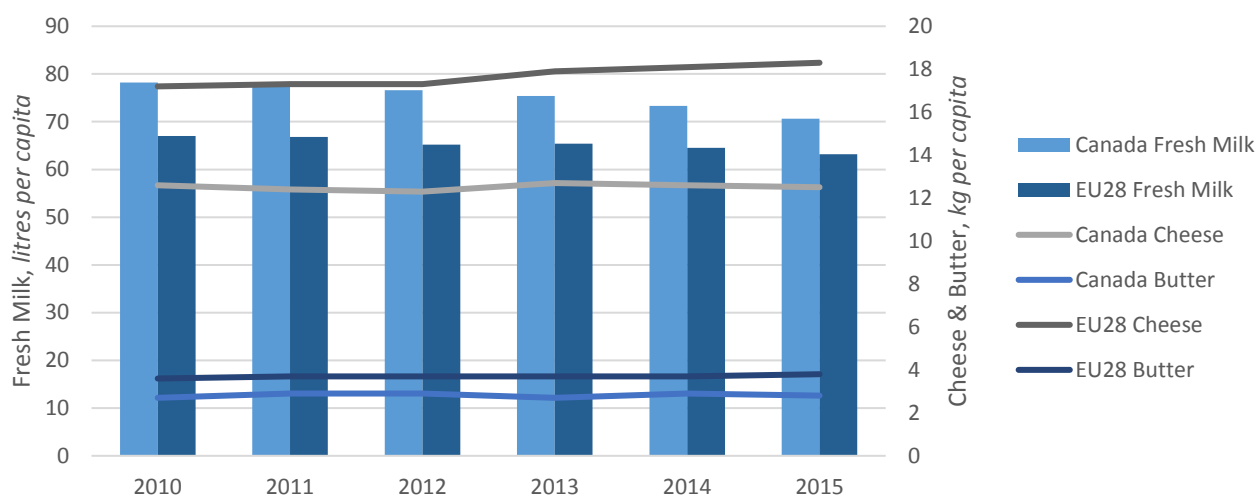
Decreasing consumption of fresh milk is attributed to 3 factors: (i) the shift in the Canada demographic structure towards an increasingly older population, which typically drinks less milk than younger demographics; (ii) lack of innovation by milk producers whose industry receives high levels of protection; and (iii) increasing perceptions - and to some extent misunderstandings - about lactose intolerance which are discouraging existing and new consumers.¹⁷²

¹⁷¹ "Consumer Corner: Demand for Dairy Milk and Milk Alternatives" September 2016 available at: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/sis16088](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sis16088).

¹⁷² "Drinking Milk Products in Canada" September 2016 available at: <http://www.euromonitor.com/drinking-milk-products-in-canada/report>.



Figure 88) Per Capita Consumption of Selected Dairy Products in Canada and EU28



Canadian Dairy Information Centre

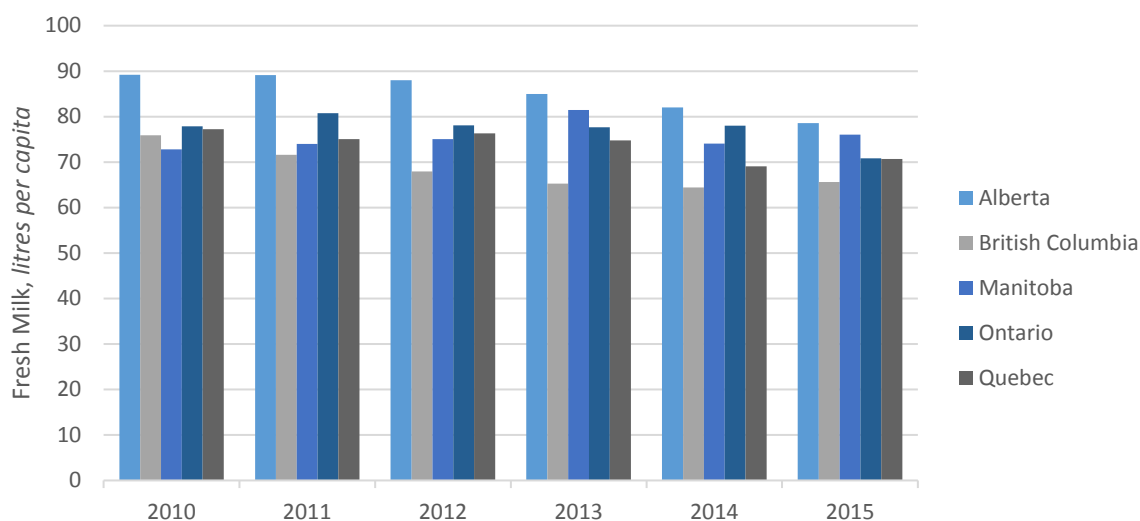
Consumption trends at the provincial level in Canada are more diverse. The largest province by per capita consumption, Alberta, has declined by more than 10 litres per capita in the last 5 years. At the same time, average consumption rates have been increasing in Manitoba, and are recovering in Quebec and British Columbia. 2 per cent milk by fat content is the most popular across all surveyed provinces, followed in order by 1 per cent and 3.25 per cent.¹⁷³

Despite industry information and communication campaigns, milk consumption is expected to continue to decline gradually in the coming years, particularly as traditional products face increasing competition from alternatives such as soymilks and derived products.

¹⁷³ "Consumption of Dairy Products" February 2017 available at: http://www.dairyinfo.gc.ca/index_e.php?s1=df-fcil&s2=cons&s3=conscdn



Figure 89) Per Capita Consumption of Fresh Milk by Selected Canadian Provinces



Canadian Dairy Information Centre

5.5.1.1.2 Cheese

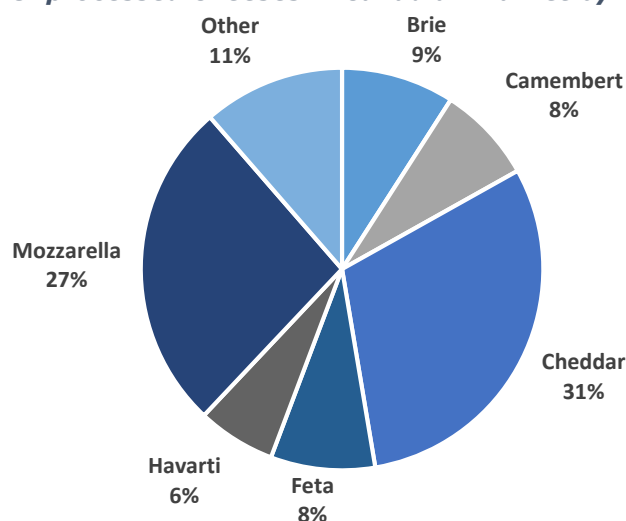
Per capita consumption of cheese in Canada is lower than the EU28 average - rates are on par with EU MS including Croatia, Hungary, Ireland and the UK. Cheese nonetheless remains an important staple food product in the Canadian market, although preferences within the category are shifting. In-line with increasing health-consciousness and active lifestyle trends, Canadian consumers are increasingly moving towards convenience-oriented, artisanal and premium cheese products. In this regard, sales of unprocessed cheeses have performed better than processed products in recent years.¹⁷⁴ Overall, cheese consumption by volume in Canada has decreased whereas overall sales value has increased. Many types of cheeses consumed in Canada are intended for cooking or to be included as part of a more complex meal, although cheese is increasingly consumed by itself as the primary ingredient of an arrangement.

Current cheese consumption patterns in Canada are in part reflective of production - Quebec and Ontario lead in terms of cheese production by quantity. Unprocessed cheeses in Canada are often produced by small-scale dairy farmers - and increasingly artisanal producers. This, coupled with the relatively high protection of the Canadian dairy market and continued existence of inter-provincial barriers to trade, suggests that rates of consumption are highest in provinces such as Quebec, Ontario, Alberta and Manitoba.¹⁷⁵

¹⁷⁴ "Cheese in Canada" September 2016 available at: <http://www.euromonitor.com/cheese-in-canada/report>.

¹⁷⁵ "Dairy Product Blends Outside the Coverage of Canada's Tariff Rate Quotas" March 1998 available at: <http://www.citt.gc.ca/en/file/3023/download?token=pctNpPxY>.

Figure 90) Sales of Unprocessed Cheeses in Canadian Market by Type



Euromonitor

The market for unprocessed cheeses grew at a CAGR of 0.6 per cent between 2011 and 2016, whereas the market for processed cheeses shrank by 1.6 per cent during the same reference period. The size of the unprocessed cheese market in Canada - measured by value - was more than 4 times larger than that for processed cheeses in 2016, with roughly equal distribution between hard and soft cheeses therein.¹⁷⁶

Sales of processed cheeses in Canada were roughly split between cheese spreads, reconstituted cheeses and cheese snack products. Forecasted growth for processed cheese products overall remains slightly negative in the next 5 years. Sales by volume will decrease at a faster rate than sales by volume for processed cheese products.

Figure 91) CAGR (2016-2021) for Cheese Products in Canada by Type

	Processed	Unprocessed
Value	-0.4%	2.5%
Volume	-1.3%	0.9%

Euromonitor

Sales of unprocessed cheese are expected to increase, with an increasingly diverse offering on market - both from domestic and foreign producers.

5.5.1.1.3 Cream-based Products

Cream-based products on offer in Canada include chilled dairy desserts, cooking creams and coffee whiteners. The size of the market for cream-based products in Canada is estimated at around 1.4 billion CAD (1.0 billion EUR) and grew at more than 3 per cent

¹⁷⁶ "Cheese in Canada" September 2016 available at: <http://www.euromonitor.com/cheese-in-canada/report>.

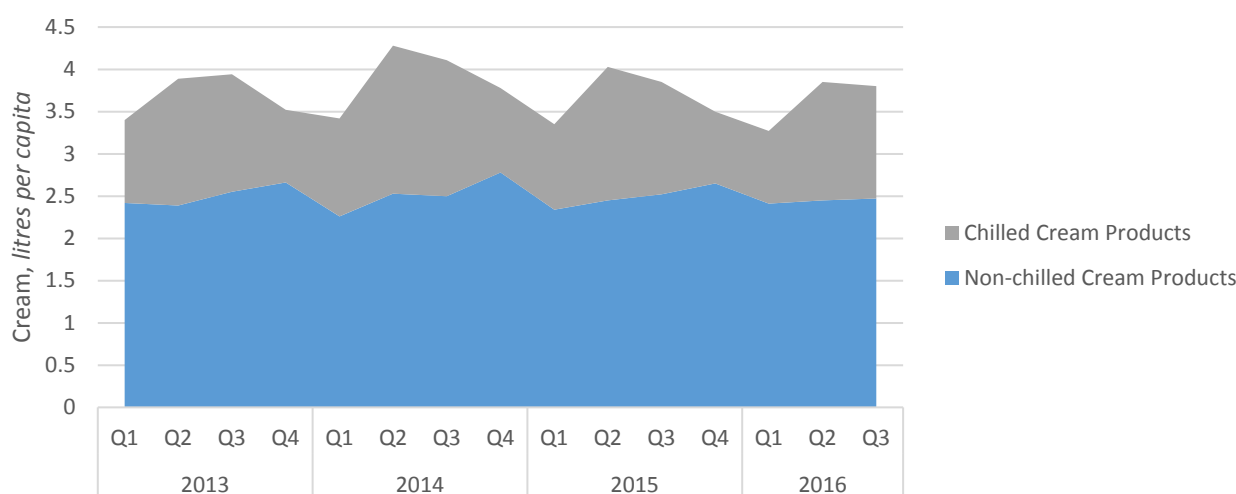


during 2016. This consumption growth is expected to continue at 3 per cent CAGR in the next 5 years.

Leading growth in demand for cream-based dairy products is increasing consumption of chilled dairy desserts, sales of which have increased by more than a quarter in value over the last 5 years. Coffee whiteners further drove sales growth for cream-based dairy products overall, with consumption increasing more than 13 per cent between 2011 and 2016.¹⁷⁷

This growth was, however, offset in part by decreased sales of non-chilled dairy desserts, fresh and curd cheese. There is also variation between seasonal consumption of different types of cream-based products.

Figure 92) Seasonal Consumption of Cream-Based Products in Canada



Canadian Dairy Information Centre

Overall, Canadian consumers are increasingly purchasing alternative products to milkfat-based creams, such as those that are vegetable-based. For example, per capita consumption of milkfat ice cream decreased by nearly half in the last 10 years, even while overall consumption of ice cream has remained relatively constant.¹⁷⁸ These further reflect a wider trend for all categories of dairy products in Canada, where increasing health-consciousness is prompting consumers to eschew traditional products, either altogether or for typically vegetable-based alternatives.

5.5.1.1.4 Butter

Canadians consumed, on average, nearly 3 kilograms of butter in 2015 - more than the US and on par with EU Member States such as Belgium, Finland, Ireland, Italy, Latvia,

¹⁷⁷ "Other Dairy in Canada" September 2016 available at: <http://www.euromonitor.com/other-dairy-in-canada/report>.

¹⁷⁸ "The Canadian Scene" 2017 available at <https://www.uoquelph.ca/foodscience/book-page/canadian-scene>.



Lithuania, the Netherlands, and the UK. Consumption rates remained virtually constant in the last 5 years, reflecting the staple position of butter in Canadian households and food service.

Gross consumption of butter has traditionally been highest in Ontario and Quebec, reflecting population concentration in these provinces. Ontario and Quebec each typically account for more butter consumption than the remaining provinces combined. Per capita rates of consumption are estimated to be higher in the eastern and prairie provinces - corresponding with locales of production - and perhaps lowest on Canada's west coast, where there is significant influence in food consumption from Asian-Canadian communities.¹⁷⁹

Canada's butter market is widely characterised by its low product diversity and relatively high price. Consumer choice has historically been limited by high levels of government intervention in domestic production and foreign imports.¹⁸⁰

5.5.1.1.5 Yogurt

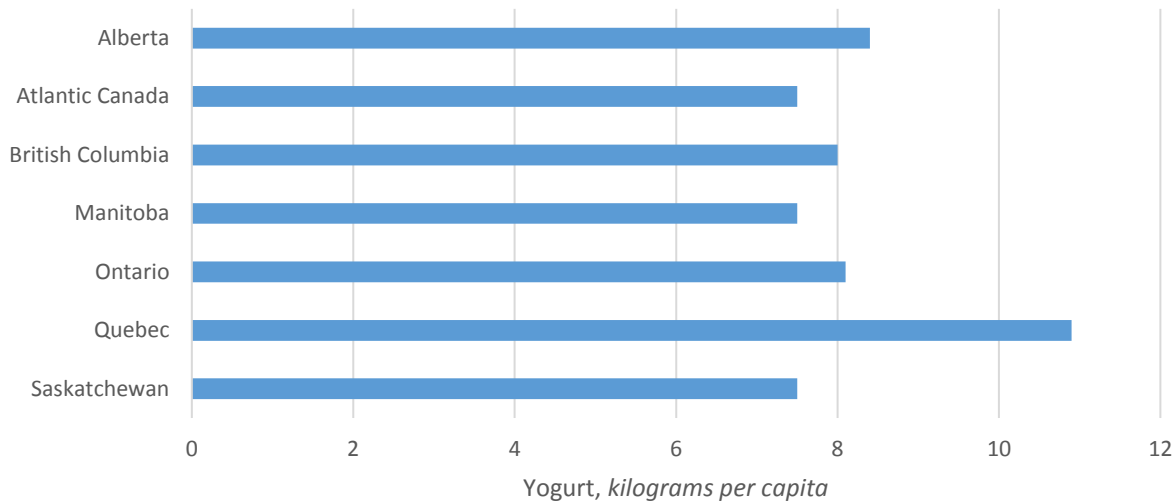
Consumption of yogurt in Canada has increased more than 20 per cent since 2010, and more than 100 per cent since 2005. The size of the market was 2.1 billion CAD (1.5 billion EUR) in 2016. Whereas several categories of dairy products have faced decreasing demand as a result of greater health consciousness and competition from alternative products, yogurt has benefited from shifting consumer attitudes. Demand growth for yogurts - particularly varieties from eastern and southern Europe - has been driven by its perceived health benefits, as well as increasing distribution outlets through specialty and ethnic stores in Canada. At the same time, producers have responded to consumer preferences by offering an increasingly large selection of yogurts without preservatives, synthetic ingredients, high added sugar content and artificial flavours.

Yogurt consumption per capita is highest in Quebec, with some variation between provinces. Resurgent consumption growth is in part being driven by new demand from younger, urban professionals - particularly as yogurt is increasingly repositioned as a health snack compatible with increasingly active lifestyles.

¹⁷⁹ "Dairy Product Blends Outside the Coverage of Canada's Tariff Rate Quotas" March 1998 available at: <http://www.citt.gc.ca/en/file/3023/download?token=pcTNPpxY>.

¹⁸⁰ "In search of higher-fat butter" February 2012 available at: <http://www.theglobeandmail.com/life/food-and-wine/food-trends/in-search-of-higher-fat-butter/article547827/?page=all>.

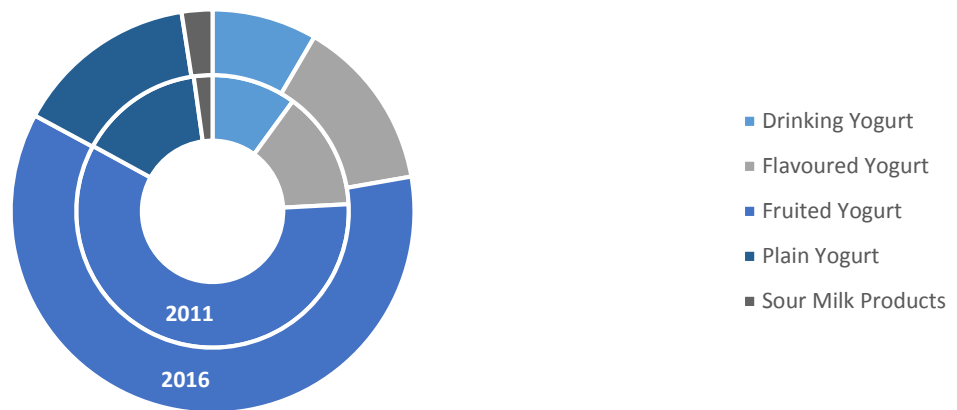
Figure 93) Per Capita Yogurt Consumption by Canadian Province



Nielsen Canada

Innovation is higher in the Canadian yogurt and sour milk market relative to other segments of the dairy industry, in part due to competitive pressure from foreign products. This has stimulated a number of changes in industry practices concerning production and labelling in Canada, to meet growing consumer interest in natural and 'clean label' products, as well as exotic offerings including Greek yogurts, kefir, ryazhenka and Asian specialty products such as Lao Beijing Aloe Vera yogurt.¹⁸¹

Figure 94) 5-Year Change in Canadian Yogurt Consumption by Product Type



Euromonitor

¹⁸¹ "Yogurt and Sour Milk Products in Canada" September 2016 available at: <http://www.euromonitor.com/yoghurt-and-sour-milk-products-in-canada/report>.



The Canadian yogurt and sour milk products market is expected to grow at a CAGR above 5 per cent during the next 5 years, with highest increases in sales to be achieved for the fruited and plain yogurt categories.

5.5.1.2 Challenges for EU Products

The most significant challenge facing EU products in the Canadian market is the strong domestic production base. As Canadian consumers age, they are less likely to consume dairy products. At the same time, they may exhibit strong loyalty to local or domestically produced dairy suppliers, thereby limiting the penetration of EU dairy products.

These challenges are compounded by the supply management system which severely limits opportunities available for foreign producers in Canada's domestic market. That said, there is already good demand for EU cheeses in the Canadian market even if availability is limited; improving future access, such as gains already provisioned for in CETA, may depend on further engaging with target consumers who, in turn, drive market access revisions in favour of EU producers.

5.5.2 Offer

Although domestic production in the Canadian dairy market is highly advanced and characterised by the prominence of government intervention and protection, Canada maintains a net deficit in production relative to consumption. Despite continuous improvements in agricultural productivity and relatively constant domestic consumption, Canada's trade balance in dairy products has decreased steadily in recent years.

Understanding supply-side dynamics in the Canadian dairy industry first requires a review of the supply management system. Dairy was the first commodity to operate a national supply management system, following the creation of the Canadian Dairy Commission (CDC) in 1966. The CDC was a response to market instability and has evolved to harmonise prices across all Canadian provinces. The CDC chairs the Canadian Milk Supply Management Committee (CMSMC), which is a permanent body created by the provincial signatories to the National Milk Marketing Plan and serving as the coordination mechanism between provincial government and industry representatives. Total quota, support prices and price adjustments are continuously calculated by the CDC and agreed under the CMSMC.¹⁸²

Overall dairy supply management in Canada operates on 3 pillars: (i) producer price stability, taking into account national production, demand and macroeconomic conditions; (ii) quota administration, to ensure supply is in equilibrium with demand at the desired price; and (iii) import controls through the application of tariff rate quotas.

¹⁸² "History of the CDC" May 2016 available at: <http://www.cdc-ccl.gc.ca/CDC/index-eng.php?link=107>.

Figure 95) Total Quota and Support Prices Updated via CDC Webpage



Canadian Dairy Commission

5.5.2.1 Main Competitors

Even as the size of the domestic herd has decreased over recent decades, the industry has maintained relatively high productivity and has developed as a leading exporter of genetic stock.



Farm Sector	
Total net farm receipts	6.0 billion CAD (4.3 billion EUR)
Dairy manufacturing shipments	17 billion CAD (12.6 billion EUR)
Dairy cattle population	1.4 million
Number of dairy farms	11,450
Milk production	81.8 million hectolitres
of which organic	1 million hectolitres
Employment	22,055
Processing Sector	
Largest domestic processors	
Number of plants	474
Fluid milk utilisation	27.9 million hectolitres
Industrial milk utilisation	53.6 million hectolitres
Production of main products	Specialty cheese (143,408 tonnes) Cheddar (146,570 tonnes) Mozzarella (128,587 tonnes) Yogurt (405,704 tonnes) Hard ice cream (148,722 tonnes) Butter (88,334 tonnes) Skim milk powder (97,823 tonnes)
Employment	23,322

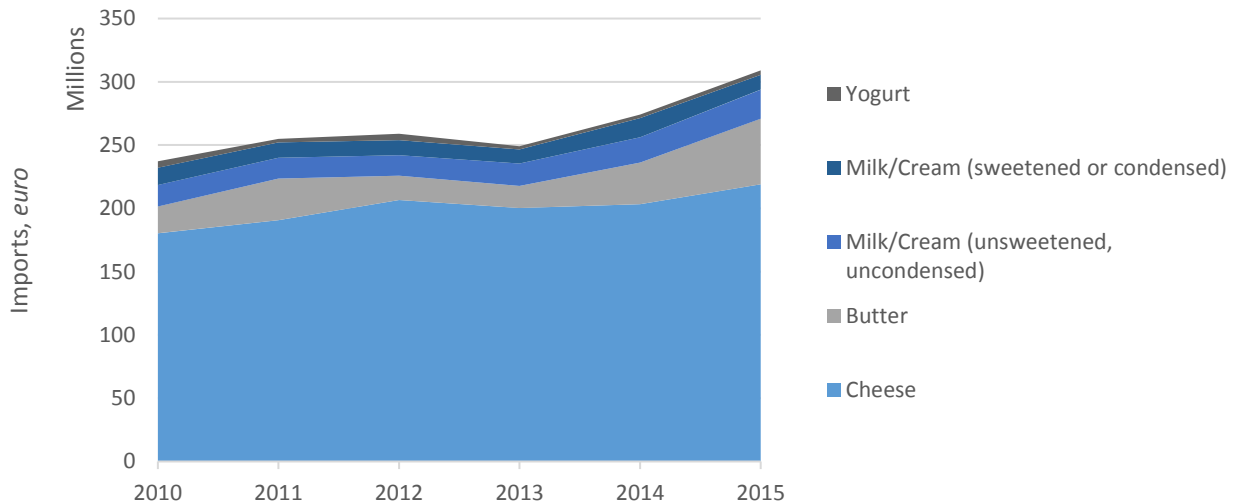
Canadian Dairy Information Centre

Dairy production in Canada is concentrated in Alberta, Ontario and Quebec with overall output highest in the latter 2. Production in eastern Canada is organised around a larger number of farms with smaller herds per each, whereas production in western Canadian provinces tends to be organised around larger farm structures.



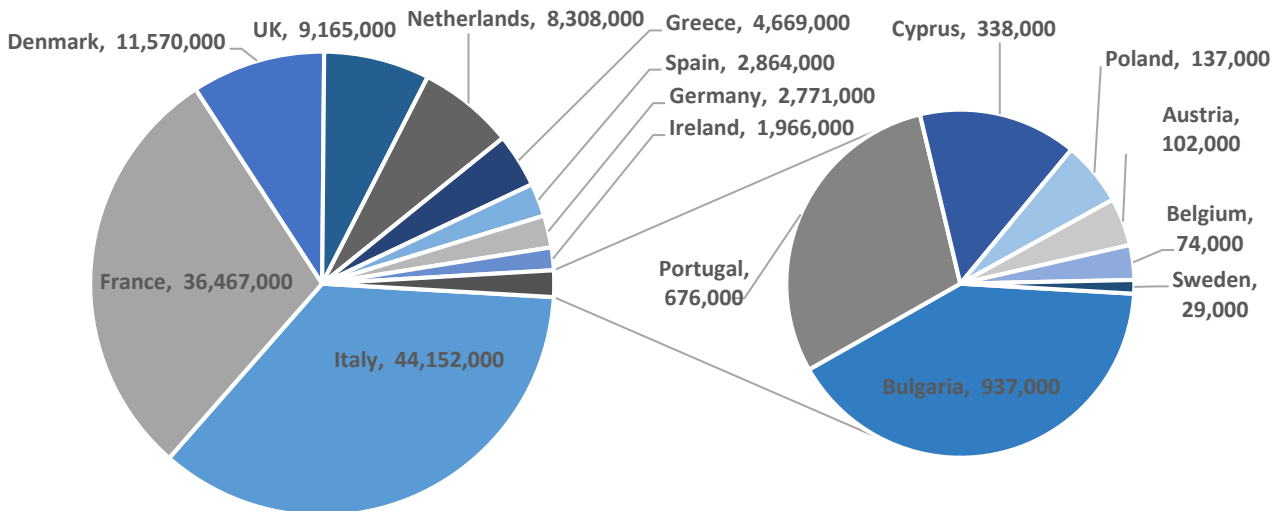
Despite a productive domestic agricultural sector, Canada is a net importer of most dairy products. Given its size and proximity, Canada's dairy trade is in part linked with the US market - particularly for categories of dairy products which are consumed fresh, such as milk. The US is also a significant country of origin for imported yogurts, butter and Cheese into Canada. EU producers are, however, gaining market share - especially as consumer preferences shift away from commoditised dairy products and towards artisanal and high-quality goods.

Figure 96) Canadian Dairy Imports by Product



Statistics Canada

Figure 97) Value in Euro of Cheese Imported into Canada in 2016 by EU Country of Origin



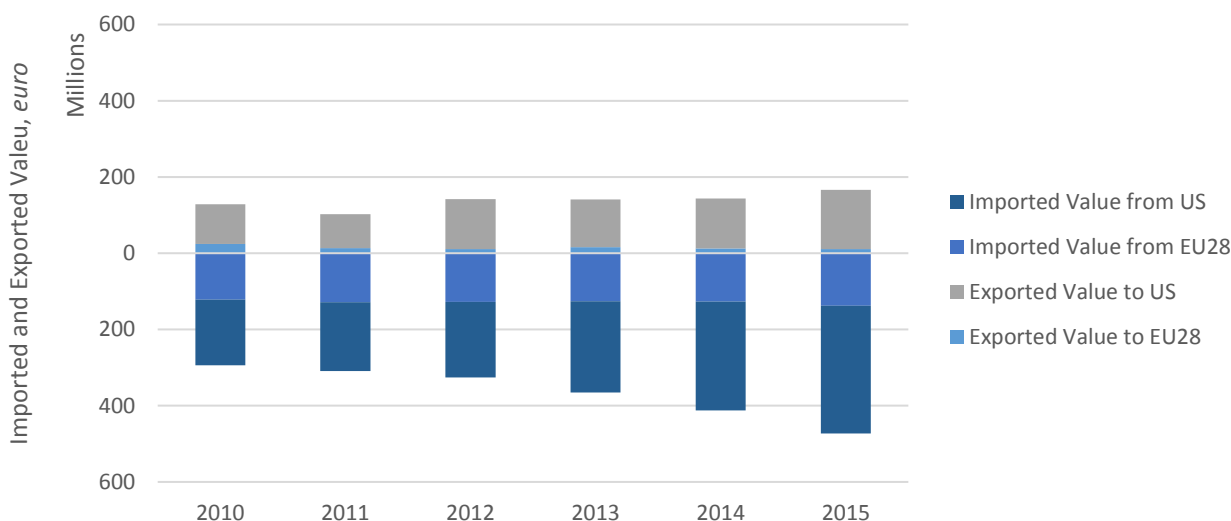
Eurostat



A butter shortage in the Canadian market during 2014-2015 prompted approval from the Canadian government for increased imports, notably from Uruguay, Ireland and the US. Nonetheless, cheese remains accountable for the bulk of dairy products imported to Canada. After the US, the EU leads in value of cheese imported to Canada.

Overall, the EU28 are an important partner for trade in dairy products with Canada and are forecasted to gain significantly in share in the next 5 years.

Figure 98) Canada's Trade Balance in Dairy Products with Leading Partners



Eurostat

5.5.2.2 Entry Requirements and Changes under CETA

Dairy products are considered a controlled agricultural product in Canada and subject to a specific regime of import procedures. Additional to the requirements detailed in this section, all exporters of dairy products to Canada should contact Global Affairs Canada for further information on required import permits and the Canada Border Services Agency (CBSA) for tariff classification and customs information.

The most significant changes to Canada's dairy import regime under CETA will improve market access for EU cheese producers. CETA will incrementally increase tariff rate quotas for selected cheese products from the EU on a 6-year timeline following implementation. Tariff rate quotas refer to the overall quantity of a given product that is allowed preferential or duty-free access to a market during a given year.

Figure 99) Canadian TRQ Adjustments for Cheese under CETA

Year	Industrial Cheese (metric tonnes)	Non-Industrial Cheese (metric tonnes)
1	283	2,667
2	567	5,333
3	850	8,000



4	1,133	10,667
5	1,417	13,333
6 and thereafter	1,700	16,000

Covered products	
<u>Tariff Line</u>	<u>Description</u>
0406.10.10	Cheese and curd. - Fresh (unripened or uncured) cheese, including whey cheese, and curd
0406.20.11	Cheese and curd. - Grated or powdered cheese, of all kinds - Cheddar and Cheddar types
0406.20.91	Cheese and curd. - Grated or powdered cheese, of all kinds - Other
0406.30.10	Cheese and curd. - Processed cheese, not grated or powdered
0406.40.10	Cheese and curd. - Blue-veined cheese and other cheese containing veins produced by <i>Penicillium roqueforti</i>
0406.90.11	Cheese and curd. - Other cheese - Cheddar and Cheddar types
0406.90.21	Cheese and curd. - Other cheese - Camembert and Camembert types
0406.90.31	Cheese and curd. - Other cheese - Brie and Brie types
0406.90.41	Cheese and curd. - Other cheese - Gouda and Gouda types
0406.90.51	Cheese and curd. - Other cheese - Provolone and Provolone types
0406.90.61	Cheese and curd. - Other cheese - Mozzarella and Mozzarella types
0406.90.71	Cheese and curd. - Other cheese - Swiss/Emmental and Swiss/Emmental types
0406.90.81	Cheese and curd. - Other cheese - Gruyère and Gruyère types
0406.90.91	Cheese and curd. - Other cheese - Other: - Havarti and Havarti types
0406.90.93	Cheese and curd. - Other cheese - Other: - Parmesan and Parmesan types
0406.90.95	Cheese and curd. - Other cheese - Other: - Romano and Romano types
0406.90.98	Cheese and curd. - Other cheese - Other

Comprehensive Economic and Trade Agreement

Above the tariff rate quota, Canada will continue to maintain prohibitive duties on most cheese imports at a rate of more than 245 per cent. EU producers will still be required



to obtain a Cheese Import Licence from the CFIA.¹⁸³ Cheese Import Licences will be issued on an annual basis under CETA, with preference for new entrants during the first 6 years following entry into force; following 6 years from entry into force, the number of Cheese Import Licences issued to new entrants will drop from at least 30 per cent each year to at least 10 per cent.¹⁸⁴

Additional products may be covered under different chapters of the Harmonised Tariff Code, such as chapter 19. Be sure to understand the categorisation of your dairy product before exporting to the Canadian market, and then consult as to the specific liberalisation and market access conditions under CETA.

Most categories of dairy products will remain exempt from tariff liberalisation under CETA, with EU products continuing to face high duties - consistently between 200 and 300 per cent. An exception is milk protein concentrate products, for which the MFN rate is currently 11 per cent and will be phased to zero in 6 years.¹⁸⁵

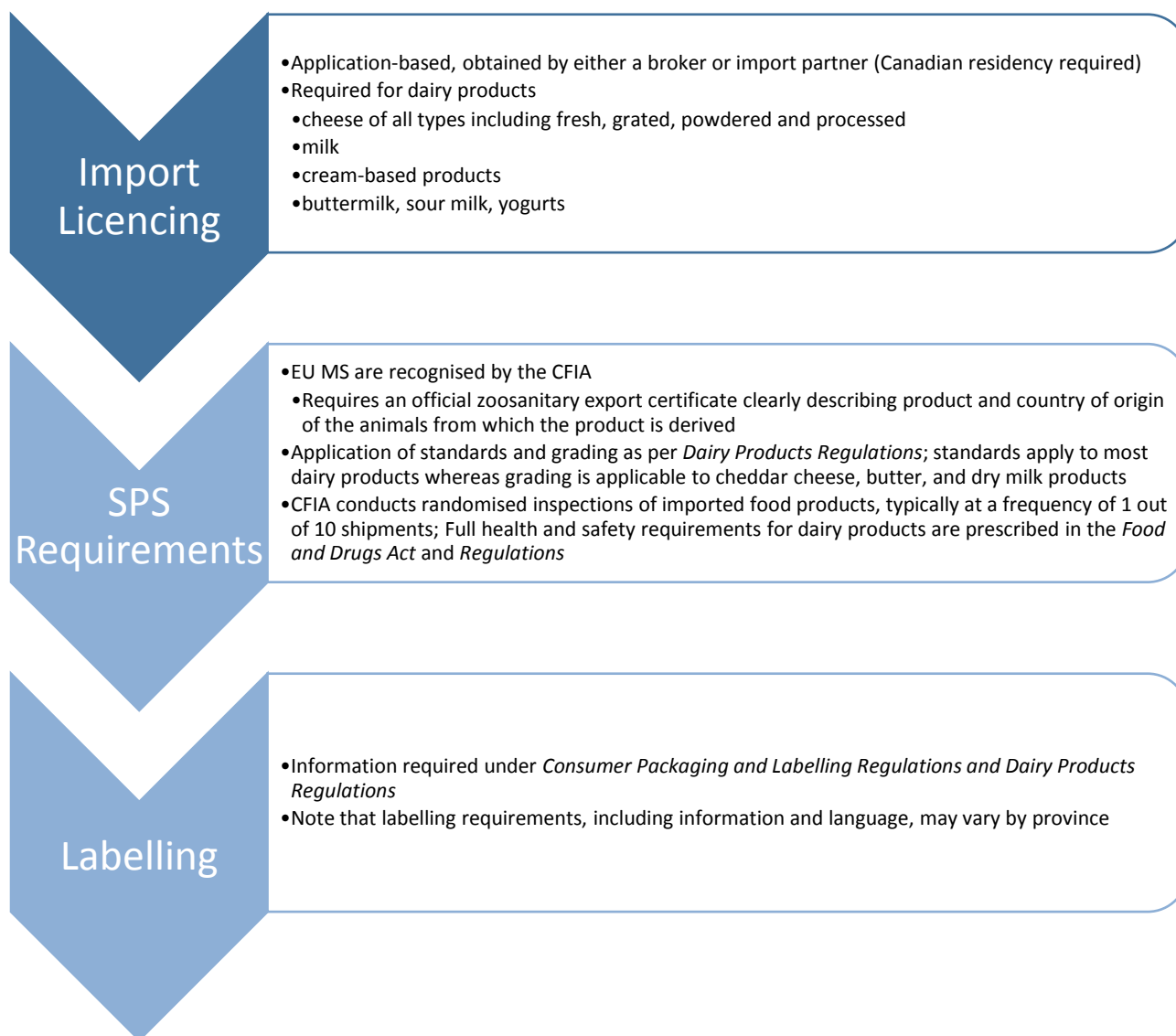
Annex 5-E, Section A of CETA deems that Canadian and EU SPS measures provide an equivalent level of protection for milk and milk products. However, it remains the responsibility of the exporter to ensure their product complies with Canadian SPS standards.

¹⁸³ "Cheese Compositional Standards and Cheese Import Licensing" February 2013 available at: <http://www.inspection.qc.ca/food/dairy-products/imports-interprovincial-trade/composition-licensing/eng/1359103014709/1359460807028>.

¹⁸⁴ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf.

¹⁸⁵ Ibid.

Figure 100) Import Flow for Dairy Products in Canada



Canadian Food Inspection Agency

Exact SPS and import procedure requirements vary by product and should be reviewed with a trusted and knowledgeable import partner and in consultation with Canadian agencies including the CFIA and CBSA, as well as provincial agencies in targeted markets prior to shipment. Note that significant fragmentation of the Canadian market and regulations occurs at the inter-provincial level, and that successful market entry in one provincial market does not necessarily confer equal access in others. Several provinces - including Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward

Island and Quebec - retain restrictions on foreign investment and production in the dairy sector.¹⁸⁶

5.5.2.3 EU GI Products

GI products are administered through the Canadian Intellectual Property Office. CETA greatly expands the number of EU GI dairy products recognised and protected in the Canadian market. CETA exclusively recognises EU GIs for cheese products.

Figure 101) Recognition of EU Dairy GIs under CETA

<u>Indication</u>	<u>Transliteration</u>	<u>Country of Origin</u>
Hessischer Handkäse		Germany
Hessischer Handkäs		Germany
Danablu		Denmark
Φέτα	Feta	Greece
Κεφαλογραβιέρα	Kefalograviera	Greece
Γραβιέρα Κρήτης	Graviera Kritis	Greece
Γραβιέρα Νάξου	Graviera Naxou	Greece
Μανούρι	Manouri	Greece
Κασέρι	Kasseri	Greece
Mahón-Menorca		Spain
Queso Manchego		Spain
Comté		France
Reblochon		France
Reblochon de Savoie		France
Roquefort		France
Camembert de Normandie		France
Brie de Meaux		France
Emmental de Savoie		France
Morbier		France
Epoisses		France
Beaufort		France
Maroilles		France
Marolles		France
Munster		France
Munster Géromé		France
Fourme d'Ambert		France
Abondance		France
Bleu d'Auvergne		France
Livarot		France
Cantal		France
Fourme de Cantal		France
Cantalet		France

¹⁸⁶ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf.



Petit Cantal	France
Tomme de Savoie	France
Pont - L'Evêque	France
Neufchâtel	France
Chabichou du Poitou	France
Crottin de Chavignol	France
Saint-Nectaire	France
Provolone Valpadana	Italy
Taleggio	Italy
Asiago	Italy
Fontina	Italy
Gorgonzola	Italy
Grana Padano	Italy
Mozzarella di Bufala Campana	Italy
Parmigiano Reggiano	Italy
Pecorino Romano	Italy
Pecorino Sardo	Italy
Pecorino Toscano	Italy
Queijo Serra da Estrela	Portugal
Queijos da Beira Baixa	Portugal
Queijo de Castelo Branco	Portugal
Queijo Amarelo da Beira Baixa	Portugal
Queijo Picante da Beira Baixa	Portugal
Gouda Holland	Netherlands
Edam Holland	Netherlands

Comprehensive Economic and Trade Agreement

5.5.3 Distribution

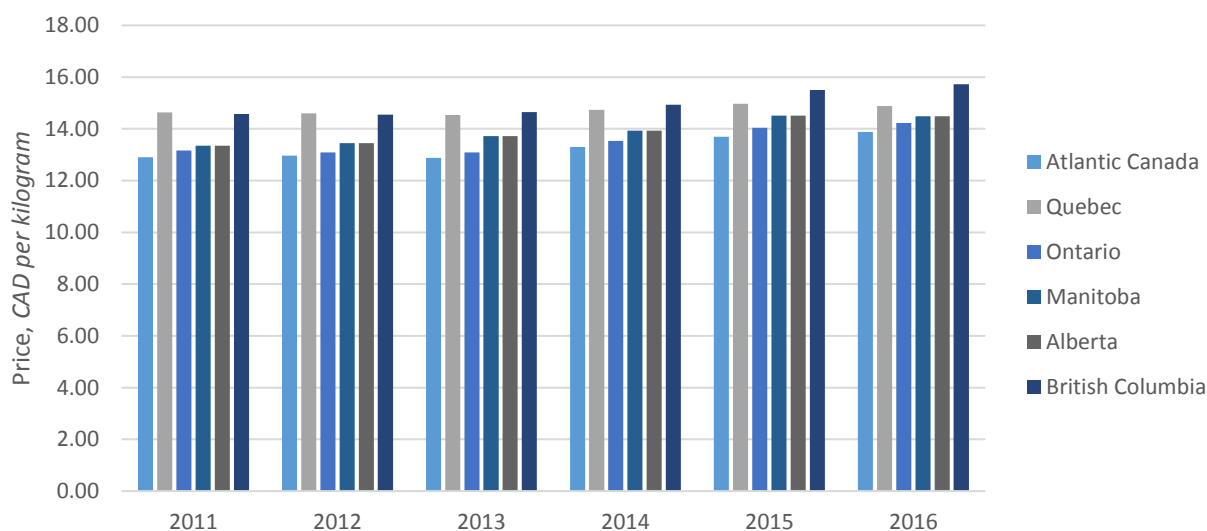
Dairy products are a familiar part of the Canadian diet and a mainstay for many consumers. Dairy farming and consumption figure prominently into Canadian cultural conceptions, often as a venerable part of Canada's pastoral origins. Distribution of dairy products in Canada depends in large part on the characteristics for each sub-category; for example, fresh milk is distributed through a largely separate system from cheese products, and so on.

Canada is characterised by generally good liquid and cold-storage transportation infrastructure across major modes. At the same time, the Canadian market is both relatively distant from EU points of production, and there are often large distances between individual markets within Canada - particularly outside the populous south-eastern corridor. Excluding fresh milk, which will remain a difficult market for EU producers to enter given the distance involved, low per-unit value and continued domestic industry protection, most sales of dairy products are made off trade in Canada.



Most cheese products continue to be purchased through supermarkets in Canada, with this overall share declining slightly to accommodate increased sales by hypermarkets and bulk sellers. Internet sales of cheese products have remained constant over the last 5 years, at 0.5 per cent of total market distribution. Loblaws, Wal-Mart Canada, Sobeys and Metro remain active in terms of both processing and distribution.¹⁸⁷

Figure 102) Retail Cheese Price by Selected Canadian Provinces



Canadian Dairy Information Centre

Given the seasonal variation in consumption and greater sensitivity to temperature while in transit and storage, distribution of chilled cream products such as ice cream requires greater coordination and planning. Grocery retailers accounted for the near totality of chilled cream sales in 2016, with distribution avenues far more diverse than for other types of dairy products. Supermarkets accounted for slightly over a third of sales, whereas convenience stores, discounters, forecourt retailers, hypermarkets and traditional grocery retailers all accounted for smaller but still significant market distribution. Leading brands in Canada include Nestle, Unilever, David Chapman's, Loblaws, Sobeys, Metro and others. Artisanal shares of distribution have increased by more than 1 per cent since 2012.¹⁸⁸

Distribution avenues for yogurt have remained largely constant in the last 5 years, with the majority of sales through supermarkets, then hypermarkets - collectively more than 65 per cent of overall distribution. Independent small grocers - including the increasing appearance of ethnic and speciality shops - account for a further 10 per cent, along with

¹⁸⁷ "Cheese in Canada" September 2016 available at: <http://www.euromonitor.com/cheese-in-canada/report>.

¹⁸⁸ "Ice Cream and Frozen Desserts in Canada" July 2016 available at: <http://www.euromonitor.com/ice-cream-and-frozen-desserts-in-canada/report>.



discount retailers holding an equal share. The largest brands in the Canadian yogurt market are Danone, Ultima, General Mills, Liberté, and Parmalat. Market share decreases significantly for distributors who are also involved in production, with Loblaws leading the cohort with 1.8 per cent of market share and between 0.7 and 0.8 per cent of overall share for Metro and Sobeys.¹⁸⁹

Some independent dairy producers in Canada are experimenting with on-site distribution, appealing to themes in Canada's cultural identity and benefitting from provincial schemes. These producers typically offer production facility tours combined with reception and on-site shopping. This model is to-date most prevalent in Quebec and Ontario, where production is historically organised around a high frequency of independent and relatively small-scale or family-level producers.¹⁹⁰

The food service industry is an important consumer of dairy products in Canada. However, consumption of dairy products by Horeca is primarily of industrial dairy products, used as ingredients for other preparations and not for standalone consumption. This will be subject to some change in the next 5 years as Canadian consumers increasingly seek on trade consumption, particularly away from commoditised and towards artisanal, premium and imported products. The Horeca sector is increasingly geared for this trend, particularly in Canadian urban areas with higher concentrations of younger consumers employed in the tertiary sector.¹⁹¹

Market Takeaway: Dairy

Consumption: *Changing consumption within category, with growing demand for yogurts and unprocessed cheeses.*

Competition: *Supply managed domestic production as well as established trade with US. Highly developed dairy milk and processing sector in Canada.*

Distribution: *Most sales off trade through supermarkets; increasing share of hypermarkets.*

Challenges: *Trade barriers and declining consumption of certain dairy types*

Opportunities under CETA: *Increased TRQ allocation for EU cheeses*

¹⁸⁹ "Yogurt and Sour Milk Products in Canada" September 2016 available at:

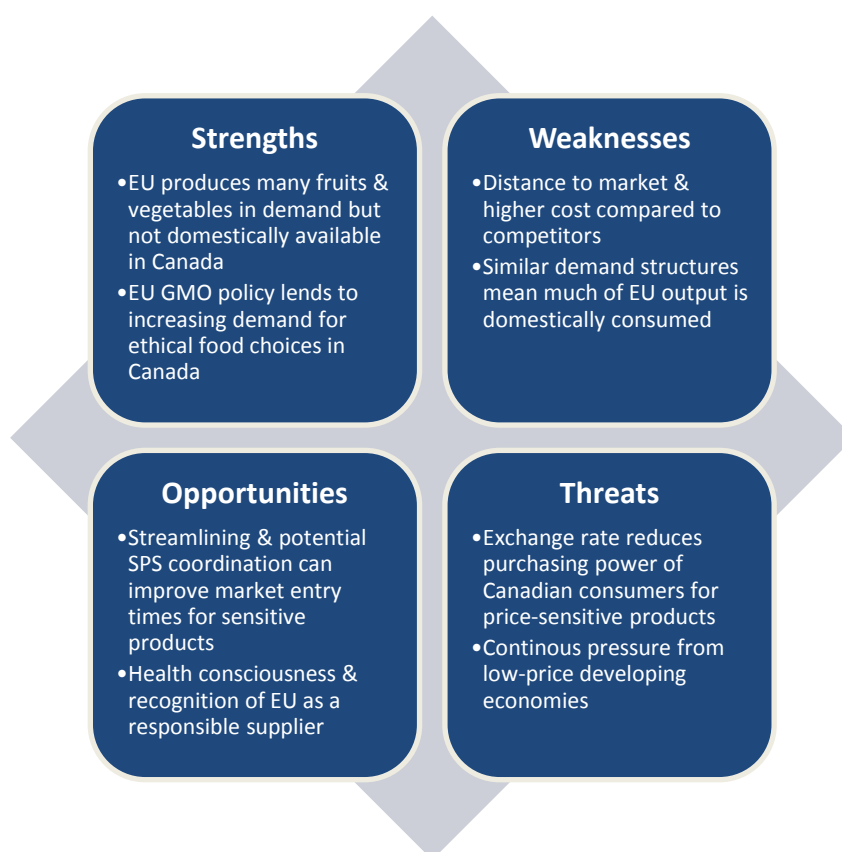
<http://www.euromonitor.com/yoghurt-and-sour-milk-products-in-canada/report>.

¹⁹⁰ Cf. "Mapleton's Organic" 2017 available at: <http://mapletonsorganic.ca/about-us.php>.

¹⁹¹ "As Canada's appetite for artisanal cheese grows, small producers worry about impact of flood of Europe's 'industrial' dairy products" April 2014 available at: <http://news.nationalpost.com/appetizer/as-canadas-appetite-for-artisanal-cheese-grows-small-producers-worry-about-impact-of-flood-of-europes-industrial-dairy-products>.

5.6 Market Snapshot: Fresh Fruits and Vegetables

Canada is one of the largest importers of fresh fruits and vegetables globally, remaining among the top 10 in the past years. There has been a static growth of these imports, and it is expected that imports of frozen fruits and vegetables will overtake the imports of fresh produce in the coming years. On average, Canadians are consuming less fruit, particularly affecting those from lower socioeconomic backgrounds. The reliance on imported fruit and the weakness of the Canadian dollar has inflated the prices, making them unaffordable for part of the population. On the other hand, an increased awareness and interest in nutrition and health has increased the sales of fresh products for those with a larger disposable income. There are certain food trends such as consumers looking for organic and ethical products, as well as an increased interest in Asian and Mediterranean diets, partially influenced by the growing immigrant and ethnically diverse Canadian population.





5.6.1 Consumption

The fresh fruit and vegetable market in Canada is large and well-developed. Canada is among the top 10 largest importers of fresh fruit and vegetable worldwide.¹⁹² The main types of fresh fruits and vegetables available for consumption in the Canadian market include lettuce, onions and shallots, tomatoes, carrots, peppers and bananas, apples, melons, oranges and watermelons.

Despite a growing consumer interest in carrying a healthier lifestyle, on the aggregate, the consumption per capita of fresh fruits and vegetables in Canada has decreased over the last years. The decrease in consumption is mainly due to the price surges in fresh produce and the economic constraints consumers face, which forces many to seek alternatives such as frozen fruits and vegetables. In 2014, 39.5 per cent of Canadians aged 12 and older (around 11.2 million people), reported that they consumed fruit and vegetables 5 or more times per day, a decrease from the previous year, 40.8 per cent in 2013. Fruit and vegetable consumption has decreased since 2009 when it peaked at 45.6 per cent.¹⁹³

However, Canada remains one of the highest consumers of fresh fruits and vegetables per capita in the world despite this decreased consumption, which mostly affects those from lower socioeconomic backgrounds.¹⁹⁴ Fresh fruit and vegetable consumption is still considerably large and Canada remains one of the greatest importers of these products globally.

Figure 103) Canadian Imports of Fresh Fruit and Vegetables Worldwide (in thousand EUR)

	2011	2012	2013	2014	2015
Fruit (7 th global position)	2,810,739	3,052,349	3,312,607	3,644,979	4,116,131
Vegetables (4 th global position)	1,501,708	1,437,193	1,693,370	1,864,585	2,199,611

Agriculture and Agri-Food Canada

5.6.1.1 Consumer Profile and Trends

Fresh fruits and vegetables are expected to have a static growth in the next years, falling behind the frozen and canned categories which are expected to perform better.¹⁹⁵ This can be explained by a surge in the prices of fresh fruits and vegetables, which has forced Canadian consumers to reduce their intake and also to opt for more economical options,

¹⁹² "Statistical Overview of the Canadian Fruit Industry" 2015 available at: www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadia

¹⁹³ "Fruit and vegetable consumption" 2014 available at: www.statcan.gc.ca/pub/82-625-x/2015001/article/14182-eng.htm

¹⁹⁴ "Canada - Agricultural Sector" October 2016 available at: <https://www.export.gov/article?id=Canada-Agricultural-Sector>

¹⁹⁵ "Canadian Food Trends 2020" July 2005 available at: http://stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf



such as frozen fruits and vegetables.¹⁹⁶ Many Canadians even see packaged juices as a cheap alternative or replacement of the fresh produce, however these usually do not have the same nutrients and often contain high amounts of added sugar.¹⁹⁷

Research conducted revealed that higher-income households were less likely to reduce fresh fruit and vegetable consumption due to the surge in prices.¹⁹⁸ They were also less likely to view juices as an alternative for fresh products. The high-level income individuals, or with higher disposable incomes, account for the major consumers of fresh produce. These individuals highly value their health and lifestyle and are willing and able to spend more money regardless of price inflation, or otherwise tend to buy more expensive produce, such as avocados.

On the other hand, low-income households are more likely to reduce their fresh fruit and vegetable intake. Those living in the north of the country, in less dense regions and in remote regions also experience higher prices of fresh produce than those living in urban areas. Part of this is due to higher transportation costs that have to be accounted for in low density areas.¹⁹⁹

Vulnerable groups among the lower and middle class backgrounds include students, senior citizens, the working poor and new immigrants. Aboriginals and visible minorities are disproportionately affected by the surge in prices of fresh produce.²⁰⁰

The surge in fresh produce prices is due to a variety of reasons. Recently, one reason is that, as the US is the largest trading partner for fruits and vegetables, the drought in California has had a strong effect in the prices in the Canadian market.²⁰¹ In 2016, the US is recorded to be by far Canada's largest trading partner, exporting almost half of the trade value of all of Canada's fruit imports and more than half of its vegetable imports.²⁰² This high dependence on one trading partner, can affect the market heavily. Canadians are increasingly aware of the vulnerability generated by this import reliance on the US and are increasingly looking to diversify imports to include more trading partners. The most important trade partners in the European market are Spain, Italy and France.²⁰³

¹⁹⁶ "Canadians opt for frozen over fresh fruit and vegetables as produce prices soar" June 2016 available at: www.business.financialpost.com/news/retail-marketing/canadians-opt-for-frozen-over-fresh-fruit-and-vegetables-as-prices-soar

¹⁹⁷ Ibid.

¹⁹⁸ Ibid.

¹⁹⁹ "Cheap Canadian dollar making fruits and vegetables much more expensive" January 2016 available at: www.cbc.ca/news/business/loonie-grocery-costs-1.3399841

²⁰⁰ Ibid.

²⁰¹ "High food prices driving some shoppers away from fruits, vegetables study says" June 2016 available at: www.cbc.ca/news/business/fruit-vegetable-prices-1.3617744

²⁰² UN Comtrade Database available at: <https://comtrade.un.org/data/>

²⁰³ Ibid.



Another major factor in current fresh fruit and vegetable consumption trends has been the weakness of the Canadian dollar, further making imported fruits and vegetables too expensive for consumers to afford as the inflation increases their prices.²⁰⁴

In Canada there has been a notable increase of interest in nutrition and healthy eating. Vegetables and fruits are a natural source of fibre, vitamins and overall have a great number of health benefits. Incorporating more fresh fruits and vegetables in a diet is of major importance in disease prevention, as diet-related diseases are the leading cause of death in Canada.²⁰⁵ The health risks from trans-fats and salts are being recognised and refined carbohydrates are increasingly being avoided. Major diet-related diseases that are prevalent in Canada include: diabetes, cardiovascular disease, cancer, obesity, osteoporosis and dental disease. Groups that have health concerns, tend to make dietary changes in order to improve these. The intake of red meats is gradually decreasing, and it is expected that this trend will continue.

Imported exotic fruits and vegetables are an increasing trend that is forecasted to accelerate in the next 5 years. Canada's wide ethnic diversity and high level of consumer disposable income provide a window for food marketing opportunities.²⁰⁶ This is also related to the growing interest in nutrition and international products that can modernise the more traditional diet. Increasing immigration and diversity among the population can also account for greater interest in exotic fruits and vegetables. There is particularly strong presence from Asian, African and Latin American countries. Fresh herbs and products like mushrooms respond to ethnic influences.

Increasing vegetarianism and other forms of meatless or meat reduced and plant-based diets such as veganism also account for a consumer base of fresh fruits and vegetables. Furthermore, a demand for organic and eco-friendly produce is also on the rise. This is also linked to the increased awareness of nutrition. Particularly women and younger generations are becoming more aware of the nutritional aspect of foods, and are increasingly paying attention to labelling and the origin of the product. Environmental and at times human rights concerns have also influenced this, as ethically sourced food is also valued. Generation Y in particular, those born 1984-1994, is a group who is highly aware of these aspects when buying food.²⁰⁷ Generation Y is also more willing to spend more on exotics, imports and brands with additional attributes, such as organic products.

²⁰⁴ "Cheap Canadian dollar making fruits and vegetables much more expensive" January 2016 available at: www.cbc.ca/news/business/loonie-grocery-costs-1.3399841

²⁰⁵ "Diet-Related Diseases and Healthy Eating" 2016 available at: https://cfccanada.ca/sites/default/files/CFCC_Diet-Related_Diseases_and_Healthy_Eating.pdf

²⁰⁶ "Canada - Agricultural Sector" October 2016 available at: <https://www.export.gov/article?id=Canada-Agricultural-Sector>

²⁰⁷ "Canadian Food Trends to 2020" July 2005 available at: www.stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf



Therefore this is a key interest group, as well as the generations to come, who are both willing to invest in fresh produce and in imported products.

5.6.1.2 Challenges for EU products

One of the major challenges that EU products face is the being able to provide Canadian consumers affordable fresh produce. In 2016, the US is recorded to be by far Canada's largest trading partner, exporting almost half of the trade value of all of Canada's fruit imports and more than half of its vegetable imports.²⁰⁸ The most important trade partners in the European market are Spain, Italy and France.

After the US, the main exporters of fresh fruit and vegetables to Canada are Mexico and China. With the CETA this will help to solve this constraint that has been preventing the export of EU products to Canada. These tariff and quota reductions will make EU fresh fruit and vegetables more competitive.

Canada has a positive image that has provides a market advantage when using it with food products, even internationally. Research indicates that Canadian consumers associate the Canada Brand with safe, high-quality products.²⁰⁹ Competing with Canadian fruits and vegetables that are home-grown, such as berries, would prove to be difficult unless the price is competitive enough.

Figure 104) Fresh Fruits Available for Consumption per Person in Canada (in kg per capita)

	2011	2012	2013	2014	2015
Bananas	14.75	14.75	15.43	15.61	15.67
Apples	11.28	10.74	10.92	11.46	10.94
Melons total	10.48	10.07	10.39	10.11	10.65
Oranges	9.29	9.02	9.00	8.31	9.06
Watermelons	5.95	6.05	6.10	6.09	6.35
Grapes	4.73	4.67	4.81	4.45	4.60
Mandarins	3.43	3.55	3.49	3.29	3.87
Strawberries	3.82	3.83	3.70	3.12	3.07
Pineapples	2.97	3.28	3.31	3.36	2.89
Cranberries	1.50	1.98	1.78	2.75	2.22
Pears	2.12	2.21	2.14	2.16	2.09
Avocados	0.99	1.32	1.53	1.61	1.83
Lemons	1.31	1.40	1.43	1.52	1.70
Dates	1.28	1.30	1.38	1.48	1.50
Guavas and mangoes	1.55	1.46	1.60	1.52	1.47
Other berries	1.00	1.07	1.07	1.16	1.12
Grapefruits	1.28	1.23	1.19	1.12	1.11
Peaches	1.24	1.15	1.18	1.08	1.02
Blueberries	1.40	1.18	1.28	1.06	0.68
Limes	0.90	1.09	1.34	1.05	0.68
Cherries	0.95	1.15	0.79	0.92	0.68

²⁰⁸ "UN Comtrade Database" available at: <https://comtrade.un.org/data/>

²⁰⁹ "Canada Brand" available at: www.marquecanadabrand.agr.gc.ca/intro/index-eng.htm

Nectarines	0.82	0.69	0.75	0.63	0.59
Kiwis	0.56	0.61	0.53	0.48	0.55
Fruits not specified	0.65	0.60	0.61	0.63	0.54
Plums total	0.75	0.67	0.71	0.60	0.53
Papayas	0.40	0.41	0.47	0.42	0.41
Figs	0.35	0.38	0.42	0.42	0.39
Coconut	0.31	0.31	0.32	0.37	0.36
Apricots	0.13	0.14	0.14	0.12	0.09

Statistics Canada

Figure 105) Fresh Vegetables Available for Consumption in Canada (in kg per capita)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Lettuce, fresh	9.79	9.4	9.38	9.55	9.6
Onions and shallots, fresh	8.78	8.76	8.17	8.51	9.07
Tomatoes, fresh	8.16	8.13	8.58	8.36	8.08
Carrots, fresh,	8.77	8.69	7.17	6.24	7.52
Peppers, fresh	3.8	4.25	4.37	4.11	4.25
Cabbage, fresh	4.07	4.43	4.24	4.14	3.9
Cucumbers, fresh	3.42	3.55	3.28	3.43	3.15
Celery, fresh	3	2.98	3.05	3.11	3.08
Corn, fresh	3.7	3.56	3.48	3.19	3.04
Pumpkins and squash, fresh	2.91	3.08	2.84	3.25	2.95
Broccoli, fresh	2.39	2.53	2.64	2.7	2.7
Cauliflower, fresh	2.8	2.8	2.64	2.33	2.23
Mushrooms, fresh	1.62	1.81	1.78	1.87	1.74
Rutabagas and turnips, fresh	1.38	1.21	1.03	1.28	1.18
Chinese cabbage, fresh	0.91	0.93	1.01	1.01	1.01
Kohlrabi, fresh	0.38	0.42	0.58	0.89	0.97
Spinach, fresh	0.75	0.82	0.89	0.96	0.94
Beets, fresh	0.64	0.72	0.68	0.71	0.92
Beans green and wax, fresh	0.96	0.94	0.91	0.86	0.9
Radishes, fresh	0.38	0.41	0.39	0.54	0.61
Asparagus, fresh	0.75	0.71	0.67	0.7	0.6
Eggplants, fresh	0.46	0.54	0.59	0.59	0.57
Garlic, fresh	0.46	0.46	0.48	0.48	0.49
Parsley, fresh	0.25	0.28	0.3	0.29	0.32
Leeks, fresh	0.27	0.25	0.24	0.23	0.32
Brussels sprouts, fresh	0.2	0.2	0.22	0.24	0.23
Parsnips, fresh	0.18	0.22	0.18	0.26	0.21
Peas, fresh	0.29	0.16	0.27	0.22	0.21
Rappini, fresh	0.15	0.15	0.2	0.21	0.18
Okra, fresh	0.11	0.13	0.13	0.16	0.15
Other edible roots, fresh	0.52	0.16	0.13	0.11	0.12
Manioc, fresh	0.09	0.11	0.11	0.1	0.1
Artichokes, fresh	0.06	0.06	0.05	0.04	0.03
Olives, fresh	0.01	0.01	0.01	..	0.01

5.6.2 Offer

The Canadian fresh fruit and vegetable sector offers a variety of products to domestic consumers and to its export destinations. Overall, Canada produces more vegetables than fruits, particularly since 2013. The vegetable sector is largely dominated by potatoes; therefore they are not included in the table with the overall vegetable.

Potatoes are the main fresh vegetable that Canada offers, and that it exports. Canada is a world leader in the production of seed potatoes, and is the fifth largest seed potato exporter in the world. Potatoes are the largest vegetable crop in Canada, accounting for 29 per cent of all vegetable receipts and 15 per cent of all horticultural receipts. Production reached 4.8 million tonnes in 2015 – Canada's largest potato production since 2007. Between 2014 and 2015 Canada exported 144 million EUR and imported 72 million EUR of fresh potatoes.²¹⁰ Potato production is followed by tomatoes, cucumbers, peppers and lettuce.

Most of the production of field vegetables is concentrated in the regions of Ontario and Quebec. In 2015, Ontario was the largest producer of field vegetables, producing 55 per cent of the total Canadian production. Quebec accounted for 33 per cent, and then followed by British Columbia at 3 only per cent. The production of field vegetables in Canada grew 3 per cent from 2014 to 2015.²¹¹

Despite Canada's northern latitude and at times inhospitable weather, it has a remarkable ability to support a vibrant fruit industry. Canada is home to cranberries, blueberries and Saskatoon berries, among many fruits that are native to North America. Canada is one of the top producers of cranberries and blueberries globally. Fruits accounted for 17 per cent of total cash receipts for edible horticulture in Canada in 2015.²¹² Blueberries lead the fruit sector, representing 29 per cent of the total farm gate value of Canadian fruit in 2015. They are followed by apples (20 per cent), grapes (13 per cent), cranberries (12 per cent) and strawberries (9 per cent).

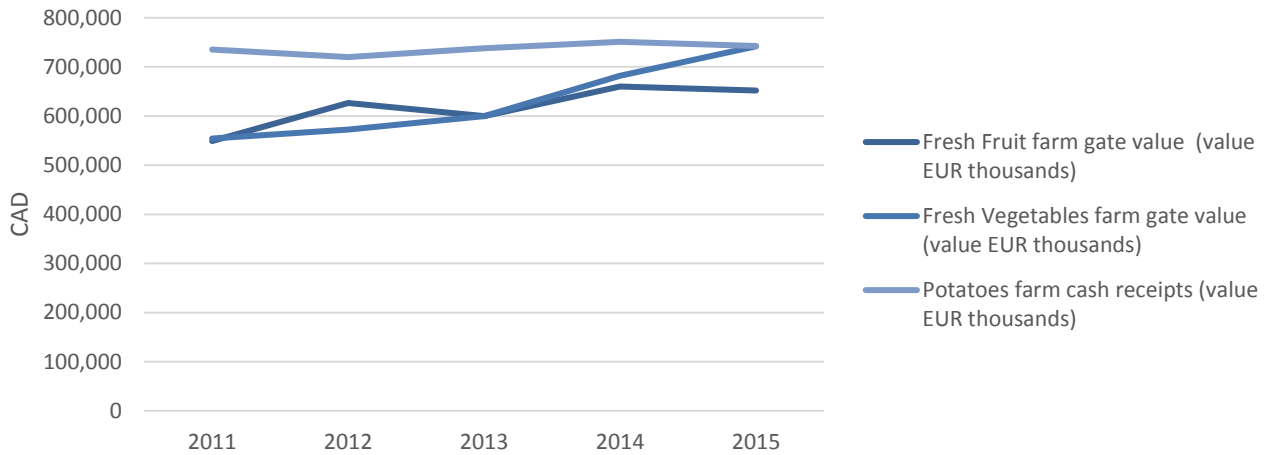
²¹⁰ "Potato Market Information Review" 2014-2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/potato-market-information-review-2014-2015/?id=1468607374632#a0>

²¹¹ "Statistical Overview of the Canadian Vegetable Industry" 2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-vegetable-industry-2015/?id=1478646189894>

²¹² Ibid.



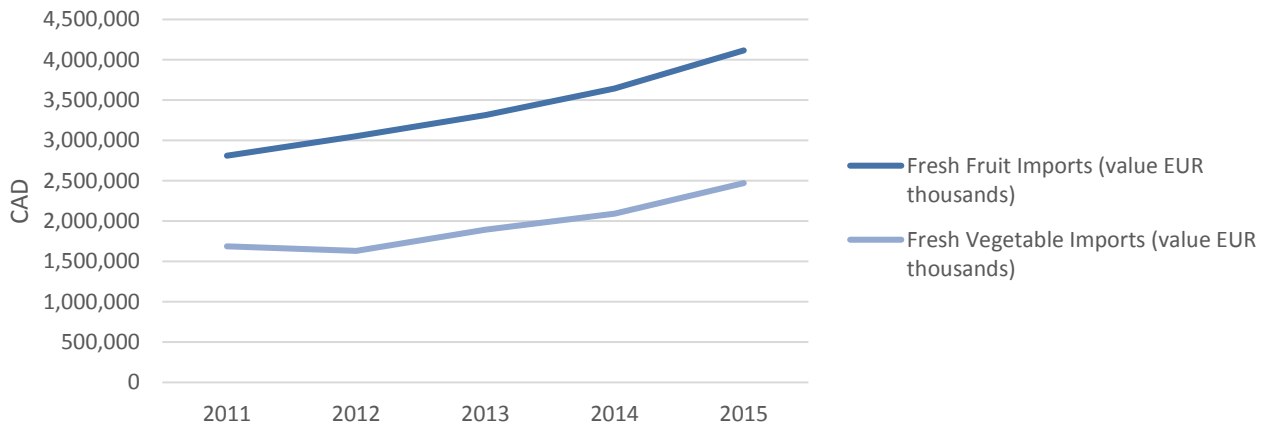
Figure 106) Fresh Fruit and Vegetable Production



Agriculture and Agri-Food Canada

The Canadian market imports a large amount of fresh fruit and vegetables. The amount of imported fruit is much larger than of vegetables. CETA will encourage further import from EU as duties will be reduced and removed for most fruits and vegetables. Bananas are the most imported fruit in terms of volume, accounting for 22 per cent of the total imports. They are followed by watermelons, apples, oranges and grapes. Potatoes lead in terms vegetable imports (17 per cent), followed by lettuce, tomatoes, onions and cabbages.

Figure 107) Fresh Fruit and Vegetable Imports



Agriculture and Agri-Food Canada

Figure 108) Fresh Fruit and Vegetable Imports (Vol)

<u>Fresh Fruit Imports</u>	<u>Volume (Tons)</u>	<u>Share</u>	<u>5 Year CAGR</u>	<u>Fresh Vegetable Imports</u>	<u>Volume (Tons)</u>	<u>Share</u>	<u>5 Year CAGR</u>
Bananas	527,040	22%	2%	Potatoes	303,560	17%	18%
Watermelons	211,200	9%	2%	Lettuce	299,641	16%	0%
Apples	202,608	8%	5%	Tomatoes	193,483	11%	0%
Oranges	194,473	8%	-1%	Onions	175,596	10%	5%
Grapes	177,076	7%	-2%	Cabbages	144,506	8%	0%
Melons	141,128	6%	-3%	Peppers	119,378	7%	2%
Mandarins	129,915	5%	2%	Carrots	115,204	6%	-1%
Strawberries	127,024	5%	9%	Celery	94,477	5%	1%
Pineapples	121,314	5%	3%	Cauliflower	92,617	5%	9%
Lemons	90,351	4%	11%	Other	282,178	15%	
Other	525,496	18%		Total	1,820,640	100%	2%
Total	2,447,625	100%	2%				

ITC Trade Map

Canada is one of the major exporters of some of fresh fruit and vegetable products globally. It is the fifth largest Potato exporter in the world.²¹³ Cranberries are the most exported fruit, amounting to 68 per cent of the total share of fresh fruit exports. This is also reflected in the difference between the amounts of fresh fruit it imports, versus the lower amount of vegetables, a trend which has further increased over the years.

Figure 109) Fresh Fruit and Vegetable Exports (Vol)

<u>Fresh Fruit Exports</u>	<u>Volume (Tons)</u>	<u>Share</u>	<u>5 Year CAGR</u>	<u>Fresh Vegetable Exports</u>	<u>Volume (Tons)</u>	<u>Share</u>	<u>5 Year CAGR</u>
Cranberries	88,477	68%	8%	Potatoes	799,749	55%	14%
Apples	27,697	21%	-15%	Tomatoes	154,675	11%	-11%
Cherries	7,578	6%	20%	Peppers	107,516	7%	-2%
Grapes	1,357	1%	2%	Cucumbers	93,469	6%	1%
Other	4,899	5%		Carrots	92,311	6%	3%
Total	130,008	100%	0%	Cabbages	48,837	3%	16%
				Onions	38,735	3%	-18%

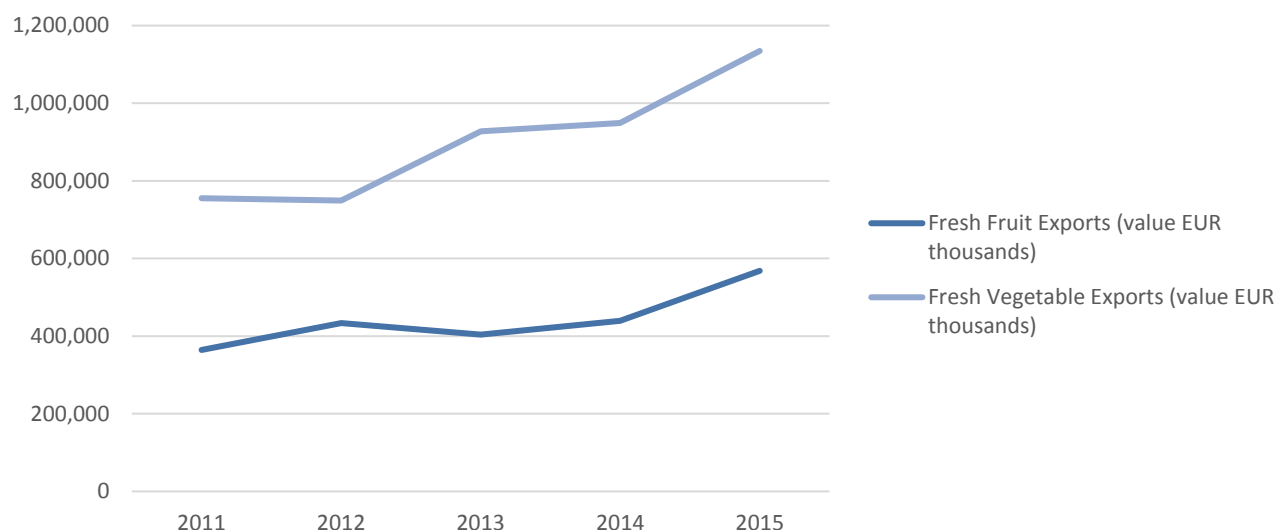
²¹³ "Potato Market Information Review" 2014-2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/potato-market-information-review-2014-20>



	Other	119,480	9%	
	Total	1,454,772	100%	5%

ITC Trade Map

Figure 110) Fresh Fruit and Vegetable Exports



Agriculture and Agri-Food Canada

5.6.2.1 Main Competitors

The US and Mexico are the main competitor markets from whom Canada imports typically almost or over half of its fresh fruits and vegetables. Furthermore, trade with Canada is facilitated by proximity, common culture, language, similar lifestyle pursuits, and the ease of travel for business and pleasure, as well as preferences under NAFTA.²¹⁴

CETA will provide EU exporters with a comparable or greater level of access as under NAFTA for many F&B product categories. Among EU Member States, Spain is the leading exporter of both fruits and vegetables to Canada. Spain is doing exceptionally well as it has more than doubled the imported value of both its fruit and vegetable exports to Canada from 2012 to 2016. Spain's already strong position as the leading exporter in the EU to Canada, will improve as it benefits from the CETA. Italy, Portugal and France are also present among leading fruit and vegetable exports to Canada.

²¹⁴ "Canada - Agricultural Sector" October 2016 available at: <https://www.export.gov/article?id=Canada-Agricultural-Sector>



Figure 111) Main EU Fruit Exporters to Canada

<u>Fruit and nuts imports to Canada - Global top 50 ranking</u>	<u>Exporters</u>	<u>Imported value in 2012</u>	<u>Imported value in 2013</u>	<u>Imported value in 2014</u>	<u>Imported value in 2015</u>	<u>Imported value in 2016</u>
	World	3,321,534	3,386,413	3,467,076	4,058,138	4,083,350
13	Spain	22,883	16,483	52,985	54,827	49,054
20	Italy	22,504	20,803	22,516	26,062	22,607
33	Greece	2,802	2,689	2,920	4,242	4,024
34	Poland	3,423	1,284	2,074	3,974	3,968
35	France	1,407	1,623	1,639	2,347	2,879
39	Portugal	775	953	1,376	2,210	2,132

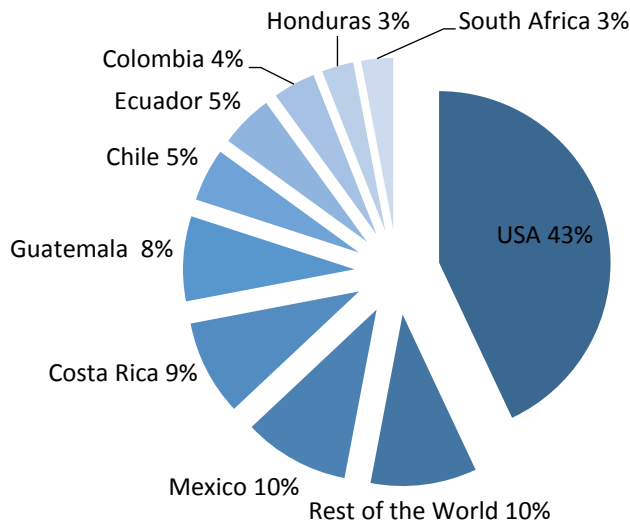
ITC Trade Map

Figure 112) Main EU Vegetable Exporters to Canada

<u>Vegetable imports to Canada - Global top 50 ranking</u>	<u>Exporters</u>	<u>Imported value in 2012</u>	<u>Imported value in 2013</u>	<u>Imported value in 2014</u>	<u>Imported value in 2015</u>	<u>Imported value in 2016</u>
	World	2,491,879	2,800,187	2,868,512	2,913,712	3,038,187
4	Spain	14,250	19,878	25,269	36,997	40,851
9	Netherlands	4,997	4,838	5,946	4,858	11,530
13	France	6,142	6,655	7,339	7,618	7,995
16	Belgium	10,206	7,235	7,159	9,230	6,298
22	Germany	2,613	3,292	4,499	4,186	3,821
24	Poland	2,334	2,624	2,724	2,940	3,478
31	Italy	2,532	2,759	2,531	1,894	1,924
37	Hungary	1,484	1,098	1,139	1,048	906
39	United Kingdom	526	1,052	306	648	859
43	Portugal	185	226	169	576	661

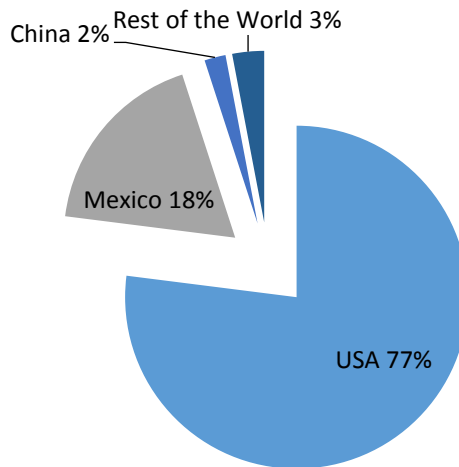
ITC Trade Map

Figure 113) Fresh Fruit Imports to Canada by Country



PMA

Figure 114) Fresh Vegetable Imports to Canada by Country



PMA

5.6.2.2 Entry Requirements and Changes under CETA

All imported fresh fruits and vegetables products must comply with the *Fresh Fruit and Vegetable Regulations and Licensing and Arbitration Regulations* under the *Canada Agricultural Products Act*. These regulations cover quality, labelling, packaging (including standardized sizes), grading, and health and safety requirements.

The Canadian importer of fresh fruits and vegetables is required to have a Produce Licence with the CFIA and/or be a member of the Dispute Resolution Corporation. The *Fresh Fruit and Vegetable Regulations* specify that certain fresh fruit and vegetables have a grade standard that must be met. Fresh fruits and vegetables (including fresh herbs, fresh cut fruits and vegetables and sprouts) and edible fungi imported into Canada must comply with the health and safety requirements of the *Fresh Fruit and Vegetable Regulations* and the *Food and Drug Regulations*.

There are prescribed standard container sizes for specific products. Consumer-sized products (pre-packaged) must be labelled with the information required under the *Consumer Packaging and Labelling Regulations*. Labelling of shipping and master containers is prescribed in the *Fresh Fruit and Vegetable Regulations*. A Confirmation of Sale: form in triplicate, completed, and signed, is required at time of entry. A copy of the Confirmation of Sale must be maintained at the premises of the Canadian importer.²¹⁵

SPS barriers exist for some fruits and vegetables. Kiwi and plums are limited by the The Plant Health and Biosecurity Directorate of the CFIA (Canadian Food Inspection Agency) in order to prevent the European grapevine moth to enter Canada (*Lobesia Botrana*). *Lobesia botrana* is a polyphagous pest that can affect a variety of fruits and vegetables. Some temporary suspensions have been obtained. Please consult with the CFIA for further details on the current status of these restrictions.

In order to prevent the introduction of the tomato lead miner (*Tuta absoluta*) the Plant Health and Biosecurity Directorate of the CFIA introduced requirements for the import of fresh tomatoes. Please consult with the CFIA for further details on the current status of these restrictions.

Organic products imported from countries with whom Canada has established an equivalency arrangement must be certified to the terms of the arrangement. These products must be certified by a certification body accredited by that foreign country and recognised by Canada under the arrangement. These products may bear the Canada organic logo. Like all other food products, imported organic products must meet Canadian labelling requirements, including those of the *Organic Products Regulations*.²¹⁶ The EU has established an Organic Equivalency Agreement with Canada, thus EU products may bear Canada Organic logo when being sold and marketed in Canada.

Figure 115) Example of Organic Labels in Canada



²¹⁵ "Import and Interprovincial Requirements for Fresh Fruit and Vegetables" August 2016 available at: www.inspection.gc.ca/food/fresh-fruits-and-vegetables/imports-and-interprovincial-trade/overview/eng/1361145453562/1361146543611#b

²¹⁶ "Canada Organic Regime" May 2016 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/organic-claims/eng/1389725994094/1389726052482?chap=2#s1c2>

For more information on the Canada Organic Regime or to find a list of CFIA-accredited certification bodies, please refer to the Canada Organic Regime webpage accessible [here](#)

5.6.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 Geographical Indications (GIs) – distinctive food and drink products from specific towns or regions in the EU. Amongst these 143 Geographic Indications, 22 GIs will cover processed fruits and vegetables. Producers of these products are often small or medium-sized businesses in rural communities. Currently Canada does not have a GI registry, which will have to be developed.

Figure 116) Recognition of EU Fruits and Vegetables GIs under CETA

<u>Indication</u>	<u>Transliteration</u>	<u>Country of Origin</u>
Spreewälder Gurken		Germany
Φασόλια Γίγαντες Ελέφαντες Καστοριάς	Fassolia Gigantes Elefantas Kastorias	Greece
Φασόλια Γίγαντες Ελέφαντες Πρεσπών	Fassolia Gigantes Elefantas Prespon Florinas	Greece
Cítricos Valencianos		Spain
Cítrics Valancians		Spain
Pruneaux d'Agen		France
Pruneaux d'Agen micuits		France
Lentille verte du Puy		France
Arancia Rossa di Sicilia		Italy
Cappero di Pantelleria		Italy
Kiwi Latina		Italy
Lenticchia di Castelluccio di Norcia		Italy
Mela Alto Adige		Italy
Südtiroler Apfel		Italy
Pesca e nettarina di Romagna		Italy
Pomodoro di Pachino		Italy
Radicchio Rosso di Treviso		Italy
Steirischer Kren		Austria
Pêra Rocha do Oeste		Portugal
Ameixa d'Elvas		Portugal
Ananás dos Açores / S. Miguel		Portugal
Magiun de prune Topoloveni		Romania

Comprehensive Economic and Trade Agreement



5.6.3 Distribution

Fresh produce in Canada is mainly received by supermarkets, mass merchandisers, and warehouses. When CETA comes into force, almost 94 per cent of EU agricultural tariff lines will be duty-free, and seven years later, that number will rise to over 95 per cent. Canadian agricultural exports to the EU currently face high tariff rates, with average EU agricultural tariffs of 13.9 per cent.²¹⁷

EU tariffs will be eliminated on:

- fresh and frozen fruits and vegetables, including fresh cherries (EU seasonal s reaching as high as 12 per cent)
- fresh apples (EU seasonal tariffs reaching as high as 9 percent),
- frozen blueberries (the EU tariffs of 3.2 per cent to 14.4 per cent are not currently applied, but CETA will lock in the rate at 0 per cent) other products, such as mushrooms, potatoes, peas, cranberries, raspberries and strawberries, as well as processed products such as jams, jellies and juices²¹⁸

The majority of Canadians prefer to shop at large grocery stores where they can conveniently purchase all at once. Online shopping remains unpopular in Canada, and accounts to only 1 per cent of food sales. The large supermarket stores remain largely popular, where usually a greater variety of fresh produce is available.

In 2009, Loblaw acquired T & T Supermarkets in Canada, which are one of the only supermarkets which offer Asian food products. This move will benefit the ethnic demand for more diverse products, and a growing Asian population. Sobeys has moved towards this ethnic demand and has increased the display of fresh produce. Metro also followed this trend by partnering with Marche Adonis, an ethnic food retailer, in order to offer Middle Eastern and Mediterranean style foods. With CETA the export of Mediterranean products will increase, as currently the major fresh produce exporters are Spain, Italy and France among others such as Greece.

Flexible and portable packaging as well as biodegradable or recycled packaging is preferred by Canadian consumers. This is also relevant when people are buying fruits or vegetables as snacks, or raw "ready to eat" options, such as salad bags.

The food service industry is also a major recipient, mainly Horeca (Hotels, Restaurants and Cafes). In Canada, the restaurant industry is the most important of these, and accounts to almost 80 per cent of food service sales. It is estimated that there are 91,300 restaurants across Canada, with more than half located in Ontario and Quebec.

In order to facilitate the exporting process, a Canadian food partner should be identified in order to enter the Canadian Market. This can be a broker, distributor or importer. The

²¹⁷ "How CETA will benefit Canada's key economic sectors" available at: www.international.gc.ca/trade-agreements-accords-commerciaux/assets/pdfs/ceta-aecg/final_sectors_content-eng_v11.pdf

²¹⁸ Ibid.



Canadian market should be carefully evaluated, and the partner will play a key role in this. The food partner will be able to assist exporters through the import regulatory process to the Canadian market.

All foods sold in Canada are subject to the *Food and Drugs Act and Regulations*, which contains health and safety requirements, labelling requirements and provision preventing deception and fraud. Canada follows packaging and container regulations for fruits and vegetables, as well as possibly the need for licensing, permits and certificates. Container sizes are mostly stipulated in the agriculture regulations available [here](#).

Market Takeaway: Fresh Fruits and Vegetables

Consumption: Consumption of fresh fruits and vegetables is increasingly in demand, in-line with health consciousness and dietary trends. However, consumption is especially limited by price sensitivity as Canadian consumers are willing to substitute for purchases of products with similar perceived benefits.

Competition: Low levels of domestic production due to unsuitable climate for many fresh fruits and vegetables. Important source markets for fruits and vegetables in US and Latin America, as well as increasingly Asia.

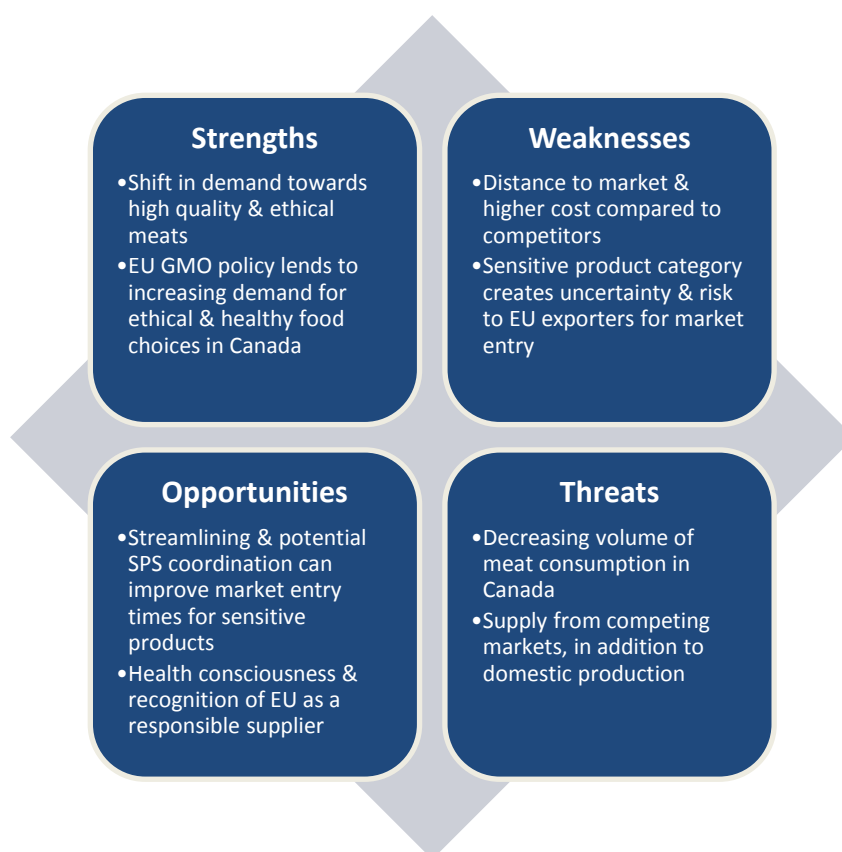
Distribution: Majority of sales take place off trade through supermarkets, with high competition from discounters, bulk retailers and hypermarkets adept at passing price savings to consumer. Upmarket HoReCa is an important consumer, with fresh fruits and vegetables as ingredients for food preparations.

Challenges: Distance to market and price sensitivity for important segment of Canadian consumers, particularly in view of low exchange rate CAD:EUR

Opportunities under CETA: Tariff liberalisation for HS Chapters 7 and 8 (Vegetables and Fruits). Potential for further SPS coordination through CETA.

5.7 Market Snapshot: Fresh Meat

In Canada, the market for fresh meat is well-developed and highly competitive. The industry is characterised by its maturity and low revenue volatility. The meat industry is the largest sub-sector within the overall food processing industry, providing around 65,000 workplaces all over the country. Meat products are a main pillar in the Canadian cuisine and consistently present among all Canadian provinces. The average per capita consumption is 68.1 kilogrammes per annum, well over the EU28 average.²¹⁹ Overall, the Canadian market for meat products is expected to grow at 1.7 per cent CAGR in value terms until 2020.²²⁰ The country's main categories of fresh meat products are poultry, beef and pork.



5.7.1 Consumption

Overall meat consumption has been in decline in Canada, decreasing by 2.5 per cent for the biggest categories chicken, beef and pork between 2010 and 2014. According to OECD data, on average meat consumption in Canada touched 68.1 kg in 2015. The

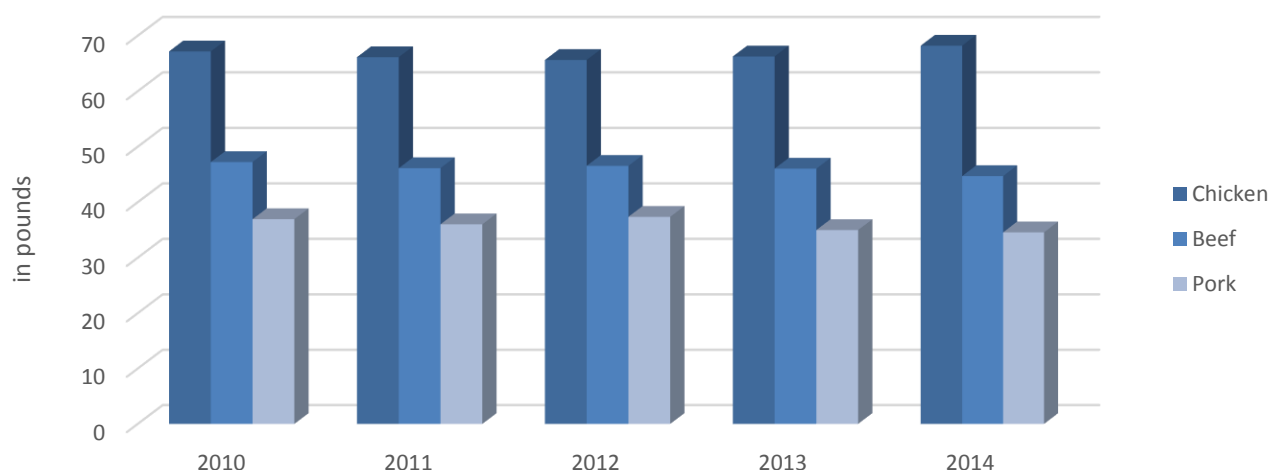
²¹⁹ "Meat consumption" 2015 available at: <https://data.oecd.org/agroutput/meat-consumption.htm>

²²⁰ "Consumer and Market Insights: Meat in Canada" December 2016 available at: <http://www.prnewswire.com/news-releases/consumer-and-market-insights-meat-in-canada-300380340.html>



biggest share of which was poultry, followed by beef and pork.²²¹ Despite the overall decline in meat consumption, there is a long-term consumer trend towards higher priced and quality meat in the country.²²² Certain categories of meat have been more affected by the consumption decline in particular beef which is expected to weaken by 3.4 per cent up to 2020. For the same period a rate of consumption decline of 0.2 per cent for pork is expected.²²³

Figure 117) Annual per Capita Consumption of Selected Types of Meat



Statista

5.7.1.1 Consumer Profile and Trends

The key driver of this overall development is increasing health consciousness among Canadian consumers in combination with the sharp price increases red meat. As livestock prices augmented due to falling herd numbers, the consumer price of red meat increased by 9.9 per cent in 2015. Altogether, health trends have led to consumer shifts in Canada from red meat to poultry, fish and vegetable-based protein sources.²²⁴

New demand growth is expected to be driven by consumers who pay attention to issues such as health, environment and animal treatment. The driver for demand is hence expected to be in the category of premium meat products that are grass-fed, organic, antibiotic-free or hormone-free varieties.

²²¹ "Meat consumption" 2015 available at: <https://data.oecd.org/agroutput/meat-consumption.htm>

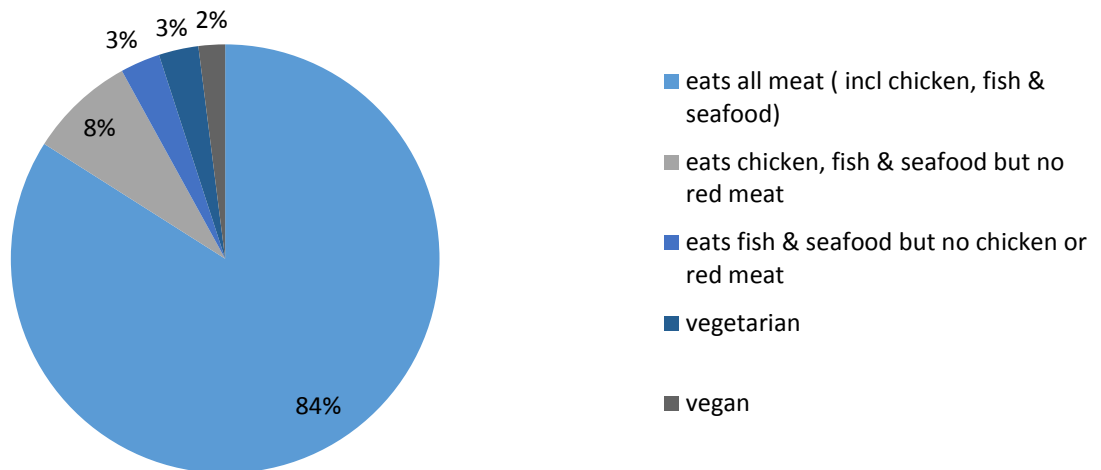
²²² "Consumer and Market Insights: Meat in Canada" December 2016 available at: <http://www.prnewswire.com/news-releases/consumer-and-market-insights-meat-in-canada-300380340.html>

²²³ "Beef & Pork Wholesaling in Canada" February 2017 available at: <https://www.ibisworld.ca/industry/beef-pork-wholesaling.html>

²²⁴ Ibid.

In general the Canadian consumer eats all types of meat from red meat including beef, veal, pork and others, to poultry, fish and seafood. A relatively small but steadily growing consumer segment limits their meat consumption to poultry, fish and seafood. This trend is believed to be driven by the relatively lower costs for poultry as much as the long-term illnesses which have been tied to red meat consumption. The Canadian consumer profile shows further a growing number of consumers that refrain from meat consumption altogether and live off vegetarian or vegan diet.

Figure 118) Canadian Consumer Profile on Meat Eating Habits



Statista

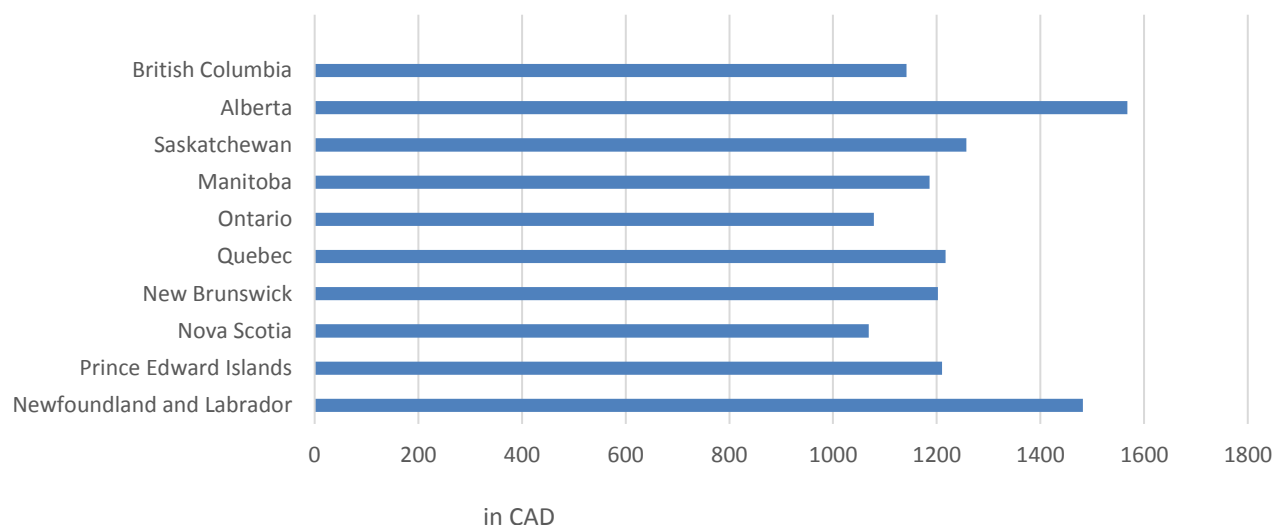
Changing demographic trends in terms of ethnic diversity are expected to reshape meat consumption and the culinary culture in Canada. As diverse ethnic groups tend to have differing preferences in meat consumption, the meat industry will be demanded to introduce new products and expand the ethnic niche market also in respect to halal and kosher slaughtering.

The average Canadian household spends 1,241 CAD (887 EUR) annually on meat products. With an average of 1,568 CAD (1,121 EUR). The province with the highest expenses on meat products is Alberta, followed by Newfoundland and Labrador spending an average of 1,482 CAD (1,059 EUR) per year on meat.²²⁵

²²⁵ "Average household expenditure by Canadian province" available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil130a-eng.htm>



Figure 119) Average Annual Household Expenses on Meat



Statistics Canada

5.7.1.1.1 Bovine

Overall, demand for bovine meat is decreasing in Canada due to (i) price hikes of bovine meat in recent years, (ii) the shift towards and increasingly older population, which typically consumes less bovine meat and (iii) the overall bad health reputation of red meat. Despite this decline in consumption beef continues to be the country's most-consumed type of red meat and beef consumption averaged around 880,000 tonnes in 2015 and 2016. About 18 kilograms of retail weight is purchased by the average Canadian consumer.²²⁶

Demand for beef usually increases during the months of spring and summer and declines during winter. Beef consumption in Canada is fairly seasonal, as beef is for example a popular component of summer barbecues in the country.

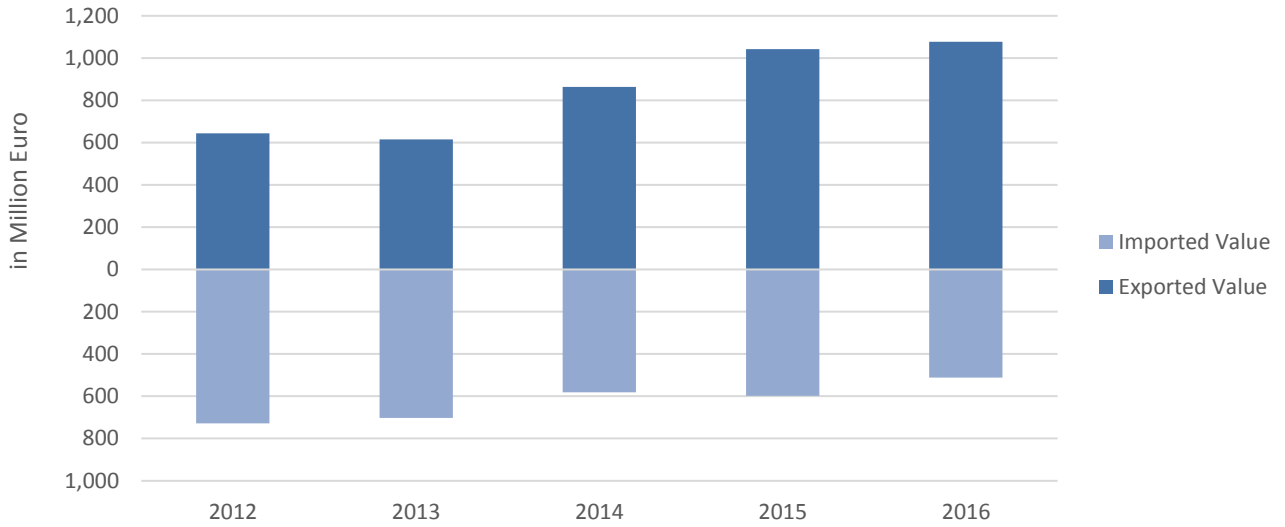
Canada is in general a net exporter of beef and veal products. The industries exports are largely directed towards the US market, making up for an average of 75 per cent of Canadian beef and veal exports. The next largest export markets are Mexico and Japan, and Hong Kong, China which combined make up 98 per cent of total export volumes in 2016. All other markets together represent the remaining 2 per cent of Canadian beef exports²²⁷.

²²⁶ "Industry Stats" available at: <http://www.cattle.ca/resources/industry-stats/>

²²⁷ ITC trademap available at: http://www.trademap.org/tradestat/Country_SelProductCountry_TS.aspx



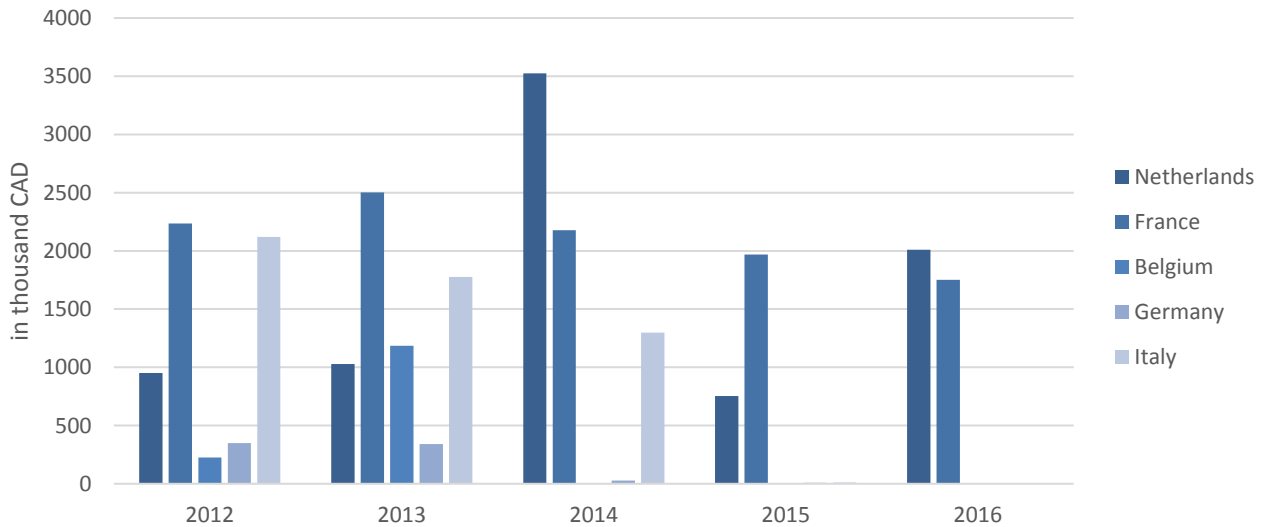
Figure 120) Canadian Beef Imports and Exports



ITC Trade Map

The country's biggest export market is the United States, followed by Mexico and Japan. The country's exports to the European Union on the other hand are way below the US level. From 2012 to 2016 the biggest EU importers of Canadian bovine meat were the Netherlands, France, Belgium, Germany and Italy. Aside from an increase of imports to the Netherlands, Canadian beef imports in the EU have decreased starkly over the past years.

Figure 121) value of Canadian meat imports from selected EU Member States



ITC Trade Map

After excluding EU bovine meat products for nearly two decades, Canada has recently reopened its market to beef from 19 EU member states (*excluding: Hungary, Poland, Romania, Bulgaria, Croatia, Lithuania, Malta, Estonia and Latvia*).

5.7.1.1.2 Pork

Pork consumption in terms of fresh and frozen meat in Canada remains behind beef. With an average per capita consumption of 15.7 kilogrammes annually, Canadian pork consumption is lower than EU28 average. Nonetheless, pork remains an important meat product in the Canadian market, particularly in the cuts of chops, loins and ribs.

In Canada the price and availability of pork are relatively volatile and domestic demand displays seasonal characteristics as loin and rib prices rise in the summer due to barbecue season and during Christmas and Easter Canadian's show distinct seasonal demand for pork products as they are traditionally part of the holiday dining tables.²²⁸

Over the past few years domestic consumption of pork meat has decreased at a faster rate than beef in Canada. This decreasing consumption is widely attributed to health and food safety concerns. Consumer Demand Studies have revealed that a variety of factors are influencing consumer's decision to purchase pork meat.

Figure 122) Summary of Consumer Demand Study



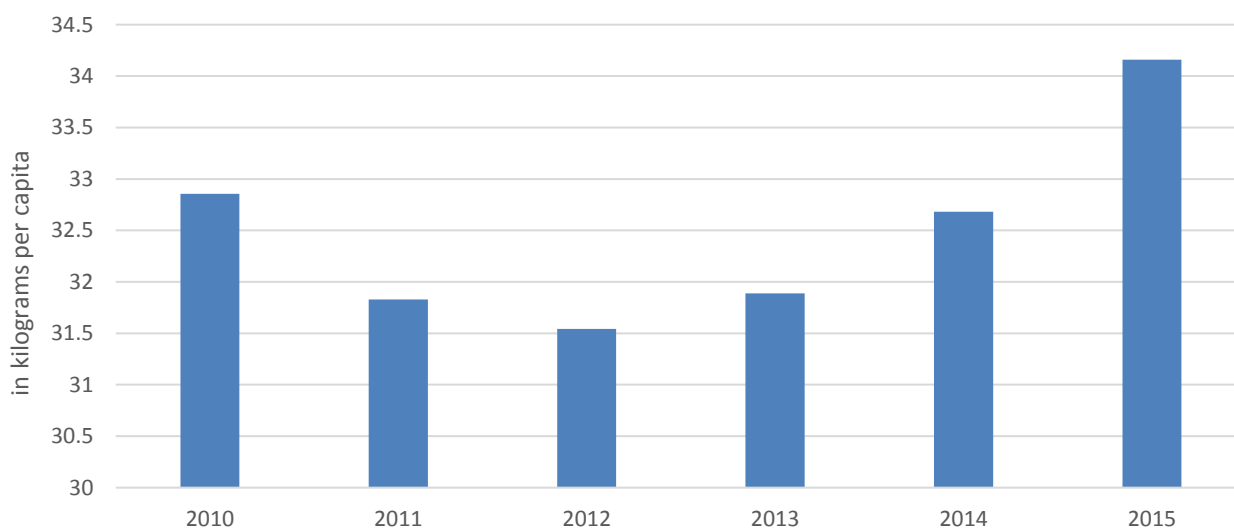
Alberta Agriculture and Forestry

²²⁸ "Marketing of Canadian Pork" available at: <http://www.canadapork.com/en/industry-information/marketing-of-canadian-pork>

5.7.1.1.3 Chicken and Poultry

Overall, Canadian consumers are increasingly purchasing poultry and in particular chicken meat. The strong domestic market demand from the Canadian retail and foodservice sectors is believed to be caused by the competitive price of poultry meat in comparison to red meat and the changing consumer preferences towards leaner, white meat. Poultry has become an attractive substitute for red meats for Canadian consumers and per capita consumption has increased in recent years to 34.16 kg per capita.²²⁹

Figure 123) Canadian per Capita Consumption of Poultry Meat



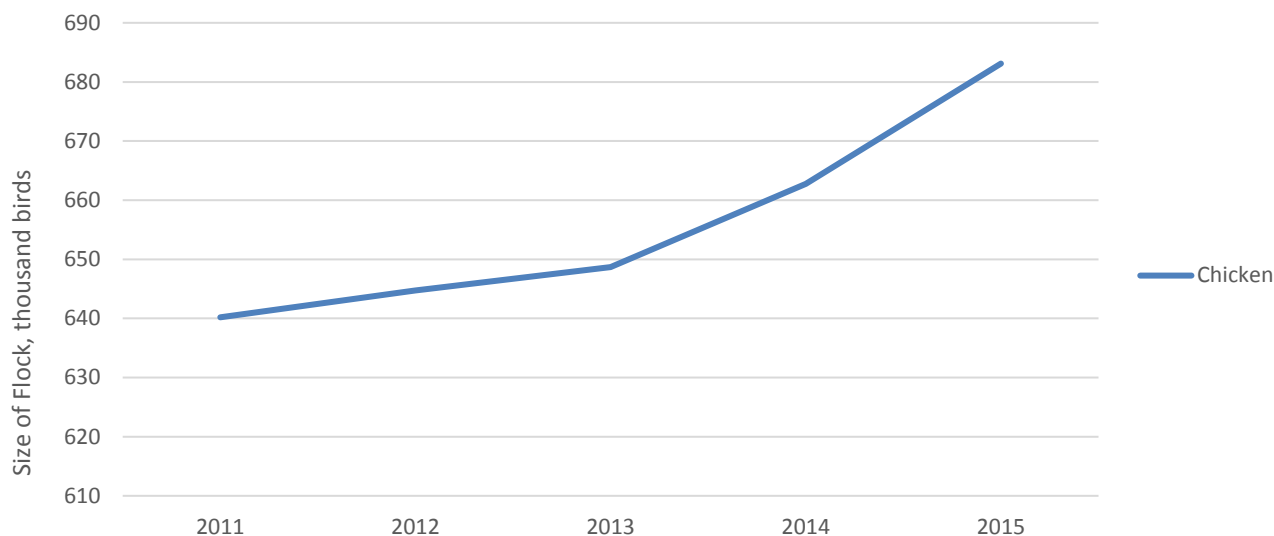
Organisation for Economic Co-operation and Development

It is expected that future growth of the poultry industry will be largely supported by population growth and the ethnic composition of Canada's immigration. As many new Canadian's, particularly from Asian or African origin have a stronger preference for chicken meat versus red meat.²³⁰

²²⁹ "Meat consumption", February 2017 available at: <https://data.oecd.org/agroutput/meat-consumption.htm>

²³⁰ "Canada Poultry and Products", August 2014 available at: <http://www.thefarmsite.com/reports/contents/CanadaPoultry28Aug2014.pdf>

Figure 124) Evolution of Poultry Production



Statistics Canada

In Canada, by far the biggest amount of poultry products is purchased in the off-trade. The retail sector made up 61 per cent of Canada's chicken purchases in 2015. On-trade sales as in Fast Food and Service restaurants accounted for lower sales

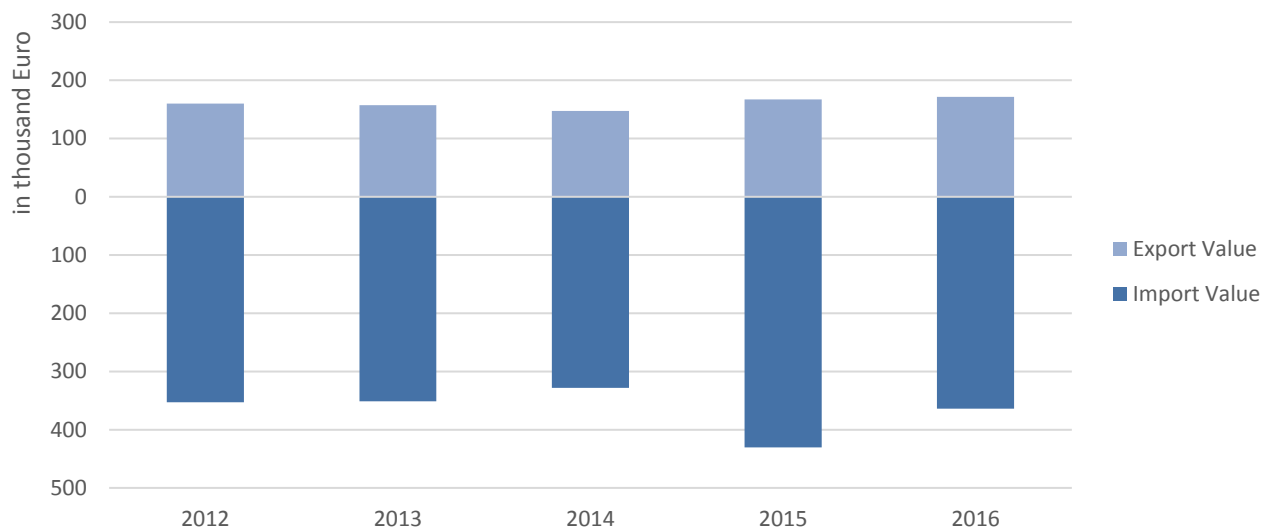
By taking account of the shifting consumer preferences and the health and safety concerns of the consumers, producers have the potential to drive growth in meat consumption. Demand Studies show that home consumption can be increased by (i) offering more convenient and easy to prepare products; (ii) displaying health-halo descriptors, such as "without antibiotics and "sustainable meat" (iii) offering leaner cuts and (iv) prominently displaying quality assurance certificates.²³¹

²³¹ "Marketing of Canadian Pork" available at: <http://www.canadapork.com/en/industry-information/marketing-of-canadian-pork>



Overall, Canada maintains a trade deficit in poultry products. The countries' major trading partner for poultry meat is the United States. As for poultry products the largest EU trading partners are Hungary and France. Next to the U.S the largest export market for Canada's poultry meat is Taiwan, the Philippines and Hong Kong.

Figure 125) Canada's Trade Balance in Poultry Products with Leading Partners



ITC Trade Map

5.7.1.2 Challenges for EU products

As with many food categories Canada has a mature consolidated fresh meat market difficult to enter for new producers. The meat industry faces shrinking sales particularly for beef and pork. This trend is applicable to poultry meat, due to its perceived health benefits.

In addition, the rising popularity of "buy local" movements will constitute a challenge for EU meat exporters. Increasing awareness of environmental issues is having a growing impact on sub-trends, such as buying locally sourced products. Reports state, that around two-thirds of Canadians have made an effort to buy local or Canadian-made products in the past year.²³²

Canada is favourably endowed with the factors of production needed for meat production, which allows the country to be one of the world's major beef and pork producers. Nonetheless, the Canadian cattle industry largely engages in grain-fed upbringing, while consumers increasingly support grass-fed livestock meat.²³³ Canada has been an

²³² "Business Development Bank of Canada: Mapping your Future Growth" October 2013 available at: https://www.bdc.ca/Resources%20Manager/study_2013/consumer_trends_BDC_report.pdf

²³³ "Structure of the global markets for meat" September 2003 available at: https://www.ers.usda.gov/webdocs/publications/aib785/30786_aib785-1_002.pdf



importer of these products and will likely remain to be so. European producers can hence find entrance into the market with responding to these changing consumer preferences.

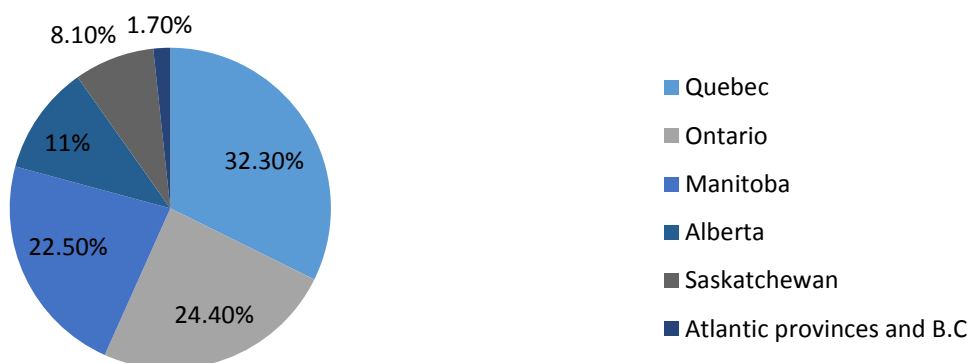
5.7.2 Offer

Domestic production of fresh meat in Canada is well-established and highly regulated. Canada runs a positive trade balance for pork and bovine meat and is among the Top 10 exporters worldwide for both commodities. The country nonetheless maintains a net deficit for Poultry product and remains a net importer in this category.

5.7.2.1 Main Competitors

Pork production is a well-established industry in Canada and the country ranks among the Top 10 pork producers worldwide. There are around 7,000 pig farms distributed among all provinces. In recent years the number of pig farms has declined resulting in lesser but bigger establishments breeding an average of 1,720 hogs. The largest farms in Canada are located in the provinces of Manitoba (4,831 hogs per operation) and Quebec, followed by Saskatchewan (1,986).²³⁴

Figure 126) Number of Hogs by Province (in per cent)



Statistics Canada

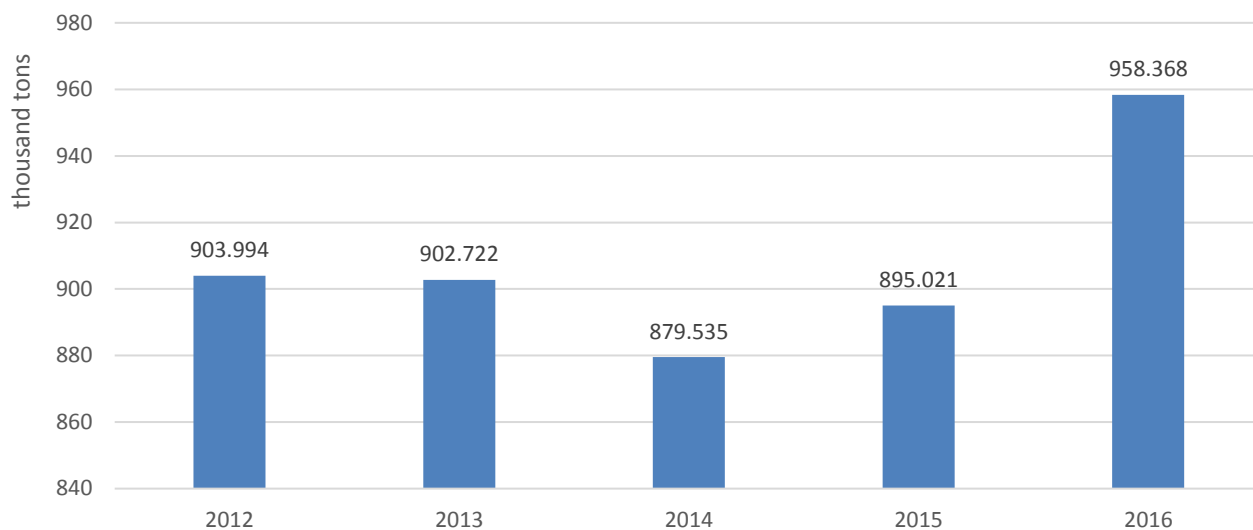
Pork is a major Canadian agri-food export product the industry relies on a mature and well-established export infrastructure including trading houses, transportation and other service components. In 2015 the country exported 895,021 tons of pork at a value of 2,021 billion EUR.²³⁵ The biggest export markets for the Canadian pork industry are the United States, with an average share of 43.7 per cent of industry exports, followed by Japan which accounts for 29.9 per cent of Canada's pork export share.

²³⁴ "The changing face of the Canadian hog industry" 2011; available at: http://www.statcan.gc.ca/access_acces/alternative_alternatif.action?l=eng&loc=http://www.statcan.gc.ca/pub/96-325-x/2014001/article/14027-eng.pdf

²³⁵ ITC Trade Map



Figure 127) Canadian Pork Exports

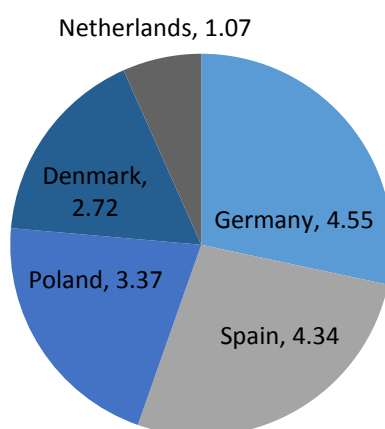


ITC Trade Map

In total EU exports in 2016 have amounted to 17.22 per cent of total pork imports to Canada. The amount of pork exported from the EU to Canada has increased from 30.6 million CAD (21.9 million EUR) to a total of 108.1 million CAD (77.3 million EUR) in the years between 2012 and 2016, amounting to an average increase of about 353 per cent. The largest EU pork exporters to Canada are Germany, Spain and Poland.²³⁶

²³⁶ "Report – Trade Data online" February 2017 available at:
https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?naArea=9999&searchType=KS_CS&hSelectedCodes=%7C20311%7C20312%7C20319%7C20321%7C20329%7C20630%7C20641%7C20649&productType=HS6&reportType=TI&timePeriod=5%7CComplete+Years¤cy=CDN&toFromCountry=CDN&countryList=specific&areaCodes=R923&grouped=GROUPED&runReport=true

Figure 128) Largest EU Pork Exporters to Canada.




in percentage of Canadian imports

Statistics Canada

5.7.2.2 Entry Requirements and Changes under CETA

Food labelling in Canada falls under the jurisdiction of the CFIA. A variety of food labels exist in the country and a vast majority of them are according to self-defined guidelines.

Figure 129) Meat Product Labelling Requirements in Canada

"Organic"		Highly regulated label – Canada Organic Standard Regulation. Regularly inspected and does not permit use of : <ul style="list-style-type: none"> • synthetic pesticides, synthetic fertilisers, or sewage sludge; • genetically modified organisms; • ionizing radiation; or • growth hormones for animals that produce meat, poultry, eggs, and dairy products
Grass fed & Grass finished		Un-regulated label, refers to feed on pasture rather than grain-fed system.
Corn fed & Grain fed		Un-regulated label, refers to feed on corn for livestock.
Free Range		Un-regulated, primarily referred to Chicken with outdoor access during breeding.
Antibiotic Free/ Hormone Free		Un-regulated, refers to the duration in which the animal was raised without the use of antibiotics.

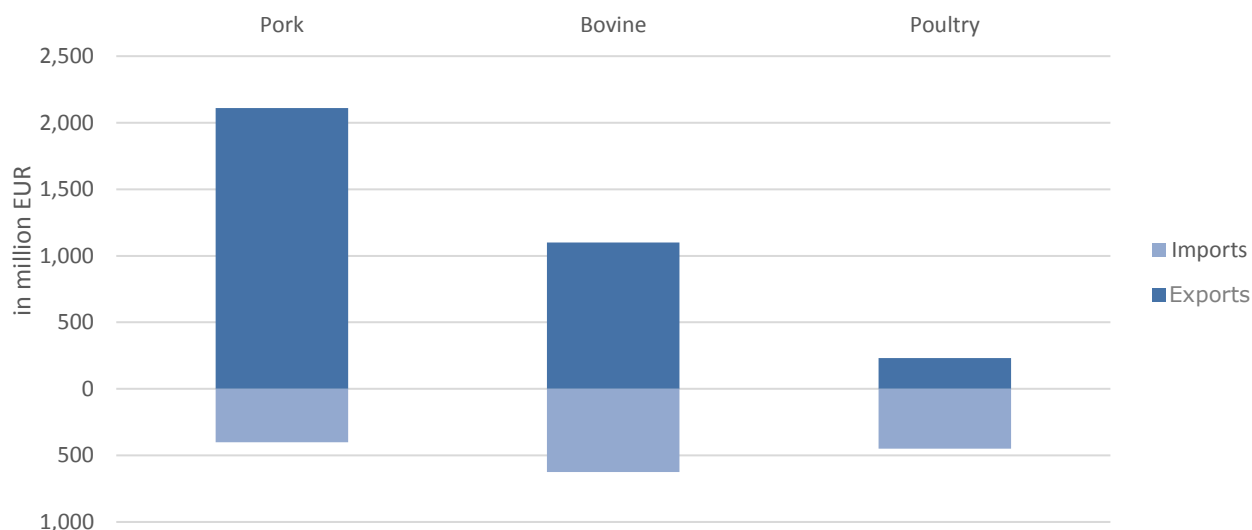
Canadian Food Inspection Agency

Despite the decrease in numbers of Canadian farms the average farm size has increased by 7 per cent over the recent decade. Meat production is increasingly organised around



a smaller number of farms with greater herds each year. Further, the size of cattle and calve meat production has slightly decreased over the past 5 years however, the Canadian pork industry has maintained its high production level.

Figure 130) International Trade in 2015 with Leading Partners (excluding frozen meat)



ITC Trade Map

Canada’s supply management system aimed at aligning demand and production in the poultry sector operates with (i) import controls, (ii) production planning and (iii) producer pricing. It is therefore that imports of poultry products are highly regulated in Canada. The volume of poultry products imported is limited by tariff rate quotas and domestic production is regulated by provincial and federal government entities. Canada’s supply management system in regards to poultry will remain untouched by CETA.²³⁷ Hence, poultry products will continue to have substantial market access entry barriers under CETA with prohibitive tariffs of up to 249 per cent.²³⁸

Most meat products will benefit from tariff liberalisation under CETA, except for Poultry meat and products, market access into Canada will be fully liberalised at zero in-quota rates. European Union exporters will have duty – and quota free access to the Canadian Market. This circumstance will significantly improve the competitiveness of EU meat products in the country and give EU producers the opportunity to increase their exports to Canada.²³⁹

²³⁷ “Canada’s poultry import regime” available at: <http://www.agr.gc.ca/enq/industry-markets-and-trade/statistics-and-market-information/by-product-sector/poultry-and-eggs/poultry-and-egg-market-information/imports-and-exports/canada-s-poultry-import-regime/?id=1384971854404>

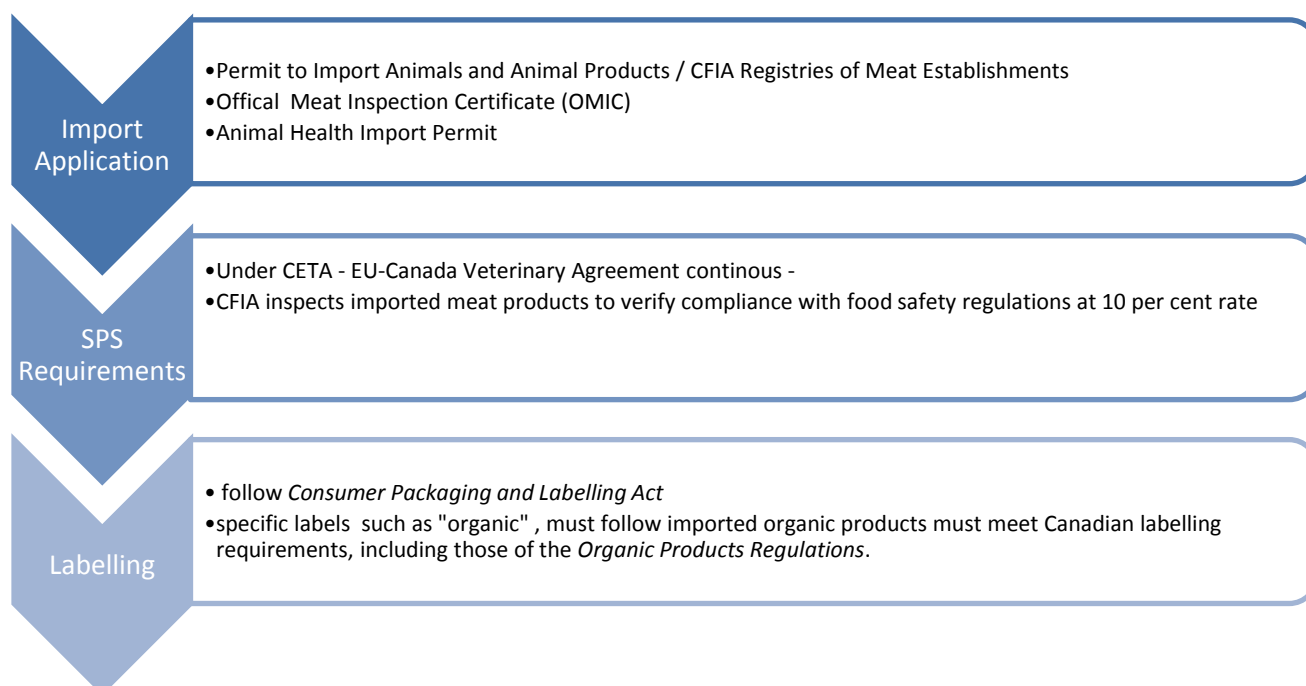
²³⁸ “Comprehensive Economic and Trade Agreement”

²³⁹ Consultation with Centre de Liaison des Industries Transformatrices de Viandes de l’Union Europeene and Austrian Chamber of Commerce.



In general imports of fresh meat are regulated in the Meat Inspection Act (MIA) and need to be administrated with specific documentation and registration requirements. These include Official Meat Inspection Certificates, Customs Invoices and the Request for documentation Review Form. On general SPS requirements, EU meat producers registered and certified in an EU Member State can benefit from the fact that CETA has aligned EU and Canadian SPS standards. The specific SPS and import requirements may however vary according to specific products and the province destined for the export. All exporters are advised to consult with a reliable import partner and officials from Global Affairs Canada and the Canada Border Service Agency for concrete information on Canadian import procedures regarding fresh meat imports.

Figure 131) Import Flow for Meat Products in Canada



Canadian Food Inspection Agency

Further information can be obtained by the Canadian Automated Import Reference System(AIRS)

<http://www.inspection.gc.ca/plants/imports/airs/eng/1300127512994/1300127627409>

5.7.3 Distribution

Meat products in Canada are largely purchased in retail channels such as supermarkets and grocery stores. There are around 38,621 Food and Beverage selling stores in

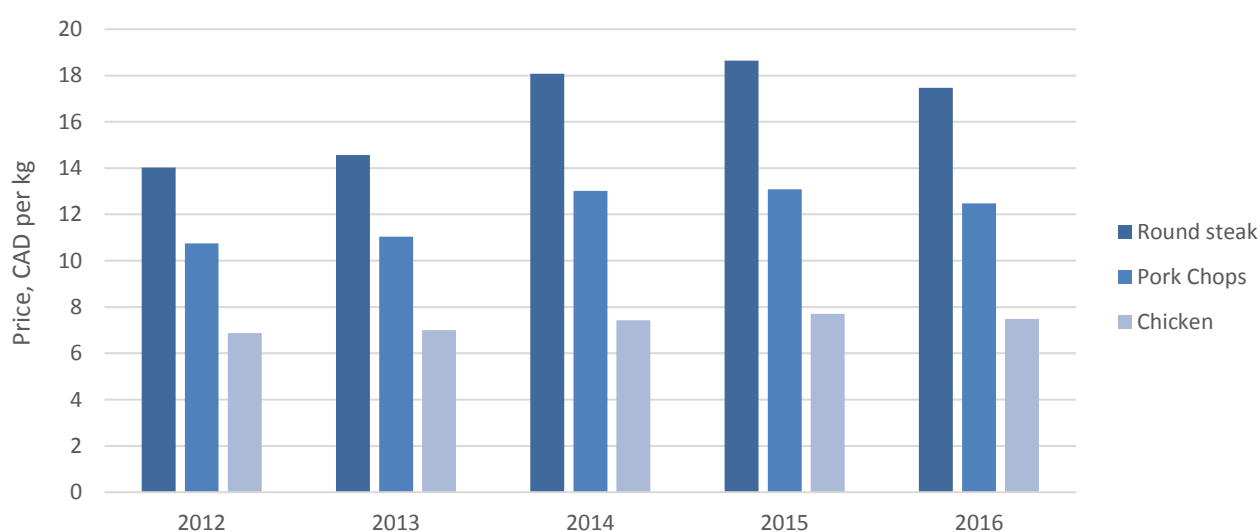


Canada.²⁴⁰ In addition, meat products are linked to the consumer via specialty food stores such as meat markets and ethnic markets.

These Canadian supermarkets, hypermarkets and grocery stores selling meat products are usually supplied via the wholesaling industry. In Canada, the beef and pork wholesaling industry generates revenues of up to 6.9 billion EUR and currently comprises 698 enterprises.²⁴¹

In Canada, retail prices for fresh meat products have gone up in over the past five years by an average of 30 per cent for beef products, 16 per cent for pork products and 8 per cent for Chicken.²⁴²

Figure 132) Retail Prices by Selected Fresh Meat Products



Statistics Canada

However, in order to save costs food retailers are increasingly purchasing meat products directly from producers rather than purchasing from wholesalers. This tendency to bypass wholesale is expected to continue over the next five years and supported by the fact that retail chains in Canada are continuously enlarging and able to invest in their own distribution operations.²⁴³

²⁴⁰ "Summary - Canadian Industry Statistics" February 2017 available at: <https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/44512>

²⁴¹ "Beef & Pork Wholesaling in Canada" February 2017 available at: <https://www.ibisworld.ca/industry/beef-pork-wholesaling.html>

²⁴² "Food and other selected items, average retail prices" February 2017 available at: <http://www.statcan.gc.ca/tables-tableaux/sum-som/I01/cst01/econ155a-eng.htm>

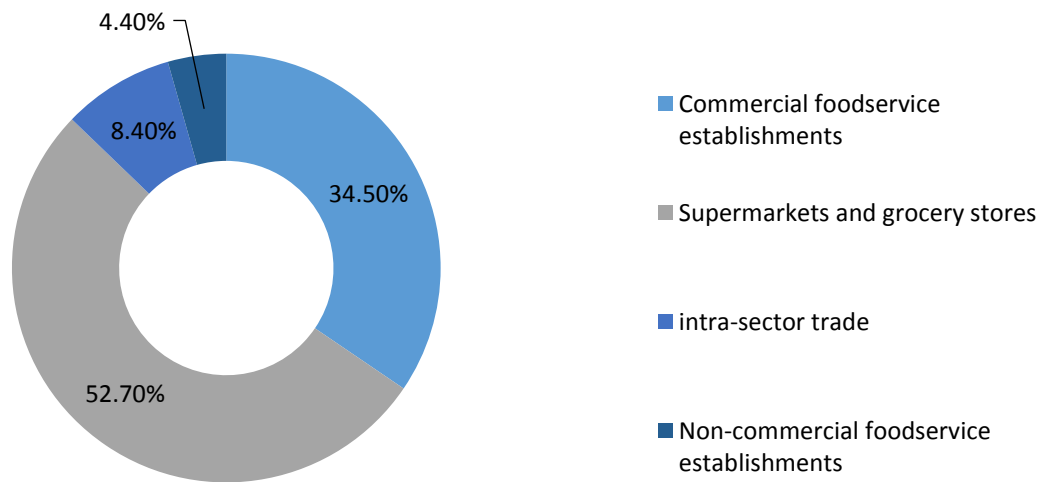
²⁴³ "Beef & Pork Wholesaling in Canada" February 2017 available at: <https://www.ibisworld.ca/industry/beef-pork-wholesaling.html>



A large segment of fresh meat is further distributed in the on-trade market via food service establishments such as full-service and fast-food restaurants, bars, cafes and catering companies. Consumer spending in this specific sector has increased in the past five years and is expected to continue growing. In particular for meat wholesalers this sector has growth potential as in contrast to large-scale retail stores, food service establishments purchase meat products usually indirectly and so are less inclined to buy directly from meat producers.

Fresh meat products are further purchased in large schools and universities, hospitals and other state –run institutions. Fresh meat products are served as a part of the daily dishes as meat is a familiar part of the Canadian diet. These institutions purchase their fresh meat products largely over the wholesaling industry.

Figure 133) Market Segmentation of Wholesaling Industry



Ibisworld

Market Takeaway: *Fresh Meat*

Consumption: Declining consumption of red meats in-line with health-consciousness and ethical motivations, however continued performance of poultry sales.

Competition: Very well-developed and protected domestic supply industry. US is a leading exporter of fresh red meats to Canada.

Distribution: Excellent cold storage and distribution infrastructure; approximately one-third of fresh meat sales are on trade compared with more than half through supermarkets.

Challenges: communicated added value and nutrition of EU fresh meats to consumers.

Opportunities under CETA: full liberalisation for fresh red meats, poultry remains exempt

5.8 Market Snapshot: Honey, Gums and Plant Products

Canada's market for honey, gums, resins and plant products is growing steadily. The growth is mainly driven by the fact that Canadians are gaining more disposable income to purchase more products, especially healthy and organic products. As Canadians are becoming more health-conscious they prefer natural products like natural honey or pharmaceutical products made of plant extracts. This offers many opportunities for European producers of honey, gums, resins and plant products.



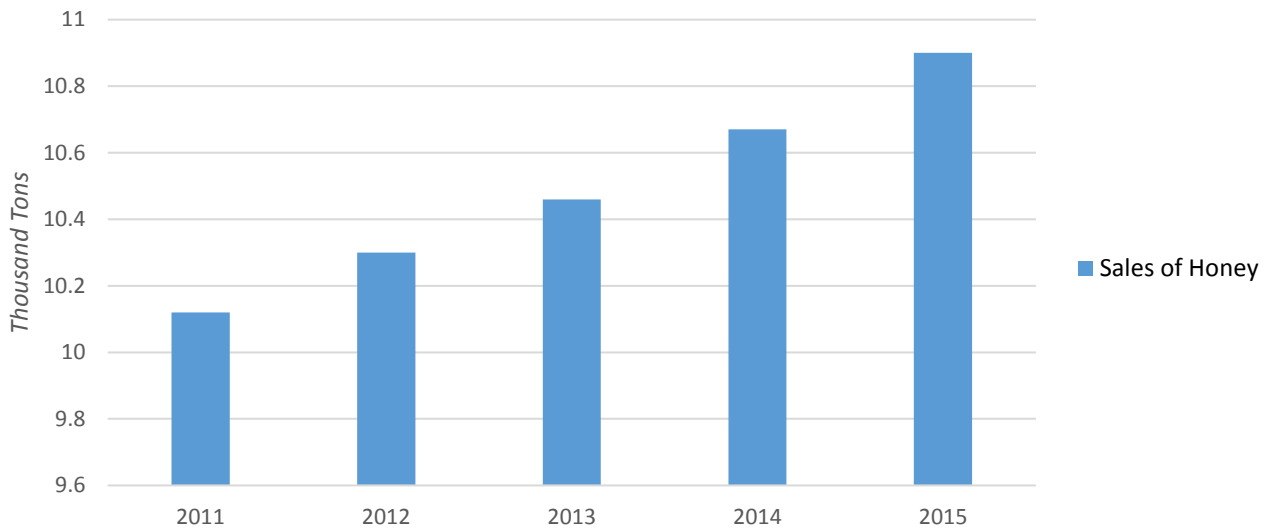
5.8.1 Consumption

Consumption of honey and honey products in Canada is growing steadily. Honey and its related products have seen steady growth, as honey has been increasingly used as a natural sweetener in the midst of recognition that sugar intake needs to be further reduced. This recognition has spurred the purchase of products that have been sweetened with honey instead of refined sugar, like honey spreads, snack bars containing honey or breakfast cereals sweetened with honey. Honey is also being increasingly used as a sweetener for tea and in some cases also for coffee. According to Euromonitor International, Honey is projected to maintain growth with a CAGR of 1.7 per cent in volume and 4.7 per cent at constant 2015 prices to reach 12,000 tons and 172 million



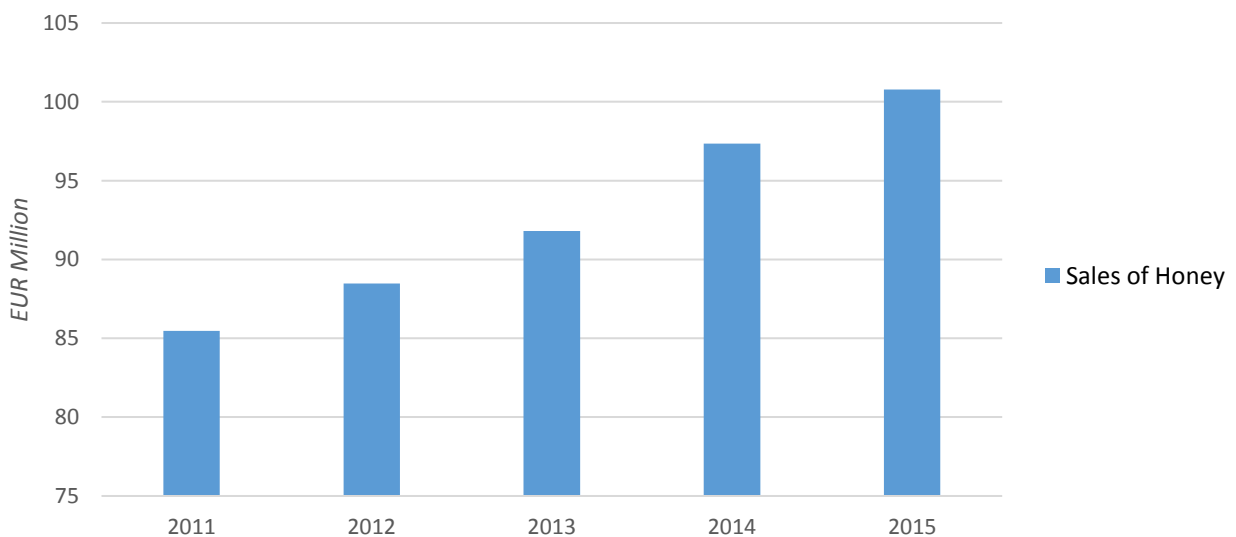
CAD (approximately 123.8 million EUR by 2020).²⁴⁴ Below tables show the evolution of Canada's honey consumption during past five years by volume and by value. The growing trend in honey consumption is evident.

Figure 134) Sales of Honey in Canada from 2011 to 2015 by Volume



Agriculture and Agri-Food Canada

Figure 135) Sales of Honey in Canada from 2011 to 2015 by Value



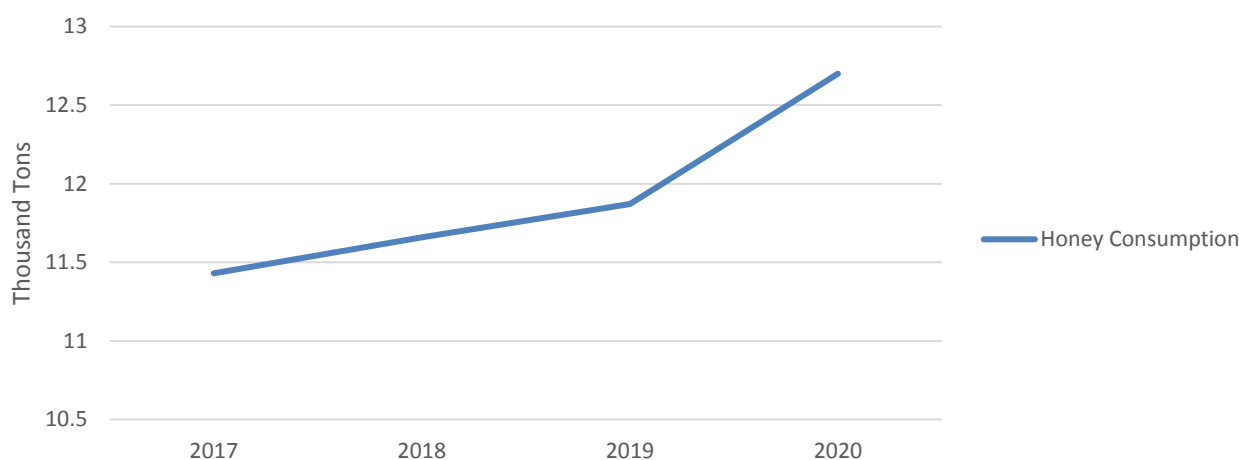
Agriculture and Agri-Food Canada

²⁴⁴ "Spreads in Canada" November 2016 available at: <http://www.euromonitor.com/spreads-in-canada/report>



The consumption of honey is forecasted steadily grow over the next five years. According to Agriculture and Agri-Food Canada market analysis, this will be in part due to the heightened interest in health and wellness amongst Canadian consumers and the World Health Organization (WHO) publication on new guidelines on sugar intake (just 6–12 teaspoons per day). Agriculture and Agri-Food Canada market analysis prognoses that the recent WHO report will potentially trigger consumer's preference for reduced-sugar and supplementation with natural sweeteners such as honey.²⁴⁵ This will mean growing market potential for honey and honey products. Below table shows the forecast for honey consumption in Canada until 2020.

Figure 136) Honey Consumption Forecast in Canada by 2020



Agriculture and Agri-Food Canada

Similarly to honey, market for gums, resins and other plant products is also growing, driven by the growth in organic chemical manufacturing industry in Canada. Gums, resins, latexes and other plant extracts are employed in a wide range of food and pharmaceutical products like food additives, perfumes, balsams, etc. and in several other technical applications. The organic chemical manufacturing industry is has experienced moderate growth over the past five years since increased consumer spending sparked a recovery in the manufacturing sector in 2011 after the financial and economic recession in. Because organic chemicals are commonly used as an input for consumer products, the industry benefited from sharp recovery in demand for staples, such as soaps, detergents and gasoline, as these products all require organic chemicals as an input. In the coming years, the organic chemical manufacturing industry is expected to expand,

²⁴⁵ "Spreads in Canada" November 2016 available at: <http://www.euromonitor.com/spreads-in-canada/report>



buoyed by rising domestic and global demand for chemical products.²⁴⁶ This would further increase Canada's demand for gums, resins and other plant extracts.

5.8.1.1 Consumer Profiles and Trends

Despite rising household debt and real estate prices, Canadian consumers are unlocking their buying power to meet their consumption needs. As Canadians are gaining more disposable income, their consumption of food and beverages products is rising along with it. Currently 44 per cent of the Canadian population has an annual income of over 35,000 USD (approx. 33,000 EUR), from which they spend about 12 per cent on food and beverages.²⁴⁷ As Canadians are becoming more health-conscious they are also willing to spend more on organic and healthy products.

According to the Business Development Bank of Canada study, Canadians are becoming increasingly conscious, especially seniors, leading many to pursue a healthier lifestyle and integrate preventive health measures into their daily lives. According to the study, by 2031, 25 per cent of Canadians will be over 65 years old, so this health awareness trend will only accelerate. One of the significant changes will be that health benefits will matter more in consumers' decision making. Already now half of Canadians consider the health impact of a product when making purchasing decisions and one-third claim they are willing to pay a premium for healthy products.²⁴⁸

According to Euromonitor, the rising health consciousness is manifested in not only a consumer desire for health benefits and added value in food and beverages but also, in many cases, a wider range of demand for natural products and products free from artificial ingredients and allergens. Natural has become one of the key claims appealing to consumers and important in the success of brands. In flavoured bottled water, despite the overall weakness and decline in sales, infused water with fruit pieces conveys a natural image and hence is growing positively. Similarly, behind the strong growth of honey is the fact that honey is a naturally healthy sweetener that can replace sugar.²⁴⁹

The Agriculture and Agri-Food Canada market analysis finds that the growing preference for natural products and the growing demand for quality ingredients and clean label products are indications of heightened interest in organic honey in Canada's market.²⁵⁰ Recently there has also been greater demand for kosher certified honey, which is pure

²⁴⁶ "Organic Chemical Manufacturing in Canada: Market Research Report" September 2016 available at: <https://www.ibisworld.ca/industry/organic-chemical-manufacturing.html>

²⁴⁷ "The Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

²⁴⁸ "Business Development Bank of Canada: Mapping your Future Growth" October 2013 available at: https://www.bdc.ca/Resources%20Manager/study_2013/consumer_trends_BDC_report.pdf

²⁴⁹ "Health and Wellness in Canada" April 2016 available at: <http://www.euromonitor.com/health-and-wellness-in-canada/report>

²⁵⁰ "Agriculture and Agri-Food Canada: Honey Product Trends in Canada" July 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/honey-product-trends-in-canada/?id=1467224411621>



raw honey. The demand is driven by the consumption habits of Canadian growing minority groups. For example, amongst the top 10 honey products recently launched in Canada, 60 per cent claimed to be kosher certified.²⁵¹

Canadians are also increasingly buying exotic honey products, i.e. products made of honey that is not produced in Canada. For example the types of honey used in the recent new product launches mainly consisted of traditional Canadian honey but also included Logan honey, Wild flower honey, Manuka honey, Acacia Honey, and Orange Blossom honey which made up 20 per cent of the new product launches in Canada.²⁵² Furthermore, as Canadian consumers become more health-conscious, they are likely to buy more honey with proven health-boosting and immunity system strengthening characteristics like the Manuka honey.

Canadian consumers are also becoming more aware of climate change and sustainable production issues and are thus also likely to be more eco-friendly in their consumption patterns and prefer food and beverages providers who are more socially and ethically responsible.²⁵³ This means that European producers who are known for ethical honey production may find increasing opportunities in Canada for their products.

Increased disposable income and increased health-consciousness are also driving growth of traditional herbal healthcare products, including remedies (topical analgesics, sleep aids products, cough, cold and allergy (hay fever) remedies and digestive remedies) and vitamins and dietary supplements (dietary supplements and tonics) which have registered current value growth of 3 per cent in 2016.²⁵⁴ The same factors are also increasing the demand for organic beauty and personal care products. As many of these products include gums, resins and other plant products, demand for these raw materials is also growing.

5.8.1.2 Challenges for EU Products

In Canada, in the recent years, there has been an increasing emphasis on "Made in Canada" products, with the Buy Local campaign influencing about 45 per cent of Canadian consumers to make an effort to buy local products.²⁵⁵ This can be challenging for the European producers of honey because honey is especially susceptible product for this type of campaigns, as there are numerous studies suggesting that local honey has

²⁵¹ "Agriculture and Agri-Food Canada: Honey Product Trends in Canada" July 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/honey-product-trends-in-canada/?id=1467224411621>

²⁵² Ibid

²⁵³ "The Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

²⁵⁴ "Herbal/Traditional Products in Canada" September 2016 available at: <http://www.euromonitor.com/herbal-traditional-products-in-canada/report>

²⁵⁵ "The Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>



the most health benefits for consumers. However, as mentioned above, exotic types honey with proven health benefits are also becoming increasingly popular, allowing for market share also to European producers.

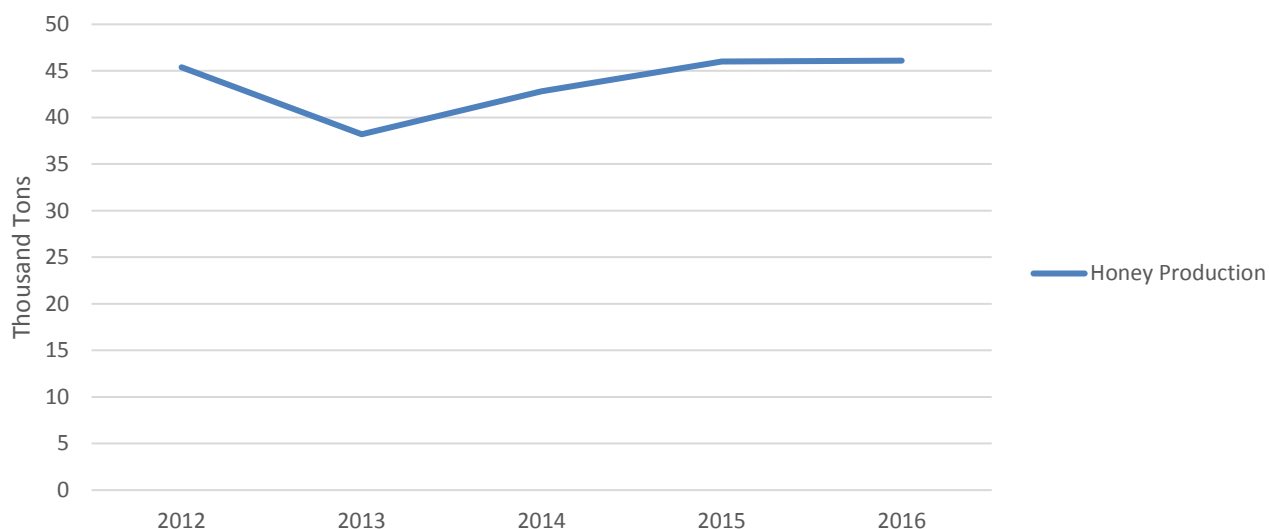
5.8.2 Offer

According to ITC trade map Canada is amongst the world top 10 producers of honey. It is also a net exporter of honey, as Canada's honey industry recorded a positive trade balance of 23.7 million CAD (approx. 17 million EUR) in 2015. Its trade balance in honey has been positive for the past five years and its major export destination is the United States, while the major import source is the Brazil.²⁵⁶

5.8.2.1 Main Competitors

According to Agriculture and Agri-Food Canada, in 2015, over 8,500 beekeepers across Canada kept one or more honey bee colonies, with a total national population of over 720,000 colonies. The total number of honey bee colonies has continuously increased over the past decade, peaking in 2015. The increase in the numbers of colonies correlated with rising honey prices which drove the total value of honey produced in Canada.²⁵⁷

Figure 137) Honey Production in Canada from 2012 to 2016



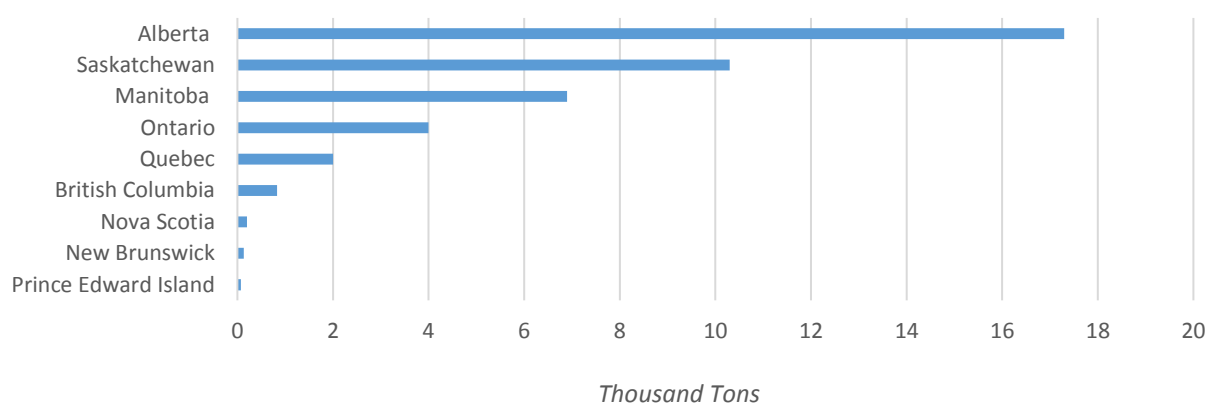
Statistics Canada

²⁵⁶ "Statistical Overview of the Canadian Honey and Bee Industry" 2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-honey-and-bee-industry-2015/?id=1475694004047>

²⁵⁷ Ibid.

The prairie provinces of Alberta Saskatchewan and Manitoba, where long summer days and a favourable crop mix are ideal for foraging, are the major honey producers in Canada. Approximately 475,000 colonies are located in the prairie provinces and they produce 80 per cent of Canada's honey.²⁵⁸ Alberta alone contributed the most to Canada's overall honey production with 45 per cent, followed by Saskatchewan (20 per cent) and Manitoba (17 per cent). Alberta province also experienced the largest increases in honey production in recent years.²⁵⁹ Below table shows Canada's honey production by province.

Figure 138) Honey Production in Canadian by Provinces in 2016



Statistics Canada

Figure 139) Bee Maid Honey Limited Logo



Canadian honey market is a mature market that is dominated by Bee Maid Honey Limited, Kidd Bros Honey and Billy Bee Honey Products Company brands. In honey spreads category Billy Bee Honey Products Company owned 9.8 per cent of market shares, followed by Bee Maid Honey Limited with 3.15 per cent of market shares and Kidd Bros Honey with 1.4 per cent of market share.²⁶⁰

²⁵⁸ "Canadian Honey Council: Industry Overview" January 2017 available at: http://www.honeycouncil.ca/honey_industry_overview.php

²⁵⁹ "Statistical Overview of the Canadian Honey and Bee Industry" 2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-honey-and-bee-industry-2015/?id=1475694004047>

²⁶⁰ "Spreads in Canada" November 2016 available at: <http://www.euromonitor.com/spreads-in-canada/report>

Figure 140) Bee Maid Honey Limited Product Example



Bee Maid Honey Limited is one of Canada's largest marketer of consumer packaged honey with distribution centres around the world. Honey for Bee Maid is produced by beekeepers in the Western Prairies and is packaged in Edmonton, Alberta and Winnipeg, Manitoba. The company offers liquid, natural, and creamed honey. It also offers some products online. Bee Maid Honey Limited was founded in 1954 and is based in Winnipeg, Canada.²⁶¹ Bee Maid Honey Limited benefits from the "Made in Canada" campaign.

Kidd Bros Honey (KB Honey) started in 1884, which makes it the oldest Canadian honey company, still in business and it remains a family run business that is famous for Western Canadian natural raw honey, from British Columbia and Alberta hives. KB Honey sells raw honey, natural honey, liquid honey and creamed honey. KB Honey also markets the famous Western Sage Honey Brand.²⁶² The company also offers kosher certified honey.

Figure 141) KB Honey Product Example



Figure 142) Billy Bee Honey Products Company Product Example



Billy Bee Honey Products Company produces and markets honey in Canada. The company offers white honey and amber honey to industrial users; and liquid and creamed white honey for toast, sandwiches, and muffins in home applications. Its products also include honey mustards; honey roasted peanuts, almonds, and mixed nuts; and honey bear, honey mustard, and assorted honey mustard display shippers. Billy Bee markets its products through food retailers,

stores, and supermarkets in Canada; and exports bulk and packaged pure Canadian honey worldwide. The company was founded in 1958 and is based in Toronto, Canada. As of February 20, 2008, Billy Bee Honey Products Company operates as a subsidiary of McCormick & Company, Incorporated.²⁶³

The market for gums, resins and plant products is dominated by less than 10 major importers that collectively own 80 per cent of the gums and resins market in Canada. Big importers of gums and resins include Caldic Canada Inc., Gum Products International Inc. and Univar Canada Ltd.

²⁶¹ "Company Profile – Canadian Company Profiles" May 2015 available at: <https://www.ic.gc.ca/app/ccc/srch/nvgt.do?prt1=1&estblmntNo=900574310000&profile=cmltPrfl&profileId=501&app=sold&lang=eng>

²⁶² "Canadian Food and Grocery Profile" available at: http://www.contactcanada.com/database/freesearch.php?portal=0a10&action=view_profile&id=14059

²⁶³ "Bloomberg Company Overview" January 2017 available at: <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=7910997>

Caldic Canada Inc. is engaged in the development, manufacture, packaging, and distribution of food ingredients. It offers antioxidants, release agents, bakery concentrates, dough conditioners, and vitamin and mineral enrichment blends. The company provides ingredients, including nutraceuticals, proteins, amino acids, gums, sweeteners, and more. The company was founded in 1989 and is based in Mississauga, Canada.²⁶⁴

Univar Canada Ltd. that is one of the major importers of gums, resins and plant products, distributes chemical products and provides related services in Canada. The company supplies chemicals to agriculture, chemical manufacturing, coatings and adhesives, forestry, mining, water treatment, food ingredients, pharma ingredients, oil and gas, household and industrial cleaning, and personal care product industries. The company was founded in 1950 and is based in Richmond, Canada.²⁶⁵

Figure 143) Caldic Canada Inc. Logo



Figure 144) Univar Canada Ltd. Logo



5.8.2.2 Entry Requirements and Changes under CETA

Currently, honey is regulated by the *Honey Regulations* in Canada, which differ from the general importing regulations imposed on other products. However, bee products such as honeycomb (comb honey), flavoured honey, royal jelly, bee propolis, and bee pollen fall under the jurisdiction of the *Food and Drugs Act* like most other food and beverages. Depending on the intended use of some of these products, including honey, they may also fall under the *Health of Animals Regulations*.²⁶⁶

According to the CFIA, everyone wishing to import honey, needs to ensure that the following points are respected:

²⁶⁴ "Bloomberg Company Information" available at: <http://www.bloomberq.com/research/stocks/private/snapshot.asp?privcapId=6719106>

²⁶⁵ "Bloomberg Company Information" available at: <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=4205048>

²⁶⁶ "Canadian Food Inspection Agency: Canadian Import and Interprovincial Requirements for Honey" February 2014 available at: <http://www.inspection.gc.ca/food/honey/imports-interprovincial-trade/overview/eng/1352740782118/1352740853690#label>

Figure 145) Import Requirements for Honey According to Canadian Food Inspection Agency



For more information about any of these five points, importers should consult the *Canadian Import and Interprovincial Requirements for Honey* available on CFIA's website. Importers are also recommended to check with the Canada Border Services Agency all the necessary documents required by the customs.

Below figure indicates the components of correct honey labelling.

- A. Brand name
- B. Common name (in English and French)
- C. Grade (in English and French)
- D. Colour (in English and French)
- E. Net Quality
- F. The Words Liquid, Creamed, Pressed or Pasteurised (in English and French)
- G. Identity and Principal Place of Business (English or French)
- H. Country of Origin (English and French)
- I. Nutrition Facts Table

Figure 146) Correct Honey Labelling from Canadian Food Inspection Agency

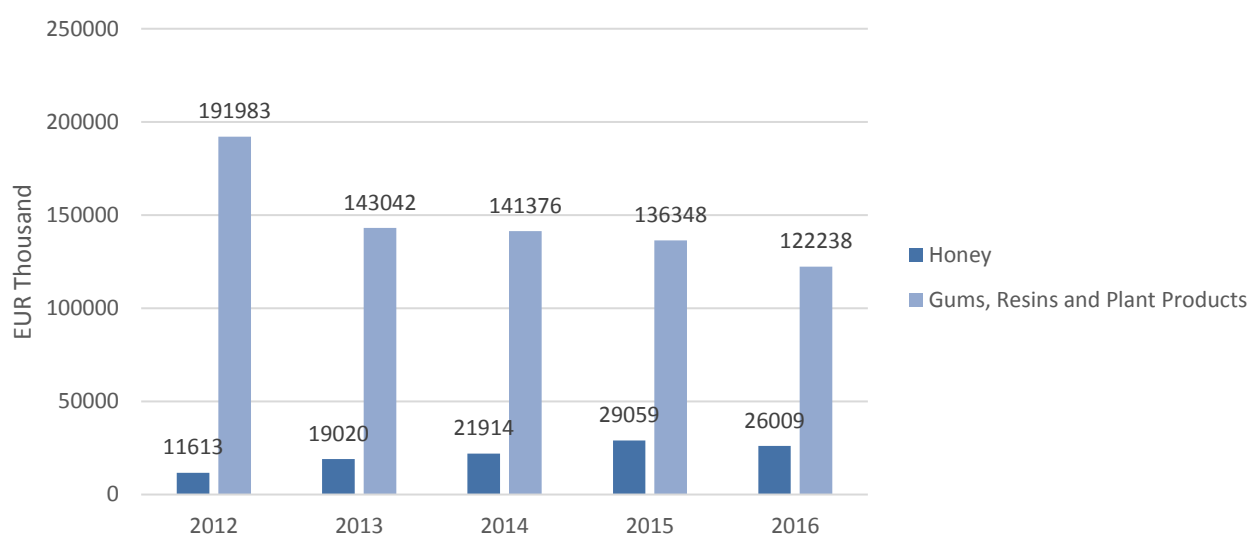


Besides Canadian Food Inspection Agency regulations on plant products, import of gums, resins and plant products is also regulated under the *Wild Animal and Plant Trade Regulations* in Canada, which falls under the responsibility of the Environment and Climate Change Canada governmental agency. Gums and resins and other plant products exporters are recommended to check with the agency whether they would require an import permit and whether there are specific SPS requirements that would apply to their products.



As a major producer of honey, Canada is a net exporter of honey. However, due to rising domestic demand and especially due to increasing demand for exotic honey with health-boosting qualities like Manuka honey, Canada's honey imports have increased during the past five years. Canada's main sources of honey import include Brazil (27 per cent), New Zealand (18 per cent) and United States (11 per cent). However, in the gums, resins and other plant products category, Canada is a net importer, because most of these products, except for pine tree extracts don't grow naturally in Canada. Canada's main sources of gums, resins and other plant products import include United States (27 per cent), China 18.7 per cent and India (15 per cent).²⁶⁷

Figure 147) Canada's Imports of Honey, Gums, Resins and Plant Products from 2012 to 2016 by Value



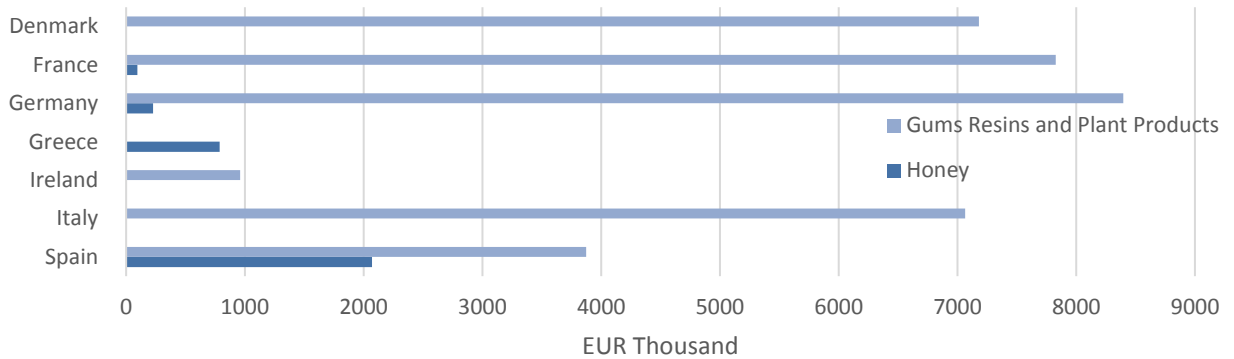
ITC Trade Map

After CETA comes into force, imports of honey as well as gums, resins and plant products are expected to increase as CETA will eliminate tariffs on these products. Below table shows the biggest European exporters of honey and gums, resins and plant products to Canada.

²⁶⁷ "Canadian Food Inspection Agency: Canadian Import and Interprovincial Requirements for Honey" February 2014 available at: <http://www.inspection.gc.ca/food/honey/imports-interprovincial-trade/overview/eng/1352740782118/1352740853690#label>



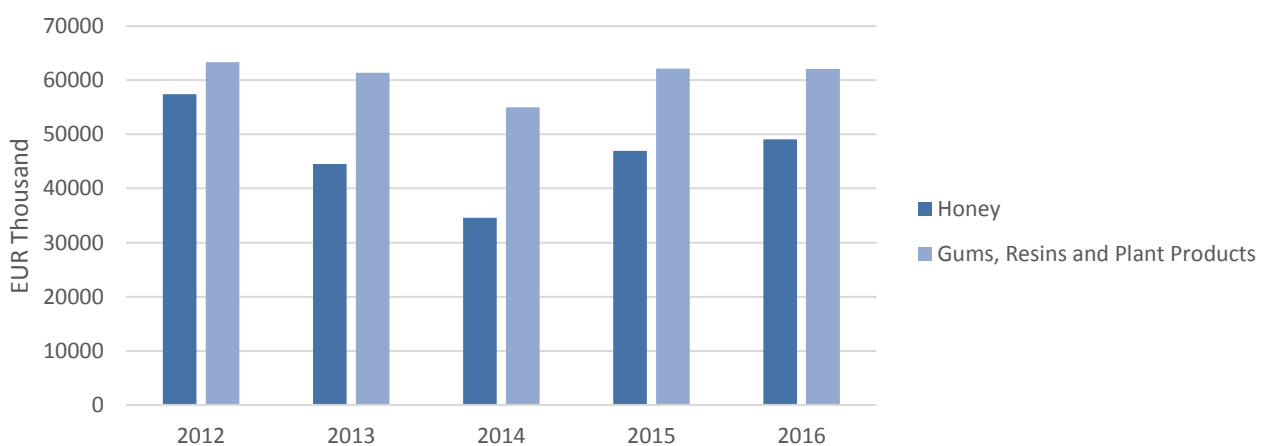
Figure 148) Canada's Imports of Honey, Gums, Resins and Plant Products from Selected EU Countries in 2016 by Value



ITC Trade Map

Since Canada is a major honey producer, it is also a net exporter of honey, it exports almost half of its honey production. Majority of Canada's honey exports is going to the United States (71 per cent) followed by Japan (23 per cent) and China (3.3 per cent). In the gums, resins and plant products category, Canada is a net importer and is producing only marginal amounts of these products. The most well-known Canadian export article in this category is the pine tree extracts. Canadas major export destinations for gums, resins and plant products include the United States (31.6 per cent), China (23 per cent) and the Netherlands (8 per cent).

Figure 149) Canada's Exports of Honey, Gums, Resins and Plant Products from 2012 to 2016 by Value



ITC Trade Map

5.8.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 Geographical Indications (GIs) – distinctive food and drink products from specific towns or regions in the EU. However, under CETA there are currently no honey products or no gums, resins and plant products designated for the protection by GIs.

Organic products imported from countries with whom Canada has established an equivalency arrangement must be certified to the terms of the arrangement. These products must be certified by a certification body accredited by that foreign country and recognized by Canada under the arrangement. These products may bear the Canada organic logo. Like all other food products, imported organic products must meet Canadian labelling requirements, including those of the Organic Products Regulations.²⁶⁸ European Union has established an Organic Equivalency Agreement with Canada, thus European products may bear Canada Organic logo when being sold and marketed in Canada.

For more information on the Canada Organic Regime or to find a list of CFIA-accredited certification bodies, please refer to the [Canada Organic Regime](#) webpage.

5.8.3 Distribution

According to Beekeeping in Canada report, the honey market is well developed in Canada, with product marketed through a number of domestic and international channels to be used in food, medicinal, therapeutic, and other industrial uses. In general, marketing channels for honey include retailers, honey co-operative marketing associations, packers and dealers, bottlers, food manufacturers.²⁶⁹

According to the report, the major marketing players in Canada for domestic honey producers are co-operatives and packers (like Bee Maid Honey Limited). To help members market their honey, co-operatives offer several services such as marketing expertise, free containers, and protective measures against non-payment for honey, loss, or damage. However, marketing through co-operatives may leave members with no leverage in negotiating price and payment schedule. Packers, on the other hand, allow producers to negotiate payment terms and guarantee quick payments.²⁷⁰ These cooperatives and packers can be distribution partners for European wholesale honey exporters and these cooperatives and packers actively do search for cheaper honey from outside of Canada.

However, for European producers who want to sell their products under their own trade mark in Canada, it is recommended that new exporters to the Canadian market consider

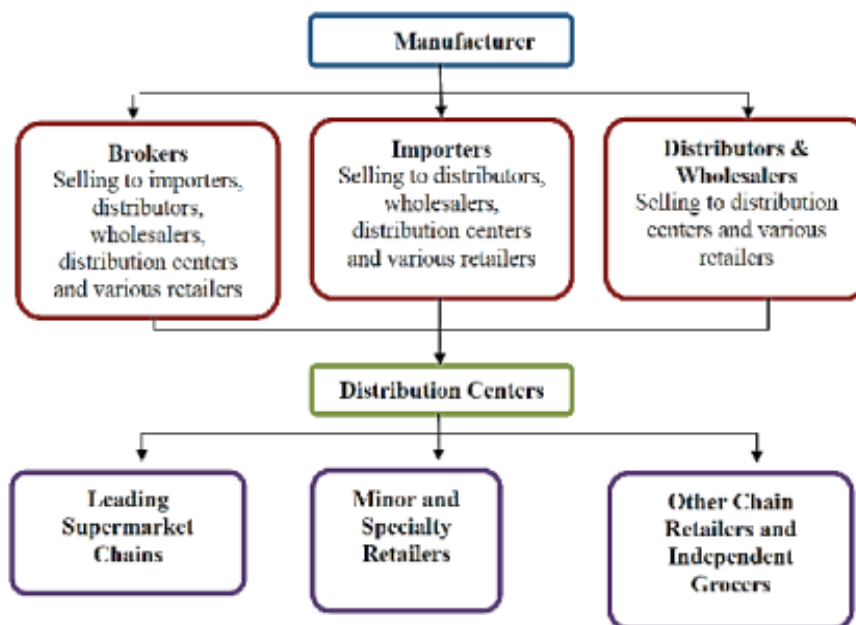
²⁶⁸ "Canada Organic Regime" May 2016 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/organic-claims/eng/1389725994094/1389726052482?chap=2#s1c2>

²⁶⁹ "Beekeeping in Canada: Honey and Pollination Outlook" November 2010 available at: <http://www.uoguelph.ca/canpolin/Publications/Melhim%20et%20al%202010%20Outlook-Beekeeping-in-Canada.pdf>

²⁷⁰ Ibid

appointing a broker or develop a business relationship with a distributor/importer to enter the Canadian market.²⁷¹ Below table shows the distribution channels for food and honey products in Canada.

Figure 150) Retail Distribution Channels



United States Department of Agriculture

According to the GAIN Report on Canada’s Retail Landscape, most distributors and importers will import and take title of the product. The product will then likely be stored in their warehouse and then sold to various store units. While the product may be added to the distributor’s catalogue of goods the exporter 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 sales persons pitching the unique product features to potential buyers and possibly setting up a network of various food distributors. On the other hand, usually they charge a percentage of the product sales revenue, ranging from 3 per cent to 10 per cent.²⁷² Producers of gums and resins mainly have the option of selling to importers like Caldic Canada Inc. mentioned above.

Majority of honey products are bought via off-trade in Canada, with on-trade playing only a minor part. According to Agriculture and Agri-Food Canada, for the honey sector,

²⁷¹ “GAIN Report: The Retail Landscape of Canada” February 2017 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_2-15-2017.pdf

²⁷² “The Retail Landscape of Canada” February 2017 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_2-15-2017.pdf



supermarkets, hypermarkets, and warehouse clubs are growing retail destination for different honey products. People prefer to buy honey together with other grocery products from the big supermarkets. However, other channels such as dollar and convenience stores are growing retail channels as they gain more traction. This is partly due to changing demographics as younger generations are going to more channels for their various needs.²⁷³

The Canadian Convenience Store Association reported that 10.4 million visits are made each day to Canada's 23,000 convenience stores and gas stations. Floor space for new food products such as snacks and snack bars is growing and many store units are expanding their premises to accommodate more of 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.²⁷⁴ Convenience stores could be suitable retail channel for honey snack producers like the Billy Bee Honey Roasted Peanuts.

Grocery on-line shopping has generally been slow to take off in Canada and historically it has been operating regionally rather than nationally. On-line shopping accounts to approximately 1 per cent of the total retail food sales in Canada. 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.²⁷⁵ Online stores would not be the first choice of retail outlets for traditional honey sellers, on the other hand, organic honey producers and other exotic honey (like Manuka honey) producers could find online stores a viable way of selling their products to Canadian consumers, as Canadian consumers are more and more influenced by online resources when making their purchasing decisions.

At the same time, Canadian honey producers (especially the beekeepers, the hobbyists and part timers) have developed their own brands and sell them directly to consumers through road stands, farmer's markets, and local outlets.²⁷⁶ Farmer's markets are especially popular amongst organic honey sellers.

Canada has a very well developed and mature market for honey and therefore it could be difficult for European producers of honey to gain market access. According to Gain Report on Canada's Retail Landscape, "retailers are interested in category extension, not

²⁷³ "Agriculture and Agri-Food Canada: Honey Product Trends in Canada" July 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/honey-product-trends-in-canada/?id=1467224411621>

²⁷⁴ Ibid

²⁷⁵ "An Updated Overview of the Retail Sector in Canada" December 2015 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf

²⁷⁶ "Beekeeping in Canada: Honey and Pollination Outlook" November 2010 available at: <http://www.uoquelp.ca/canpolin/Publications/Melhim%20et%20al%202010%20Outlook-Beekeeping-in-Canada.pdf>



cannibalisation” meaning that products entering the market must be innovative and not duplicative.²⁷⁷ On the other hand European producers of exotic honey could have easier market access.

Market Takeaway: Honey, Gums and Plant Products

Consumption: Honey and related plant products are in demand with sales driven by health-conscious consumers. Highest value per volume for EU F&B exports to Canada.

Competition: Relatively accessible market with some domestic and regional suppliers.

Distribution: Good opportunities for EU exporters given high value per weight. Mixed distribution depending on product-type with most retail off trade.

Challenges: Narrow consumer base, in part due to product pricing.

Opportunities under CETA: Tariff liberalisation under HS 0409 and Chapter 33.

²⁷⁷ “The Retail Landscape of Canada” February 2017 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_2-15-2017.pdf

5.9 Market Snapshot: Living Plants and Cotton

The living plants industry in Canada is growing steadily. Consumer trends like a growing interest towards gardening, sending flowers and plants as gifts for special occasions and a growing desire of Canadian consumers to decorate their homes have been driving up consumption in this sector. However, Canada is a major producer of horticulture products and the fierce competition in the market makes it sometimes difficult for newcomers to enter the market. On the other hand, consumer demand for exotic and different plants leaves room for some European living plants producers.



5.9.1 Consumption

The consumption of living plants and cotton in Canada is slowly growing, offering several opportunities for European producers. The ornamental sector which is the largest horticultural sector in Canada and which includes floriculture, nursery, Christmas trees, plants, and turf sod industries has grown by 7 per cent over the period from 2011 to 2015. The ornamental sector reported the sales value of 2.02 billion CAD (approx. 1.45 billion EUR) in 2015.²⁷⁸ The growth in the ornamental sector is expected to continue for

²⁷⁸ "Statistical Overview of the Canadian Ornamental Industry" January 2017 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-ornamental-industry-2015/?id=1480707689011#a1.12>

the next five years as Canadians will gain more disposable income. However, changing consumer demand affected by different trends is constantly reshaping the industry.

5.9.1.1 Consumer Profiles and Trends

In general, new consumer trends support demand for ornamental horticulture products like trees, shrubs, plants and floriculture products. Flowers are slowly gaining popularity.

In general, Canadian consumers still regard flowers as a discretionary luxury and studies show that Europeans spend 10 times as much as North Americans on cut flowers. According to studies, in Ontario, the majority of consumers buy cut flowers only three or four times a year, primarily for family or romantic engagements like birthdays, Valentine's Day, weddings and Mother's Day.²⁷⁹

Consumers are, however, expected to buy more flowers, as big supermarkets that have joined the floriculture market are driving the trend towards higher consumption of flowers. Big supermarkets now allow customers not only the convenience to simply purchase the bouquet of flowers whilst completing other shopping errands, but also to purchase them at cheaper prices due to their large economies of scale.²⁸⁰

As flowers are getting more popular and consumers are buying flowers not only for special events like birthdays or weddings, but also for simply home decoration purposes, there is growing trend towards new and exotic flowers. Many florists claim that they continue to see demand for new varieties and colours of orchids, longer-lasting plants and specialty or seasonal items. They say that 'new,' 'unique,' 'special' and 'different' are increasingly becoming the words that their customers use to describe what they want florists to offer them.²⁸¹

Flowers are becoming popular also in the business sector, as are businesses looking to send small thank-you gifts to clients and have thus been stepping up their floral purchases lately. For example realtors have started sending flowers to clients, and some local car dealers have also followed suit.²⁸² The table below shows Canadian's current preferences towards flowers. From the table it is evident that tulips are still the most preferred flowers by Canadian consumers.

5.9.1.1.1 Trees and Indoor Plants

One of the fastest growing sectors amongst living plants is the horticulture sector including indoor plants and trees. For example, in 2015 Horticulture, including bedding

²⁷⁹ "Columbia-Canada: The Flowers of Free Trade" September 2014 available at:

<http://www.panamericanworld.com/en/commentary/colombia-canada-flowers-free-trade>

²⁸⁰ "Euromonitor: Gardening in Canada", August 2016 available at:

<http://www.euromonitor.com/gardening-in-canada/report>

²⁸¹ "Greenhouse Canada" December 2014 available at:

<http://www.greenhousecanada.com/business/trends/state-of-the-industry-30080n>

²⁸² "Flowers and Cents: State of the Industry" January 2014 available at:

<http://flowersandcents.com/state-industry/>

plants, indoor plants, seeds, trees/shrubs, experienced the highest value sales growth of 4 per cent to reach 1.3 billion CAD (934.7 million EUR).²⁸³ The sector including indoor plants and trees is growing fast as Canadians gain more disposable income and are more willing to use this income for decorating homes. Trees and indoor plants are also popular in Canada because they don't require high levels of maintenance and care, which suits well for the nation that is adopting quick lifestyle and is increasingly seeking convenient solutions.

Within this horticulture sector, trees/shrubs experienced the highest (5 per cent) value sales growth in 2015, followed by other horticulture products, which includes bulbs and lawn products such as grass seed/mixes and turf. Trees/shrubs accounted for 32 per cent of horticulture value sales, due to the category's high prices, followed by bedding plants, other horticulture, indoor plants and seeds with 31 per cent, 23 per cent, 12 per cent and 2 per cent value shares, respectively.²⁸⁴ Amongst the category of trees, there is high demand for Christmas trees, as in 2015 it was the fastest growing subsector, boasting 21.6 per cent of growth in revenue compared to last year.²⁸⁵

5.9.1.1.2 Gardening Plants

While the ornamental sector is growing steadily, not all sectors of living plants are boasting growth rates in Canada. One of the sectors that is expected to experience negative growth is the sector including traditional gardening plants. The sector is expected to experience negative growth because of general trends in the gardening industry. An expanding ageing population that will be moving towards smaller garden spaces, urbanisation and slow economic growth due to low oil prices are all likely to negatively affect gardening going forward.²⁸⁶ Demand for gardening plants such as vegetables is expected to decline as people are starting to prefer smaller gardens.

5.9.1.1.3 Flowers and Floriculture

Floriculture remains the largest revenue generating sub-sector, albeit not the fastest growing sub-sector, of ornamental horticulture sector, accounting for 63 per cent of total sales. Flowers are becoming more popular as floriculture sales increased to 1.28 billion USD in (approx. 1.29 billion EUR) 2015, up 4 per cent from 2014. Ontario, British Columbia and Quebec accounted for the majority of Canada's total floriculture sales, earning 51 per cent, 25 per cent and 11 per cent, respectively.²⁸⁷ Below table gives an overview of the demand for flowers in each Canadian province in 2015.

²⁸³ "Gardening in Canada", August 2016 available at: <http://www.euromonitor.com/gardening-in-canada/report>

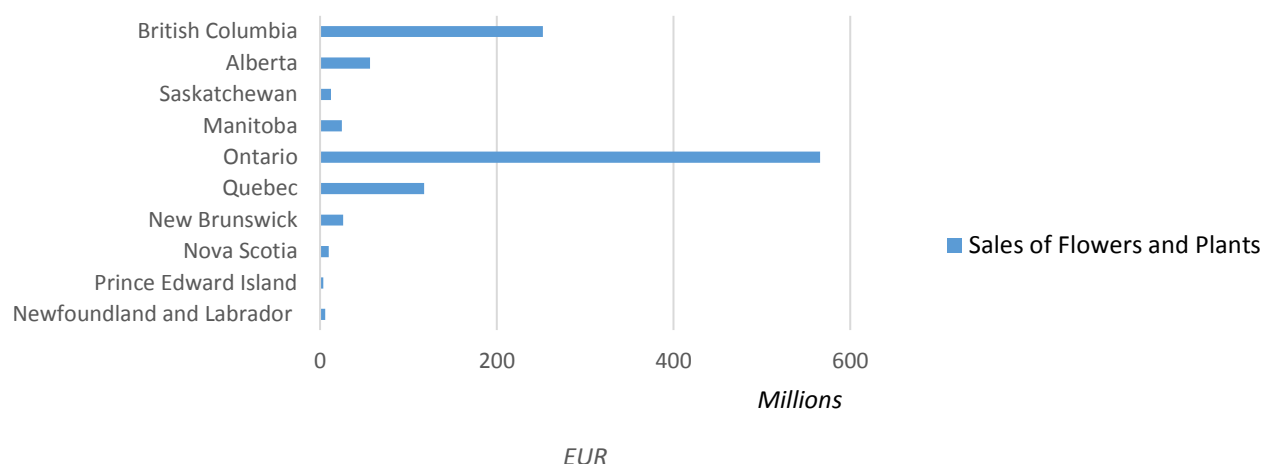
²⁸⁴ Ibid

²⁸⁵ "Statistics Canada: Christmas Trees in Numbers" November 2016 available at: http://www.statcan.gc.ca/eng/dai/smr08/2016/smr08_212_2016

²⁸⁶ "Gardening in Canada", August 2016 available at: <http://www.euromonitor.com/gardening-in-canada/report>

²⁸⁷ "Statistical Overview of the Canadian Ornamental Industry" January 2017 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product->

Figure 151) Sales of Flowers and Plants by Province in Canada in 2015



Statistics Canada

Even though the general demand for floriculture products is increasing, there remains a difference in demand for potted flowers, cut flowers and flowers suitable for growing in gardens. In the next five years, the Canadian domestic market for out-door plants and flowers is expected to continue declining as consumers lead more fast-paced lifestyles and have less time for gardening. Nevertheless, the market for cut flowers that sell for a premium will continue to grow as these become staple gifts for holidays (Mother's Day and Valentine's Day), weddings and birthdays.²⁸⁸ Demand for cut flowers is also driven by other events like funerals.

Even though, the cut flowers become increasingly popular, potted flowers still bring in the largest share of sales, followed by cut flowers. Amongst potted flowers, the flowers that need less care are the most popular because of the trend towards fast-paced life and preference for convenient life-style.²⁸⁹

5.9.1.1.4 Cotton

In general, demand for cotton is slightly increasing in Canada, because of the slowly growing textile industry. The textile manufacturing industry has exhibited limited growth in output between 2011 and 2015, growing at around 0.6 per cent between 2011 and 2015, increasing by approximately 30 million CAD (approx. 21.6 million EUR) over the entire five-year period.²⁹⁰ The demand for cotton is however expected to be weak

[sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-ornamental-industry-2015/?id=1480707689011#a1.12](https://www150.statcan.gc.ca/n1/pub/25-224-x/2016001/article/1480707689011#a1.12)

²⁸⁸ "Plant & Flower Growing in Canada: Market Research Report", May 2016 available at:

<https://www.ibisworld.ca/industry/plant-flower-growing.html>

²⁸⁹ Ibid

²⁹⁰ "Government Canada: Textiles Industry Profile" January 2017 available at:

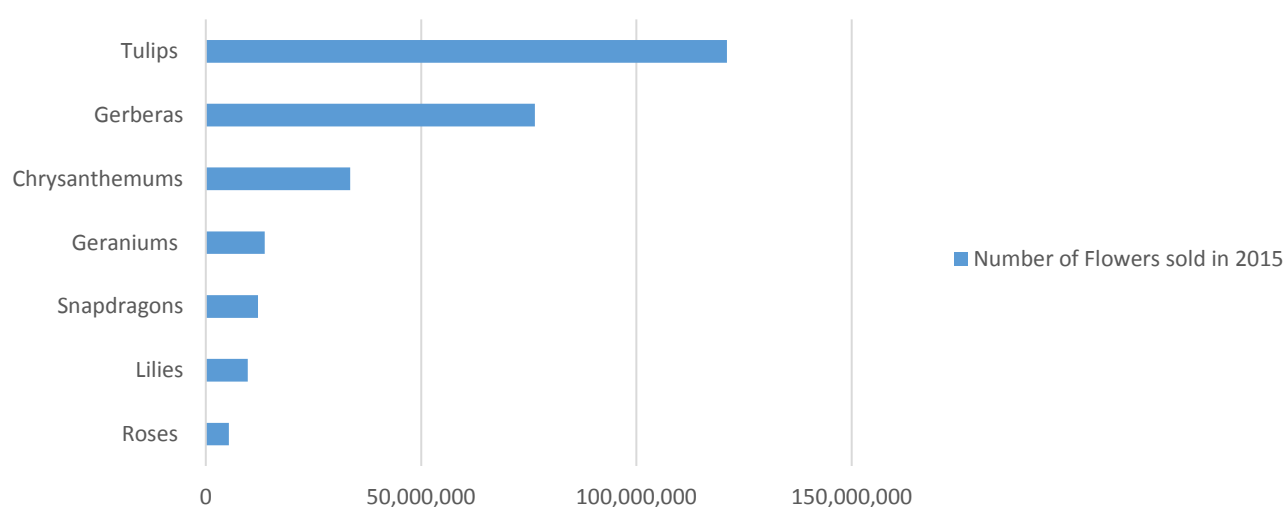
https://www.ic.gc.ca/eic/site/textiles-textiles.nsf/eng/h_tx03222.html



over the next five years because of the ethical issues linked to cotton production abroad like child labour, slave labour and energy waste that are affecting the domestic demand in Canada as consumers are becoming more ethically concerned and environmentally conscious. At the same time, demand for organic cotton is expected to rise, as consumers are becoming more aware of ethical alternatives.²⁹¹

Another reason why the demand for traditional cotton is expected to slowly decline is the fact that the Canadian textile industry is becoming more innovative and is investing into new materials development²⁹² and into new technologies that could, for example, process hemp and flax fibres into a quality textile-grade fibre which could partly displace both cotton and polyester fibres.²⁹³

Figure 152) Flowers, Most Often Bought by Canadian Consumers



Statistics Canada

According to the Canadian Horticulture Alliance market study, Baby Boomers are currently approaching retirement and are expected to spend between 7.8 billion CAD (approx. 5.6 billion EUR) and 14.4 billion CAD (approx. 10.4 billion EUR) annually on gardening between 2011 and 2021²⁹⁴

As the urbanisation trend continues, urban gardening is becoming more and more relevant and important for urban consumers. Ornamental plants for gardening have

²⁹¹ "Canadian Investors Addressing Child Labour in Cotton Supply-Chains" August 2009 available at: <http://share.ca/canadian-investors-addressing-child-labour-in-cotton-supply-chains/>

²⁹² "Government Canada: Textiles Industry Profile" January 2017 available at: https://www.ic.gc.ca/eic/site/textiles-textiles.nsf/eng/h_tx03222.html

²⁹³ "Sustainable Technology Development Canada" January 2017 available at: <https://www.sdtc.ca/en/economic-sectors/agriculture>

²⁹⁴ "Canadian Ornamental Horticulture Alliance" January 2017 available at: http://www.coha-acho.ca/wordpress/?page_id=15

gained popularity, driven partly by a rising awareness of health and wellness. Urbanisation, at the same time, brings limited garden spaces, and urban dwellers are moving to vertical garden technologies to increase the size of their gardens and to use space efficiently. Vertical gardening is an option for people who live in condos. Businesses have already picked up the trend and started offering plants that can grow in such conditions, along with soil and pots to grow them in.²⁹⁵

Canadians want gardening products that are more convenient to use and store, as well as gardens that require less maintenance.²⁹⁶ Thus, easy-care shrubs and succulent plants are increasing in popularity. Retailers have already accustomed to this demand and are offering ready-potted plants in decorative containers. More often, Canadians are choosing to buy herbs for their small gardens; they look decorative and can be used in preparing drinks or food, example are mint, dill, basil, parsley, rosemary. The same reasons account for the growing demand for edible flowers like African blue Basil. Millennials, at the same time, like to experiment with growing new trendy vegetables such as kalettes, a cross between kale and Brussels sprouts.²⁹⁷

According to Greenhouse Canada, members of the millennial generation (a group – ages 18 to 35 – that's bigger than the Baby Boomer generation) are also increasingly interested in beautifying their homes, and as they grow older, they will have more disposable income with which to do that.²⁹⁸

According to the Euromonitor market study, in large urban centres, consumer preference for spring plant material (one of the best-selling categories of plants) has changed resulting in a dramatic increase in demand for larger container sizes of spring annuals, hanging baskets and value added products that result in instant colour and impact. The study claims that consumers are focusing on decorating with colourful plants to showcase their homes and patios more than gardening, in part due to time constraints in their lives.²⁹⁹ It means that convenient ornamental horticulture products like hanging flower baskets and flower containers will enjoy greater market share in Canada during the next five years.

5.9.1.2 Challenges for EU Products

One of the possible challenges for the European producers of living plants could be the fact that an increasing number of Canadians is starting to prefer local production to imported products. As seen in the growing "Buy Local" movement in Canada, supported by major horticulture associations and retailers, consumers increasingly care about

²⁹⁵ "Gardening in Canada", August 2016 available at: <http://www.euromonitor.com/gardening-in-canada/report>

²⁹⁶ Ibid

²⁹⁷ Ibid

²⁹⁸ "Greenhouse Canada" December 2014 available at: <http://www.greenhousecanada.com/business/trends/state-of-the-industry-30080n>

²⁹⁹ "The Ontario Greenhouse Floriculture Industry" July 2014 available at: <http://www.omafra.gov.on.ca/english/crops/facts/greenflor.htm>



where their products come from. Main reasons for this are the concern for the local economy and environmental concerns regarding how far the products must travel before they reach the consumers.³⁰⁰ The Buy Local movement is also increasingly supported by provincial and local governments, which means that it could become a challenge for the European producers of living plants. This trend is, however, not expected to affect the producers of exotic living plants.

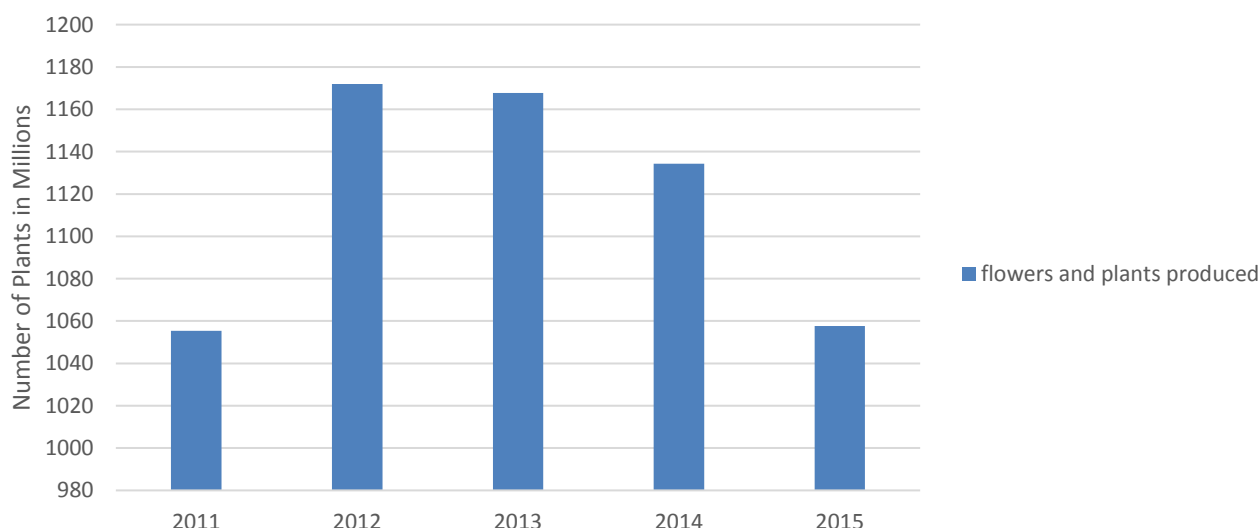
5.9.2 Offer

Canada is a major producer of living plants and the ornamental horticulture sector is the second-largest production employer in all of Canadian agriculture.³⁰¹ Even though Canada is a major producer of living plants, overall it is still a net importer of living plants. However, the imports only slightly exceed exports as in 2016 Canada imported 340 million EUR worth of living plants and exported 332 million EUR worth of living plants.

5.9.2.1 Main Competitors

The domestic production of living plants in Canada has been falling for the past 5 years. The table below clearly shows this trend.

Figure 153) Canada's Production of Flowers and Plants from 2011 to 2015



Statistics Canada

According to Statistics Canada, Ontario has remained the largest producer of greenhouse flowers and plants, with a 44 per cent share of the total production area, followed by

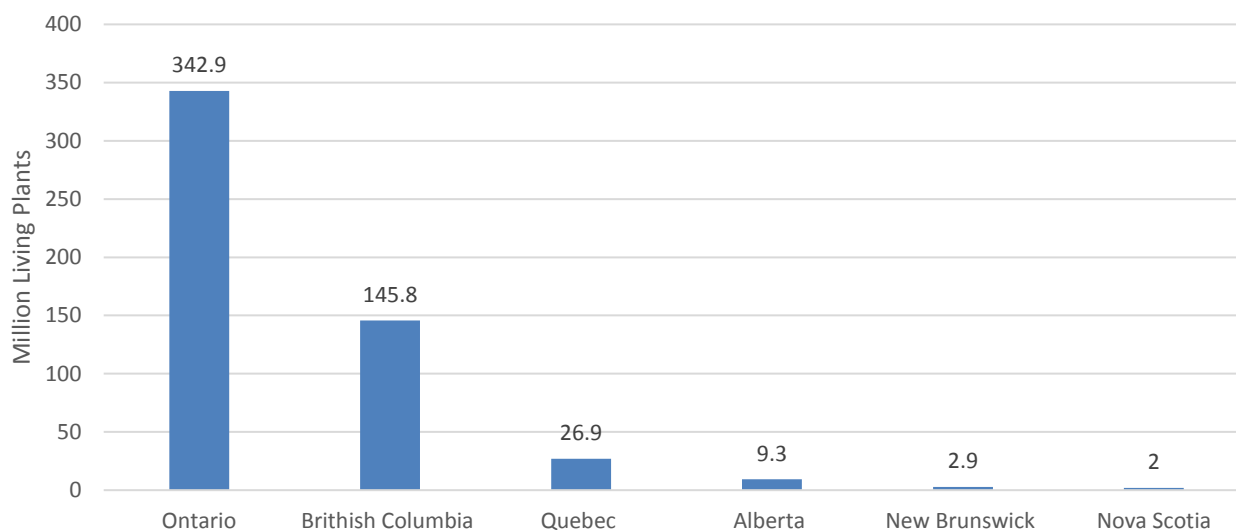
³⁰⁰ "Greenhouse Canada" December 2014 available at:

<http://www.greenhousecanada.com/business/trends/state-of-the-industry-30080n>

³⁰¹ "Canadian Ornamental Horticulture Alliance" January 2017 available at: http://www.coha-acho.ca/wordpress/?page_id=15

British Columbia (25 per cent) and Quebec (16 per cent).³⁰² Ontario has been the main producer of living plants because of the relative proximity to provincial and large US markets, climate, and the concentration of larger, technologically advanced operations within a small area allowing for crop specialisation. Now its technological advantage allows it to remain the largest producer of living plants as automation including robots has become the standard in most operations and is used for seeding and transplanting bedding plants, pot filling, irrigation, harvesting and grading of cut flowers, and for some pesticide applications.³⁰³

Figure 154) Canada's Biggest Producers of Living Plants by Volume in 2015



Statistics Canada

Figure 155) Terra Greenhouses



Where colour lives!

The production of living plants in Canada in some sectors, especially in floriculture has declined because it has become extremely difficult for domestic producers to compete with cheaper imported "bread and butter" cut flowers (rose, carnation, chrysanthemum, alstroemeria) from South America and Africa for use in mass market mixed flower bouquets and florist arrangements.³⁰⁴ The domestic florist revenue for example has

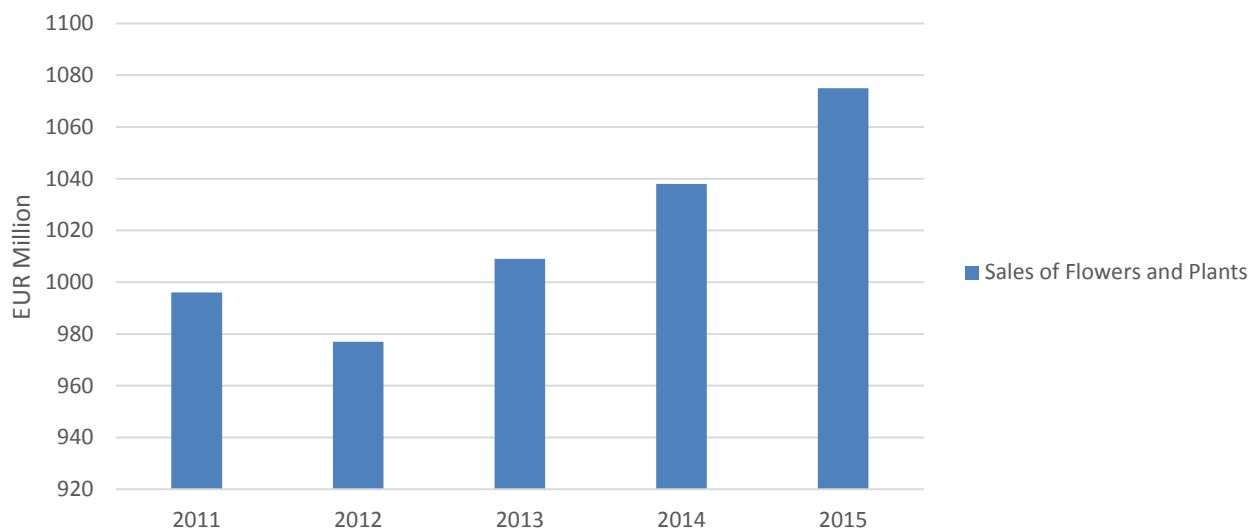
³⁰² Statistical Overview of the Canadian Ornamental Industry" January 2017 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-ornamental-industry-2015/?id=1480707689011#a1.12>

³⁰³ "The Ontario Greenhouse Floriculture Industry" July 2014 available at: <http://www.omafr.gov.on.ca/english/crops/facts/greenflor.htm>

³⁰⁴ The Ontario Greenhouse Floriculture Industry" July 2014 available at: <http://www.omafr.gov.on.ca/english/crops/facts/greenflor.htm>

registered an annual decline of 1 per cent for the past five years.³⁰⁵ At the same time the market (general offer) for living plants is growing as shown in the table below.

Figure 156) Sales of Flowers and Plants in Canada from 2011-2015 by Value



Statistics Canada

Canada's biggest nurseries (growing and selling trees, shrubs and potted plants) include Sheridan Nurseries from Ontario, with annual sales volume (as of 2013) of 17.5 million USD (16.5 million EUR), Bylands Nurseries Ltd. from British Columbia, with annual sales volume (as of 2013) of 16 million USD (15.2 million EUR) and J.C. Bakker Nurseries from Ontario, with annual sales volume (of 2013) of 10 million USD (9.5 million EUR).³⁰⁶

Figure 157) Sheridan Nurseries



Canada's biggest florists include mainly companies producing flowers in the Ontario region like Meyers Flowers, Terra Greenhouses, Rosa Flora, Colonial Florists or Sunrise Greenhouses.³⁰⁷

5.9.2.2 Entry Requirements and Changes under CETA

In recent years, Canada has become a net importer of living plants. This has occurred because of less domestic cut flower production, lower exports to the U. of flowering potted plants, and spring plants, and the changes in production practices. Vegetative cuttings are almost exclusively now imported from offshore countries with a better

³⁰⁵ "Florists in Canada: Market Research Report" March 2016 available at: <https://www.ibisworld.ca/industry/florists.html>

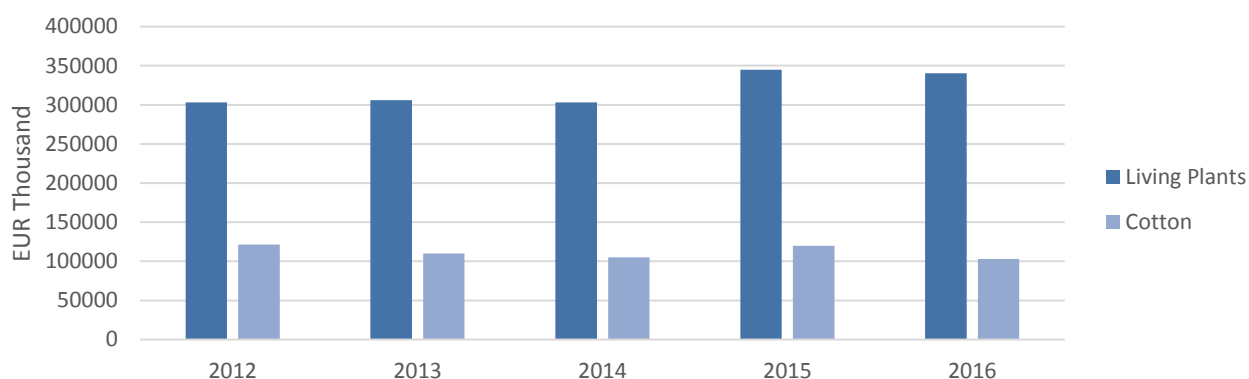
³⁰⁶ "Nursery Management Magazine" 2014 available at: http://www.nurserymag.com/FileUploads/file/NMTop50insert_cover.pdf

³⁰⁷ "Greenhouse Canada" January 2017 available at: <http://www.greenhousecanada.com/business/grower-profiles/fcos-2017-lifetime-achievement-award-31716>



climate for cutting production and lower production costs.³⁰⁸ The imports of living plants into Canada have been rising steadily for the past five years. A table below shows the evolution of Canada's living plants and cotton imports from 2012 to 2016.

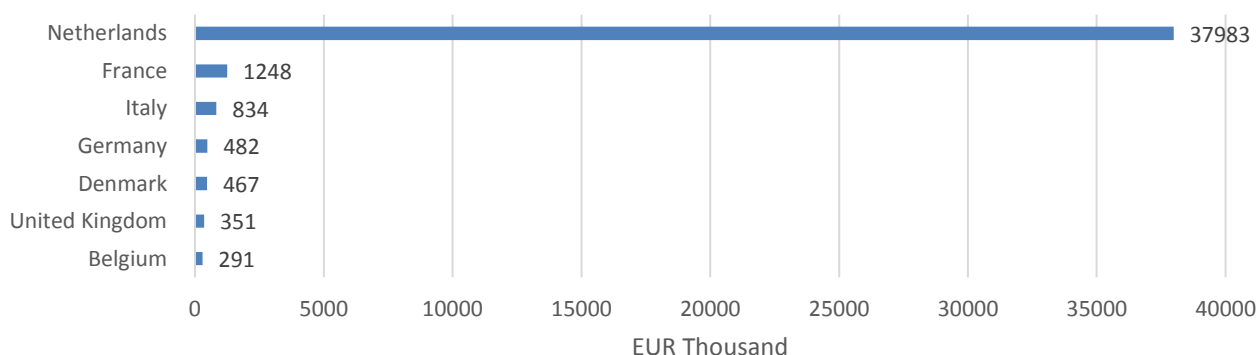
Figure 158) Canada's Imports of Living Plants and Cotton from 2012 to 2016 by Value



ITC Trade Map

The majority of Canada's imports of living plants come from United States (46 per cent) followed by Colombia (20 per cent), the Netherlands (11 per cent) and Ecuador (9 per cent). This trend in imports is expected to continue for the next five years.³⁰⁹

Figure 159) Canada's Imports of Living Plants from Selected European Countries in 2016 by Value



ITC Trade Map

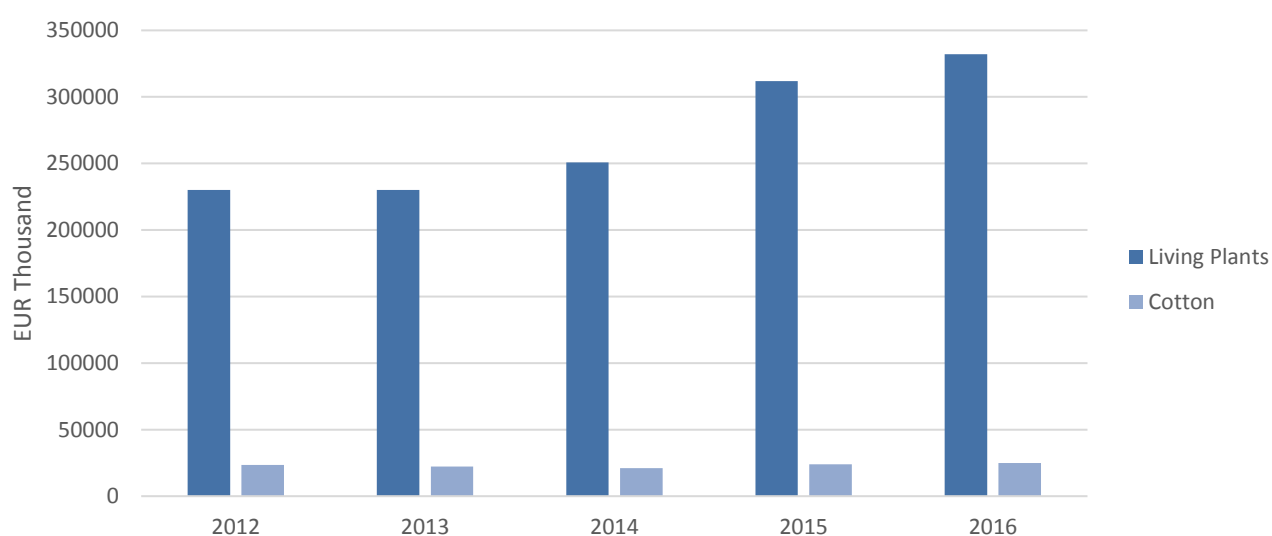
³⁰⁸ "The Ontario Greenhouse Floriculture Industry" July 2014 available at: <http://www.omafra.gov.on.ca/english/crops/facts/greenflor.htm>

³⁰⁹ ITC Trade Map

Imports of living plants from Europe are expected to increase because CETA will eliminate tariffs on these products. At the same time European exporters of living plants should keep in mind that some provinces like Quebec and British Columbia still maintain the right to restrict imports of living plants from European countries.³¹⁰

Despite being a net importer of living plants, Canada is still a major exporter of living plants. Canadian Exports of living plants have been growing steadily for the five past years. Nursery products (live plants, cuttings and slips) contributed the most to the Canadian ornamental exports (nearly 70 per cent), followed by cut flowers (14 per cent) and Christmas trees (9 per cent).³¹¹ Below table shows the evolution of Canada's exports of living plants and cotton during the past five years.

Figure 160) Canada's Exports of Living Plants and Cotton from 2012 to 2016 by Value



ITC Trade Map

Canada's exports go mainly into the US (98 per cent) followed by other countries like Panama, Netherlands Antilles, Venezuela and Japan. This trend in exports is expected to continue for the next five years. However, Canada's exports of living plants to European countries are expected to increase because CETA will eliminate tariffs on these products.

³¹⁰ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf

³¹¹ "Statistical Overview of the Canadian Ornamental Industry" January 2017 available at: <http://www.agr.gc.ca/enq/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-ornamental-industry-2015/?id=1480707689011#a1.12>

The Canadian Food Inspection Agency (CFIA) has established a The Horticulture Plant List, which is a list of plants that may be imported from all countries other than the continental United States with the following standard requirements:

- A Permit to Import is required.
- A Phytosanitary Certificate is required.
- The plants must be free from pests, soil and soil-related matter and are subject to inspection upon arrival in Canada.³¹²

The CFIA issues Permits to Import in accordance with national policy guidelines under provision of the *Plant Protection Act* and *Regulations*. The CFIA is also responsible for plant protection import control and enforcement issues and provides interpretation and advice respecting the *Plant Protection Act* and *Regulations*. European producers of living plants are recommended to consult these acts and the CFIA to find out more about specific SPS requirements. All importers of living plants are also strongly recommended to consult CFIA local offices, because different provinces could have different requirements.

European living plant producers should note that the imports of all soil and related matter (including clay, silt, sand, soil minerals, humus, compost, earthworm castings, muck, plant litter and debris) to Canada is prohibited from all areas other than the continental United States.³¹³

Figure 161) Canadian Regulation for Plant imports



Canadian Food Inspection Agency

³¹² "Canadian Food Inspection Agency: Imports of Horticulture" June 2015 available at: <http://inspection.gc.ca/plants/horticulture/imports/horticulture-plant-list/eng/1419017863407/1419017907742>

³¹³ "Canadian Food Inspection Agency: Prohibited Plant Material" June 2016 available at: <http://inspection.gc.ca/plants/plant-pests-invasive-species/imports/prohibited/eng/1343631753070/1343631945361>

5.9.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 Geographical Indications (GIs) – distinctive food and drink products from specific towns or regions in the EU. Amongst these 143 Geographic Indications, however, there are no living plants.

Organic products (mainly apply for organic cotton) imported from countries with whom Canada has established an equivalency arrangement must be certified to the terms of the arrangement. These products must be certified by a certification body accredited by that foreign country and recognized by Canada under the arrangement. These products may bear the Canada organic logo. Like all other food products, imported organic products must meet Canadian labelling requirements, including those of the Organic Products Regulations.³¹⁴ European Union has established an Organic Equivalency Agreement with Canada, thus European products may bear Canada Organic logo when being sold and marketed in Canada.

Figure 162) Example of Organic Label in Canada



5.9.3 Distribution

The distribution of living plants in Canada has changed a lot over the past five years. The main changes include the decline of retail florists, the rise of mass-market chains stores and the rise of online distribution channels.

In Canada ornamental horticulture products are distributed through multiple channels. Mass-market chain stores are the primary distributors of floriculture (subsector of ornamental horticulture) products, accounting for 30 per cent of total sales in 2015. However, landscape contractors and garden centres are the two largest distribution channels for nursery products, making up 22 per cent and 19 per cent of total sales in 2015, respectively.³¹⁵

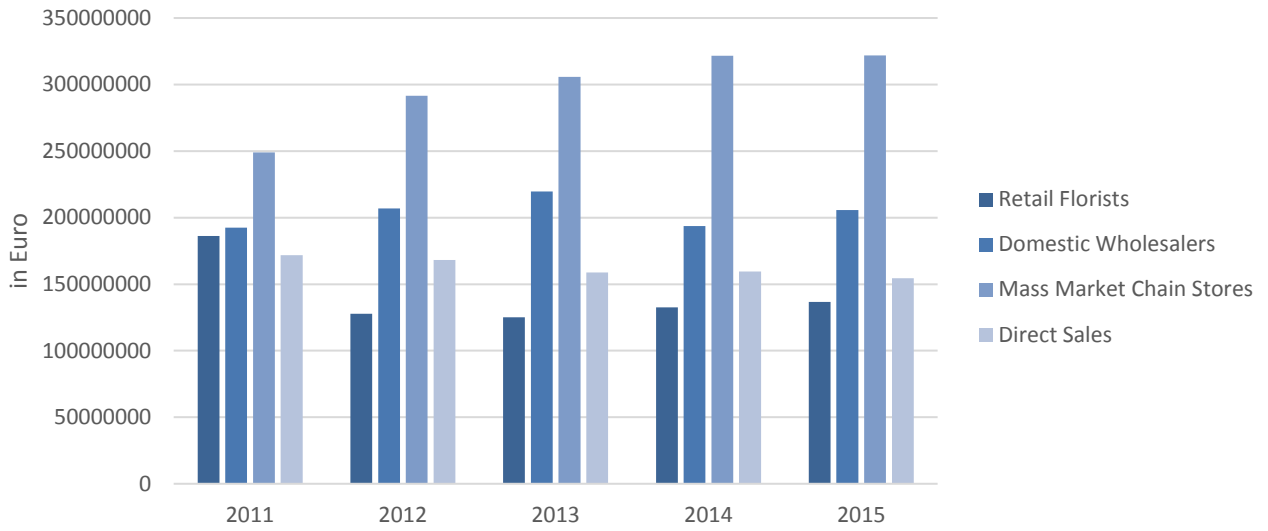
Below tables show the evolution of the distribution channels in Canada for flowers and potted plants and for nursery products like trees and shrubs over the past five years. In both tables direct sales include roadside stands and owner-operated retail outlets, which are quite popular in Canada.

³¹⁴ "Canada Organic Regime" May 2016 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/organic-claims/eng/1389725994094/1389726052482?chap=2#s1c2>

³¹⁵ "Statistical Overview of the Canadian Ornamental Industry" January 2017 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/horticulture-industry/horticulture-sector-reports/statistical-overview-of-the-canadian-ornamental-industry-2015/?id=1480707689011#a1.12>

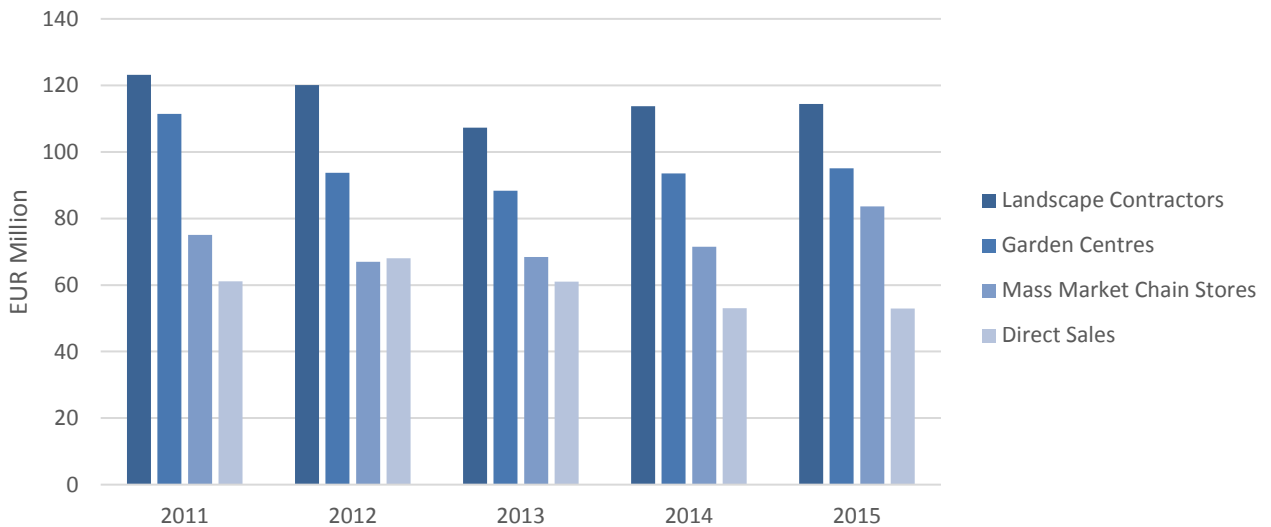


Figure 163) Channels of Distribution of Horticulture Products from 2011 to 2015: Flowers and Plants



Statistics Canada

Figure 164) Channels of Distribution of Horticulture Products from 2011 to 2015: Nursery Products



Statistics Canada

In Canada, the florists industry has declined over the five years to 2016. Consumers are increasingly opting to purchase flowers from retailers that are not included in the florists industry, such as e-commerce stores and supermarkets due to their convenience and lower prices. However, over the next five years, consumer confidence is forecast to increase steadily and stabilize demand relative to the five years prior, allowing florists to more accurately manage stock and improve profit margins, which means that florists will remain a very important part of the floriculture distribution channels. At the same time, outside retailers, especially supermarkets will continue to cut into industry revenue.³¹⁶ For example, Loblaws, one of Canada's biggest hypermarket chains, is very popular for its flower stands.

In distribution sector, mass market chains, including discount departments, home building and grocery chains are expected to lead the sales of cut flowers and potted flowers mainly for every-day use as well as key holiday sales (Easter, Mother's Day, U.S. Memorial Day, Thanksgiving and Christmas). At the same time, florist shops are expected to maintained market share in the wedding and funeral sector of the retail market and other sectors that require personalized flower settings, but they have lost most of the flowering potted plant and bedding plants markets and aren't expected to regain it during the next five years.³¹⁷

Figure 165) Loblaws Canada



In the subsector of nursery products, landscape contractors and garden centres are expected to remain the dominant distribution channels.

Figure 166) Example of E-commerce Site from Canada Flowers Online



While, e-commerce has not been quick to take off in Canada in other retail sectors, then in horticulture sector online flower sellers are challenging the market like never before, continuing to offer rock bottom prices that brick-and-mortar florists simply can't compete with.³¹⁸ According to Flower and Cents Florist Magazine reader's study, now only 1 in 10 florists do not yet have a store website.³¹⁹ According to the same study, e-commerce sites are becoming

³¹⁶ "Florists in Canada: Market Research Report" March 2016 available at: <https://www.ibisworld.ca/industry/florists.html>

³¹⁷ "The Ontario Greenhouse Floriculture Industry" July 2014 available at: <http://www.omafra.gov.on.ca/english/crops/facts/greenflor.htm>

³¹⁸ "Flowers and Cents: State of the Industry" January 2014 available at: <http://flowersandcents.com/state-industry/>

³¹⁹ Ibid

more popular amongst Canadian consumers as they allow customers to conveniently send flowers as gifts for special occasions like the Valentine's Day. As customers are living more fast-paced lives, there is greater demand for e-commerce sites that conveniently deliver flowers and plants to customers.

Also big supermarket chains like Loblaws now offer a possibility to order flowers and plants online. According to Flower and Cents Florist Magazine, e-commerce will be the future of distribution channels in the floriculture industry.³²⁰ The biggest online florists in Canada include Canadian Flower Delivery Online, Canada Flowers Online and Terrafolia. Most of the e-commerce retailers still operate in Ontario and Quebec and in the big metropolises like Toronto, Vancouver and Montreal.

Even in the distribution sector, one of the possible challenges for the European producers of living plants could be the fact that an increasing number of Canadians is starting to prefer local production to imported products. As seen in the growing "Buy Local" movement in Canada, supported by major horticulture associations and retailers, consumers increasingly care about where their products come from. Main reasons for this are the concern for the local economy and environmental concerns regarding how far the products must travel before they reach the consumers.³²¹ The Buy Local movement is also increasingly supported by provincial and local governments, which means that it could become a challenge for the European producers of living plants.

Figure 167) Example of Pick Ontario Campaign Logo



On provincial level, there are big campaigns encouraging people to buy local products. One of the examples is the pickOntario campaign that is very widespread in the province. pickOntario is an initiative developed by Flowers Canada (Ontario) Inc. to raise awareness, interest and demand for Ontario-grown cut flowers and potted plants.³²²

³²⁰ "Flowers and Cents: State of the Industry" January 2014 available at: <http://flowersandcents.com/state-industry/>

³²¹ "Greenhouse Canada" December 2014 available at: <http://www.greenhousecanada.com/business/trends/state-of-the-industry-30080n>

³²² "pickOntario" January 2017 available at: <http://www.po.flowerscanadagrowers.com/>

Market Takeaway: *Living Plants and Cotton*

Consumption: Growing consumption of living plants in Canada, in part with strong seasonal dimension and increased sales around holidays - particularly during spring months. Important holidays include Valentine's Day (February, flowers) and Christmas (December, pine trees). Consumption growth in part due to aging demographic, which is more likely to pursue gardening and alike activities.

Competition: US market is a major exporter, and certain types of living plants and related products are domestically produced in Canada. However, for other categories of products such as cut flowers, EU has a clear market advantage.

Distribution: Specialty shops are declining as supermarkets and hypermarkets increasingly incorporate living plants and related products as part of their offering. At the same time, online sales are an important driver for this category as they facilitate ease and convenience of consumption in a category where many consumers perceive themselves as lacking specific knowledge.

Challenges: Relatively narrow consumer base, SPS requirements which can temporarily restrict access and increase risk.

Opportunities under CETA: Liberalisation for most products, with tariffs on roses (HS 0603.11), cymbidium (HS 0603.13), chrysanthemums (HS 0603.14) removed in stages after 4 years.

5.10 Market Snapshot: Olive Oil

The overall market for olive oil in Canada has grown steadily over the past 25 years. Despite the fact that olive oil is not a main ingredient in traditional Canadian cuisine, its consumption in Canadian gastronomy and private households is increasing. This rise of olive oil consumption in Canada is largely driven by consumer consciousness on the benefits of a healthy Mediterranean-inspired diet. Olive oil has entered the Canadian kitchen as a healthier alternative to other cooking oils.

Only very few locations in Canada could provide the climate and soil needed for high quantities and quality of the olive, meaning domestic production is very low and the Canadian olive oil market is virtually dependent on imports. Olive oil imports to Canada make up 2.2 per cent of the global imports and the country ranks 10th among the biggest olive oil importing countries worldwide.³²³



5.10.1 Consumption

Per capita consumption of olive oil in Canada is 1.5 litre per year lower than the EU28 average but higher than the average US consumption rate. There has been a steady

³²³ "List of supplying markets for the product imported by Canada in 2015" available at: http://www.trademap.org/Country_SelProductCountry.aspx?nvpm=1|124|||1509||4|1|1|1|1|2|1|1

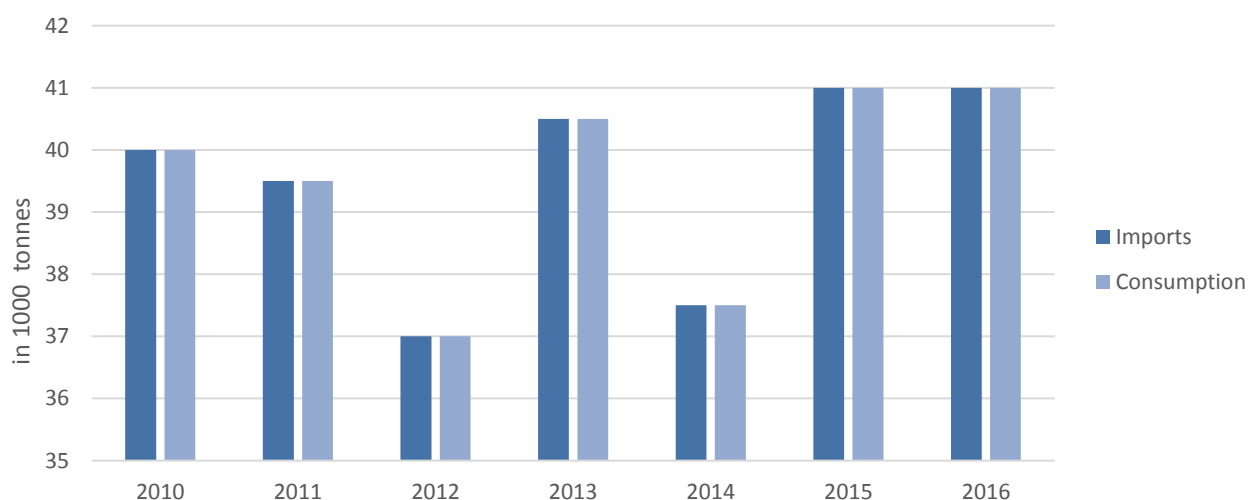


increase in consumption rates which demonstrates an enormous potential for growth for the olive oil industry.³²⁴

5.10.1.1 Consumer Profiles and Trends

On average per capita consumption has increased by more than 26 per cent over the last 10 years.³²⁵ The augmented consumption of olive oil in Canada can be primarily explained by the increasing health consciousness among Canadian consumers and the growing demand for trans-fat free products. This trend has affected sales of other cooking fats in Canada.

Figure 168) Annual Olive Oil Consumption and Imports in Canada



International Olive Oil Council

Growing consumer demand for trans-fat free products and increased consumer awareness for overall diet and health are largely responded to by the Canadian canola oil industry, as this product continues to dominate retail sales of cooking oils. As such retail sellers of olive oil aiming to increase their market share in Canada need to successfully justify the higher price positioning. Growing consumer awareness - especially in regards to genetic modification and the chemical refining process - can have a beneficial impact on demand for olive oil at the expense of its cheaper competitive product canola oil.³²⁶

³²⁴ "About olive oil consumption" available at:

http://www.aboutoliveoil.org/olive_oil_world/consumption.html

³²⁵ "World Olive oil figures" available at: <http://www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures>

³²⁶ "Study on the promotion of consumption of olive oil and olives in the USA and Canada" January 2010 available at: www.internationaloliveoil.org/documents/viewfile/4475-usa-canada-volumen-3



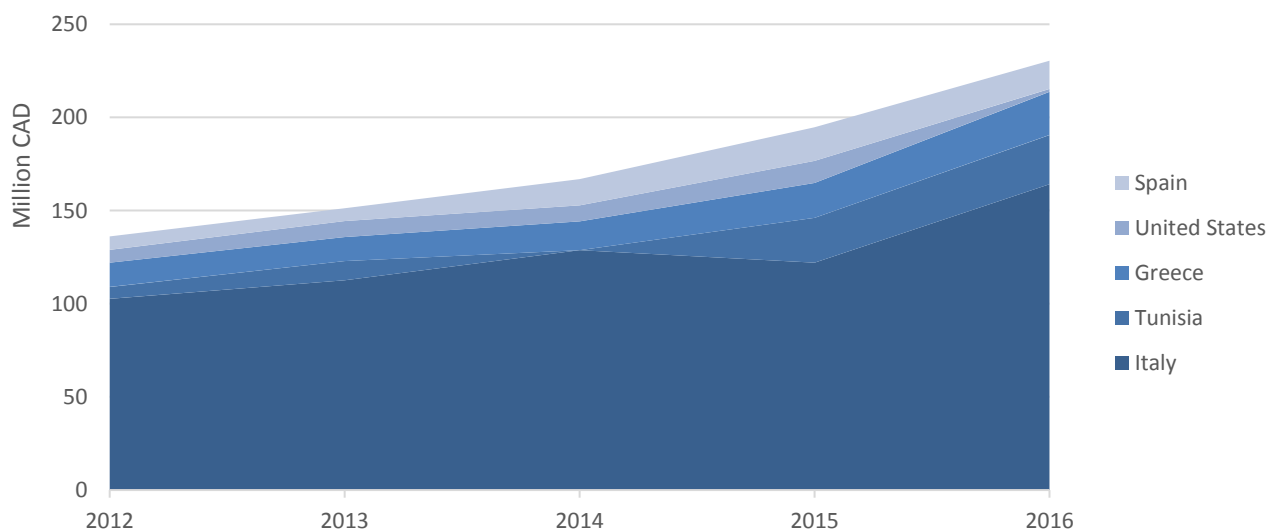
Canadian consumers use olive oil largely for salad dressings, marinades, sautés and increasingly for grilled, deep fried and baked preparations. Olive oil is increasingly used as a healthier alternative to butter and other spreads as a topping on bread, pasta and potatoes.³²⁷

The increasing attractiveness of the Mediterranean cuisine among Canadians and its inherent benefits for health open up potential for olive oil producers and can go along with consumer decisions to switch to olive oil as an alternative to the well-established cooking fats in Canada. Canada's multicultural orientation, coupled with a prominent Mediterranean diaspora, contribute to growing demand for olive oil despite a lack of domestic production.

The EU supplies the vast majority of Canada's imported olive oil, with three EU Member States – Italy, Greece and Spain- ranking among the top five olive oil exporters to Canada. The value of EU olive oil exports to Canada currently represents approximately 78 per cent of the total value of Canada's imported olive oil.³²⁸ The biggest EU olive oil supplier for Canada is Italy, from which the country imported oil worth 96.3 million EUR.

Canada's biggest olive oil-consuming province is Québec as a multicultural hot spot it is residence of consumers that are more aware of the additional value of olive oil as an ingredient and the accompanied health benefits.

Figure 169) Imports of Olive Oil Products to Canada



Statistics Canada

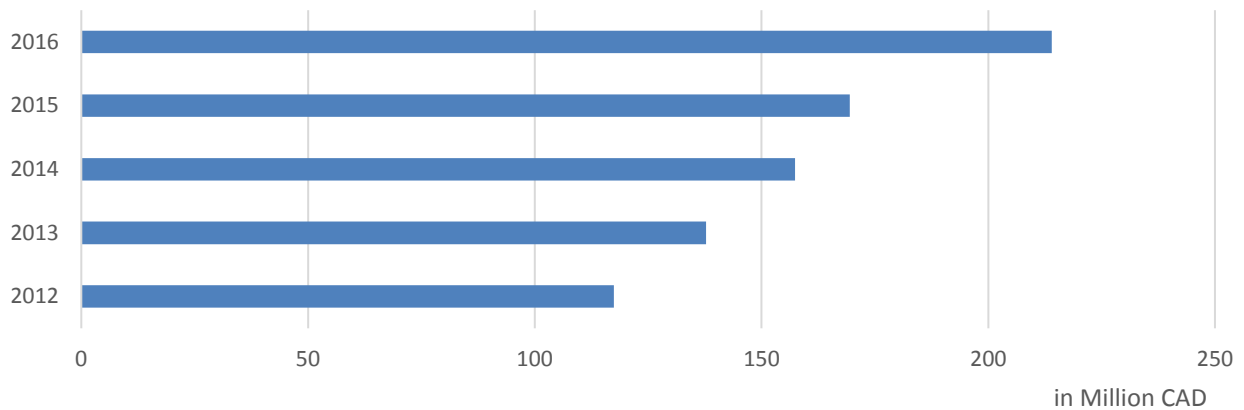
³²⁷ "Study on the promotion of consumption of olive oil and olives in the USA and Canada" January 2010 available at: www.internationaloliveoil.org/documents/viewfile/4475-usa-canada-volumen-3

³²⁸ "Spain Takes Aim at N. America's Rising Demand Despite Trump Win" December 2016 available at: <https://www.oliveoiltimes.com/olive-oil-business/spain-takes-aim-n-americas-rising-demand-despite-trump-win/53709>

5.10.1.1.1 Virgin and Extra Virgin Olive Oil

The Canadian and overall the North American market for quality olive oil is still in a developing phase. Consumer demand for quality olive oil is expected to increase, this category also makes up the largest share of olive oil imports in Canada.

Figure 170) Canadian Imports of Virgin Olive Oil



Statistics Canada

Public perception is influenced by promotional campaigns directed toward health conscious, high-income consumers promoting the nutritional benefits of (extra) virgin olive oil. The growing consumer awareness and industry driven dedicated consumer education goes along with an increased acceptance of higher prices for quality food products. In recent years Canada has further seen growth of delicatessen stores, specialised shops and an increasing audience for food and even olive oil specific blogs and websites.

Figure 171) Online Outreach Tools for Food and Drinks in Canada



Own Compilation

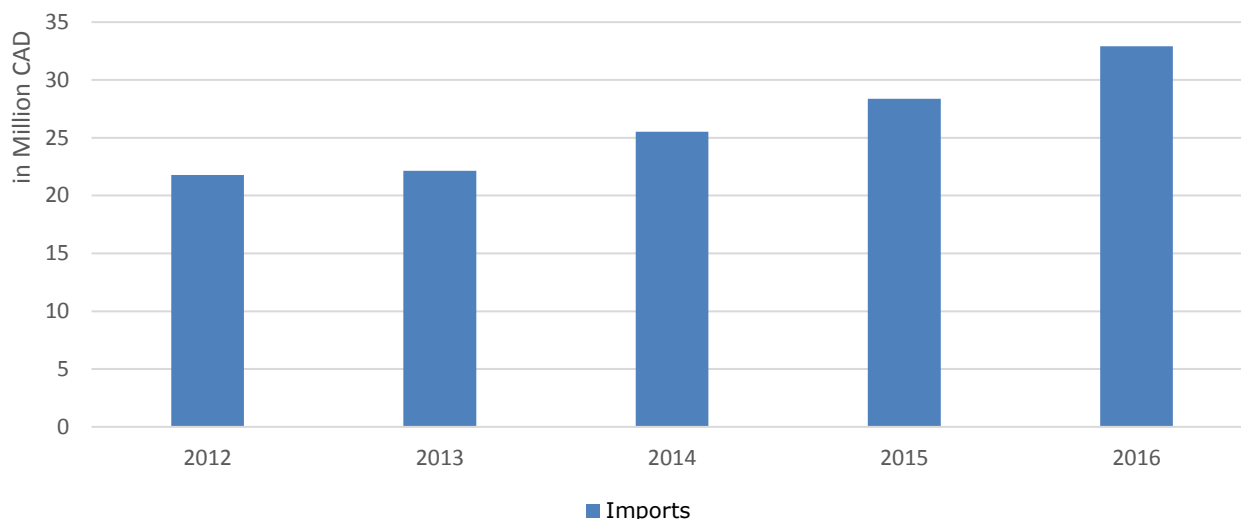
5.10.1.1.2 Refined Olive Oil

The consumption of olive oil in Canada is primarily driven by increasing consumer awareness about health benefits of olive oil consumption, particularly relative to traditional cooking oils and high-fat products. Given that the highest growth segment for olive oils is the one which captures health-oriented consumer demand, lower quality olive



oil products do not follow the same market size and trends. However, over the past years a steady increase in consumption of refined olive oil can be detected. The numbers are nonetheless, significantly lower for non-premium olive oil products in Canada.

Figure 172) Total Import Value of Refined Olive Oil



Statistics Canada

5.10.1.2 Challenges for EU Products

The Canadian market for imported F&B products is marked by increasing levels of price sensitivity as the value of the CAD depreciates relative to many foreign currencies. This affects EU producers disproportionately.

Canadian consumers may not be well-informed of the quality advantage derived from EU olive oils. This can be compounded when they are faced with lower-price options imported from competing exports such as the US, Tunisia and others. Communication of the health, nutritional and quality benefits from selecting EU olive oils are central to overcoming challenges in this product category.

5.10.2 Offer

Domestic production of olive oil in Canada is practically non-existent, except for small-scale non-commercial olive growing farms that are located in the southwestern part of the country.³²⁹ Olive oil nonetheless competes with alternative cooking fats such as margarines and canola oil which, just like olive oil, are marketed as beneficial for health

³²⁹ "Canadian Farmer succeeds with olives" May 2015 available at: <https://www.oliveoiltimes.com/olive-oil-basics/canadian-farmer-succeeds-with-olives-and-gives-kelp-seaweed-some-of-the-credit/47124>

and diet.³³⁰ The growing popularity of the Mediterranean kitchen and the significance of olive oil in that kitchen is what positions olive oil out as an alternative to traditional cooking fats used in Canada.

5.10.2.1 Entry Requirements and Changes under CETA

The requirements for olive oil products are governed by the provisions of Section B.09.003 of Olive Oil or Sweet Oil in the *Canadian Food and Drug Regulations*. The Canadian government has issued regulatory requirements concerning the import, distribution and sale of olive oil. In general these require that imports of olive oil may only be labelled as such, when no additions to the product in form of vegetable oils or olive pomace oil are made. All products sold as Virgin or Extra Virgin olive oil need to meet the standards of the International Olive Oil Council.

The Canadian government has issued regulatory requirements concerning the import, distribution and sale of olive oil. In general these require that imports of olive oil may only be labelled as such, when no additions to the product in form of vegetable oils or olive pomace oil are made. All products sold as Virgin or Extra Virgin olive oil need to meet the standards of the International Olive Oil Council. These can be found [here](#).

Figure 173) Package Example of Organic Olive Oil

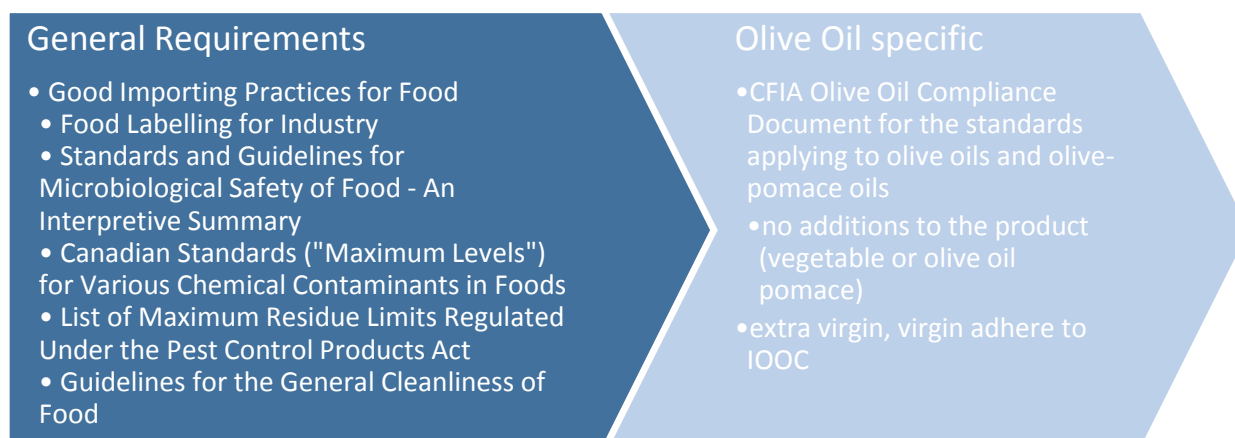


The CFIA tests imported olive oil for its authenticity and controls for adulterations. A failure to comply with the standards for olive oil can result in criminal penalties. The requirements for olive oil products are governed by the provisions of Section B.09.003 of Olive Oil or Sweet Oil in the *Canadian Food and Drug Regulations*. Food labelled “organic” is subject to prior certification by a certification body accredited by the CFIA. In addition, for each product the organic content must be at least 95% to be labelled “organic” if the product contains organic ingredients between 70% and 95%, the product may state this number by the declaration “contains x% organic ingredients”. A list of accredited certification bodies in the EU can be found [here](#).

Olive oil imports to Canada are regulated within the *Food and Drugs Act* which is Canada’s primary legislation applicable to all food sold in and imported to Canada, regulating health and safety requirements and provisions on fraud or deception including labelling, composition, packaging, treatment, processing, sale and advertising. The following regulations have to be adhered in order to export olive oil to Canada:

³³⁰ “Report Finds North Americans Hungry for Olive Oil, Often Misled” June 2011 available at: <https://www.oliveoiltimes.com/olive-oil-business/america-canada-olive-oil-consumer-demand/11726>

Figure 174) Checklist for Olive Oil Exports to Canada



Canadian Food Inspection Agency

5.10.2.2 EU GI Products

CETA expands the number of Geographical Indications to be recognised and protected in the Canadian market. A large number of European Olive Oil products will benefit from the agreement on mutual GI protection. Olive oil GI's recognised in CETA are:

Figure 175) Recognition of EU Olive Oil GI's under CETA

Indication	Transliteration	Country of Origin
Ελαιόλαδο Καλαμάτας	Kalamata olive oil	Greece
Ελαιόλαδο Κολυμβάρι Χανίων Κρήτης	Kolymvari Chanion Kritis Olive Oil	Greece
Ελαιόλαδο Σητείας Λασιθίου Κρήτης	Sitia Lasithiou Kritis Olive oil	Greece
Ελαιόλαδο Λακωνία	Olive Oil Lakonia	Greece
Huile d'olive de HauteProvence		France
Baena		Spain
Sierra Mágina		Spain
Aceite del Baix EbreMontsía		Spain
Oli del Baix EbreMontsía		Spain
Aceite del Bajo Aragón		Spain
Antequera		Spain
Priego de Córdoba		Spain
Sierra de Cádiz		Spain
Sierra de Segura		Spain
Sierra de Cazorla		Spain
Siurana		Spain
Aceite de Terra Alta		Spain



Oli de Terra Alta	Spain
Les Garrigues	Spain
Estepa	Spain
Veneto Valpolicella	Italy
Veneto Euganei e Berici	Italy
Veneto del Grappa	Italy
Azeite de Moura	Portugal
Azeites de Trás-os-Montes	Portugal
Azeite do Alentejo Interior	Portugal
Azeites da Beira Interior	Portugal
Azeites do Norte Alentejano	Portugal
Azeites do Ribatejo	Portugal

Comprehensive Economic and Trade Agreement

5.10.3 Distribution

Canada's food distribution sector consists of supermarkets, grocery stores, restaurants and fast food operations. The country furthermore has a well-established distribution and wholesale sector active in supplying retail shops.³³¹

Currently more than 40 thousand food and beverage stores are located in Canada. They sell the vast majority of food and beverages through traditional food stores directly to the consumers.

The majority of food products, including oils and fats are sold through Canada's traditional grocery retailers. Canadian consumers prefer big supermarkets offering a variety of food products to purchase their goods. The Canadian retail sector is dominated by chains, such as Loblaws, Sobeys and Metro. Around 60 per cent of food sales in Canada have been purchased in retail chains.

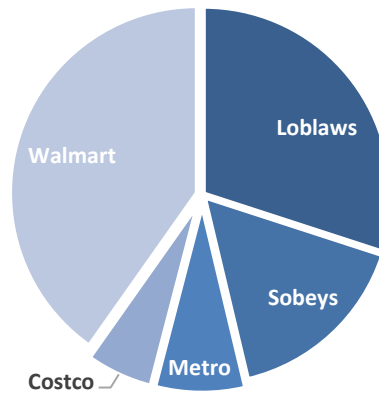
For European producers these chains will be easily approachable via local agents. Most of these big chains are available in all different regions of Canada.

Canada's consumers have been reluctant to do their groceries on-line, currently accounting for less than 1 per cent of total food sales in the country. EU producers should however take into account that online advertising is an important factor to increase consumer awareness of the respective product. In particular for Olive Oil online advertisement can be of interest as the growing health consciousness of Canadian consumers leads to increased research on food products. Many Canadian consumers are increasingly cautious about the quality and origin of their food products and check

³³¹ "Largest Canada, U.S. Grocery Retailers" September 2016 available at: <https://www.thebalance.com/largest-grocery-retailers-2892905>

information on producers online in order to find out where quality products are sold and which products can fulfil their needs.

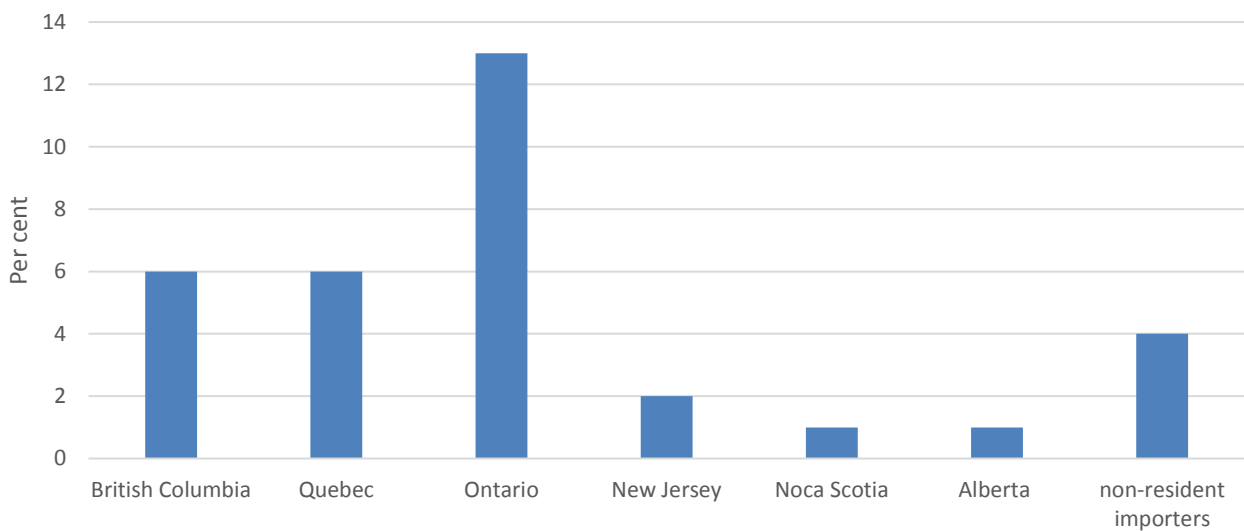
Figure 176) Largest Food and Beverage Retailers in Canada by Market Share



Financial Post

A variety of distributors across the Canadian provinces engage in the sales of olive oil and olive oil related products. These range from individuals and small-scale importers specialised in either olive oils or particular regional food products, to large-scale importers of delicatessen distributing to retailers or directly to consumers.

Figure 177) Share of Olive Oil Importers by Canadian Province and Comparable Markets



Agriculture and Agri-Food Canada

The majority of olive oil importers are based in Ontario, British Columbia and Quebec. The following table displays the number of olive oil importers in Canadian provinces, which account for more than 80 per cent of their respective olive oil imports.

Figure 178) Major Canadian Importers of Olive Oil

Company Name	City
A. BOSA & CO. LTD.	Vancouver
ANDERSON WATTS LTD.	Burnaby
CONCORD SALES LTD.	North Vancouver
CONTE FOOD IMPORTERS LTD.	Burnaby
FALESCA IMPORTING LTD.	North Vancouver
LIMSON CANADA, LTD.	Richmond
ALIMENTS MEDAILLON INC./ MEDAILLON FOODS INC.	Montréal
C.H.O. AMERIQUE INC.	Montréal
FAVUZZI INTERNATIONAL INC	Montréal
ITACA DIRECT INC.	Montréal
LES PRODUITS ALIMENTAIRES SA-G ER INC	Saint-Laurent
PILAROS INTERNATIONAL TRADING INC	Laval
UNICO INC	Concord
SAPORITO FOODS INC	Markham
LOBLAWS INC.	Brampton
LUNA LTD.	North York
MAURO FOODS	Concord
MOLISANA IMPORTS	North York
ITALCAN IMPORTS INC.	Concord
KRINOS FOODS CANADA LTD.	Concord
GIGI IMPORTING LIMITED	Woodbridge
HAIN-CELESTIAL CANADA, ULC	Toronto
I-D FOODS CORPORATION CORPORATION DES ALIMENTS I-D	Toronto
OVERSEAS FOOD TRADING LTD.	Fort Lee
UMBRIA OLII INTERNATIONAL USA, INC	Englewood
SOBEYS GLOBAL SOURCING INC.	Stellarton
SANTA MARIA FOODS INC.	Calgary
PIETRO CORICELLI - S.P.A.	Spoletto Pg
CAVANNA OLII - DI SANDRO CAVANNA & C. S.N.C.	Genova
COSTA D'ORO SPA	Spoletto
DEOLEO S.A.	28521 Rivas Vaciamadrid

Agriculture and Agri-Food Canada

Market Takeaway: Olive Oil

Consumption: Increasing consumption of olive oil in part driven by awareness of Mediterranean diet and alternative cooking oils. Olive oil is furthermore a complementary good to other F&B products, including fresh vegetables.

Competition: Lower price competition originating primarily from US and Tunisian exporters. Lack of domestic production.

Distribution: Majority of end consumer sales through supermarkets and some independent and/or specialised grocers. Segments of HoReCa sector are a significant consumer typically buying in bulk.

Challenges: Communicating value added and benefits of EU olive oils - including GI olive oils - to Canadian consumers faced with competing options at lower price points.

Opportunities under CETA: Recognition of EU GI olive oils and tariff liberalisation.

5.11 Market Snapshot: Processed Cereals

The demand for processed cereals, especially breakfast cereals in Canada is generally in decline as consumers are becoming more health-conscious and prefer to eat organic and more natural foods. However, many business opportunities still remain in the market for European producers of processed cereals as some sectors like hot cereals, organic cereals and healthy snack bars are increasingly trending in Canada.



5.11.1 Consumption

In Canada the demand for processed cereals is generally in decline. Breakfast cereals, the most common types of cereals, posted declines of 1 per cent in retail volume terms and 2 per cent in current value terms in 2016 to stand at sales of 176,000 tons and 1.4 billion CAD (approx. 1 billion EUR), respectively. This marked a continuation of the category's struggles over the last few years, although breakfast cereals remain a popular breakfast choice for many Canadians.³³² The majority of cereals are consumed for breakfast, as they are a popular breakfast product in Canada, albeit cereals are also consumed during other meals and as a snack. On the other hand, the consumption of

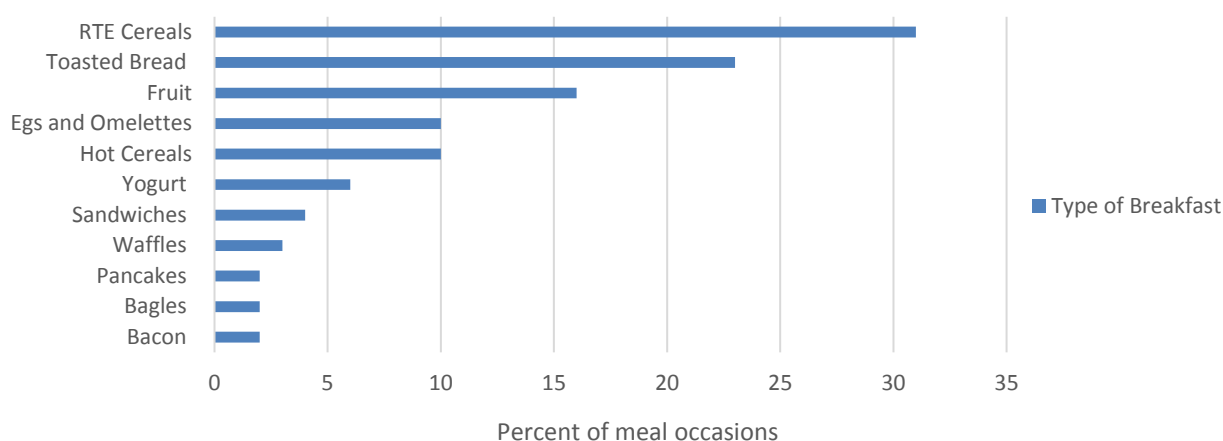
³³² " Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>



snack bars containing processed cereals has risen, as consumers find many healthy snack bars available.

The table below gives an overview of the breakfast eating habits in Canada. From this table it is evident that breakfast cereals are still the most popular choice of breakfast for Canadians.

Figure 179) Breakfast Meal Trends of Canadian Consumers



Alberta Agriculture and Forestry

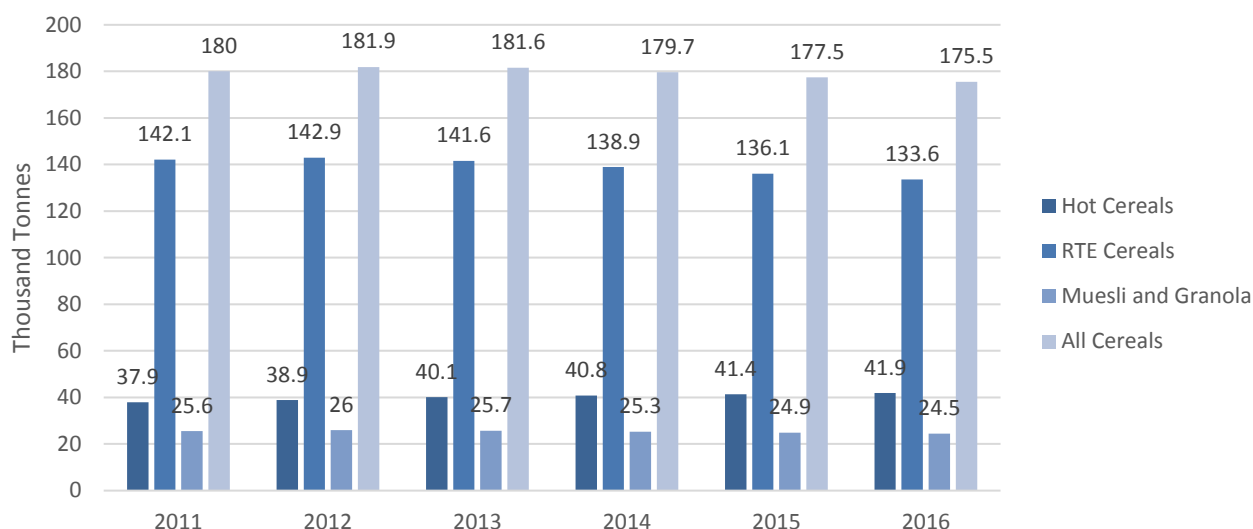
Even though ready-to-eat (RTE) cereal remains a top favourite breakfast food, followed by toast, fruit, and hot cereal, consumption of breakfast cereals is on a downward trend, while consumption on snack bars is gradually rising. Between 2010 and 2015 Canadian sales of ready-to-eat cereal declined 17.9 per cent, and are projected to fall another 8.6 per cent by 2020, according to Euromonitor International.³³³

Euromonitor International predicts that over the next five years the negative factors which hampered the growth of consumption of processed cereals during the past five years will likely remain. These will include younger generations' changing eating habits, increased snacking and a wider range of breakfast alternatives, such as protein-rich options and foodservice outlets offering breakfast sandwiches. Processed cereal consumption will also continue to be affected by consumers viewing many breakfast cereals as high in sugar and containing genetically modified ingredients.³³⁴

³³³ " Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

³³⁴ Ibid.

Figure 180) Sales of Breakfast Cereals in Canada from 2011-2016 by Volume



Euromonitor

5.11.1.1 Consumer Profiles and Trends

At the same time, European breakfast cereal producers should not be entirely discouraged by the bleak outlook of the consumption of processed cereals in Canada because Canada still ranks third in the world in per capita cereal consumption, at an annual 4.7 kilograms per person, only behind the United Kingdom and Australia.³³⁵

While processed cereal consumption is generally in decline, the consumption patterns are largely different for RTE cereals, hot cereals and organic cereals as well as for other products like energy snack bars. In general, RTE cereal consumption is declining fast, hot cereal and organic cereal consumption as well as snack bar consumption, on the other hand, is actually increasing quite steadily.

New rising consumer trends have considerable effect on the processed cereals industry in Canada. In general, increasing health-conscious behaviour of consumers and new eating habits of younger generations are decreasing the demand for RTE breakfast cereals and slightly increasing the demand for hot cereals, organic cereals and grain-based snack bars. However, all producers need to adapt to the changing consumer behaviour in order to become more successful in the market.

According to Euromonitor International, the younger generation of Canadians, especially the millennials are set to continue to reshape the consumer goods industries including processed cereals industry in Canada. As younger generations, particularly millennials, mature and start a family of their own, their rising purchasing power is having an impact

³³⁵ "Cereal Production in Canada: Market Research Report" June 2016 available at: <https://www.ibisworld.ca/industry/cereal-production.html>



on a variety of packaged food categories including processed cereals. For example, this group of consumers, especially women, is placing a greater emphasis on the naturalness and wholesomeness of foods, demanding products with a simple list of ingredients and which are free from artificial colourings, flavourings and preservatives. Some, if not most, are also sceptical about the functional claims of brands from major corporations, instead placing more trust in smaller companies. In breakfast cereals too, this is one of the factors behind the growth of smaller or local brands.³³⁶ This means producers of RTE cereals that use artificial flavours and whose products contain high amounts of sugar are expected to lose out, at the same time producers of organic cereals and grain based nutrition bars are expected to gain market share. A shift away from well-established big brands towards smaller brands on the other hand offers some business opportunities for European producers of processed cereals, especially for the SMEs.

At the same time gains in market share for the organic cereal producers might not be very substantial as millennials are increasingly rejecting cereals altogether. This is because 33 per cent of millennials claim that they prefer breakfast foods with more protein, another 18 per cent of millennials claimed cereals does not keep them full and 22 per cent claims that they just don't have time for breakfast.³³⁷

According to the Business Development Bank of Canada study, an increasing number of Canadians are becoming more health conscious, especially seniors, leading many to pursue a healthier lifestyle and integrate preventive health measures into their daily lives. According to the study, by 2031, 25 per cent of Canadians will be over 65 years old, so this health awareness trend will only accelerate. Since the aging Canadian population also has significant purchasing power, this group represents an interesting target for SMEs. One of the significant changes will be that health benefits will matter more in consumers' decision making. Already now half of Canadians consider the health impact of a product when making purchasing decisions and one-third claim they are willing to pay a premium for healthy products.³³⁸

³³⁶ "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

³³⁷ "Toronto Metro: Millennials Too Lazy to Eat Cereals" February 2017 available at: <http://www.metronews.ca/news/toronto/2016/02/26/lazy-millennials-cereal-bowl-stories-too-good-to-be-true-.html>

³³⁸ "Business Development Bank of Canada: Mapping your Future Growth" October 2013 available at: https://www.bdc.ca/Resourceresources%20Manager/study_2013/consumer_trends_BDC_report.pdf

According to Euromonitor International, Canadians' growing health consciousness is also being reflected in a weaker demand for cereal products. First, consumers are becoming increasingly wary of the artificial ingredients, such as colourings and flavourings, which can still be found in many breakfast cereals. This is similar to the clean label movement in other packaged food categories such as baked goods and dairy. This has prompted industry operators to revamp their formulations. Secondly, many breakfast cereals, particularly RTE cereals, are seen as having high sugar content. Similarly, concerns about GMO foods, although not as strong as in the US, have gradually risen, particularly in major urban centres such as Toronto, Vancouver and Montreal. This has adversely impacted a number of types of breakfast cereals.³³⁹ This health trend is also promoted on a Government level as the Canadian Health Department has recently issued a Canada's Food Guide that further encourages the consumption of organic cereals and nutrition bars and discourages the consumption of traditional RTE Cereals.

On the other hand, Canadians are spending less time preparing breakfast compared to other meal occasions, as 80 per cent of all breakfast meals are made in five minutes or less.³⁴⁰ Thus, traditional RTE cereals may still remain relatively popular.

Figure 181) Health Canada Food Guide



5.11.1.1.1 RTE Cereals

The RTE cereals are still the most popular type of cereals amongst Canadian consumers, accounting for the lion's share (84 per cent) of value of processed cereals sales in 2016 as well as well as over 70 per cent of breakfast cereal consumption in Canada. RTE cereals declined by 2 per cent in both volume and current value terms in 2016 to stand at sales of 134,000 tons and 1.1 billion CAD (787 million EUR).³⁴¹ A number of factors have worked against the popularity of RTE cereals over the past five years. Firstly, consumers nowadays have a wider range of breakfast options than ever before, with these including yoghurt, super grains such as quinoa, fruit snacks and nut and seed

³³⁹ "Euromonitor International: Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

³⁴⁰ "Alberta Agriculture and Forestry: Breakfast Trends in Canada" August 2016 available at: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/sis15003](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sis15003)

³⁴¹ "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>



based snacks. Particularly among younger generations, there is a growing tendency to skip meals, including breakfast, and to instead have more frequent snacks. According to the latest data from the Canadian Community Health Survey, snacking accounts for up to a quarter of the daily energy intake of children, being slightly lower for adolescents. This is having a negative effect on the consumption of RTE cereals. Secondly, having breakfast away from home has grown in popularity, especially amongst young people. This trend also changes the consumption of products for the breakfast, as the emerging trend is now towards eating convenient products while on the go or grabbing a quick bite at a coffee shop, which does not any more include RTE cereals.³⁴²

However, consumers are not increasingly rejecting all types RTE cereals. Among the different categories in RTE cereals, muesli and granola were the best performers in 2016, albeit still registering both a retail volume and current value decline of 1 per cent to stand at sales of 25,000 tons and 243 million CAD (172 million EUR) respectively. Muesli and granola enjoy a relatively healthier and more natural image than other RTE cereals. Consumers tend to think that regular RTE cereals are high in sugar, which is not good for their health and also believe that muesli and granola are more natural and thus also healthier.³⁴³ This consumer trend has slightly increased over the past five year and is expected to continue to increase also for the next five years. This also means that RTE cereals like muesli and granola will be a more popular choice of breakfast for Canadian consumers also during the next five years, thus offering some marketing opportunities for the European cereal producers.

5.11.1.1.2 Hot Cereals

Hot cereals are all types of cereals and cereal products that could be used to make porridges and other hot breakfasts. Hot cereals was one of the two categories of processed cereals to register a positive performance in 2016, posting retail volume growth of 1 per cent and current value growth of 2 per cent to reach sales of 42,000 tons and 211 million CAD (143 million EUR), respectively.³⁴⁴ Hot cereals are more popular amongst Canadian consumers because compared to RTE cereals, hot cereals benefit from their relatively natural image and lower sugar content, thus they are seen as a healthier choice of breakfast. Some Industry sources have also noted that the influx of immigrants from parts of the world where hot cereals are a traditional type of breakfast, particularly from the Asian countries, has also supported growth in hot cereal consumption. Increase in hot cereal consumption has also been a growing trend in Canada for the past five years and it is expected to continue for the next five years as well.

³⁴² "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

³⁴³ Ibid

³⁴⁴ Ibid



5.11.1.1.3 Organic Cereals

The second category of cereals that is enjoying high growth levels in sales and high levels of consumer appreciation is the organic cereals section. Sales of organic breakfast cereals rose 4 per cent during the past five years. Organic cereals have become increasingly popular because a focus on health and nutrition has been trending for some time and all-natural and organic products like organic breakfast cereals are looked upon as healthier choices.³⁴⁵ This trend is also likely to continue to increase during the next five years, offering bright future for the organic cereals producers.

5.11.1.1.4 Snack bars

The third category of cereal products that is enjoying high growth levels in sales and high levels of consumer appreciation is the snack bar category, which includes different energy bars and nutrition bars that include grain. These bars are rich in protein and fibre and low in sugars, which makes them very attractive for the more health-conscious Canadian consumers. Studies conducted by Canadian Grocer, show sharp increases in sales of grain-based protein snack bars, as most consumers consider them as a healthy alternative to other snacks³⁴⁶. Below table shows the growth of consumption in grain based snack bars.

Figure 182) Canada's Consumption of Snack Bars from 2011 to 2016 by Volume

	2011	2012	2013	2014	2015	2016
Consumption of Snack Bars in thousand tons	2.8	2.8	2.9	2.9	3.0	3.0

Euromonitor

5.11.1.2 Challenges for EU products

As for many F&B categories, the Canadian market is already consolidated with a strong domestic production base presenting barriers to entry for new brands and new producers. This applies to the processed cereals category, with an already significant established presence of domestic producers and competing suppliers. Major manufacturers that are already on the market were forced to run more promotions and offer more discounts in 2016 in order to remain competitive.³⁴⁷ This means that entry into the market for new products could be relatively difficult and subject to pricing constraints.

Another challenge for EU processed cereal producers is anticipated in the increasing tendency for Canadian consumers to increasingly purchase locally produced F&B products. Consumer concern for the environment has become increasingly important in

³⁴⁵ "Food in Canada: Rise and Dine" October 2016 available at: <http://www.foodincanada.com/features/rise-and-dine/>

³⁴⁶ "Canadian Grocer: The rise of Protein" November 2013 available at <http://www.canadiangrocer.com/blog/the-rise-of-protein-34336>

³⁴⁷ " Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>



Canada over the past decade. This environmental and social awareness is having a growing impact on sub-trends, such as buying locally sourced products. According to the recent Business Development Bank of Canada study, close to two-thirds of Canadians claim they have made an effort to buy local or Canadian-made products in the past year.³⁴⁸ This could be especially challenging to European producers of organic cereals that could have otherwise benefitted from increased preference for their products on ethical and sustainability grounds. However, the trade-promoting effects of CETA could well-compensate for these potential losses, including through both greater ease-of-access to the Canadian market as well as greater visibility and awareness of EU F&B production practices and standards..

5.11.2 Offer

Canada is a major processed cereal producer and a net exporter of processed cereals in general. Its major export countries include the US (18.4 per cent of the exports) followed by Japan (8 per cent of the exports) and China (6 per cent of the exports).³⁴⁹

Breakfast cereals, one of the biggest sections of processed cereals in Canada enjoys a relatively mature and consolidated market. However, according to Cereal Production in Canada market research report, the domestic cereal production industry has struggled over the past five years, with economic conditions largely guiding demand fluctuations. Wary of the economy, low consumer confidence drove demand for breakfast cereals as people preferred cheaper options for breakfast, however, economic recovery in subsequent years has limited the demand. Additionally, the price of wheat rose a staggering 44 per cent in 2011, which hampered Canada's processed cereal production and export considerably. Furthermore, as the economy began to recover, customers quickly turned away from cereals, rushing to satisfy cravings for alternative breakfast, which increasingly include snack bars.³⁵⁰

According to the Cereal Production in Canada market research report, in the next 5 years, the industry will continue to face challenges due to fluctuating demand trends. Nonetheless, appetite for cereal is here to stay, with revenue performance forecast to improve. Canadians will gain disposable income, which will result in mixed demand for cereal products on the domestic market.³⁵¹ As mentioned above, on Canada's domestic market, RTE cereals are the market leaders.

In Canada, Ontario and Quebec form the backbone of corn for grain production as well as processing. According to the Census of Agriculture, Ontario accounted for 61.7 per cent of seeded area in 2011, with Quebec following at 30.2 per cent and Manitoba at

³⁴⁸ "Business Development Bank of Canada: Mapping your Future Growth" October 2013 available at: https://www.bdc.ca/Resourcess%20Manager/study_2013/consumer_trends_BDC_report.pdf

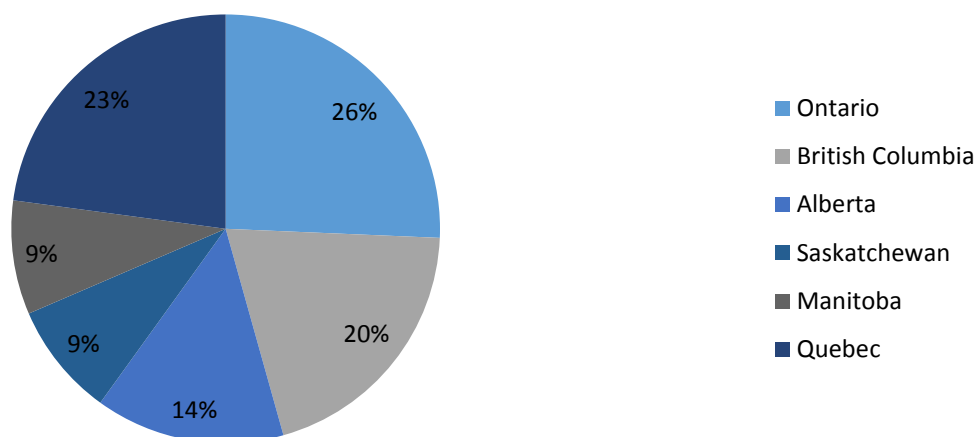
³⁴⁹ ITC Trade Map

³⁵⁰ "Cereal Production in Canada: Market Research Report" June 2016 available at: <https://www.ibisworld.ca/industry/cereal-production.html>

³⁵¹ Ibid.

6.4 per cent.³⁵² Ontario and Quebec are also the biggest producers of Canada's breakfast cereals and other processed cereals. Table below shows the breakdown of Canada's cereal products production by province.

Figure 183) Canada's Main Processed Cereals Producing Provinces by Production Share



Statistics Canada

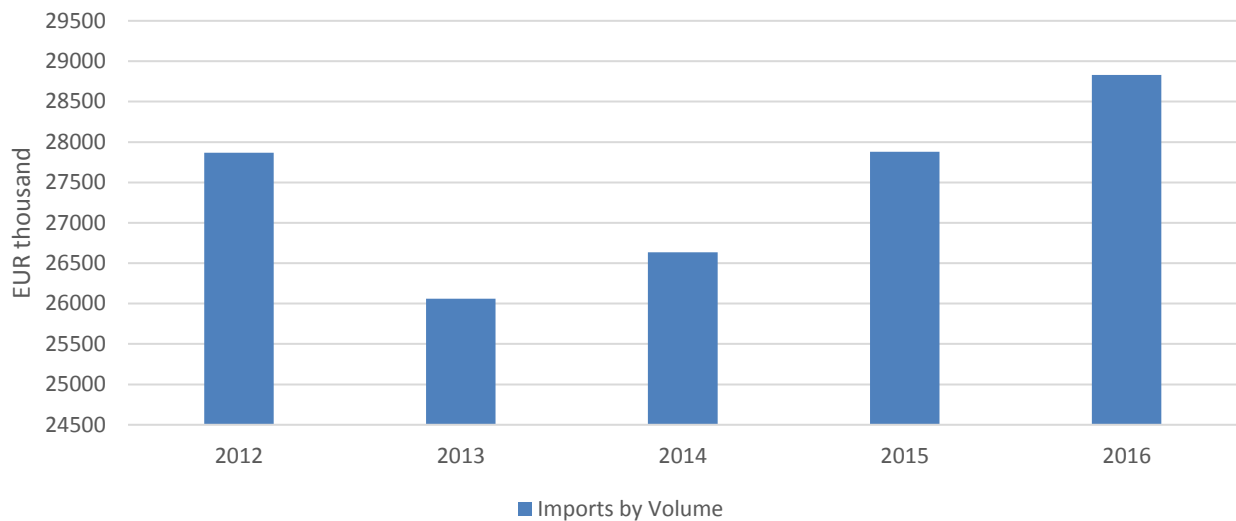
In terms of producers and sellers of processed cereals and especially of breakfast cereals, Kellogg Canada Inc. remained the clear leader of the Canadian market in 2016 with a 40 per cent of market value share, followed by PepsiCo Beverages Canada and General Mills Canada Corp with shares of 16 per cent and 14 per cent, respectively.³⁵³

Even though Canada is the net exporter of processed cereals, it is also a major importer of processed cereals and especially breakfast cereals. Its main imports are coming from the US (91.8 per cent) followed by Italy, Algeria and China. Imports are mainly coming from the US as the NAFTA is boosting trade between the two countries. Below table shows Canada's imports of breakfast cereals from 2012 to 2016 by value.

³⁵² "Statistics Canada" November 2015 available at: <http://www.statcan.gc.ca/pub/96-325-x/2014001/article/11913-eng.htm>

³⁵³ "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

Figure 184) Canada's Import of Processed Cereal Products from 2012 to 2016 by Value

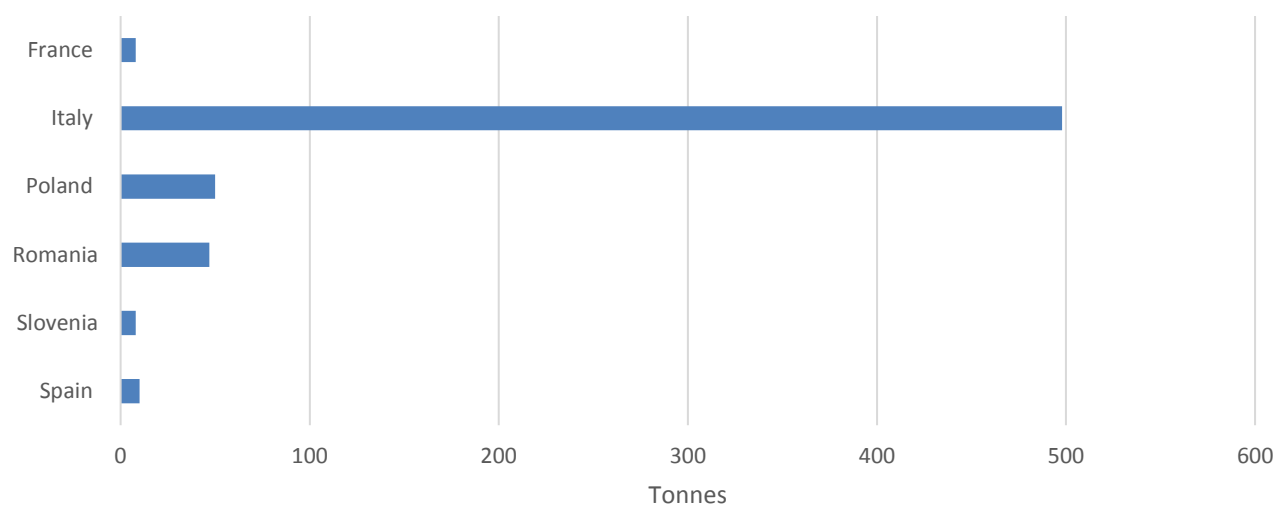


ITC Trade Map

CETA is likely to increase imports from EU Member States since many customs duties on farm produce, processed foods and drinks will disappear. Europe will be able to export nearly 92 per cent of its agricultural and food products to Canada duty-free. European exports to Canada's market of high-income consumers will become cheaper.³⁵⁴ This will also affect the exports of European processed cereals to Canada.

³⁵⁴ "CETA explained" January 2017 available at: <http://ec.europa.eu/trade/policy/in-focus/ceta/ceta-explained/>

Figure 185) Canada's Imports of Processed Cereals from Selected EU Countries in 2016 by Volume



ITC Trade Map

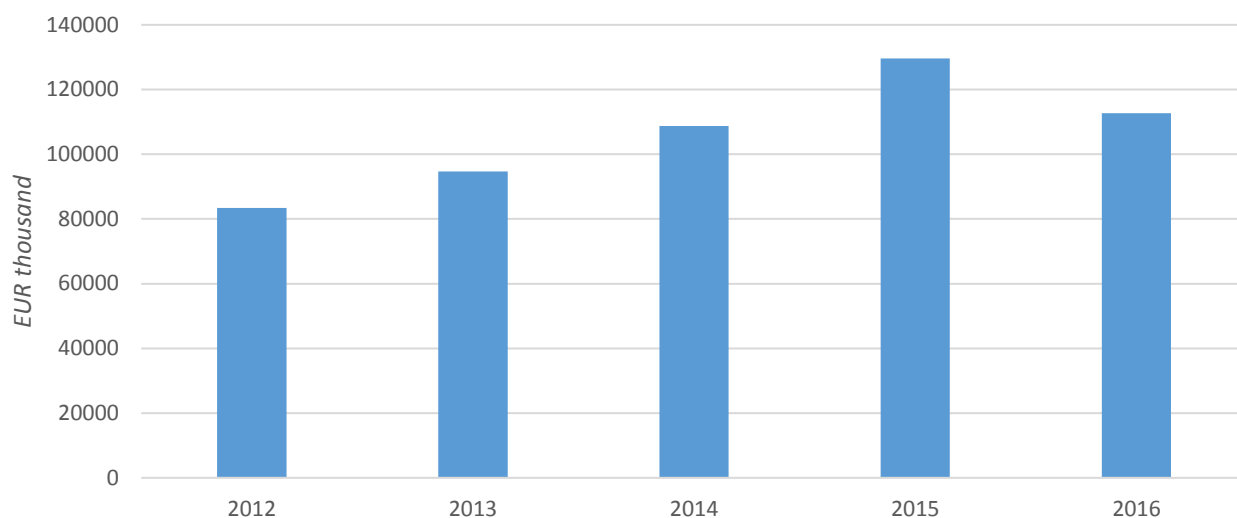
Canada is a major exporter of processed cereals. Its major export countries for processed breakfast cereals include the US (89 per cent of the exports) followed by Mexico (8 per cent of the exports) and Japan (8 per cent of the exports).³⁵⁵ Canada's cereal producers are very positive about CETA, as they believe that CETA will boost Canada's exports of processed cereals to the European Union. Without CETA, Canadian producers face tariffs up to 54.30 EUR/100 kilograms and after CETA, most of the tariffs will be abolished.³⁵⁶

Below table shows the evolution of Canada's exports of breakfast cereals over the time period from 2012 to 2016.

³⁵⁵ "CETA explained" January 2017 available at: <http://ec.europa.eu/trade/policy/in-focus/ceta/ceta-explained/>

³⁵⁶ "Agriculture and Agri-food Canada" January 2017 available at: <http://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6853-eng.pdf>

Figure 186) Canada's Export of Processed Cereal Products from 2012 to 2016 by Value



ITC Trade Map

5.11.2.1 Main Competitors

In terms of producers and sellers of processed cereals and especially of breakfast cereals, Kellogg Canada Inc. remained the clear leader of the Canadian market in 2016 with a 40 per cent of market value share, followed by PepsiCo Beverages Canada and General Mills Canada Corp with shares of 16 per cent and 14 per cent, respectively.³⁵⁷ In the market of Organic processed grains, especially of processed breakfast cereals, the market leader is Nature's Path.

Kellogg Canada, which offers brands such as Frosted Flakes, Froot Loops, Corn Flakes and Special K, continues to lead Canada's processed breakfast cereals market. After experiencing difficulties emanating from consumer demand, the company has invested in a turnaround plan which includes new products with a focus on health and wellness, such as Special K Nourish and Special K Protein, as well as new Kashi products which are GMO-free and various protein bars and energy snack bars.

The company also fine-tuned its communication strategy over 2015/2016, highlighting

Figure 187) Example of Product Packaging from Kellogg Canada Inc.



³⁵⁷ "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

its products' weight control benefits as well as more wholesome and natural ingredients in order to appeal to Canada's health-conscious consumer base.³⁵⁸

Figure 188) Example of Product Packaging from PepsiCo Beverages



As retail volume and value sales of breakfast cereals shrink, leading players like Kellogg and General Mills have focused more on growing muesli and organic cereals, in addition to investing in adjacent product areas, such as snack bars, for which the demand is growing.³⁵⁹

PepsiCo Beverages Canada, which holds the second place in terms of market share (16 per cent), benefits from its strong position in hot cereals, which is the rising category of processed cereals in terms of consumption in Canada. The company's leading brand, Quaker, benefited from the launch of new products so as to retain the interest of consumers. For

example, the company introduced Quaker Harvest Breakfast Fruit-filled Squares in different flavours over 2015/2016, with these featuring whole grains and being "made with real fruit", with 210 calories per serving.³⁶⁰

General Mills Canada Corp, which holds the third place in terms of market share (14 per cent) has actively been working on reformulating its breakfast cereals and bringing more snack bars into the market. The company is planning to phase out artificial ingredients in all of its brands by 2017 in order to appeal more to the health-conscious Canadian consumers. The company also launched Cheerios Plus cereals in the summer of 2015 as part of its new product development efforts, with variants including Cinnamon Coconut and Honey Almond in stand-up re-sealable pouches.³⁶¹ In order to meet the needs of the younger generations, General Mills Canada Corp. is also developing cereals with protein and protein-rich snack bars.³⁶²

Figure 189) Example of Packaging from General Mills Canada Corp



³⁵⁸ "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

³⁵⁹ "Packaged Food in Canada" November 2016 available at: <http://www.euromonitor.com/packaged-food-in-canada/report>

³⁶⁰ "Breakfast Cereals in Canada" November 2016 available at: <http://www.euromonitor.com/breakfast-cereals-in-canada/report>

³⁶¹ Ibid

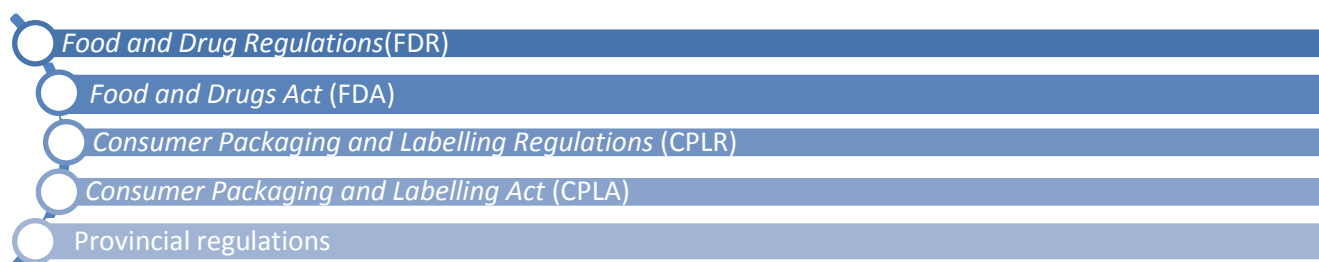
³⁶² "Canadian Grocer: trouble with breakfast cereals" March 2014 available at: <http://www.canadiangrocer.com/top-stories/the-trouble-with-breakfast-cereals-38441>

5.11.2.2 Entry Requirements and Changes under CETA

Currently there are TRQs for wheat, barley and their products for EU processed cereals producers. Consequently, an import permit issued by the Department of Foreign Affairs, Trade and Development is required to import these products in to Canada. European importers are recommended to check with the CFIA for further details.³⁶³ Even though the CETA will do away with most of the TRQs, some provinces like Quebec will still place import restrictions on European processed cereals products.³⁶⁴

European companies wishing to export processed cereals into Canada, should keep in mind that all products must comply with the following rules and regulations:

Figure 190) Rules and Regulations that All Processed Cereals Need to Comply with



Canadian Food Inspection Agency

In addition, all breakfast cereals and cereal bars that may contain added thiamine, niacin, vitamin B6, pantothenic acid, folic acid, iron, magnesium and zinc to levels specified by regulation [B.13.060, FDR]. The content of the added vitamins and minerals is required to be declared in the Nutrition Facts table [B.01.402(7), FDR].³⁶⁵

5.11.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 Geographical Indications (GIs) – distinctive food and drink products from specific towns or regions in the EU. Amongst these 143 Geographic Indications, only 1 Italian GI will cover processed cereals section. This GI is indicated in the table below.

Figure 191) Recognition of EU Processed Cereals GIs under CETA

Geographic Indication	Country of Origin
Riso Nano Vialone Veronese	Italy

Comprehensive Economic and Trade Agreement

³⁶³ "Canadian Food Inspection Agency" July 2017 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/grain-and-bakery-products/eng/1392135900214/1392135960867?chap=0#s17c6>

³⁶⁴ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf

³⁶⁵ "Canadian Food Inspection Agency" July 2017 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/grain-and-bakery-products/eng/1392135900214/1392135960867?chap=0#s17c6>

For producers of organic products, it is important to be aware that all label designs intended to be used to market certified organic products must be submitted to Ecocert Canada prior to printing to ensure the organic standard's labelling requirements are met. Ecocert Canada will only verify compliance according to the organic Regulation and Standards. The owner of the product is responsible for ensuring that labels meet all other Canadian Regulations (nutritional data, weight, category, etc....).³⁶⁶

5.11.3 Distribution

The majority of retail foods including processed cereals continue to be sold through Canada's traditional grocery retailers, as Canada's consumers prefer to do their grocery shopping at big supermarkets from which they can conveniently purchase all of the products that they need. In 2014, approximately 60 per cent of food sales were through chains, with independents making up the rest. Walmart Canada and Costco along with other non-grocery retailers including Dollarama, Alimentation Couche-Tard, and Shoppers Drug Mart, have been strategic in placing more food products on their store shelves, making it convenient for customers to spend some of their food dollars through these channels.³⁶⁷ European producers of processed cereals can easily approach these distribution channels via local agents. Most of these big chains are available in all different regions of Canada.

Figure 192) Walmart Canada one of the Leaders in Canada's Retail Market



A growing number of Canadian customers buy their processed cereals such as breakfast cereals and snack bars from convenience stores. The Canadian Convenience Store Association reported that 10.4 million visits are made each day to Canada's 23,000 convenience stores and gas stations. Floor space for new food products such as snacks and snack bars is growing and many store units are expanding their premises to accommodate more of these products. The focus continues to be decorating stores with equipment, such as beverage stands and stocking stores with high quality convenience foods, like snack foods and confectionary items.³⁶⁸ Convenience stores have special appeal to the younger generation that appreciates snack foods.

³⁶⁶ "ECOCERT Canada Labelling Guide" 2015 available at:

[http://www.ecocertcanada.com/sites/www.ecocertcanada.com/files/TS003%20%20V04%20Labelling%20Guide%20%20\(E\)_1.pdf](http://www.ecocertcanada.com/sites/www.ecocertcanada.com/files/TS003%20%20V04%20Labelling%20Guide%20%20(E)_1.pdf)

³⁶⁷ "An Updated Overview of the Retail Sector in Canada" December 2015 available at:

https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf

³⁶⁸ Ibid



Many price-conscious Canadians still prefer home cooking and continue to dine at home as a way to control spending, which means that even if some restaurants and bars are starting to serve more processed cereal products, customers still prefer to buy processed cereals from the supermarket and prepare their meals at home. Likewise, the rising health-conscious culture also prompts many Canadians to prepare their own meals, typically at home, which is viewed as more natural and healthier. Economic pressures have also served to provide a boost to home cooking, increasing competition for foodservice. However, the need for convenience from consumer segments with busy lifestyles, such as single people and couples with a strong career focus, as well as working parents with children, is resulting in an increasing need to save time, helping several trends, for example snacking and opting for on-the-go food, whether from retail or consumer foodservice channels. Many Canadians prefer to grab a yoghurt or a snack bar on the go.³⁶⁹ This means that in processed cereals industry, and especially in breakfast cereals industry, supermarkets and hypermarkets play greater role than restaurants.

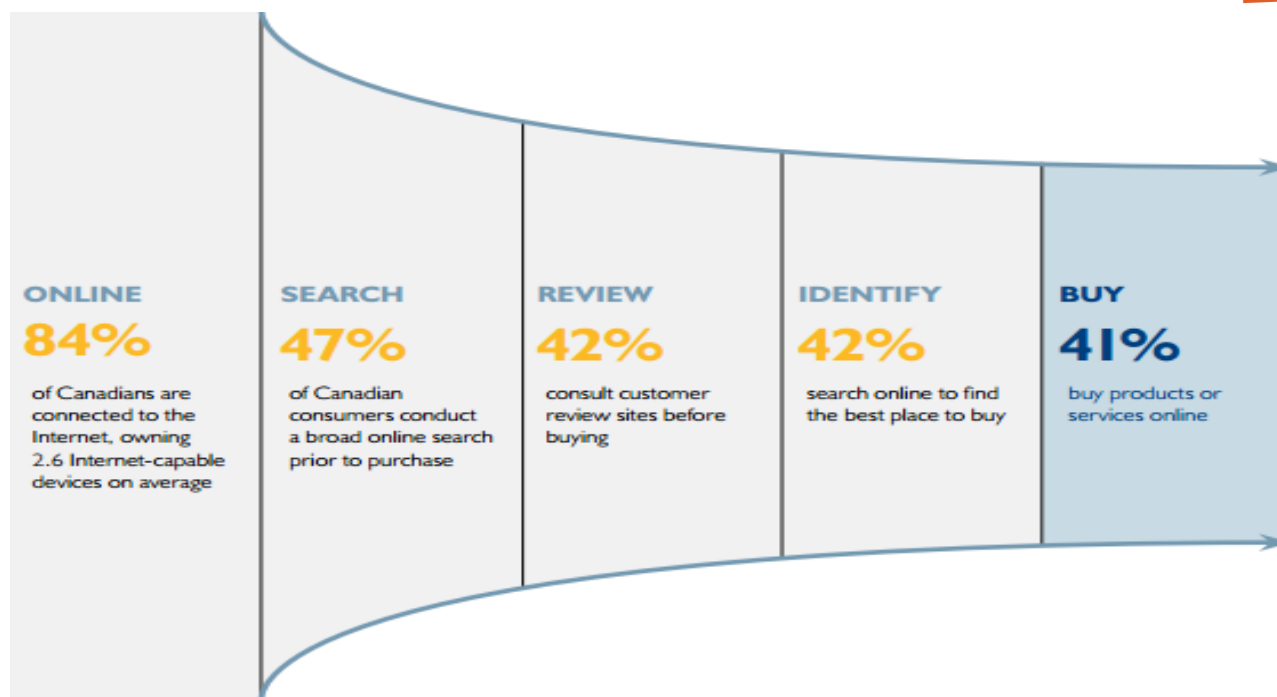
On the other hand, non-commercial foodservice establishments that include hotels and institutions (for example, hospitals) are increasingly serving breakfast cereals and snack bars. Many hotels in Canada's biggest cities are also offering healthy snacks like gluten free breakfast cereals and snack bars.

New information channels have redefined consumers' path to purchase. Prior to purchase, consumers now tend to seek advice on, and be influenced by, online channels specific to the product category. Designing an appropriate and efficient online-awareness strategy is a key way to influence buying decisions.³⁷⁰

³⁶⁹ "Packaged Food in Canada" November 2016 available at: <http://www.euromonitor.com/packaged-food-in-canada/report>

³⁷⁰ "Business Development Bank of Canada: Mapping your Future Growth" October 2013 available at: https://www.bdc.ca/Resources%20Manager/study_2013/consumer_trends_BDC_report.pdf

Figure 193) Influence of New Technologies to Canadas Distribution Network



Business Development Bank of Canada

Grocery on-line shopping has been slow to take off in Canada and historically has been operating regionally rather than nationally. On-line shopping accounts for 1 per cent of the total retail food sales in Canada. 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 liked dry fruits.³⁷¹

However, the distribution channel for processed cereals like breakfast cereals is increasingly influenced by online ordering. For example, in February 2016, Wal-Mart Canada expanded its online grocery pick-up service to the Greater Toronto Area after testing the pilot programme in Ottawa, Ontario in June 2015. The company is likely to gain positive results from this expansion.³⁷²

³⁷¹ "Gain Report: An Updated Overview of the Retail Sector in Canada" December 2015 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf

³⁷² "Euromonitor International: Packaged Food in Canada" November 2016 available at: <http://www.euromonitor.com/packaged-food-in-canada/report>



Additionally, new and small players, such as InstaBuggy, which mostly covers major urban centres like Toronto, Vancouver and Montreal, also participated actively in the online distribution space. InstaBuggy, an app driven grocery delivery company, plans to expand to the whole Greater Toronto Area from its city centre base was launched in early 2015. The company delivers a wide range of grocery items, including breakfast cereals.³⁷³ Similarly, in the west of Canada, Spud, an online grocery service provider covering British Columbia and Alberta, doubled the size of its business in three years.³⁷⁴

Market Takeaway: *Processed Cereals*

Consumption: Overall decreasing consumption of processed cereals however growing consumption of pastas and other convenience-oriented products.

Competition: Strong domestic production base and international competition.

Distribution: Supermarkets account for largest distribution share.

Challenges: Competing with Asian cereal staples such as rice and noodles.

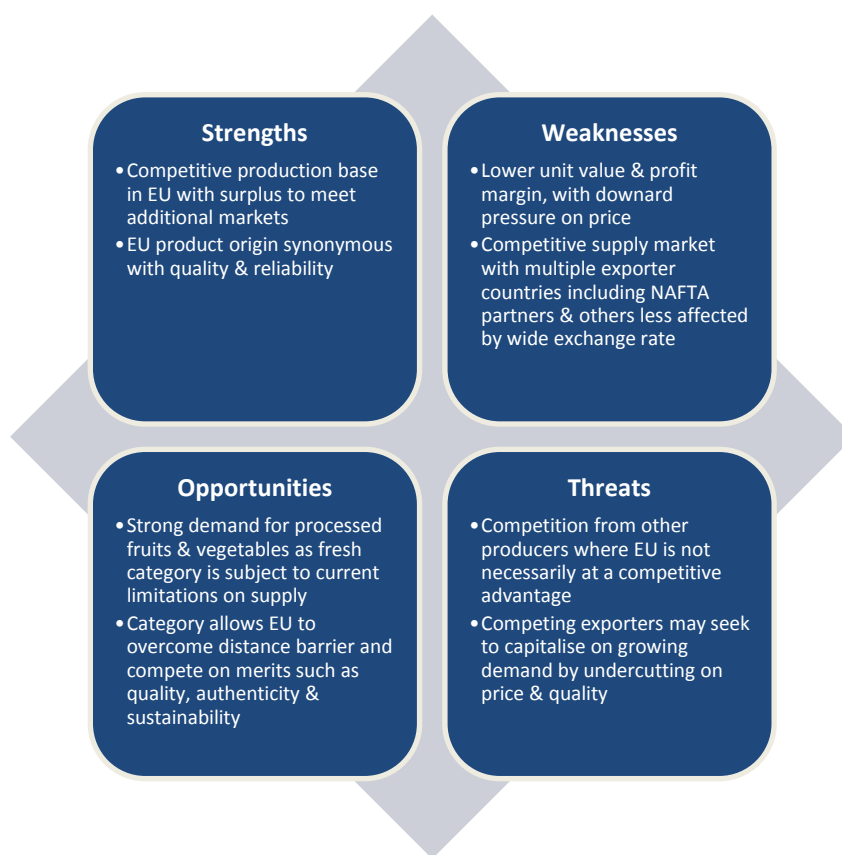
Opportunities under CETA: Recognition of EU GI cereal products and tariff liberalisation.

³⁷³ "Euromonitor International: Packaged Food in Canada" November 2016 available at: <http://www.euromonitor.com/packaged-food-in-canada/report>

³⁷⁴ Ibid.

5.12 Market Snapshot: Processed Fruit and Vegetables

Canada's market for processed fruits and vegetables is growing steadily. Consumer trends like increased health-consciousness and new lifestyles like the spread of vegetarianism are driving the overall consumption of processed fruits and vegetables. In this food category, the frozen fruits and vegetables section is boasting the highest growth rate as new technological innovations allow producers to offer products that are fresh and rich in flavour. European processed fruits and vegetable producers will find several lucrative business opportunities in Canada's market as Canada's consumers have an increasing appetite for fruits and vegetables, especially for the ones that are hard to grow in Canada.



5.12.1 Consumption

Processed fruit and vegetables manufacturers have experienced slow growth over the past five years, as increasing levels of disposable income and growing health awareness among Canadians have increasingly diverted demand away from industry products. To counteract these deterrents, frozen food manufacturers have been quick to introduce new products that appeal to health-conscious consumers, thereby offsetting declining sales in more traditional product segments. In the coming years, the industry is expected



to continue growing, driven primarily by rising per capita disposable income levels and shifting health trends, both of which will likely increase demand for the industry's higher-margin premium product segments and products that appeal to the more health-conscious upper-middle class and middle class.³⁷⁵

5.12.1.1 Consumer Profiles and Trends

Consumer interest in healthier food products is contributing to increased consumption of some categories of fresh and processed fruits and vegetables in Canada like frozen fruit and vegetables. Technology and innovation have benefited this industry, with dramatic improvements in food quality and value-added product formats that allow consumers to enjoy the full flavour and nutritional value of fruits or vegetables throughout the year. Technological changes have also facilitated the proliferation of high quality, innovative food products with fruits and vegetables forming major a component, such as frozen dinners and entrées, pizzas, breakfast products, juices and soups.³⁷⁶

According to the Canadian Food Trends to 2020 report, different forms of “veggie movements” (veganism and vegetarianism in its various forms) are on the rise in Canada, which are expected to also increase the consumption of processed fruits and vegetables and particularly frozen fruits and vegetables as Canadians are increasingly looking into alternatives for meat dishes. The report suggest that currently perhaps 2-3 per cent of the Canadian population are true vegans, but up to 30-40 per cent of the population is expected to actively seek out meatless alternatives, at least occasionally.³⁷⁷ The report also suggests that the demand of vegetarian products is likely to increase as the government is planning to move vegetarian products into high schools.

According to the report, vegetarianism is more often practiced by Asian cultures including Buddhists and growth of these cultural groups in Canada due to immigration also supports an upward trend in vegetarianism, which in term is expected to support an upward trend also for demand of frozen fruits and vegetables and, albeit to a lesser degree, also the demand for canned fruits and vegetables.

According to the Canadian Food Trends to 2020 report, the Generation Y (born in 1980s and early 1990s) will probably have the most influence on trend setting through to 2020. They will be forming households and starting families, and will be very cautious about what they feed their children. The internet, instant communications, global influences

³⁷⁵ “Frozen Food Production in Canada: Market Research Report” July 2016 available at: <https://www.ibisworld.ca/industry/frozen-food-production.html>

³⁷⁶ “Agriculture and Agri-Food Canada” July 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-fruit-and-vegetable-preserving-and-specialty-food-industry/?id=1375206764774>

³⁷⁷ “Canadian Food Trends 2020” July 2005 available at: http://stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf



(including representation of visible minorities), and social consciousness are the driving forces for that generation. This generation is more sophisticated and design conscious, due in large part to their early exposure to electronic media. Generation Y's are more savvy consumers who are growing up knowing how to read food labels. Health and weight management will be seen as more of a lifetime commitment, as prevention messages will have been targeted at this group in their teen years. Portability of foods will fit busy, on-the-go lifestyles. Increasingly, ethnic, exotic, veggie and organic foods will be sought. Cooking and in-home dining will become a social event.³⁷⁸ This means that frozen fruits and vegetables with particular attention to maintaining quality and crispness and promoting frozen foods as an ingredient base for home use and food service, will be the products likely to see sales increases in the coming years. This trend is, however, expected to decrease the consumption of canned fruits and vegetables, as these products are not seen to be as healthy as their frozen and fresh equivalents.

According to the Canadian Consumer Behaviour report, while sustainability is not a primary purchase motivator for most shoppers, there is a growing expectation that companies should be adopting green business practices. If consumers feel that products like different processed fruits and vegetables are equal in terms of core benefits, such as health, quality and convenience, consumers will choose the product they feel is packaged in a more sustainable manner. European retailers and manufacturers should therefore consider investing in ethical and sustainable packaging to meet consumer demand, to be seen within the industry as having taken action, and to remain competitive. A typical sustainable packaging must be: derived from a sustainable source; be manufactured using renewable and/or minimal energy; incorporate recycled post-consumer use waste; optimize the use of materials to reduce waste and transit weight; have the ability to be reused by producers, retailers and consumers before recycling; be easily recyclable in a variety of regions within any given national market where the core product is sold; and have high biodegradability or compostability', with low emissions of carbon dioxide and methane.³⁷⁹ European companies using sustainable packaging for processed fruits and vegetables are more likely to be successful in Canada's market than their less environmentally conscious counterparts.

5.12.1.1.1 Frozen Fruits

Frozen fruits are expected to have one of the highest growth rates in the near future in Canada's food and beverages industry according to the Canadian Food Trends to 2020 report. As the population ages, there appears to be a preference for frozen fruits. The

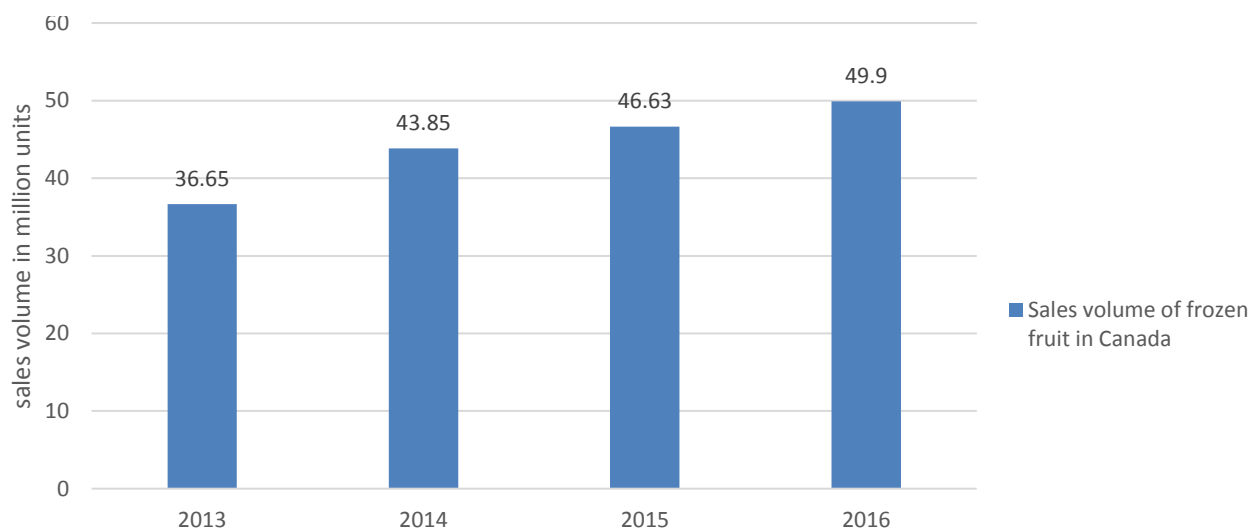
³⁷⁸ "Canadian Food Trends 2020" July 2005 available at: http://stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf

³⁷⁹ "The Canadian Consumer" May 2010, available at: <http://www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706>



quality and variety of frozen fruit has improved dramatically over the past several years. Highly convenient whole berries, or frozen melon, peach and plum mixes are available year round. A handful of frozen blueberries, high in antioxidants, can easily be thrown onto a bowl of cereal, on top of a pancake or over a dish of yogurt. Frozen fruit addresses the problem of fresh fruit spoilage and waste in the home. Frozen fruits are also increasingly used as an ingredient in fast food beverages, or as a filling for pies and pastries.³⁸⁰

Figure 194) Sales Volume of Frozen Fruit in Canada from 2013 to 2016 (in million units)



Statista

5.12.1.1.2 Canned Fruits and Vegetables

The trends in consumption of canned fruits and vegetables are significantly different from trends in the frozen fruits and vegetables sector. While changes in demand for products manufactured by industry operators have varied, the canned fruit and vegetable processing industry as a whole has declined over the past five years. Growing health consciousness and concerns over the safety of canned food products have caused many consumers to opt for alternative products, such as frozen food and fresh produce at retail stores. Furthermore, rising disposable income levels have exacerbated the decline in demand for industry goods, as consumers have turned to premium goods at grocery stores, including fresh produce and prepared meals.³⁸¹

³⁸⁰ "Canadian Food Trends 2020" July 2005 available at: http://stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf

³⁸¹ "Canned Fruit & Vegetable Processing in Canada: Market Research Report" August 2016 available at: <https://www.ibisworld.ca/industry/canned-fruit-vegetable-processing.html>



According to various market studies, the canned fruit and vegetable processing industry is thought to be in the declining stage of its life cycle. Over the 10 year period to 2020, industry value added, which measures an industry's contribution to the economy, is expected to decline at an average annual rate of 4.4 per cent. Despite producers' efforts to introduce healthier brand extensions and safer packaging materials, the declining demand for canned fruits, vegetables, soup and ready-to-eat meals has placed downward pressure on industry revenue in the past five years.³⁸²

5.12.1.1.3 Frozen Vegetables

According to the Canadian Food Trends to 2020 report frozen vegetables, are forecasted to show the greatest rate of growth within the processed vegetable food category. Frozen vegetable consumption is expected to increase by another 33 per cent over the next 15 years. The reasons for the growth of the frozen vegetables sector are almost identical to the growth drivers of the frozen fruit sector, as described above.

Canadian consumers have recently started to prefer convenience products, which means that instead of just buying a pack of frozen vegetables to add into soups, they now prefer ready-to-serve meal solutions. Consumers are now also seeking simplified meal-preparation, with minimal ingredients that require little preparation and clean-up. For these reasons, Canadian food manufacturers have started to increasingly incorporate frozen fruits and vegetables in ready-to-serve meals including TV dinners, pizza, and other entrées. Consumer demand is growing for convenient products, and this factor will continue to drive the development of a wide range of ready-to-cook and -eat fruit and vegetable products.³⁸³ In order to be successful on the market European frozen fruits and vegetables producers should embrace this trend when considering exporting frozen fruits and vegetables to Canada's market.

Frozen fruits and vegetables consumption as well as canned fruits and vegetables consumption is also correlated to the changes in prices of the fresh fruits and vegetables. While Canadian health-conscious consumers prefer fresh fruits and vegetables over their frozen counterparts, heavy price increases on fresh fruits and vegetables produced stimulated demand for processed fruit and vegetables over 2015 and 2016.³⁸⁴ When fresh fruits and vegetables are becoming more expensive, consumption for frozen fruits and vegetables rises.

³⁸² "Canned Fruit & Vegetable Processing in Canada: Market Research Report" August 2016 available at: <https://www.ibisworld.ca/industry/canned-fruit-vegetable-processing.html>

³⁸³ "Canada Country Commercial Guide" October 2016 available at: <https://www.export.gov/article?id=Canada-Agricultural-Sector>

³⁸⁴ "Processed Fruits and Vegetables in Canada" November 2016 available at: <http://www.euromonitor.com/processed-fruit-and-vegetables-in-canada/report>



Even though consumption for frozen and canned fruits and vegetables has been higher during the past 2 years, Euromonitor does not, however, foresee this trend to continue. Once fresh fruit prices stabilise at a more reasonable level, consumers will likely return to more natural and fresher options, thus negatively impacting sales of frozen fruit and vegetables.

According to the Canadian Food Trends to 2020 report, different forms of “veggie movements” (veganism and vegetarianism in its various forms) are on the rise in Canada, which are expected to also increase the consumption of processed fruits and vegetables and particularly frozen fruits and vegetables as Canadians are increasingly looking into alternatives for meat dishes. The report suggest that currently perhaps 2-3 per cent of the Canadian population are true vegans, but up to 30-40 per cent of the population is expected to actively seek out meatless alternatives, at least occasionally.³⁸⁵ The report also suggests that the demand of vegetarian products is likely to increase as the government is planning to move vegetarian products into high schools.

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According to the Canadian Food Trends to 2020 report, the Generation Y (born in 1980s and early 1990s) will probably have the most influence on trend setting through to 2020. They will be forming households and starting families, and will be very cautious about what they feed their children. The internet, instant communications, global influences (including representation of visible minorities), and social consciousness are the driving forces for that generation. This generation is more sophisticated and design conscious, due in large part to their early exposure to electronic media. Generation Y’s are more savvy consumers who are growing up knowing how to read food labels. Health and weight management will be seen as more of a lifetime commitment, as prevention messages will have been targeted at this group in their teen years. Portability of foods will fit busy, on-the-go lifestyles. Increasingly, ethnic, exotic, veggie and organic foods will be sought. Cooking and in-home dining will become a social event.³⁸⁶ This means that frozen fruits and vegetables with particular attention to maintaining quality and crispness and promoting frozen foods as an ingredient base for home use and food service, will be the products likely to see sales increases in the coming years. This trend

³⁸⁵ “Canadian Food Trends 2020” July 2005 available at:
http://stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf

³⁸⁶ Ibid.



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According to the Canadian Consumer Behaviour report, while sustainability is not a primary purchase motivator for most shoppers, there is a growing expectation that companies should be adopting green business practices. If consumers feel that products like different processed fruits and vegetables are equal in terms of core benefits, such as health, quality and convenience, consumers will choose the product they feel is packaged in a more sustainable manner. European retailers and manufacturers should therefore consider investing in ethical and sustainable packaging to meet consumer demand, to be seen within the industry as having taken action, and to remain competitive. A typical sustainable packaging must be: derived from a sustainable source; be manufactured using renewable and/or minimal energy; incorporate recycled post-consumer use waste; optimize the use of materials to reduce waste and transit weight; have the ability to be reused by producers, retailers and consumers before recycling; be easily recyclable in a variety of regions within any given national market where the core product is sold; and have high biodegradability or compostability', with low emissions of carbon dioxide and methane.³⁸⁷ European companies using sustainable packaging for processed fruits and vegetables are more likely to be successful in Canada's market than their less environmentally conscious counterparts.

5.12.1.2 Challenges for EU products

One of the possible challenges for European processed fruit and vegetables producers could be the fact that an increasing number of Canadians are starting to prefer local production to imported products. As seen in the growing "Buy Local" movement in Canada, supported by major grocery retailers, consumers increasingly care about where their food comes from. Reasons for this include concern for the local economy and environmental concerns regarding how far food must travel before it reaches the consumers. The concern is also being driven by high profile food safety breaches some of which are related to imported foods as well as issues raised under the wellness and ethical eating headings.³⁸⁸

Another challenge for the European processed fruit and vegetables producers could be a difficulty to enter a market that is dominated by Canadian companies that process a wide range of canned, chilled, and frozen products. Additionally, adoption of advanced technologies in frozen fruit and vegetables sector has been fairly extensive among

³⁸⁷ "The Canadian Consumer" May 2010, available at: <http://www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706>

³⁸⁸ "An Updated Overview of the Canadian Food Processing Sector" December 2014 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Ottawa_Canada_12-17-2014.pdf



Canadian processors. Statistics Canada reported almost 50 per cent of companies adopted more than 5 new technologies in their operations which allow them to produce products that are crisp, full flavour and boast of high nutritional value.³⁸⁹

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."³⁹⁰ The "Buy Local" movement, supported by major grocery retailers, is increasingly growing in Canada, with many customers preferring to buy local processed fruits and vegetables when this option is available. This trend is more likely to cause challenges for the European producers from Nordic countries, as their products would have to directly compete with their local Canadian equivalents.

These challenges are, however, expected to be mitigated to some extent by CETA, as CETA is expected to significantly increase trade between the European Union and Canada in various goods and services.

5.12.2 Offer

Canada is a net importer of fruit and vegetable preserving and specialty food products, importing 3.9 billion CAD (2.79 billion EUR) in 2014 while exporting 2.6 billion CAD (1.85 billion EUR). The United States accounts for 82 per cent of exports and the majority of imports come from the United States (66 per cent), followed by China, Brazil, and Mexico.³⁹¹ Canada is also a major producer of processed fruits and vegetables. The table below shows that most of the processed fruits and vegetables available on Canada's market are produced locally and imports from other countries amount to less than one third of Canada's processed fruits and vegetables' market size.

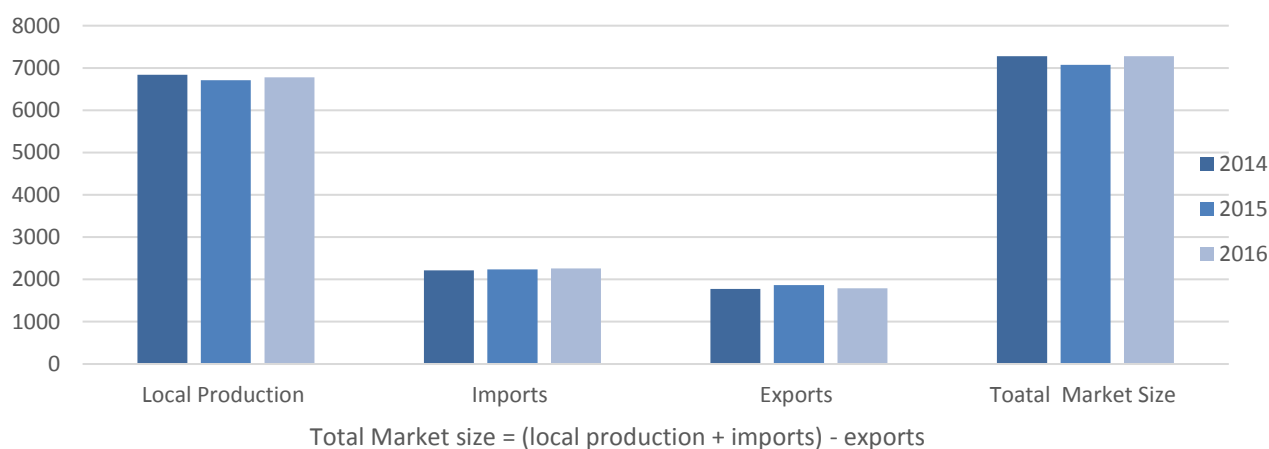
³⁸⁹ "An Updated Overview of the Canadian Food Processing Sector" December 2014 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Ottawa_Canada_12-17-2014.pdf

³⁹⁰ "An Updated Overview of the Retail Sector in Canada" December 2015 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf

³⁹¹ "Agriculture and Agri-Food Canada" July 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-fruit-and-vegetable-preserving-and-specialty-food-industry/?id=1375206764774>



Figure 195) Market Size for Processed Fruits and Vegetables



Canada Country Commercial Guide

The processed fruit and vegetables production industry in Canada is in the mature stage of its life cycle according to IBISWorld’s Frozen Food Production market research report. According to the report over the 10 years to 2021, industry value added (IVA), which measures an industry’s contribution to the economy, is expected to rise 1.5 per cent per year on average. In comparison, the overall Canadian economy, as measured by GDP, is expected to grow at an annual rate of 1.9 per cent over the same 10-year period. In addition to growing roughly in line with the overall economy, ongoing product innovation and strong growth within some product segments, particularly the flash-frozen vegetable and fruit segments, characterize the industry as mature and steadily growing, but innovative.³⁹²

Canada’s processed foods and vegetables industry is dominated by the production of frozen potato products (especially various types of french fries) as within this industry, potatoes consist of over 40 per cent of overall frozen fruit and vegetable processing in Canada. This number has continued to grow in recent years, and has a direct correlation to exports. Since 2000, exports account for between 39 per cent and 54 per cent of total sales. 78 per cent of these exports go to the US.³⁹³

³⁹² “Frozen Food Production in Canada: Market Research Report” July 2016 available at: <https://www.ibisworld.ca/industry/frozen-food-production.html>

³⁹³ “Canada’s Frozen Food Processing Industry” September 2015 available at: <http://inacservices.com/canadas-frozen-food-processing-industry/>

Canada's potato production takes place primarily in Eastern Canada, specifically in Prince Edward Island and New Brunswick that count for more than 70 per cent of all Canada's processed potato production.

According to Statistics Canada, frozen blueberry and cranberry production is the second leading sector in the processed fruit and vegetables category in terms of sales values and production volumes. Frozen blueberry and cranberry production is also the fastest growing processed fruits and vegetables sector. The vast majority of processed blueberry and cranberry sales came from three provinces: British Columbia (37.7 per cent), Ontario (27.0 per cent) and Quebec (23.1 per cent).³⁹⁴

5.12.2.1 Main Competitors

Ontario and Quebec are the largest producing regions for processed fruits and vegetables in Canada and both regions are home to about 70 per cent of all fruit and vegetable manufacturing facilities within Canada. Additionally, Alberta and British Columbia also have considerable concentrations of fruit and vegetable processing facilities.

Major players in this sector are, General Mills Canada Corp, ConAgra Foods Canada Inc and McCain Foods Ltd together accounted for a 35 per cent share of value sales, with no other single player holding more than a 10 per cent share.³⁹⁵

Figure 196) Example of Product Packaging from McCain Foods



Figure 197) Example of Packaging from General Mills Canada



Four major contributors, including McCain Foods Ltd, dominate Canada's potato industry, the dominant sector of Canada's frozen foods industry. Since opening in 1957, McCain is now Canada's largest food manufacturer in generated revenue. Due to concerns about the nutritional quality of frozen food, the company has recently launched their "It's All Good" campaign to raise awareness about the ingredients they use, the nutritional qualities of their products, and the flavours of their potatoes. Doing so has helped alleviate some of the consumer concerns associated with food quality, raising their sales in the process.³⁹⁶ According to Nielsen Market Track research, while sale other

³⁹⁴ "Fruit and Vegetable Production" February 2012 available at: <http://www.statcan.gc.ca/pub/22-003-x/22-003-x2011002-eng.pdf>

³⁹⁵ "Canada's Frozen Food Processing Industry" September 2015 available at: <http://inacservices.com/canadas-frozen-food-processing-industry/>

³⁹⁶ Ibid

frozen french fries declined due to decreasing consumption of french fries, McCain's industry-leading Superfries saw a 10.5 per cent increase in sales right after they started the campaign³⁹⁷.

General Mills Canada Corporation produces and markets packaged food products. The company offers baking products, cereals, dough/pastries, fruits, ice creams, meals, organic/natural food products, pastas, pizzas, snacks, spices, vegetables, and yogurts. It serves customers in Canada and internationally. The company was founded in 1954 and is based in Mississauga, Canada.³⁹⁸ Together with McCain Foods Ltd and ConAgra Foods, it takes the largest share of processed fruits and vegetables' market in Canada.

Figure 198) Example of Packaging from ConAgra Foods



ConAgra Foods Canada Inc. offers tomatoes, meals, vegetables, entrees, popcorns, cooking sprays, snacks, puddings, and sauces. The company sells its consumer and private label brands through grocery, convenience, mass merchandise, club stores, and drugstores. ConAgra Foods Canada Inc. was founded in 1966 and is based in Mississauga, Canada. The company has sales offices in Boisbriand and Alberta, Canada. ConAgra Foods Canada Inc.³⁹⁹

operates as a subsidiary of ConAgra Foods, Inc. Together with McCain Foods Ltd and General Mills Canada.

5.12.2.2 Entry Requirements and Changes under CETA

Even though local production captures the largest market share in Canada, the country is in fact a net importer of processed fruits and vegetables. The import of processed fruits and vegetables to Canada is growing steadily. The growth in imports is mainly driven by rising domestic demand for exotic processed fruits and vegetables like pineapples, mangos, etc. As Canada's population is becoming increasingly multi-ethnic, demand for exotic processed fruits and vegetables is expected to grow steadily. The table below shows growth in Canada's imports of processed fruits and vegetables.

Canada's imports of processed fruits and vegetables come mainly from the US (66 per cent) followed by China (10 per cent) and Philippines (9 per cent).

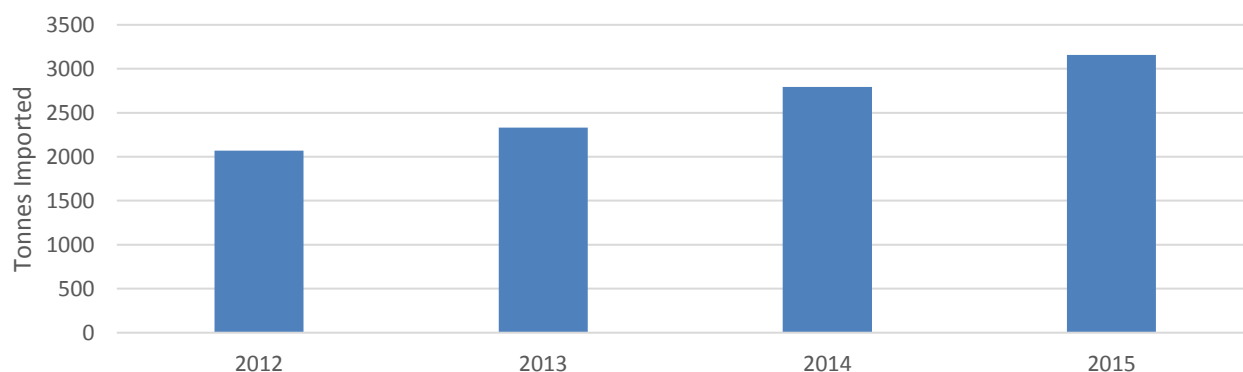
³⁹⁷ "Brands of the Year: It's all good at McCain" September 2012 available at: <http://strategyonline.ca/2012/09/28/brands-of-the-year-its-all-good-at-mccain/>

³⁹⁸ "Bloomberg Company Overview" February 2017 available at: <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=4270377>

³⁹⁹ Ibid.



Figure 199) Import of Processed Fruits and Vegetables to Canada by Quantity

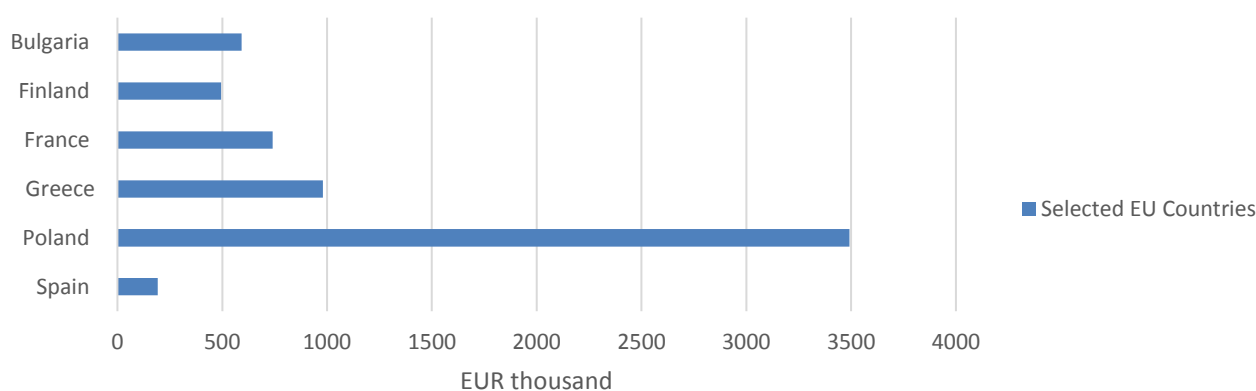


ITC Trade Map

CETA is likely to increase imports from EU Member States since many customs duties on farm produce, processed foods and drinks will disappear. Europe will be able to export nearly 92 per cent of its agricultural and food products to Canada duty-free. European exports to Canada's market of high-income consumers will become more cost competitive.⁴⁰⁰ This will also affect the exports of European processed fruits and vegetables to Canada.

Below tables give an overview of exports of processed fruits and vegetables to Canada from selected EU countries. The biggest exporters of both processed fruits and vegetables were chosen.

Figure 200) Canada's Imports of Processed Fruits from Selected EU Countries by Value in 2016

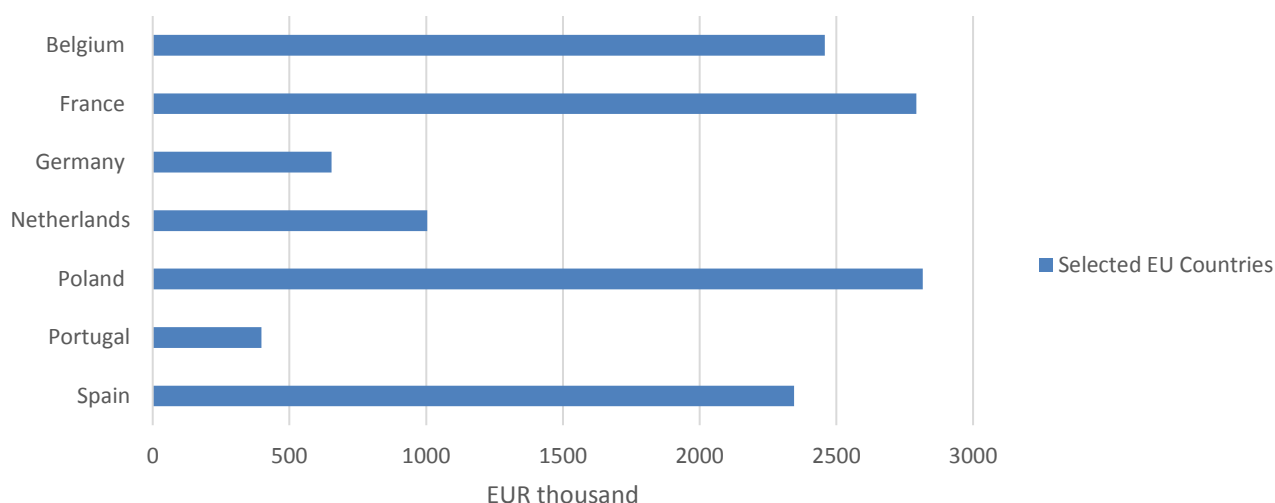


ITC Trade Map

⁴⁰⁰ "CETA explained" January 2017 available at: <http://ec.europa.eu/trade/policy/in-focus/ceta/ceta-explained/>



Figure 201) Canada's Imports of Processed Vegetables from Selected EU Countries by Value in 2016



ITC Trade Map

Canada is also one of the major exporters of processed fruits and vegetables. In 2014, the country exported 2.6 billion CAD (1.85 billion EUR) worth of processed fruits and vegetables. The US accounts for 82 per cent of Canada's exports followed by China, France and the United Kingdom.

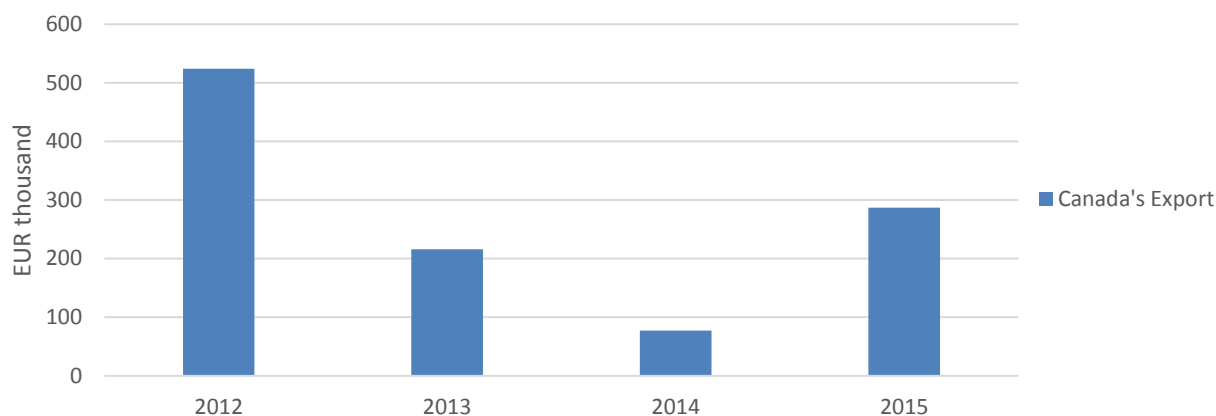
Frozen potato products, mainly french fries, are Canada's leading fruit and vegetable preserving and specialty food export, accounting for 38 per cent of exports in 2014. Frozen blueberries were the sector's second leading export, representing 12 per cent of exports.⁴⁰¹

The table below shows the evolution of Canada's export of processed fruits and vegetables over the period from 2012 to 2015.

⁴⁰¹ "Agriculture and Agri-Food Canada" July 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-fruit-and-vegetable-preserving-and-specialty-food-industry/?id=1375206764774>



Figure 202) Export of Processed Fruits and Vegetables from Canada from 2012 to 2015 by Value



ITC Trade Map

All imported frozen fruit and vegetable products must comply with the *Processed Products Regulations* under the *Canada Agricultural Products Act*. These regulations cover quality, labelling, packaging (including standardized sizes), grading, and health and safety requirements.

Food labels or containers must bear a legible and permanent code or lot number that identifies the establishment and the date (day, month and year) the food was processed. The importer must be able to provide the exact meaning of this code or lot number to an inspector upon request.⁴⁰²

European exporters should keep in mind that labelling requirements, including information and language, may also vary by province.

Each shipment must be accompanied by an import declaration form in duplicate, which indicates that the products meet the requirements of the *Processed Products Regulations* and were processed under sanitary conditions, and that they were sound, wholesome and fit for human consumption at time of shipment. At present, there is no federal requirement for importers of processed fruits and vegetables to be licensed.⁴⁰³

⁴⁰² "Guide to Importing Food Products Commercially" March 2015 available at: <http://www.inspection.gc.ca/food/imports/commercial-importers/importing-food-products/eng/1376515896184/1376515983781?chap=6#s19c6>

⁴⁰³ Ibid

According to the Canadian Food and Inspection Agency, shipments are subject to inspection by the Canadian Food Inspection Agency at their destination point.

Exact SPS and import procedure requirements vary by product and should be reviewed with a reliable, knowledgeable import partner and Canadian agencies including the CFIA and CBSA, as well as provincial agencies in targeted markets prior to shipment. European Union processed fruits and vegetables producers should keep in mind that several provinces - including Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Quebec - retain restrictions on foreign investment and production in the processed fruits and vegetables sector.⁴⁰⁴

5.12.2.3 EU GI Products

Under CETA, Canada has agreed to protect 143 GIs – distinctive food and drink products from specific towns or regions in the EU. Amongst these 143 GIs, 22 GIs will cover processed fruits and vegetables. Producers of these products are often small or medium-sized businesses in rural communities.

Figure 203) Recognition of EU Fruits and Vegetables GIs under CETA

Indication	Transliteration	Country of Origin
Spreewälder Gurken		Germany
Φασόλια Γιγάντες	Fassolia Gigantes Elefantas	Greece
Ελέφαντες Καστοριάς	Kastorias	
Φασόλια Γιγάντες	Fassolia Gigantes Elefantas	Greece
Ελέφαντες Πρεσπών	Prespon Florinas	
Cítricos Valencianos		Spain
Cítrics Valancians		Spain
Pruneaux d'Agen		France
Pruneaux d'Agen micuits		France
Lentille verte du Puy		France
Arancia Rossa di Sicilia		Italy
Cappero di Pantelleria		Italy
Kiwi Latina		Italy
Lenticchia di Castelluccio di Norcia		Italy
Mela Alto Adige		Italy
Südtiroler Apfel		Italy
Pesca e nettarina di Romagna		Italy
Pomodoro di Pachino		Italy
Radicchio Rosso di Treviso		Italy
Steirischer Kren		Austria

⁴⁰⁴ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf.

Pêra Rocha do Oeste	Portugal
Ameixa d'Elvas	Portugal
Ananás dos Açores / S. Miguel	Portugal
Magiun de prune Topoloveni	Romania

Comprehensive Economic and Trade Agreement

Figure 204)
Example of Organic Labels in Canada



Organic products imported from countries with whom Canada has established an equivalency arrangement must be certified to the terms of the arrangement. These products must be certified by a certification body accredited by that foreign country and recognized by Canada under the arrangement. These products may bear the Canada organic logo. Like all other food products, imported organic products must meet Canadian labelling requirements, including those of the Organic Products Regulations.⁴⁰⁵ The European Union has established an Organic Equivalency Agreement with Canada, thus European products may bear the Canada Organic logo when

being sold and marketed in Canada.

For more information on the Canada Organic Regime or to find a list of CFIA-accredited certification bodies, please refer to the Canada Organic Regime webpage.

5.12.3 Distribution

According to the Gain Report which provides an Overview of the Retail Sector in Canada, the majority of retail foods including processed fruits and vegetables continue to be sold through Canada's traditional grocery retailers, as Canada's consumers prefer to do their grocery shopping at big supermarkets from which they can conveniently purchase all of the products that they need. In 2014, approximately 60 per cent of food sales were through chains, with independents making up the rest. Walmart Canada and Costco along with other non-grocery retailers including Dollarama, Alimentation Couche-Tard, and Shoppers Drug Mart, have been strategic in placing more food products on their store shelves, making it convenient for customers to spend some of their food dollars in these channels.⁴⁰⁶ European producers of processed fruits and vegetables can easily

⁴⁰⁵ "Canada Organic Regime" May 2016 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/organic-claims/eng/1389725994094/1389726052482?chap=2#s1c2>

⁴⁰⁶ "An Updated Overview of the Retail Sector in Canada" December 2015 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf



approach these distribution channels via local agents. Most of these big chains are available in all different regions of Canada.

Figure 205) Breakdown of Top Retailers in Canada

<u>Retailer</u>	<u>Food Sales in 2014 (EUR converted from CAD)</u>
Loblaw Cos. Ltd.	EUR 32,584,513,593
Sobeys Inc.	EUR 17,686,735,072
Metro Inc.	EUR 8,426,805,211
Costco Canada Inc.	EUR 6,230,851,811
Walmart Canada Corp.	EUR 4,367,897,264
Co-ops	EUR 2,478,917,763
Overwaitea Food Group	EUR 2,164,455,537
Alimentation Couche-Tarde	EUR 1,481,233,369
North West Company	EUR 895,597,356

Gain Report

According to the Gain Report, many Canadian consumers have become bargain shoppers due to the slow economic recovery and rising food prices since 2011. These factors have caused shoppers to remain cautious in their spending habits and develop cost-saving measures, such as seeking on-line discount offers and using coupons. The Royal Bank of Canada recently reported the average Canadian spends 411 CAD (EUR 300) per month on groceries and that 57 per cent of shoppers are now comparing food prices and buying less impulse purchases.⁴⁰⁷

Customers are also actively doing their processed fruits and vegetables shopping in convenience stores, as many Canadian consumers prefer convenience foods like frozen pizzas and canned soups or other ready-to-serve meals due to their quick lifestyle. The Canadian Convenience Store Association reported 10.4 million visits are made each day to Canada's 23,000 convenience stores and gas stations. 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.⁴⁰⁸

⁴⁰⁷ "An Updated Overview of the Retail Sector in Canada" December 2015 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf

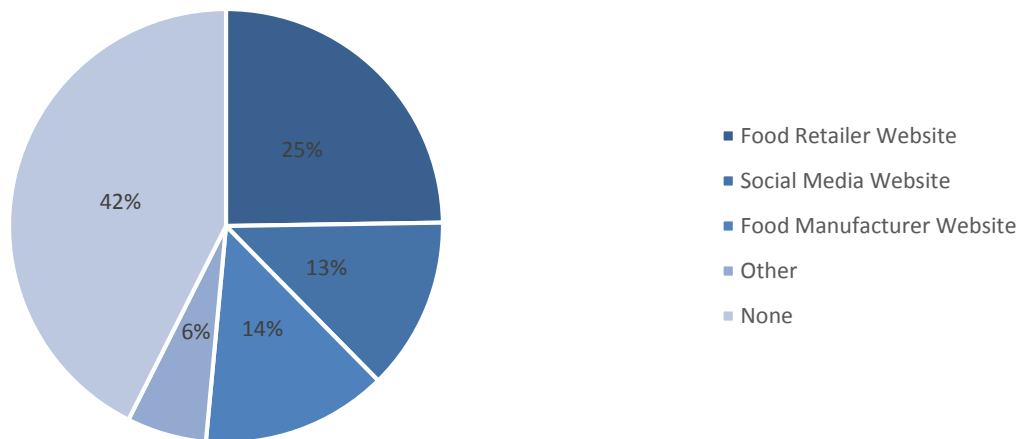
⁴⁰⁸ Ibid



Grocery on-line shopping has been slow to take off in Canada and historically has been operating regionally rather than nationally. On-line shopping accounts to 1 per cent of the total retail food sales in Canada. 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 liked dry fruits.⁴⁰⁹

Online advertising however is an important aspect to consider when European producers of processed fruits and vegetables try to distribute their goods in Canada. Many Canadian consumers prefer to check information on specific retailers or producers online in order to find out where quality products are sold and which products would qualify as quality products.

Figure 206) Canadian Grocery Shopping and Social Media



Gain Report

According to the Gain Report, food service imports of consumer-oriented products are also an important channel in Canada. This sector falls into three categories: Hotels and Resorts, Restaurants, and Institutional Catering. Restaurants are the most significant of the three, and generate 80 percent of food service sales. Restaurants Canada, an association representing the restaurant and food service industry, projected growth of 3.7 percent in 2017. There are 91,300 restaurants across Canada, with more than half

⁴⁰⁹ "An Updated Overview of the Retail Sector in Canada" December 2015 available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Ottawa_Canada_12-9-2015.pdf



located in Ontario and Quebec.⁴¹⁰ In order to supply processed fruits and vegetables to the restaurants and catering services, European companies need to work with local agents.

Market Takeaway: Processed Fruits and Vegetables

Consumption: Strong demand growth driven by increasing health-consciousness as well as current supply and price limitations applicable to fresh fruits and vegetables category.

Competition: Domestic food processing base for fruits and vegetables however lacking accessible input supply; Canadian climate and agriculture not conducive with most types of fruit and vegetable consumption demanded on the market.

Distribution: Majority of sales on trade through supermarkets, however with an increasing trend of consumption through hypermarkets, bulk retailers and discounters particularly given the price sensitivity. Typically requiring good cold storage infrastructure.

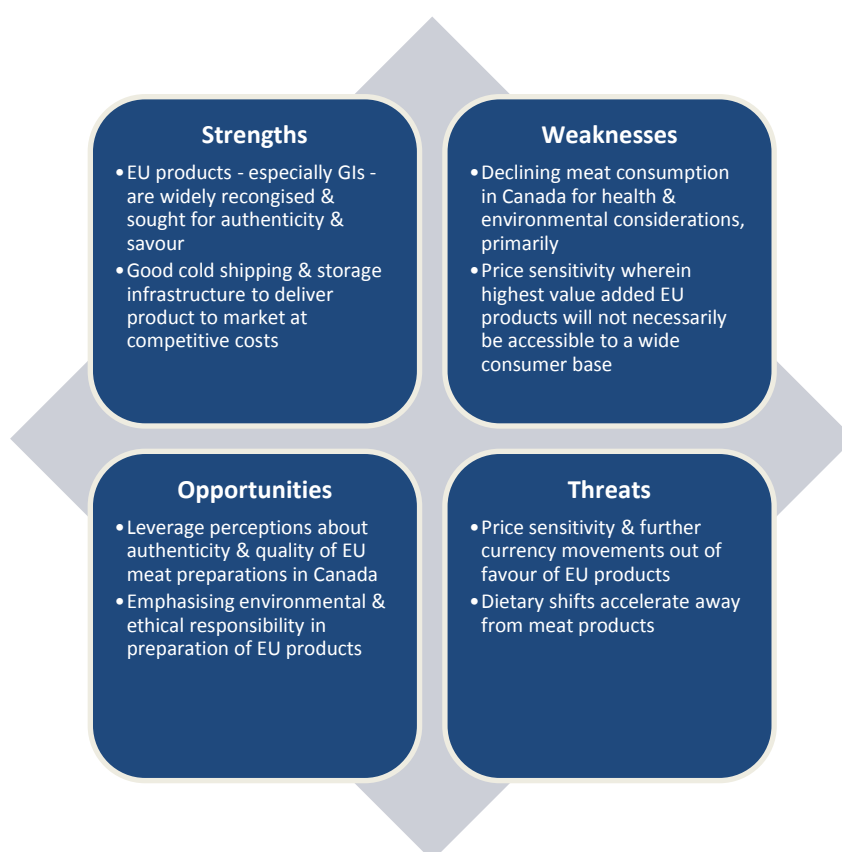
Challenges: Relative longevity and affordability means ease of access and a competitive market for a range of suppliers in Canada, including EU exporters.

Opportunities under CETA: Recognition of EU GI processed fruit and vegetable products and tariff liberalisation for both categories.

⁴¹⁰ "Canada Agricultural Sector" October 2016 available at: <https://www.export.gov/article?id=Canada-Agricultural-Sector>

5.13 Market Snapshot: Processed Meat

From breakfast to dinner, Canadian's widely enjoy processed meat products in a variety of forms ranging from fried bacon and sausages to beef jerky and burger patties. The processed meat industry produces a wide variety of goods and accounts for the largest subsector in the food and beverage category. Processed meat products have high value in retail and the industry is a substantial part of Canada's food and beverage sector. The meat processing industry generates annual sales of over 24.1 billion CAD (17.2 billion EUR).⁴¹¹



5.13.1 Consumption

The average Canadian consumes 22 grams of processed red meat per day. Among men the daily processed meat intake is substantially higher than for women, on a yearly basis this difference amounts to more than 4.7 kilogrammes. Nonetheless, processed meat producers have experienced slight decline in sales over the past five years.

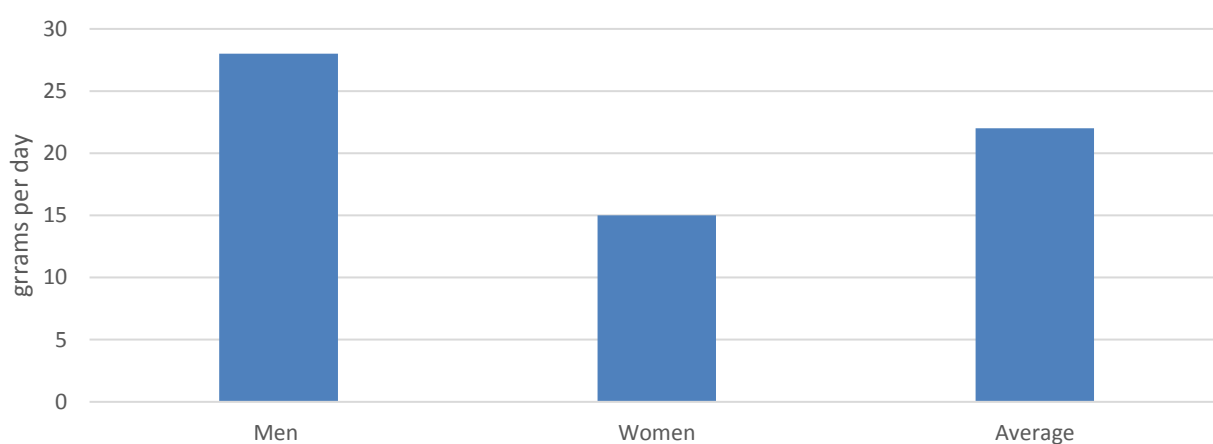
⁴¹¹ "Canadian Meat Council" February 2017 available at: <http://www.cmc-cvc.com/>



New rising consumer trends have effect on processed meat consumption in Canada. In general, increasingly health-conscious behaviour of consumers combined with growing caution on environmental impact of meat consumption result in Canadian eating habits. These factors are decreasing the demand for processed meat in the country. Producers need to adapt to the changing consumer behaviour and meet new preferences in order to be successful in the market. As meat consumption has been steadily declining in Canada this trend is also visible in the retail volume of processed meat, which declined by 2 per cent in 2016. This marks a continuation of the category's challenging position over the last few years.

On another note, the meat processing industry continuously increased its revenue over the past five years to 27.2 billion CAD (19.4 billion EUR) in 2016. Market reports expect the industry's revenue to increase in the years up to 2021 by annualized 1.4 per cent to 29.2 billion CAD (20.8 billion EUR).⁴¹² The industry maintains its strong stand in the market with sales of processed meat and seafood standing at a value of 6.6 billion CAD (4.7 EUR) in 2016.⁴¹³

Figure 207) Processed Red Meat Intake by Gender



Canadian Meat Council

5.13.1.1 Consumer Profiles and Trends

Despite the fact that processed meat products are a substantial part of the Canadian diet, the market is facing a steady decline in recent years. The popularity of processed meat such as ham, bacon, salami, sausages and other meat products preserved by

⁴¹² "Meat, Beef & Poultry Processing in Canada" October 2016 available at: <https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>

⁴¹³ "Processed Meat and Seafood in Canada" November 2016 available at: <http://www.euromonitor.com/processed-meat-and-seafood-in-canada/report>



smoking, curing or salting has decreased over recent years. This is a result of new consumer trends, growing health-consciousness and the spread of nutrition lifestyles like vegetarianism and veganism. As in Canada meat consumption overall is in decline which affects processed meats in particular. In recent years a growing segment of Canadian consumers gradually moved from processed foods towards more natural and fresh products.⁴¹⁴

Nonetheless, these moving consumption patterns also open potential for growth, particularly for product innovations responding to these changing consumer preferences. As interest in the quality of food products is growing, Canadian consumers are paying more attention to the origin and production styles of their meat products. A variety of Canadian producers has responded with introducing new brands dedicated to sustainable agriculture and slim production lines. Further, celebrity chefs, food writers, cooking schools are becoming opinion leaders and shape food trends in the country and so have an increasing impact on meat and food product choices of Canadian consumers.

Specific product categories are continuously doing well, due to their stronghold in the Canadian traditional kitchen and their widespread consumption. Bacon and sausages are examples of such processed meat products maintaining their strong position in the market. In 2016 the average Canadian household spend 49 CAD (35 EUR) per year on bacon alone. The numbers vary significantly among provinces, as the highest spending figures can be found in Alberta for the cities Calgary and Edmonton in which consumers spend an average of 72 and 71 CAD (50 EUR) annually on bacon. In Canada the largest amounts of bacon are consumed outside large urban areas, accounting for 43.1 per cent of total bacon consumption while making up a share of 36.8 per cent of total Canadian households. The average consumer in these areas spends 58 CAD (41 EUR) per year on bacon.⁴¹⁵

On the aggregate, consumer's decisions to purchase processed meat products have been influenced by increasing prices for meat overall, which directly increased costs of processed meat products in Canada. Processed meat products have steadily gone up in retail prices amounting to a consumer price index increase of 27.9 per cent since 2010.

⁴¹⁴ "Processed Meat and Seafood in Canada" November 2016 available at:

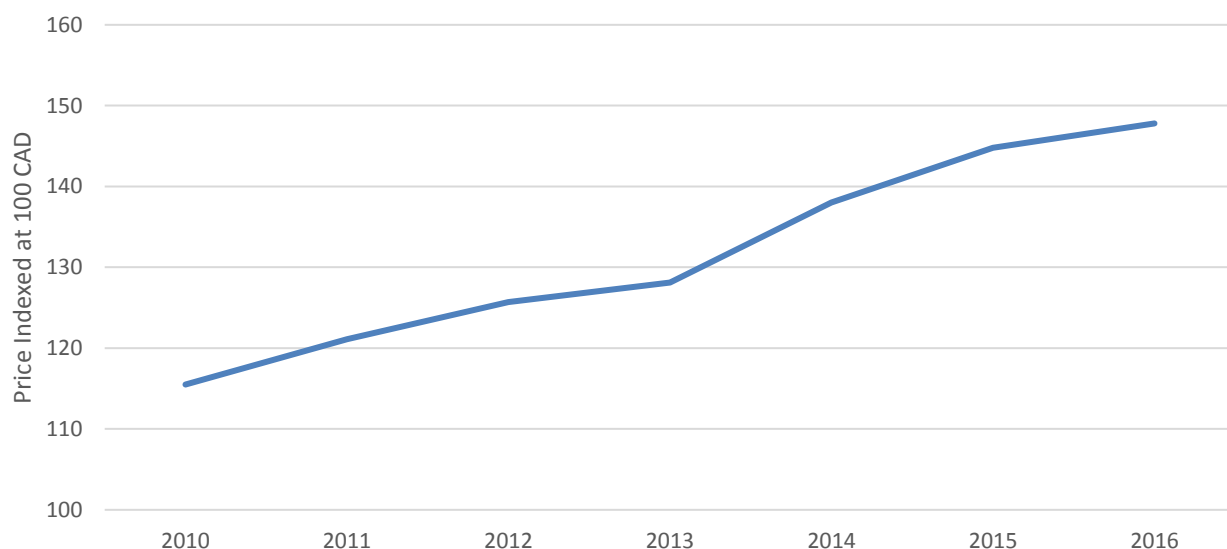
<http://www.euromonitor.com/processed-meat-and-seafood-in-canada/report>

⁴¹⁵ "Canadian Bacon Lovers: A Rasher of Insights" September 2016 available at:

<http://www.environicsanalytics.ca/blog-details/ea-blog/2016/09/27/canadian-bacon-lovers-a-rasher-of-insights>



Figure 208) Consumer Price Index for Processed Meat



Statista

An increase in sales is expected for convenience products. As Canadians on the average have shorter meal-planning cycles, heat-and serve prepared meals will increase in popularity. This product category is multi-faceted and continuous to evolve around other food consumption trends such as healthy, ethical and environmentally sustainable. The key drivers to more convenience food products are a reflection of changing lifestyles in the country. The Canadian workforce is under increased time pressures resulting in speed shopping and the erosion of cooking skills. These developments increase the attractiveness of convenience foods.⁴¹⁶

Alongside this trend, easy-to-prepare processed meat products are expected to be met with increased consumer interest in Canada. Products like sausages, cooked and sliced meats and also battered processed meat products such as nuggets can serve this consumer interest.

Further convenience products in Canada include chilled processed meat products. In line with the overall convenience trend, chilled food products increase in popularity among Canadians. These products are usually processed with added ingredients such as marinades a variety of spices and found in the chilled cabinets and fridges of grocery retailers. This category further includes fully cooked meats that only require heating for

⁴¹⁶ "Canadian Food Trends 2020" July 2005 available at:
http://stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf



consumption, where processed meat serves as the main dish alongside a variety of vegetable side dishes.

Canadian consumers are increasingly interested in the origin and quality of the food they are consuming. The interest in authentic food stems from growing awareness of health and environmental issues in combination with consumer segments preferring food products differentiated from the mass-market appeal. Hence, Canadian consumers are gradually choosing food products that go along with additional attributes like geographical indications, expert production techniques and ethnicity. Along these lines mounting consumer interest in traditional European food products can be detected. The overall trend towards authenticity in food products goes along with increased interest in the origin and history of the product, conveying attributes such as superior quality.⁴¹⁷ Attention to deli food is increasing and European products gain popularity among this consumer segment. A variety of European style meat products are already widespread in Canada and advertised with names such as German sausages and Parma ham. As CETA will guarantee the safeguarding of EU GI's, EU meat processors can benefit from this trend and utilize their unique selling position in the Canadian market.

Overall the Canadian market provides emerging opportunities for the meat processing industry in meeting the changing food needs of Canadian consumers. As the population's consumption is increasingly driven by health, quality and value considerations these attributes in food products are influential in purchasing decisions. Processed meat producers wishing to enter the Canadian market should therefore consider the consumer demand for these products.

5.13.1.2 Challenges for EU products

Albeit the increased interest in food products originating in Europe, the growing consumer preference for local food can constitute a possible challenge for the meat processing industry. Major retailers in Canada are actively promoting the "Buy Local" movement and Canadian consumers show increased preference for local food products.

A further potential obstacle for EU producers can be seen in the bad reputation of processed food products overall. A growing consumer segment is avoiding red meat and processed food products for health reasons.

5.13.2 Offer

As much as Canada is a major market for processed pork, beef and poultry meat products, it is also a major producer for these products. Canada's meat-processing industry

⁴¹⁷ "The Canadian Consumer" May 2010, available at: <http://www.gftc.ca/knowledge-library/file.aspx?id=ce8b6b48-c2b3-45f3-9c12-551975dd2706>



includes primary processing manufactories and secondary processors engaged in manufacturing and packaging mainly pork, beef and poultry meat products for retail sale and the food service industry. In total, the industry had earned 27.2 billion CAD (19.4 billion EUR) in 2016, out of which 27.4 per cent came from red meat rendering and meat processing and 27.6 per cent from poultry processing.⁴¹⁸

5.13.2.1 Main Competitors

Figure 209) Canada's meat processing industry

Total Revenue in 2016	3.9 billion EUR
Number of businesses	945
Employment	64,370
Largest domestic processors	Cargill (19.6 per cent)



Maple Leaf Food Inc (12.3 per cent)



Olymel (10.6 per cent)



Ibis World

The food processing industry is well-established and regarded as the “powerhouse behind Canada’s food processing sector”.⁴¹⁹ The industries’ output is large and numerous different types of meat products are manufactured in Canada, 70 per cent of which are made with pork meat, most prominently sausages and bacon.⁴²⁰

⁴¹⁸ Meat, Beef & Poultry Processing in Canada Industry Report, October 2016 available at: <https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>

⁴¹⁹ Ibid

⁴²⁰ Canada’s Meat Product Manufacturing Industry, available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-meat-product-manufacturing-industry/?id=1449838074216>



Meat processing is an important industry all over the Canadian provinces and accounts as Canada's largest employer in the food-manufacturing sector. Meat, Beef and Poultry manufactories are dispersed across the country, with the largest concentration close to the highest population areas. The number of manufactories is steadily decreasing, as the Canadian meat processing industry is trending towards acquisitions. For small-scale producers this constitutes a challenge, while large producers are continuously increasing their market share. An additional trend in the meat processing industry in Canada is the drive towards more machinery investments and growing technological advancements in processing. Despite the increasing concentration, a large number of enterprises and establishments are operating in Canada's meat processing industry. In 2016 a total of 1976 operations were active in Canada's meat processing sector.⁴²¹ Numerous small scale specialty producers continue to operate in Canada producing processed meat products like smoked meats and sausages.⁴²²

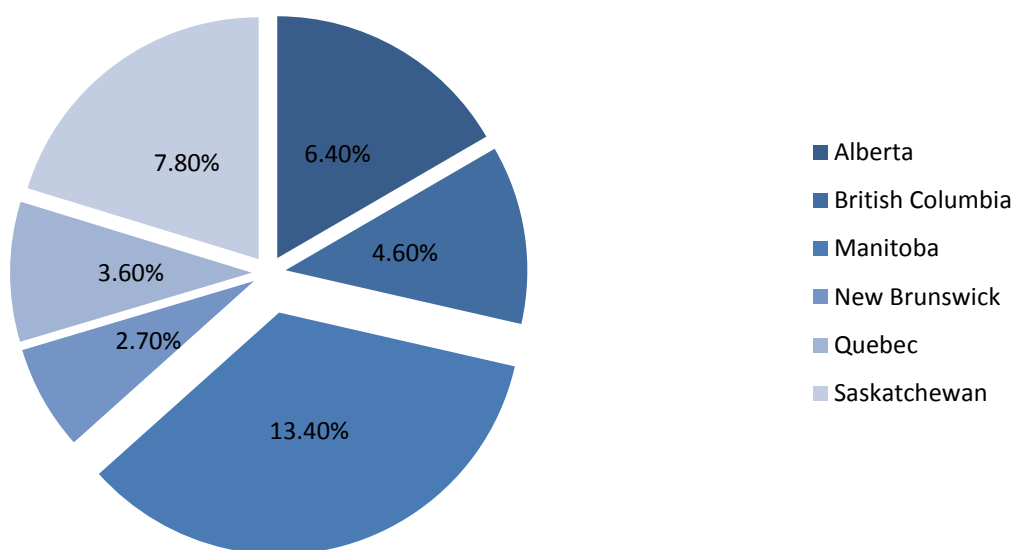
The market for processed meat in Canada is highly competitive and recent price hikes due to the meat shortage and the low CAD value have increased the pressure on producers. In this industry environment, large companies have aimed at acquisition-based growth. As the maturity of the industry doesn't allow much output based opportunity. It is therefore expected that the number of meat processing establishments will be further reduced in the upcoming years.⁴²³

⁴²¹ Meat, Beef & Poultry Processing in Canada Industry Report, October 2016 available at: <https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>

⁴²² Canada's Meat Processing Industry Analysis, available at: <http://www.meat-machinery.com/meat-processing-insight/Canada-meat-processing-industry.html>

⁴²³ Meat, Beef & Poultry Processing in Canada Industry Report, October 2016 available at: <https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>

Figure 210) Share of manufacturing workforce in Meat, Beef & Poultry Processing per selected province



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The meat processing industry in Canada is relatively segmented with a trend towards concentration. There are four main companies in Canada which account for a combined market share of 51.9 per cent.⁴²⁴ The largest producers of pork, beef and poultry processed products in Canada are Cargill, Maple Leaf, Olymel and JBS Food Canada Inc.

The main market leader is the US-based company Cargill. Via its food processing segment Cargill Meat Solutions it produces and distributes beef, pork and poultry products under a variety of brands. The company further dominates the market of Halal processed meat products in Canada, with its processing subsidiary Dunlop. Under this name the company produces 100 per cent under halal standards and so directly responds to the growing segment of Muslim consumers in the country. Cargill further holds the "Good Nature" brand specialising in antibiotic-free pork products. This brand is aimed at responding to the growing health awareness of Canadian consumers and directed to ease the increasing caution on added pharmaceuticals. Cargill has managed to increasingly gain market share via its responsiveness towards the changing consumer patterns in Canada.

Another major player in Canada's meat producing sector is Maple Leaf Foods Inc. The company is engaged in the production and processing of pork and poultry products and accounts for a market share of 12.3 per cent in Canada. Maple Leaf Foods Inc has acquired around 30 companies over the past decade and holds a variety of brand names

⁴²⁴ "Meat, Beef & Poultry Processing in Canada Industry Report" October 2016 available at: <https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>



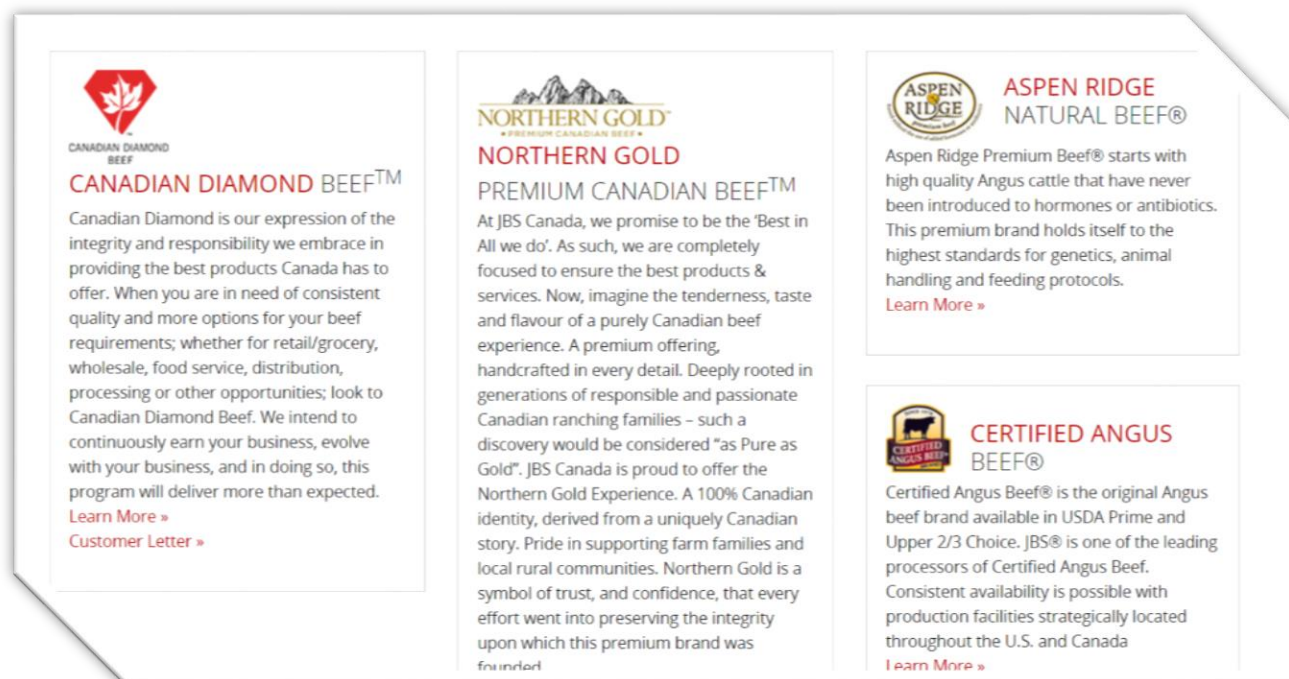
in the country. The company offers a variety of product categories and usually advertises its products with origin claims such as “Canadian Craft” and “country Kitchen”. Maple Leaf produces a variety of processed meat products from sliced meats and canned meats to frozen and deli foods.

Canada’s third largest meat producer Olymel currently holds a market share of 10.6 per cent. The company is one of Canada’s major pork and poultry processors and operates facilities in Quebec, Ontario and Alberta. The subsidiary of La Coop federee, offers products ranging from deli meats, sausages and frozen meat dishes under numerous brand names like (i) Olymel for pork products like hams and sausages, under this brand European style products are advertised, (ii) Lafleur is another brand under which Olymel operates and specialises in processed pork products like ham, sausages and bacon. In addition, Olymel holds (iii) Flamingo; a brand focused on convenience poultry products such as chicken wings and battered poultry products.

JBS Food Canada Inc. is a Brazilian based meat processing company that has gained access to the Canadian market via taking over the XL Lakeside and Foods’ Brooks plant.⁴²⁵ JBS is already a major player in the U.S, Brazil, Australia and other large consumer markets. In Canada JBS specialises in Beef production and holds livestock herds as much as processing plants. The company distributes to retail grocery chains, wholesalers and foodservice establishments. JBS Food Canada Inc holds a variety of beef brands.

⁴²⁵ “Meat, Beef & Poultry Processing in Canada Industry Report” October 2016 available at: <https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>

Figure 211) Beef brands of JBS Food Canada Inc.



JBS Food Canada Inc

Canada's imports of processed meat products have increased steadily in the past five years. A variety of factors have played a role in this development. Firstly, Canada has experienced a domestic meat shortage which is expected to continue until 2018.⁴²⁶ Due to this, domestic prices for meat products have gone up severely, leading importers to increasingly purchase products outside the country.

Imports of meat products have gone up substantially between 2011 and 2016, peaking at 4, 2 CAD billion (approximately 3.0 billion EUR) in 2015. Overall, processed meat imports have increased an annualized rate of 5.9 per cent over the last five years and are currently meeting 16.7 per cent of consumer demand in the country. Imports are expected to further increase at an annual rate of 2.5 per cent to 4.5 billion CAD (3.5 billion EUR) up to 2021.⁴²⁷

The largest imports of meat products in to Canada come from the US accounting for 76 per cent of total meat imports to Canada, followed by Australia, New Zealand, Uruguay and Brazil.

⁴²⁶ "Less beef for your buck due to cattle shortage" June 2015 available at:

<http://www.ctvnews.ca/business/less-beef-for-your-buck-due-to-cattle-shortage-1.2411756>

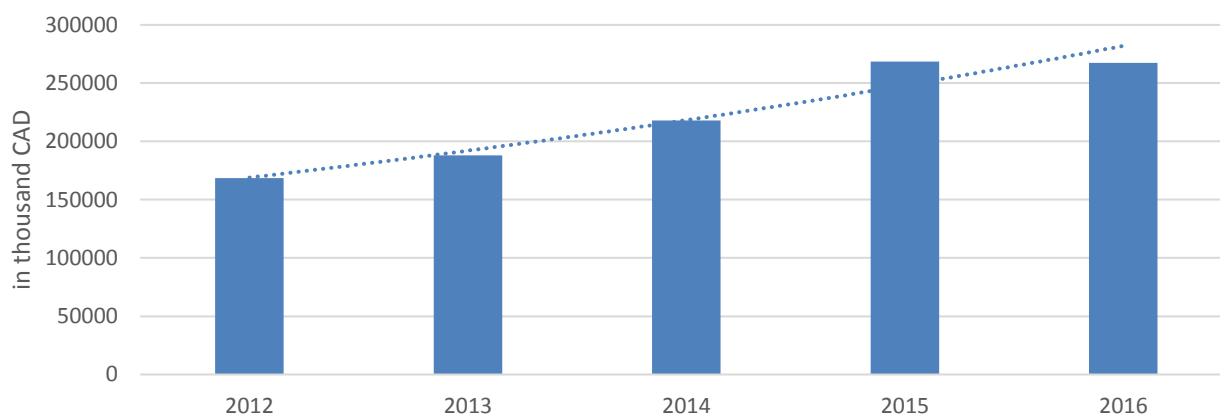
⁴²⁷ "Meat, Beef & Poultry Processing in Canada Industry Report" October 2016 available at:

<https://www.ibisworld.ca/industry/meat-beef-poultry-processing.html>



Canada's major processed meat products, the category of sausages and similar products have also peaked in import value in recent years. In the years between 2012 and 2016 the value of imported sausages and similar products has increased for 58.7 per cent in that time period.⁴²⁸

Figure 212) Annual imports of Sausages and Similar Products to Canada



Agriculture and Agri-Food Canada

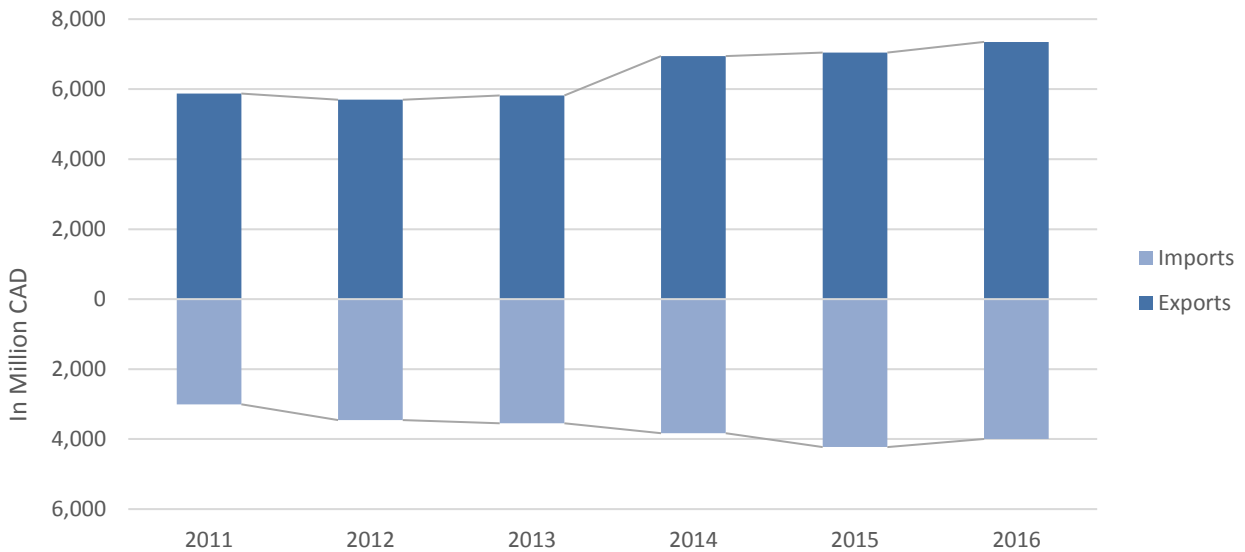
Overall, Canada is a large net-exporter of meat and processed meat products. The strength of the Canadian meat processing sector is expected to continue and is forecasted to account for 27 per cent of the food and beverage industries' revenue up to 2021.⁴²⁹ The country's largest trading partner in terms of both imports and exports is the U.S., accounting for 78 per cent of Canada's exports of processed meat products in 2016. Canada further exports processed meat products largely to Japan, China and Mexico.⁴³⁰

⁴²⁸ "Report – Trade Data online" February 2017 available at: https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?naArea=9999&searchType=KS_CS&hSelectedCodes=%7C210%7C1601%7C1602&productType=HS6&reportType=TE&timePeriod=5%7CComplete+Years¤cy=CDN&toFromCountry=CDN&countryList=ALL&grouped=INDIVIDUAL&runReport=true

⁴²⁹ Ibid.

⁴³⁰ "ITC Trade Map" February 2017 available at: http://www.trademap.org/Country_SelProductCountry.aspx

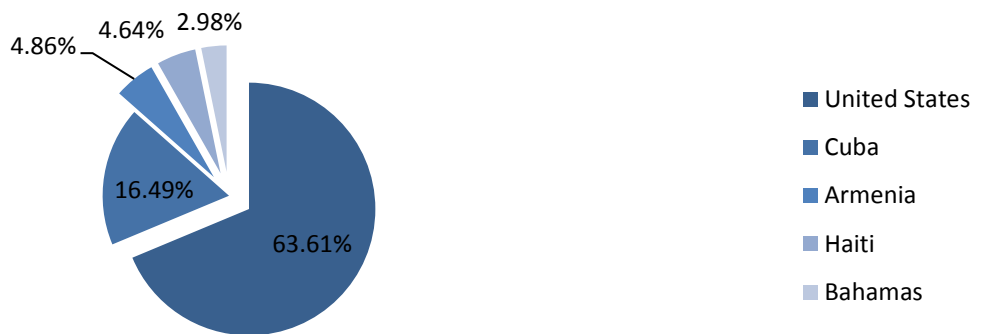
Figure 213) Imported and Exported Value of Meat Products Canada



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The graph below shows Canada’s export destinations for salted, brined, dried and smoked meat. In total, Canada has exported products of that category at a total value of 14.2 million CAD (10.19 million EUR) in 2016. The largest export markets combined account for 86.6 per cent of Canada’s total export value. In comparison, products declared as sausages and similar products have been exported out of Canada at a total value of 38.9 million CAD (27.8 million EUR) in 2016. In this category products worth 24.7 million CAD (17.6 million EUR) have entered the U.S accounting for 63.6 per cent of Canadian processed meat products in this category.

Figure 214) Canada's main export partners for processed meat products



HS 1601

Statistics Canada



HS 0210

Statistics Canada

5.13.2.2 Entry Requirements and Changes under CETA

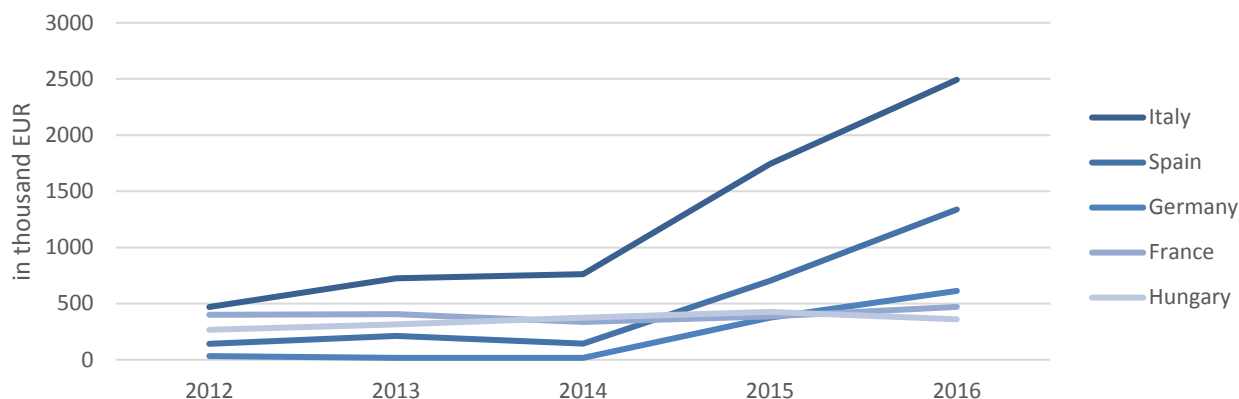
Overall, the EU28 are an emerging partner for trade in processed meat products with Canada. In particular, products such as European sausages, cured swine and beef meat are increasingly popular in the country and imports for these products have grown in recent years. The largest EU exporters for processed meat products to the Canadian market are France, Italy and the Netherlands.⁴³¹ Figures differ according to the type of processed meat and hence vary greatly in terms of value and export partner.

As for sausages and similar products, the largest EU trading partners are Italy, Spain and Germany, all of which are showing a steady increase in export shares to the Canadian market. As demonstrated in the table below.

⁴³¹ "Report – Trade Data online" February 2017 available at:
https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?naArea=9999&searchType=KS_CS&hSelectedCodes=%7C210%7C1601%7C1602&productType=HS6&reportType=TE&timePeriod=5%7CComplete+Years¤cy=CDN&toFromCountry=CDN&countryList=ALL&grouped=INDIVIDUAL&runReport=true



Figure 215) Imported value of sausages and similar products from selected EU MS



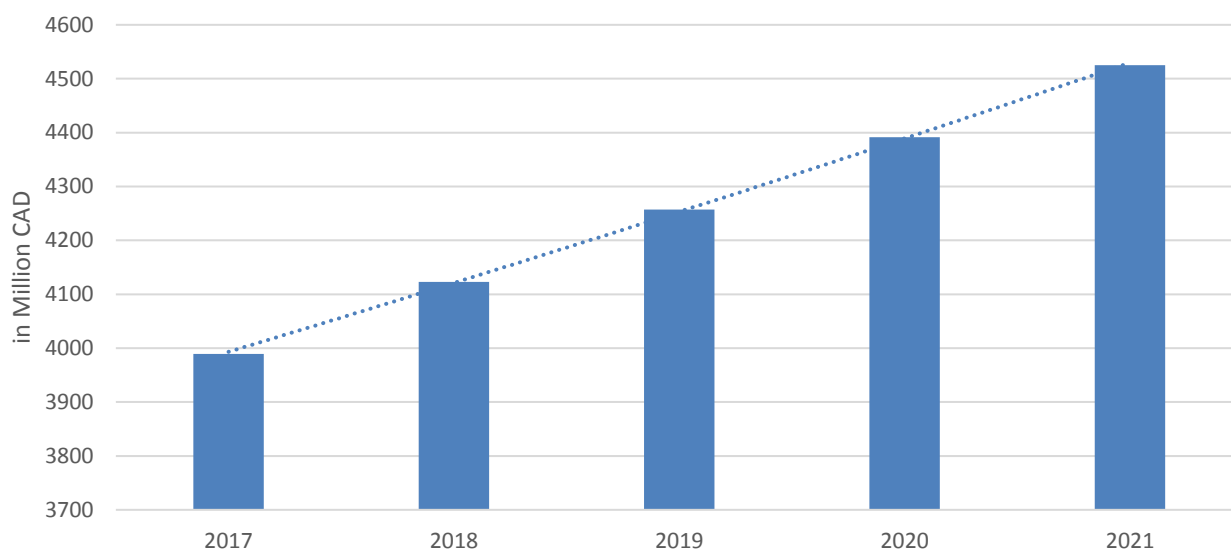
ITC Trade Map

CETA is likely to increase imports from European Union Member States since customs duties on processed meat will fade out. Under CETA the EU will be able to export processed meat products freely to Canada, as the products are included in the 92 per cent of duty-free access for agricultural and food products to Canada. It will hence become easier for European processed meat producers to export to Canada as these goods will become more competitive on the countries' market.⁴³² This is expected to significantly increase export opportunities for processed meat producers in Europe. The table below, shows the import forecasts until 2021, giving an impression on the expected value terms of Canadian processed meat imports.

⁴³² "CETA explained" January 2017 available at: <http://ec.europa.eu/trade/policy/in-focus/ceta/ceta-explained/>



Figure 216) Forecast of Canadian Meat imports



Ibis World

Nonetheless, exporters should be aware that non-trade barriers such as the highly regulated situation of the Canadian food sector constitutes market access entry barriers. The CFIA enforces rigorous standards in relation to food overall and meat and processed meat in particular in order to ensure food safety in the country. Noncompliance with these standards may potentially result in and have so in the past, shutting down company operations or rejection of entry for a particular player.

The import of meat and meat products is regulated under the Meat Inspection Act, which sets standards of construction, operation and maintenance for registered establishments and must undergo a series of checks including inspection upon import, labelling compliance and audits through the CFIA.

CETA has aligned EU and Canadian Food Safety Regulations, in particular referring to meat and processed products. The following SPS requirements apply for imports and exports of meat products:

Figure 217) SPS requirements for Meat products under CETA

EU Regulations	Canadian Regulations
<ul style="list-style-type: none"> • 852/2004 • 853/2004 • 854/2004 	<ul style="list-style-type: none"> • Meat Inspection Act • Meat Inspection Regulations • Food and Drugs Act • Food and Drugs Regulations

Comprehensive Economic and Trade Agreement

Further, exports to Canada of animal products for human consumption can expect a 10 per cent rate of physical frontier checks as agreed under CETA. In addition, exporters should be aware of the exact SPS and import procedure requirements including documentation and registration requirements. It is here advised to use the services of a reliable import partner and Canadian agencies as import requirements vary according to the specific product and potentially at the inter-provincial level.

5.13.2.3 EU GI Products

The most significant changes to Canada's processed meat import regime under CETA will improve the trademark situation for EU producers. As CETA will greatly expand the number of EU processed meat GI products, which will now be recognised and protected in the Canadian market.

Figure 218) Recognition of EU Processed Meat GIs under CETA

Indication	Country of Origin
Nürnberger Bratwürste**	Germany
Nürnberger Rostbratwürste	Germany
Schwarzwälder Schinken	Germany
Guijuelo	Spain
Jamón de Huelva	Spain
Jamón de Teruel	Spain
Salchichón de Vic	Spain
Llonganissa de Vic	Spain
Canards à foie gras du Sud-Ouest : Chalosse	France
Canards à foie gras du Sud-Ouest: Gascogne	France
Canards à foie gras du Sud-Ouest : Gers	France
Canards à foie gras du Sud-Ouest : Landes	France
Canards à foie gras du Sud-Ouest : Périgord	France
Canards à foie gras du Sud-Ouest : Quercy	France
Jambon de Bayonne***	France
Cotechino Modena	Italy
Zampone Modena	Italy
Bresaola della Valtellina	Italy
Mortadella Bologna	Italy
Prosciutto di Parma	Italy
Prosciutto di S. Daniele	Italy



Prosciutto Toscano	Italy
Prosciutto di Modena	Italy
Speck Alto Adige	Italy
Südtiroler Markenspeck	Italy
Südtiroler Speck	Italy
Culatello di Zibello	Italy
Garda	Italy
Lardo di Colonnata	Italy
Szegedi téliszalámi	Hungary
Szegedi szalámi	Hungary
Tiroler Speck	Austria
Chouriça de carne de Vinhais	Portugal
Linguica de Vinhais	Portugal
Chouriço de Portalegre	Portugal
Presunto de Barrancos	Portugal
Salpicão de Vinhais	Portugal

Comprehensive Economic and Trade Agreement

5.13.3 Distribution

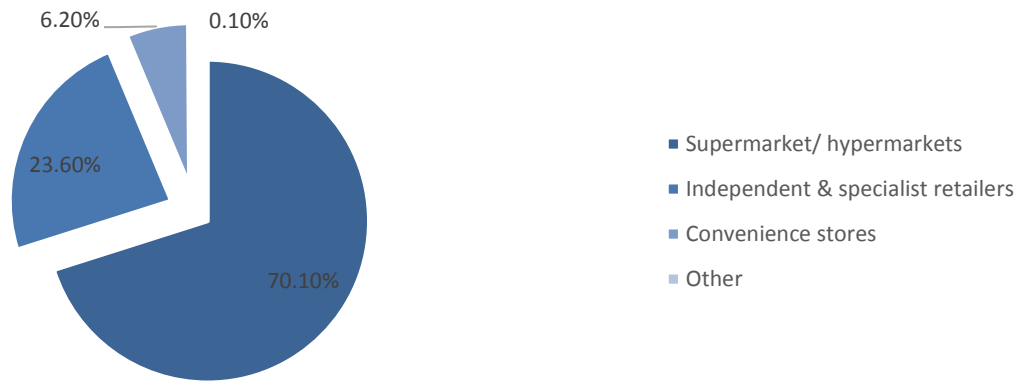
The Canadian processed meat consumption is accompanied by a well-established product distribution line linking farmers and consumers via packaging and processing manufactories and wholesalers to retailers.

The countries' wholesaling industry has over the five years to 2017 benefitted from increased demand of food service establishments. The wholesaling industry specialized in the distribution and resale of meat products is typically supplying Canada's retail and food service industry. The industry has undergone significant changes in terms of operations. Wholesalers have engaged in efficiency updates and invested in warehouse and distribution improvements, such as speeding up loading and unloading processes and integrated software systems allowing tracking inventory.

This part of the distribution chain is hence highly developed and accounts for efficiency and services in the Canadian food distribution. Sysco CANADA is the countries' largest wholesaler also engaging in meat and processed meat production. With approximately 4,000 employees and 500 trucks the company holds a market share of 14.4 per cent in the Canadian market.

The majority of processed meat products will continue to be sold through Canada's traditional grocery retailers. Hypermarkets and Supermarkets are the leading distribution channels in the Canadian food market as consumers prefer to do their grocery shopping at large markets offering variety of products at once.

Figure 219) Distribution of the food retail in Canada in 2014



Statista

As Canadian consumers are increasingly aware of environmental issues this impacts the packaging and labelling of processed meat products. Exporters should be aware that flexible and portable packaging styles are preferred, further recent product launches have shown that additional features such as “hormone-free” and “sustainable agriculture” resonate well with Canadian consumers. In addition to that, labels on processed meat products such as “gluten-free” have also been met with increased consumer interest.

Chains make up around 60 per cent of food sales in Canada, the largest of which are Loblaws, Sobeys and Metro.

Figure 220) Market share of large Canadian retailers by retail sales



United States Department of Agriculture

The food service industry in Canada, consisting of Hotel, Restaurants, Café's and Fast Food Establishments is a major recipient of processed meat products. There are around 94,000 restaurants, caterers and bars across the country. Restaurants make up the largest share of on-trade meat product sales and generate 75 billion CAD (53.6 billion EUR) of annual sales⁴³³ Canadian consumers increasingly frequent restaurants and other food service establishments. This trend is expected to continue implying that on-trade sales for meat products will grow in the upcoming years. It is expected that the food-service sector will increase its demand for meat products due to the growing popularity of restaurant visits in the country.

Market Takeaway: *Processed Meats*

Consumption: *Structure of consumption in transition, with overall volume of sales in decline however reorienting preference towards consuming smaller quantities of high quality, savoury meat products.*

Competition: *Deeply-entrenched meat production industry in Canada and in North American supply chains. Particularly high output of pork products, such as bacon and sausages. Some domestic supply management restrictions apply. Typically domestic production in Canada focuses on wider scale than EU producers.*

Distribution: *Majority of sales on trade through supermarkets, however with an increasing trend of consumption through hypermarkets, bulk retailers and discounters particularly given the price sensitivity. Typically requiring good cold storage infrastructure.*

Challenges: *Some association of EU as high quality and responsible production system for meat products, however need to bridge remaining gap and convince consumers of value added and benefits of purchasing EU meat products.*

Opportunities under CETA: *Recognition of EU GI processed meats products and tariff liberalisation.*

⁴³³ "Canada's Restaurant Industry" 2016, available at: http://www.restaurantscanada.org/wp-content/uploads/2016/07/Canada_ENG_Infographic_2016.pdf

5.14 Market Snapshot: Spirits

The Canadian spirits market is slowly growing as the consumption of spirits has seen a slight increase in recent years, attributed to Canadian consumers having access to more disposable income. The growth is, however, expected to slow down in the next five years, as Canadians, in general, are becoming more health-conscious and thus tend to prefer wine and beer to hard liquor. On the other hand the rise of the craft spirits industry, especially of craft whisky and craft gins, is expected to keep the demand for spirits stable or even slightly growing over the next five years.



5.14.1 Consumption

In general, Canadians drink more than 50 per cent above the global average making Canada an attractive market for spirits. Spirits sales are also slightly growing in Canada despite provincial restrictions on alcohol sales and marketing. Total volume sales of spirits grew by 1 per cent in 2015 reaching 161 million litres.⁴³⁴

Consumption of spirits is growing modestly mainly because of the unfavourable demographic changes to the spirits industry and already high per capita consumption.

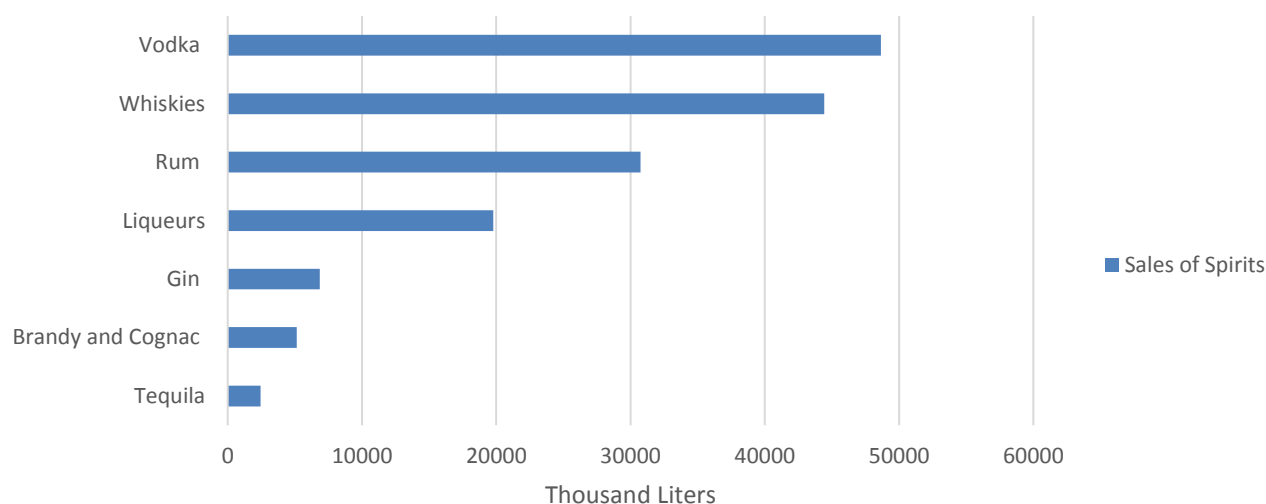
⁴³⁴ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>



In 2015, those aged 65 and above rose to account for 28 per cent of the overall population, up from 27 per cent in 2014, with this demographic typically valuing the more sophisticated experience associated with wine drinking, thus shying away from spirits. Consumption of spirits amongst the millennials is not more promising for the spirits industry in Canada as younger generations are becoming more health-conscious and spirits are often not their preferred alcoholic beverage.⁴³⁵

As hard liqueur, spirits are not consumed as often and as much as other alcoholic beverages in Canada. Proportionally, Canadians drink more beer (44 per cent) than wine (30 per cent) or spirits (26 per cent).⁴³⁶ The below table shows the consumption of different spirits. From the table it is clear that Vodka is still the most favoured spirit in Canada, with Whisky being the close second.

Figure 221) Sales of Spirits in Canada by Category in 2015: Total Volume



Euromonitor

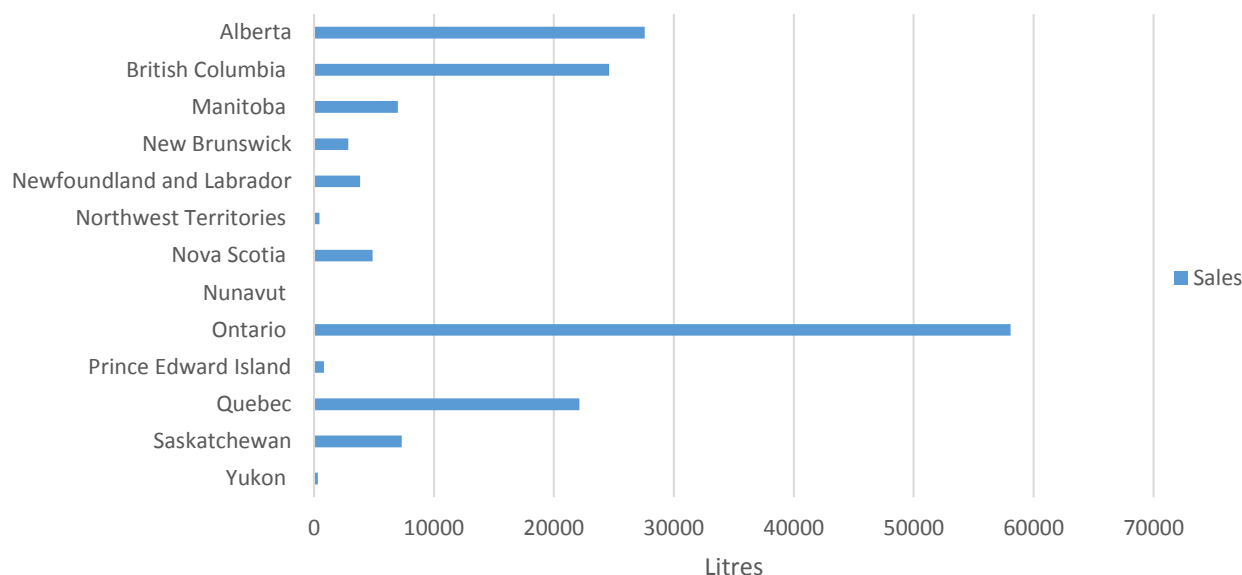
As the most populous province, Ontario has the biggest market for spirits, followed by Alberta, British Columbia and Quebec. At the same time, among the provinces and territories, spirits sales had the greatest market share in the Northwest Territories (41

⁴³⁵ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

⁴³⁶ "Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

per cent) of total sales of alcoholic beverages, and the lowest in Quebec (13 per cent), which is seen to prefer wine to other alcoholic beverages.⁴³⁷

Figure 222) Sales of Spirits in Canada by Volume in 2015



Statistics Canada

Canada's market for spirits is expected to show only slight growth during the next three years as spirits are expected to register a modest total volume CAGR of 1 per cent and value CAGR of 3 per cent at constant 2015 prices to reach sales of 167 million litres and 11.3 billion CAD (approx. 8.1 billion EUR) in 2020. The same factors that are responsible for the slow growth of the market for spirits in Canada, will continue to shape the market at least for the next three years. Growth of the population aged 65 and above is expected to continue to outpace that of the rest of the population, accounting for over 30 per cent of the total population by 2020, with these consumers' preference for beverages other than spirits becoming even more marked. At the same time, with the younger generation growing older and having more spending power, it is not clear whether spirits sales will benefit from this. Certainly, however, the urbanisation trend will further support on-trade sales of spirits in restaurant and bars.⁴³⁸

⁴³⁷ "Control and Sale of Alcoholic Beverages" May 2015 available at: <http://www.statcan.gc.ca/daily-quotidien/150504/dq150504a-eng.htm>

⁴³⁸ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>



On the other hand, Canada's market for imported spirits is expected to grow over the next five years as the shift towards prestige spirits in many categories is leading to rising demand for imported brands. This shift to imports is largely market-driven as consumers look to country of origin and brand heritage as leading indicators of the authenticity of a product, such as tequila from Mexico or single malt from Scotland. Similarly, Caribbean rums have increased in popularity thanks to rising demand for dark and spiced rums.⁴³⁹ This is certainly good news for European spirits' producers who can benefit from their GI status.

5.14.1.1 Consumer Profiles and Trends

As mentioned above, generational preferences are driving consumer trends in the spirits industry. The ageing population is going to gravitate towards wines rather than spirits. However, amongst spirits, there is one category that is expected to gain popularity, namely the whiskies as the consumers over 60 also have strong preference towards whisky. For example, during the past five years, Canadian whisky has seen its renaissance. After years of quite sluggish performances, Canadian whisky, accounting for the lion's share of total whisky volume sales, has now shown considerable growth in popularity registering a 3 per cent increase in total volume and a 7 per cent gain in current value terms. This can be partly attributed to changing consumer tastes, with Canadian whisky being seen as a good substitute for vodka, whose popularity is on the wane.⁴⁴⁰

Whiskies are expected to continue to perform well also during the next five years. According to industry experts, Irish whiskey, bourbon/other US whiskey and Canadian whisky are all expected to maintain their current momentum. Also in whiskies, industry insiders believe that single grain whisky (versus single malt whisky) will become the next big trend in the years to come.⁴⁴¹

Canadian consumers are gravitating towards unique food and drink products which offer an interesting experience, with this trend also spilling over into alcoholic drinks. In the alcoholic drinks industry craft beers and craft spirits are increasingly gaining popularity. Despite being a relatively small sector of the market at the moment, craft spirits are growing in response to the increasing consumer-led demand for more authentic, more distinctive, more local, less processed and more interesting spirit brands. Whiskey and

⁴³⁹ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

⁴⁴⁰ Ibid

⁴⁴¹ Ibid

Gin are the clear leaders of craft spirits industry.⁴⁴² Okanagan Spirits, from British Columbia, is one of the most famous craft whisky producers in Canada.

There, however, is also some geographical disparity in the craft spirits industry. Taking whisky as an example, in urban centres like Toronto, Montreal and Vancouver where the craft beer movement is at a peak, a craft nature helps to generate strong interest among consumers, while in other areas like Manitoba, Saskatchewan and Alberta, this does not resonate as strongly with consumers who prefer traditional well-known brands.⁴⁴³

Besides the rise of craft spirits industry, the spirits with exotic flavors are also gaining popularity due to the consumer trends towards unique alcoholic drinks. Among new spirit launches, interesting and non-traditional flavours appeared to be popular, such as Saskatoon berry, rhubarb, ginger, marshmallow, and spicy.⁴⁴⁴

Figure 223) Example of Craft Whisky from Okanagan Spirits in British Columbia



According to the study on the drinking habits of Canadian Millennials, more than half of Millennials were spirit drinkers. However, only a small portion said that they drank them on a daily basis. Just shy of a quarter, 24 per cent said they drank spirits at least a few times per month, and 20 per cent said they only drank them on special occasions.⁴⁴⁵ According to the study, millennials will be more health-conscious and socially responsible and would drink alcohol, especially spirits, only for special occasions.

The same study reveals that price ranked the highest as the most influential factor when Millennials selected which spirit to buy. Product information and recommendations from family and friends both ranked second. This was followed by staff recommendation and product reviews. Packaging did not rank very high as an influencer of the decision to buy spirits. Finally, country/region of origin ranked last across all demographics, which might be concerning for European producers who rely on the attraction of their GIs.⁴⁴⁶

⁴⁴² "Craft Spirits on the Rise" June 2016 available at: <http://www.foodincanada.com/food-in-canada/craft-spirits-rise-134087/>

⁴⁴³ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

⁴⁴⁴ "Consumer Trends: Wine, Beer and Spirits in Canada" January 2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/consumer-trends-wine-beer-and-spirits-in-canada/?id=1422297046469>

⁴⁴⁵ "Canadian Millennials and Beverage Alcohol" January 2013 available at: <http://canadianmillennials.ca/wp-content/uploads/2013/06/Abacus-Data-Bevsupport-Canadian-Millennials-and-Beverage-Alcohol.pdf>

⁴⁴⁶ Ibid



Another study found that most Canadians are not waiting for the weekend to drink spirits, but they are more likely to consume spirits over the working days as a way to relive stress. While this habit's pretty static across men and women and generations, Baby Boomers are slightly more likely to drink during the week than younger generations. Baby Boomers tend to be more routine-oriented with their drinking. At the same time Generation Y specifically, are, compared to Baby Boomers, more likely to drink around social occasions.⁴⁴⁷

In general, Canadians are becoming more health-conscious which means that they are increasingly looking for healthy products. Even though spirits in general are not famous for being healthy, there is growing consumer trend towards 'healthier' spirits. For example, the protein craze prevalent in the food industry has also trickled down into alcoholic drinks. A few years ago, a protein-infused vodka that is gluten-free, sugar-free and certified non-GMO, called Devotion Vodka, was developed by Devotion Spirits, which is gaining popularity. This shows that in the spirits industry there at least exist opportunities in merging health claims and free-from claims to appeal to health-conscious consumers.⁴⁴⁸

Sale and marketing of alcohol is heavily regulated in Canada, with different provinces having different laws and regulations on the sale and marketing of spirits. Most provinces, for example would not allow the sale of spirits in grocery stores. Even though the regulatory landscape is slowly getting more relaxed, the chances of spirits being sold in grocery stores over the next five years will be slim considering the resistance which surfaced against the relaxation of regulations concerning sales of beer and wine, but this will likely become more of a reality in the long term.⁴⁴⁹ European producers of spirits are recommended to familiarize themselves with these regulations before planning to enter Canada's market. For example, in the Northwest Territories, there are about 10 local communities that have totally banned the sale and consumption of alcoholic beverages.⁴⁵⁰

5.14.1.2 Challenges for EU Products

The main challenge for the European spirits exporters is that provincial laws and regulations concerning the distribution and sale of alcohol make it extremely difficult and, in some cases, impossible for any private alcohol wholesaler to enter the market. This means that European spirits exporters need to work with the provincial liquor boards

⁴⁴⁷ National Post" May 2015 available at: <http://news.nationalpost.com/life/how-we-drink-from-how-much-to-how-often-heres-everything-you-need-to-know-about-canadians-boozy-habits>

⁴⁴⁸ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

⁴⁴⁹ Ibid

⁴⁵⁰ National Post" May 2015 available at: <http://news.nationalpost.com/life/how-we-drink-from-how-much-to-how-often-heres-everything-you-need-to-know-about-canadians-boozy-habits>



and are totally dependent on their prescriptions. Licensed Crown corporations and provincial alcohol boards in Canada dominate the industry, with only Alberta allowing for a fully privatised, albeit still highly regulated, distribution system.⁴⁵¹ As mentioned above, interprovincial alcohol shipments are heavily restricted and thus European exporters of spirits need to work together with all the provincial liquor boards representing the provinces where European companies would like to sell their products. On the other hand, however, provincial liquor boards give European spirits access to their wide net of retailers.

Strict provincial regulations on the sale and marketing of alcohol and especially spirits may further hinder the market access of European products as European producers would need to work with separate agents in every province that they would like to sell their products in, interprovincial shipments are restricted.⁴⁵²

Despite these barriers, a relatively large selection of spirits is already available on offer in most Canadian provinces. These include both domestically produced, license-produced and imported spirits. This saturation can present challenges to new entrants, particularly for subcategories not traditionally consumed by or familiar to Canadians.

5.14.2 Offer

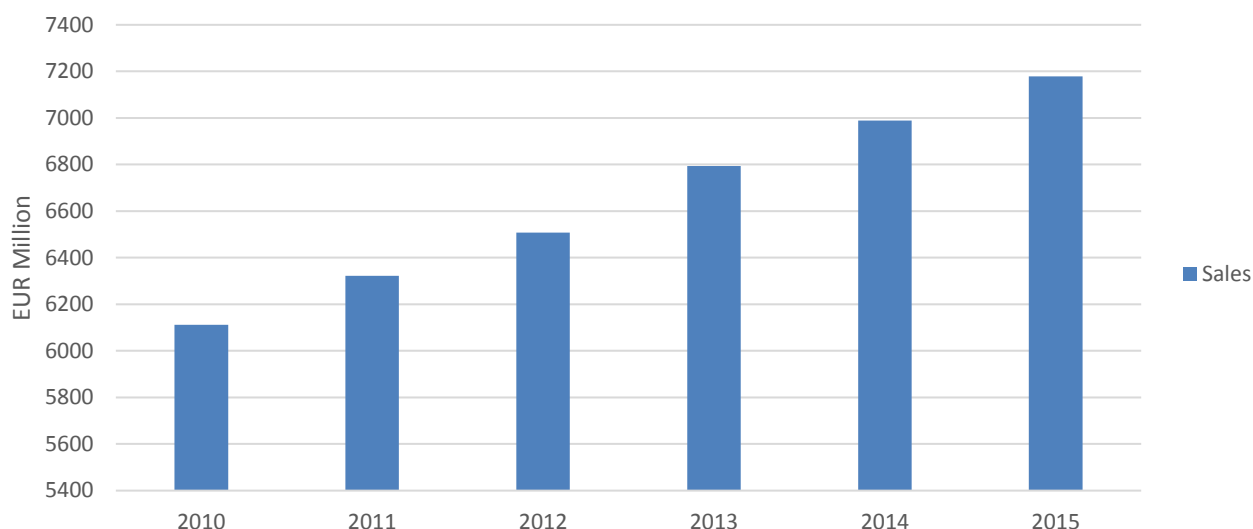
Canadian market for spirits has been growing over the past five years and is expected to do so, albeit on a slower pace, also for the next five years. Canada is a net importer of spirits and imports represent a lion's share of the domestic market, increasing to 80 per cent.⁴⁵³ The table below shows the evolution of Canada's market for spirits during the period of 2010 to 2015.

⁴⁵¹ Beer, Wine and Spirits Wholesaling in Canada: Market Research Report" July 2016 available at: <https://www.ibisworld.ca/industry/beer-wine-spirit-wholesaling.html>

⁴⁵² "Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

⁴⁵³ "Agriculture and Agri-Food Canada: Canada's Distillery Industry" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-distillery-industry/?id=1171995761751>

Figure 224) Sales of Spirits in Canada from 2010 to 2015 by Value



Euromonitor

The distilled spirits industry has a long history in Canada. The first distillery in Canada was established as early as 1769 in Quebec City. Today's distilling industry produces a variety of spirits (e.g. whisky, rum, vodka, gin, liqueurs, spirit coolers, and basic ethyl alcohol) but Canada's reputation, domestically and internationally, is largely based on the production of Canadian whisky, which is also protected by Geographic Indication in Europe and elsewhere.⁴⁵⁴

Despite the long history of the distilleries industry in Canada, the industry contains relatively few domestic producers of alcohol due to regulatory restrictions and the high degree of competition from foreign alcohol brands. As a result, industry distilleries prefer to locate their facilities as close as possible to areas and provinces with high populations. Therefore, the largest areas of production are Ontario and British Columbia, with increasing production in Quebec and Nova Scotia.⁴⁵⁵ In addition, Canadian production of distilled spirits is highly concentrated among a few firms and the bulk of domestic spirits production in Canada is foreign-owned.⁴⁵⁶ Canadian annual domestic production

⁴⁵⁴ "Agriculture and Agri-Food Canada: Canada's Distillery Industry" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-distillery-industry/?id=1171995761751>

⁴⁵⁵ "Overview of the Wine and Spirits Sector in Canada" July 2013 available at: <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Overview%20of%20the%20Wine%20and%20Spirits%20Sector%20in%20Canada%20Ottawa%20Canada%208-26-2013.pdf>

⁴⁵⁶ "Agriculture and Agri-Food Canada: Canada's Distillery Industry" March 2016 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-product-sector/processed-food-and-beverages/canadas-distillery-industry/?id=1171995761751>

averages around 130 million litres, of which 30 million litres is 100 percent Canadian content.⁴⁵⁷

Moreover, interprovincial alcohol shipments require approval from provincial liquor boards and therefore cannot be shipped between manufacturers or distributors. Micro-producers or local spirit distillers therefore are largely restricted to selling their products only in the province in which they are produced.⁴⁵⁸

However, the domestic distilleries industry is slowly growing. In recent years there has been an increase in the number of smaller distilling companies that specialize in supplying niche market products, and the emergence of a number of artisan distilleries located throughout Canada that make small batches of spirits such as vodka, gin, brandy liqueur and Canadian Whisky.⁴⁵⁹

As mentioned above, the impact of the craft beer movement has also spilled over into spirits. Industry sources have noted that consumers, particularly younger ones, are becoming increasingly interested in where spirits come from and the ingredients they contain. Craft vodka and other similar products, although still a very small niche and far from the relative scale of craft beer, are seeing significant growth due to their craftsmanship and small-batch production. There are even craft brewers in British Columbia which are taking on craft distilling as a natural extension of their brewing business.⁴⁶⁰

5.14.2.1 Main Competitors

Over the past few years, Diageo Canada, the Canadian subsidiary of Diageo Plc, and Corby Spirit & Wine, of which Pernod Ricard Groupe is a major shareholder, have remained the two leading players in the relatively mature spirits market in Canada. In 2015 they owned the volume shares of 28 per cent and 23 per cent,

Figure 225) Example of Canadian Whisky by Royal Canadian (Sazerac)



Figure 226) Diageo Canada Logo



⁴⁵⁷ "Overview of the Wine and Spirits Sector in Canada" July 2013 available at: <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Overview%20of%20the%20Wine%20and%20Spirits%20Sector%20in%20Canada%20Ottawa%20Canada%208-26-2013.pdf>

⁴⁵⁸ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

⁴⁵⁹ "Distilleries in Canada: Market Research" December 2015 available at: <https://www.ibisworld.ca/industry/distilleries.html>

⁴⁶⁰ "Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

respectively. No other single player on Canada's market held a share of over 9 per cent.⁴⁶¹

The market leader Diageo Canada's strong position can be attributed to offering leading brands across a wide range of categories, including Canadian whisky (Crown Royal and Seagram's VO), other blended Scotch whisky (Johnnie Walker), cream-based liqueurs (Baileys Irish Cream), rum (Captain Morgan), vodka (Smirnoff and Ciroc) and English gin (Tanqueray). The company has also moved into tequila, particularly premium tequila. In 2015 Diageo Canada's, Crown Royal performed very well, registering volume sales growth of 6 per cent to outpace the wider Canadian whisky category and become the single most important growth driver of whisky as a whole in Canada.⁴⁶²

Figure 227) Example of Products from Diageo Canada



Figure 228) Example of Products from Corby Spirit & Wine



The current second place holder Corby Spirit & Wine is present in a wide range of categories, including cognac (via the Martell brand), other liqueurs (Kahlua and McGuinness), rum (Havana Club and Malibu), whiskies (Jameson, Wiser's and Corby Royal Reserve), gin (Beefeater) and vodka (Absolut), thus benefiting from a relatively balanced portfolio, similar to Diageo Canada. In addition, a number of its brands, such as Absolut and Wiser's, are making a comeback after sluggish performances for some years. The Company's Jameson brand remains dominant in the rapidly expanding Irish whiskey category. The Company has been heavily focusing on digital and social media in its marketing strategy, with industry insiders viewing its brands as more fashionable than others as they strive to appeal to a younger generation.⁴⁶³

Figure 229) Corby Spirit & Wine Logo



5.14.2.2 Entry Requirements and Changes under CETA

As mentioned above, Canada is a net importer of spirits. Canada's main imports of spirits come from the United Kingdom (24.4 per cent) closely followed

⁴⁶¹ "Euromonitor: Spirits in Canada" June 2016 available at: <http://www.euromonitor.com/spirits-in-canada/report>

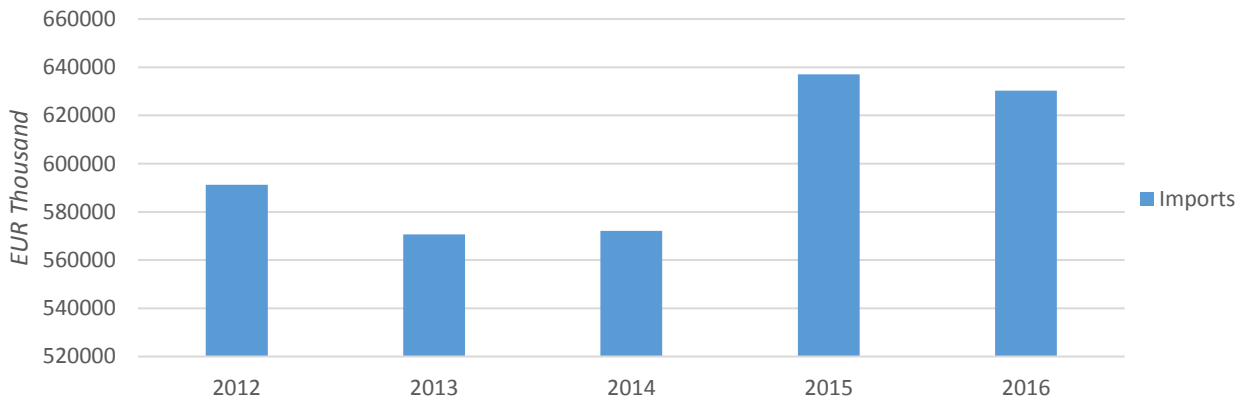
⁴⁶² Ibid

⁴⁶³ Ibid.



by The United States (22.5 per cent) and France (14.3 per cent).⁴⁶⁴ The below table shows the evolution of Canada's imports of spirits over the last five years.

Figure 230) Canada's Imports of Spirits from 2012 to 2016 by Value



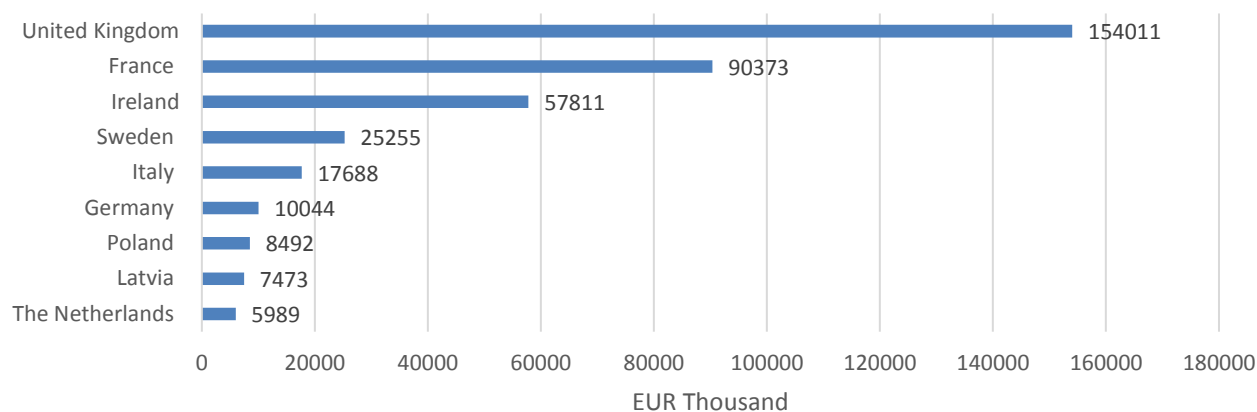
ITC Trade Map

European spirits are already quite popular in Canada, as European countries like the United Kingdom and France are major sources of imports of spirits into Canada. Below table shows Canadian imports of spirits from selected European Union Countries.

⁴⁶⁴ ITC Trade Map



Figure 231) Canada's Imports of Spirits from European Countries on 2016 by Value



ITC Trade Map

CETA is expected to increase imports of spirits into Canada from European Union countries, while several alcoholic beverages, including beer, tequila, whiskies and sparkling wine, are already tariff-free, the elimination of tariffs on vodka and rum will produce significant savings for the European spirits producers.⁴⁶⁵ At the same time, all Canadian provinces have made reservations to CETA that would allow the provinces to restrict the imports and distribution of spirits into their territory, because alcohol policy is still decided on the provincial level in Canada.⁴⁶⁶

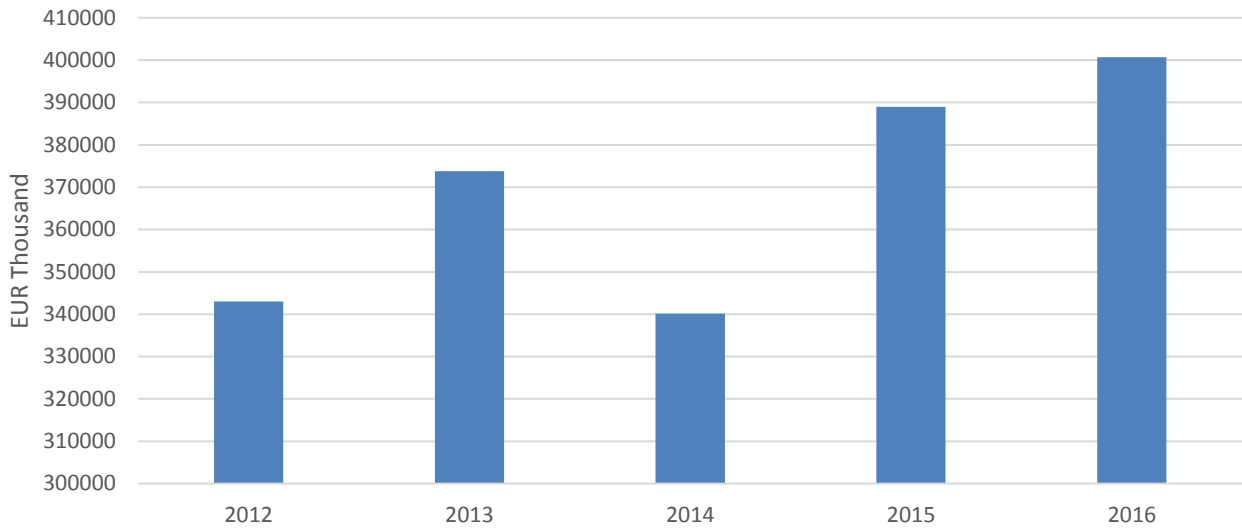
Canada is a net importer of spirits, but it is also one of the big exporters of spirits, especially of Canadian Whisky. Canadas exports mainly go to the United States (91 per cent) followed by France (1.5 per cent) and Australia (1.3 per cent).⁴⁶⁷ Other countries receive less than 1 per cent of Canada's exports. The table below shows the evolution of Canada's exports of spirits during the past five years. Most exports of Canada's spirits come from Ontario.

⁴⁶⁵ "Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

⁴⁶⁶ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf

⁴⁶⁷ ITC Trade Map

Figure 232) Canada's Exports of Spirits from 2012 to 2016 by Value



ITC Trade Map

In Canada, the labelling of alcoholic beverages including spirits, is subject to both the Consumer Packaging and Labelling Act and the Food and Drug Regulations. All labels must be in both English and French. All spirits must have the following information included on the labels:

Figure 233) Labelling Requirements for Spirits



United States Department of Agriculture

Spirits producers should also keep in mind that images used on the label of any alcoholic beverage must not be misleading. For example, the CFIA says that if an image is used to depict the flavour of the product (ex. Image of Raspberry on Raspberry Vodka) but



artificial flavouring is used instead of natural flavouring, this must be noted on the label somewhere.⁴⁶⁸

The CFIA has an excellent informative page summarizing all labelling requirements [here](#). In addition, they provide a label review tool.

Even though many spirits, except for rum and vodka, are exempt from import duties for European exporters, there are still excise duties that will be charged under the Customs Tariff at the time of importation. These duties include:

Figure 234) Excise Duties Applying to Spirits Imports to Canada

Spirits	Excise Duty
More than 7% alc./vol.	CAD 11.696 (EUR 8.364) per litre of absolute ethyl alcohol
Not more than 7% alc./vol.	CAD 0.295 (EUR 0.210)per litre of spirits
Special Duty (user with license from Minister of National Revenue)	CAD 0.12 (EUR 0.085) per litre of absolute ethyl alcohol

Canada Revenue Agency⁴⁶⁹

The CBSA is responsible for duties and tariffs in Canada. Customs tariff information can be found [here](#). European spirits producers are also advised to look up information on the websites of provincial alcohol policy regulating bodies, because all provinces have their specific rules and requirements on the import and sale of spirits. For example, British Columbia has a mark-up on spirits that is 170 per cent.⁴⁷⁰ European companies should also keep in mind that CETA does not change the SPS requirements that Canada has in place, therefore companies are strongly advised to consult the webpage of the Canadian Food Inspection Agency, which has put in place specific labelling regulations for different types of spirits like Rum, Whisky, Vodka, Brandy and Gin for example.⁴⁷¹

4.14.2.3 EU GI Products

Geographic Indications can be registered with the Agriculture and Agri-Food Canada Intellectual Property Office. Applicants must submit the request for GI recognition and registration in either English or French, except for the GI itself. GI registration process

⁴⁶⁸ "Comprehensive Economic and Trade Agreement" September 2014 available at: http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf

⁴⁶⁹ "Canada Revenue Agency" September 2014 available at: http://www.cra-arc.gc.ca/E/pub/em/edm1-5-1/edm1-5-1-e.html#_Toc396464380

⁴⁷⁰ "Overview of the Wine and Spirits Sector in Canada" July 2013 available at: <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Overview%20of%20the%20Wine%20and%20Spirits%20Sector%20in%20Canada%20Ottawa%20Canada%208-26-2013.pdf>

⁴⁷¹ "Labelling Requirements for Alcoholic Beverages" May 2015 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/alcohol/eng/1392909001375/1392909133296>

is governed by Canada's *Trade Mark Act* and European GIs associations of spirits can also consult Agriculture and Agri-Food Canada webpage to find out about specific documents requested for GIs registration. In 2003 Canada and European Union concluded a *Canada-European Community Wine and Spirits Agreement* which lists over 200 European Union Spirits that Canada should recognize as GIs once requested by the respective GI's organizations.⁴⁷² European producers of spirits are recommended to ask their local GIs associations to register the GIs with the Agriculture and Agri-Food Canada if they haven't done so already. Currently there are 59 European GIs for spirits listed in the *List of Geographical Indications for Wines and Spirits of Canada*. The table below shows the European GIs of spirits that have been listed and that therefore enjoy protection in Canada.

Figure 235) European Spirits that Currently Enjoy GIs Recognition in Canada

<u>Geographic Indication</u>	<u>Country of Origin</u>
Finnish berry liqueur	Finland
Finsk Vodka /Vodka of Finland / Suomalainen Votka	Finland
Calvados	France
Calvados Pays d'Auge	France
Cassis de Dijon	France
Cognac	France
Cognac Bons Bois	France
Cognac Borderies	France
Cognac Fine	France
Cognac Fine Champagne	France
Cognac Fins Bois	France
Cognac Grande Champagne	France
Cognac Grande Fine Champagne	France
Cognac Petite Champagne	France
Cognac Petite Fine Champagne	France
Eau-de-vie de Cognac	France
Eau-de-vie des Charentes	France
Irish Cream Liqueur	Ireland
Irish Whiskey	Ireland
Irish Whisky	Ireland
Uisce Beatha Eireannach	Ireland
Aprikot dell' Alto Adige	Italy
Aprikot del Trentino	Italy
Brandy Italiano	Italy
Distillato di mele del Trentino	Italy
Grappa Friulana	Italy

⁴⁷² "Process to Request Geographical Indications for Wines and Spirits to be Entered on Canada's List of Protected GIs" July 2014 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/agri-food-trade-policy/trade-topics/process-to-request-geographical-indications-for-wines-and-spirits-to-be-entered-on-canada-s-list-of-protected-gis/?id=1384289182018>



Grappa Lombarda	Italy
Grappa Piemontese	Italy
Grappa Trentina	Italy
Grappa Veneta	Italy
Grappa del Friuli	Italy
Grappa del Piemonte	Italy
Grappa del Trentino	Italy
Grappa del Veneto	Italy
Grappa dell' Alto Adige	Italy
Grappa di Barolo	Italy
Grappa di Lombardia	Italy
Gravensteiner dell'Alto Adige	Italy
Kirsch Friulano	Italy
Kirsch Trentino	Italy
Kirsch Veneto	Italy
Kirsch dell' Alto Adige	Italy
Marille dell'Alto Adige	Italy
Obstler dell'Alto Adige	Italy
Sliwovitz del Friuli Venezia Giulia	Italy
Sliwovitz del Trentino	Italy
Sliwovitz del Trentino Alto Adige	Italy
Sliwovitz del Veneto	Italy
Südtiroler Grappa	Italy
Williams del Friuli	Italy
Williams del Trentino	Italy
Williams dell' Alto Adige	Italy
Zwetschgeler dell'Alto Adige	Italy
Golden Delicious dell' Alto Adige	Italy
Genziana del Trentino	Italy
Genziana dell' Alto Adige	Italy
Brandy de Jerez	Spain
Plymouth Gin	Sweden
Scotch Whisky	United Kingdom

Canadian Intellectual Property Office

Organic products, like organic Vodka for example, imported from countries with whom Canada has established an equivalency arrangement must be certified to the terms of the arrangement. These products must be certified by a certification body accredited by that foreign country and recognized by Canada under the arrangement. These products may bear the Canada organic logo. Like all other food products, imported organic products must meet Canadian labelling requirements, including those of the Organic Products Regulations.⁴⁷³ The European Union has established an Organic Equivalency

⁴⁷³ "Canada Organic Regime" May 2016 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/organic-claims/eng/1389725994094/1389726052482?chap=2#s1c2>



Agreement with Canada, thus European products may bear Canada Organic logo when being sold and marketed in Canada.

5.14.3 Distribution

In Canada, the Importation of Intoxicating Liquors Act gives power of the sale and distribution of alcoholic products to the provincial liquor boards or commissions. Canada's three territories have also been granted similar autonomy over these matters under the provisions of federal legislation. All exporters of spirits must contact the provincial liquor boards or commissions if they wish to sell spirits in Canada. Until recently, the Act restricted interprovincial movement of alcohol but in 2012, an amendment changed the restrictions to allow interprovincial transportation if permitted by the province. According to Gain Report on Wine and Spirits, however, many provinces still have strict regulations regarding interprovincial transport of alcohol, meaning that companies wishing to sell their alcoholic beverages must deal with provinces directly.⁴⁷⁴

This, in turn, affects the ability of wineries, brewers, and distillers to sell directly to the public. The liquor boards, except for Alberta and British Columbia which are at least partially privatized, in effect have provincial monopolies. Alberta is currently the only jurisdiction to have completely privatized its retail liquor industry (the Alberta Gaming and Liquor Commission maintains a monopoly over the wholesale distribution of wine, distilled spirits and imported beer) and British Columbia has both private and government-owned retail outlets. Each provincial liquor control board has its own policies and regulations.⁴⁷⁵ It is strongly recommended that European exporters of spirits contact each board directly to confirm the rules.

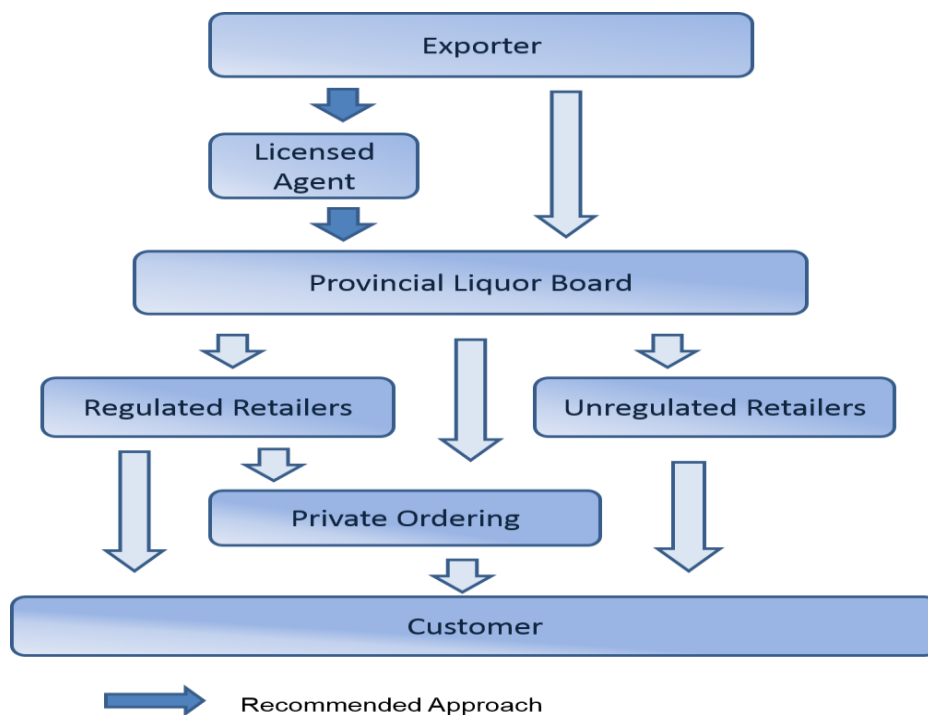
European exporters of spirits must keep in mind that all imports of liquor require prior authorization from the liquor board in the province where the product will be sold/consumed before the shipment can be cleared by customs.⁴⁷⁶

⁴⁷⁴ "Overview of the Wine and Spirits Sector in Canada" July 2013 available at: <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Overview%20of%20the%20Wine%20and%20Spirits%20Sector%20in%20Canada%20Ottawa%20Canada%208-26-2013.pdf>

⁴⁷⁵ Ibid.

⁴⁷⁶ "Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

Figure 236) Structure of the Distribution of Spirits in Canada



Canadian Food and Drink Industry

According to business associations and intermediaries, in all provinces, it is strongly recommended to work through a local licensed agent who understands the local market. Local licensed agents can help exporters to deal with customs and regulatory issues; liaise with the Provincial Liquor Boards throughout the evaluation process and ensure the product is properly promoted and stocked once it is listed; and finally even liaise with bars and restaurants to promote the brand and increase sales.⁴⁷⁷

The table above shows that all the retailers of spirits get their products through the provincial liquor boards and that there is no possibility for the exporters to sell their products directly to the retailers.

Below table lists the provincial liquor sales and import managing bodies and gives an overview of how many retailing stores they serve.

⁴⁷⁷ "Canadian Food and Drink Industry" July 2014 available at: <http://www.business-sweden.se/contentassets/e4150258e8184d03ae7a8df1052b5a3f/canada---food-and-drink-analysis-2014.pdf>

Figure 237) Provincial Liquor Boards in Canada

Province	Board	Private Retail	Number of Retailer Locations
Alberta	Alberta Gaming and Liquor Commission	Private retail is allowed	1200
British Columbia	Liquor Distribution Branch and Liquor Control Licensing Branch	Partly allowed	196
Saskatchewan	Saskatchewan Liquor and Gaming Authority	No private retail	277
Manitoba	Manitoba Liquor Control Commission	No private retail	226
Ontario	Alcohol and Gaming Commission of Ontario and Liquor Control Board of Ontario	No private retail	853
Quebec	Société des alcools du Québec	Partly allowed	806
Newfoundland and Labrador	Newfoundland and Labrador Liquor Corporation	No private retail	155
Prince Edward Island	Prince Edward Island Liquor Control Commission	No private retail	20
New Brunswick	New Brunswick Liquor Corporation or Alcool NB Liquor	No private retail	118
Nova Scotia	Nova Scotia Liquor Corporation	No private retail	161
Yukon	Yukon Liquor Corporation	No private retail	6
Northwest Territories	Northwest Territories Liquor Commission	No private retail	9
Nunavut	Nunavut Liquor Commission	No private retail	2

Canadian Food and Drink Industry

According to Agriculture and Agri-Food Canada, the large majority (85 per cent) of spirit volume sales occurred off-trade. Off trade is also growing considerably faster than the on trade sector. At the same time off trade accounts for about 58 per cent of the spirits sales.⁴⁷⁸

Canadian consumer behaviour studies show that Canadians prefer to drink spirits at home rather than in bars and restaurants. The study found that a full 58 per cent of drinks are consumed in one's own home and 16 per cent of drinks are consumed in the home of another person.⁴⁷⁹ According to the study this is the case across regions and

⁴⁷⁸ "Consumer Trends: Wine, Beer and Spirits in Canada" January 2015 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/consumer-trends-wine-beer-and-spirits-in-canada/?id=1422297046469>

⁴⁷⁹ "National Post" May 2015 available at: <http://news.nationalpost.com/life/how-we-drink-from-how-much-to-how-often-heres-everything-you-need-to-know-about-canadians-boozy-habits>

generations. Canadians prefer to drink at home because it's cheaper to drink at home, it's easier, and it's more accessible.⁴⁸⁰

Market Takeaway: *Spirits*

Consumption: *Spirits are one of the leading EU export categories in trade with Canada, excluding EU producers operating through subsidiaries in Canada. EU products are in high demand and well-positioned at premium and mid-ranged segments which perform well even as overall spirit consumption is relatively stable or declining by province.*

Competition: *Intra-category competition between large conglomerated producers and smaller suppliers; relatively diversity between product subcategories keeps market competitive and privileges product and marketing innovation.*

Distribution: *Highly regulated sector with provincial monopolies on imports and distribution in virtually all cases - check with the province corresponding to your target market. Majority of distribution off trade with approximately one third on trade through bars, restaurants, nightclubs and other HoReCa.*

Challenges: *Significant interprovincial barriers to trade through requirement to import via each provincial liquor board and limitations on interprovincial transport. Alcohol consumption is increasingly taking place through wines, with overall quantities stables, suggesting potential consumer habit shifts away from spirits.*

Opportunities under CETA: *Recognition of EU GI spirits and elimination of tariffs; facilitation of shipments in bulk and bottling in situ in Canada to economise on transport costs.*

⁴⁸⁰ "National Post" May 2015 available at: <http://news.nationalpost.com/life/how-we-drink-from-how-much-to-how-often-heres-everything-you-need-to-know-about-canadians-boozy-habits>

5.15 Market Snapshot: Wine

Canada is an attractive market for European exporters. It is the fifth largest importer of wine globally, and the trends suggest that wine consumption is set to increase. European wines are strongly present in the Canadian wine sector, in particular France and Italy who are strong rivals to the US. CETA is expected to further strengthen the position of European wines in the Canadian market.



5.15.1 Consumption

Canadians are large alcohol consumers - on average Canadians drink more than double the global average.⁴⁸¹ Canada is also the fifth largest importer of wine in the world, making it an attractive market for European exporters. Wine consumption in Canada is growing three times faster than the global average. Wine demand is expected to increase by 50 million litres over the next years, up to 11 per cent by 2018.

⁴⁸¹ "Centre for Addiction and Mental Health" March 2013 available at: http://www.camh.ca/en/hospital/about_camh/newsroom/news_releases_media_advisories_and_backgrounds/current_year/Pages/Unhealthy-drinking-widespread-around-the-world,-CAMH-study-shows.aspx

Figure 238) Import of Wine of Fresh Grapes, incl. Fortified Wines. Unit: Euro Thousand

Global ranking	Importers	Imported value in 2012	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016
	World	26275095	26819966	27005726	29571793	
5 th	Canada	1536138	1524891	1458289	1619428	1605337

ITC Trade Map

In 2013 CBC reported, according to Vinexpo data, that per capita wine consumption in Canada has risen by 50 per cent over the past 10 years, from 10 litres to 15 litres.⁴⁸²

Canadian consumers have become more aware of their health and in carrying a healthy diet, and this has resulted for many to be wary of their alcohol intake. The table below shows the volume of sales of different types of wine in Canada over the past ten years.

Figure 239) Historic/Forecast Volume Sales (On-Trade and Off-Trade) of Wine

	2006	2007	2008	2009	2010	2011	2012	2016
Fortified wine and vermouth - total	15.6	15.9	15.6	15.4	15	14.7	14.4	13.4
(Fortified wine and vermouth)	3.3	3.6	3.5	3.5	3.4	3.4	3.3	3.3
Port/oporto								
(Fortified wine and vermouth)	7.9	7.9	7.7	7.6	7.6	7.4	7.2	6.6
Sherry								
(Fortified wine and vermouth)	3.7	3.7	3.7	3.6	3.4	3.4	3.3	3
Vermouth								
Other fortified wine and vermouth	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Non-grape wine	-	-	-	-	-	-	-	-
Sparkling wine - total	11.7	12.2	12.3	11.5	12.8	13.8	14.8	17.4
(Sparkling wine)	0.8	0.9	0.8	0.8	0.8	0.8	0.9	1
Champagne								
(Sparkling wine)	10.9	11.3	11.5	10.7	12	13	14	16.4
Other sparkling wine								

⁴⁸² "Per capita Canadian wine consumption now 15 litres a year" January 2013 available at: www.cbc.ca/news/business/per-capita-canadian-wine-consumption-now-15-litres-a-year-1.1412093

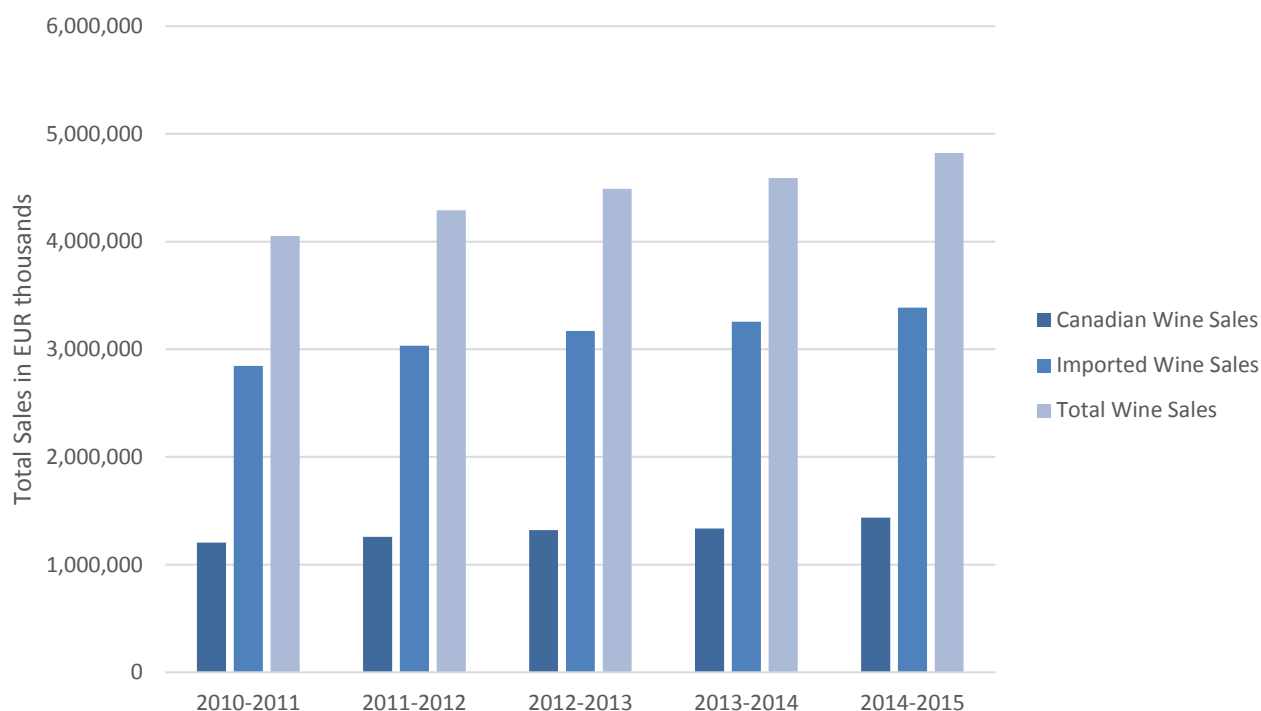


Still light grape wine - total	347.1	377.6	394.9	407.1	428.9	449.8	474.4	563.7
(Still light grape wine) Still red wine	203	227	240	248.7	261.6	274.7	288.5	334.6
(Still light grape wine) Still rosé wine	11.5	11.7	11.9	11.6	12.3	12.9	13.4	15.2
(Still light grape wine) Still white wine	132.6	138.9	143	146.9	155.1	162.2	172.4	213.9
Wine total	374.4	405.7	422.8	434	456.7	478.3	503.7	594.5

Euromonitor, 2012

Euromonitor

Figure 240) Sales of Wine Beverages of Liquor Authorities and Other Retail Outlets in Canada, by Value, Volume, and Beverage Type Annual in EUR Thousands



Statistics Canada

5.15.1.1 Consumer Profiles and Trends

Wine sales have increased in Canada; partially this could be attributed to be a result of the change in attitude towards alcohol. Wine is widely seen as beneficial (or at least less detrimental) for your health, for example for cardiovascular health, when taken in



moderation.⁴⁸³ Shifting demographics, drinking and driving awareness have all played a role in changing alcohol consumption patterns.⁴⁸⁴ Influence from other cultures can also be considered a key factor in wine consumption. Quebec is reported to have one of the highest wine consumption levels, ahead of Ontario, which can partially be attributed to the French influence. Mediterranean and Latin American diets also often accompany food and wine together. This interest in international food, and the ethnic demand from the growing multi-ethnic and multi-racial Canadian society is to be taken into account to understand the changing patterns of alcohol consumption.

Wines are considered to be more than alcohol, and are considered to be an experience. The aging baby-boomer demographic is showing this interest through attending wine courses, festivals or taking vineyard tours.⁴⁸⁵

As clear in the graph above, overall wine sales have increased from 2010 to 2015. Sales for both domestic and foreign wines have increased. It is expected that this trend will continue. The Canadian domestic wine market is slowly becoming a strong competitor. This is due to the fact that several government procedures and trade barriers are imposing discriminatory policies in order to develop the local Canadian wine industry.

Awareness of nutrition and health in Canada is on the rise, and this is reflected across the change in food and beverage consumption. This change has also affected alcoholic beverages, and in particular wine. Whereas the consumption of hard alcohol such as spirits can result in serious health illnesses, wine has been attributed over the years a number of positive health benefits. A study by the Centre for Addiction and Mental Health has reported that alcohol is the third leading cause of disease and injury.⁴⁸⁶

Canadians are avid drinkers, and when it comes to alcohol spending, as apparent in the table below, Canadians over the years have increased their alcohol expenditure.

Figure 241) Proportion of Sales (in volume) of Alcoholic Beverages in Canada

	<u>2005/2006</u>	<u>2014/2015</u>	<u>% change</u>
Spirits	5.1	5.3	0.2
Wine	12.4	15.8	3.4
Beer	79.3	74.3	- 5
Ciders, coolers and other refreshment beverages	3.2	4.6	1.4

Statistics Canada

⁴⁸³ "Canadian Food Trends to 2020" July 2005 available at:

www.stayactiveeathealthy.ca/sites/default/files/resources/Canadian_Food_Trends_2020.pdf

⁴⁸⁴ Ibid.

⁴⁸⁵ Ibid.

⁴⁸⁶ "Centre for Addiction and Mental Health" March 2013 available at:

http://www.camh.ca/en/hospital/about_camh/newsroom/news_releases_media_advisories_and_backgrounds/current_year/Pages/Unhealthy-drinking-widespread-around-the-world,-CAMH-study-shows.aspx

Beer accounts for most alcoholic beverage sales, but has experienced a large decrease in sales over the years. Wine has experienced the largest proportionate growth of alcoholic beverages in Canada from 2005 to 2015, a total of 3.4 per cent growth.

This can be attributed to the growing health concerns of the negative effects of other type of alcoholic beverages that cannot claim such health benefits as wine. Spirits can be incredibly harmful for consumer's health, and beer is well known as a beverage that affects the waist line.

Millennials are one of the main consumers of wine. It is reported that Millennials consider price as the primary factor that motivated them to buy wine.⁴⁸⁷ Millennials and older generations are also reported to take into account the health benefits of wine.

Euromonitor reports that Canadian consumers are increasingly seeking unique and high quality products in their food and beverage consumption, a trend that benefits the wine industry.⁴⁸⁸ Consumers are developing their knowledge with regards to wine, and are increasing their understanding of the different types and production regions. Quality is appreciated, and this will benefit high quality European wines, particularly fine wines, which are globally recognised as leaders in wine production. This includes a number of European wine producing countries, such as France, Italy and Spain.

Figure 242) Wines of Canada Logo



Alcohol consumption worldwide can be divided into regions. Canada, as part of the Western world is one of the greatest consumers of alcohol. Alcohol forms part of many cultural aspects of the Western world. For example during special occasions wine, including sparkling wines such as champagne are common place. These occasions can be weddings, Christmas or any other celebrations. Drinking culture means that alcohol is also widely available in restaurants, bars, and nightclubs.

5.15.1.2 Challenges for EU products

One of the major challenges for EU products in this industry would be the number of regional and national restrictions and regulations that exist and that often turn out to be barriers to trade. This will be further discussed in a later section.

⁴⁸⁷ "Canadian Millennials and Beverage Alcohol" January 2013 available at: canadianmillennials.ca/wp-content/uploads/2013/06/Abacus-Data-Bevsupport-Canadian-Millennials-and-Beverage-Alcohol.pdf

⁴⁸⁸ "Fine Wine, Champagne and Spirits in Canada" Euromonitor November 2016

After years of preparation, the Wines of Canada brand was launched in 2015. Wines of Canada is an initiative started by the Canadian Vintners Association with a number of Canadian regional associations, including the British Columbia Wine Institute, the Wine Marketing Association of Ontario for VQA Wines of Ontario / Wine Country Ontario, les Vignerons Indépendants du Québec and the Winery Association of Nova Scotia. This initiative has the goal of promoting Canadian cool climate wines in Canada and abroad.⁴⁸⁹

The Canadian provinces that have a local wine industry include further restrictive policies. Wine regulations are dictated by the provincial agricultural policies that aim to support the local wine industry by discriminating imported wine. Service fees, limiting foreign wine listings in government owned retail operations, and discriminatory mark-ups are common practice.

5.15.2 Offer

Canada, whilst not being a major global wine producer has a budding wine industry, which is being promoted through the Wine of Canada brand. Canada's wine sector is primarily located in Ontario and British Columbia, followed by Quebec and Nova Scotia. Ontario exports the majority of wine at approximately 52 per cent of Canadian exports in 2011. Marketing standards such as the Vintners Quality Alliance (VQA) are helping to increase industry activity and expand the sector.

Canadian wine production has a history of over 200 years. The taste of Canadian wine has been considered peculiar and somewhat unpopular, and production has been low. New technologies, research and access to grape varieties as well as a change of taste of the consumers has increased its production and popularity in the last decades.

Canadian wine production is noteworthy for "ice wine". Since the 1990s the development of the cool climate wine industry has been developing. A number of protectionist measures have evolved as a strategy to develop the local Canadian wine industry. Some barriers to trade are also apparent that are restrictive and discriminatory towards foreign wine, which will be discussed in the next section.

Figure 243) Canadian Ice Wine by Peller



⁴⁸⁹ "Wines of Canada" available at: www.canadianvintners.com/canadas-industry/canadian-wines/

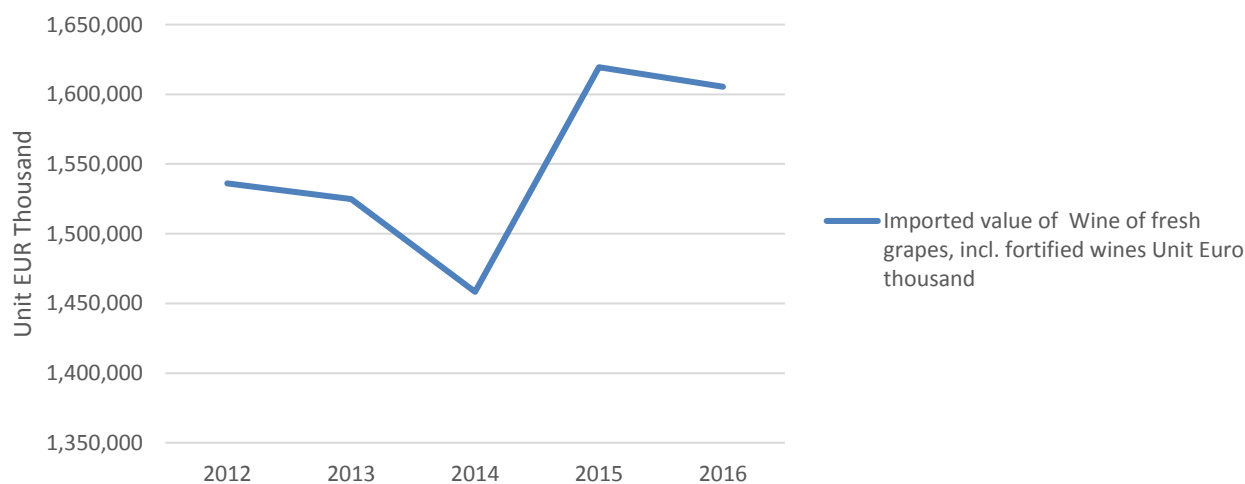


Canadian wines experienced stable growth from 2006 to 2011, with particularly strong demand for wines labelled as VQA, which saw volume growth of nearly 17 per cent in 2011; more than double the growth of total wine sales in the same year.⁴⁹⁰

The market potential for imported wine in Canada is huge. Canada is the fifth largest importer of wine world wide and imports are expected to continue to growth. Over the last years there has been a bump in the number of imports, as apparent in the graph below. Due to a number of existing trade barriers, producers globally have found it challenging to penetrate the Canadian market. Furthermore, these trade barriers tend to increase the expenses of exporting wine to Canada. It is expected that with the implementation of CETA the setbacks caused by costs imposed by trade barriers will be diminished by the reduction of tariffs.

Despite heavily dominating other industries, the US exports approximately the same amount as France and Italy. European wines are internationally recognised for their quality, and Canadians recognise this. The chart below shows the proportion of the main the main exporters to Canada, where the US, France and Italy export about 21 per cent of wine to Canada. Over 50 per cent of Canadian wine imports in 2016 originated from the European Union. The outlook for the wine industry in Canada after CETA is overall extremely positive, despite the numerous barriers to trade that exist in Canada.

Figure 244) Imported Value of Wine of Fresh Grapes, incl. Fortified Wines to Canada

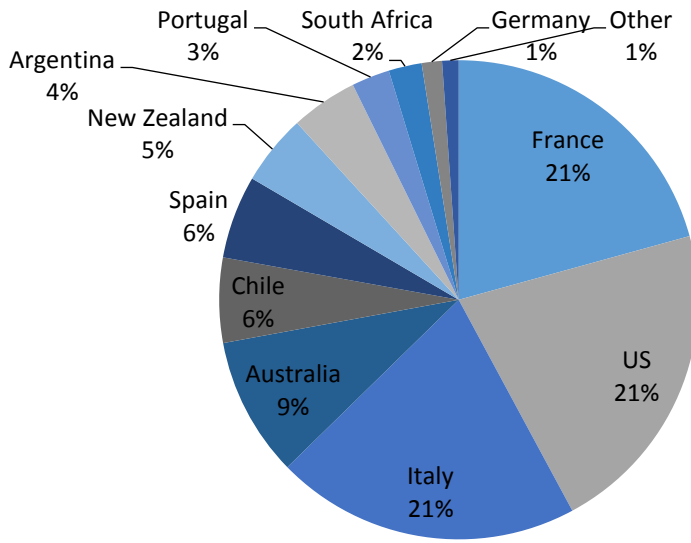


ITC Trade Map

⁴⁹⁰ "Consumer Trends - Wine, Beer and Spirits in Canada" September 2013 available at: www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/consumer-trends-wine-beer-and-spirits-in-canada/?id=1422297046469#c

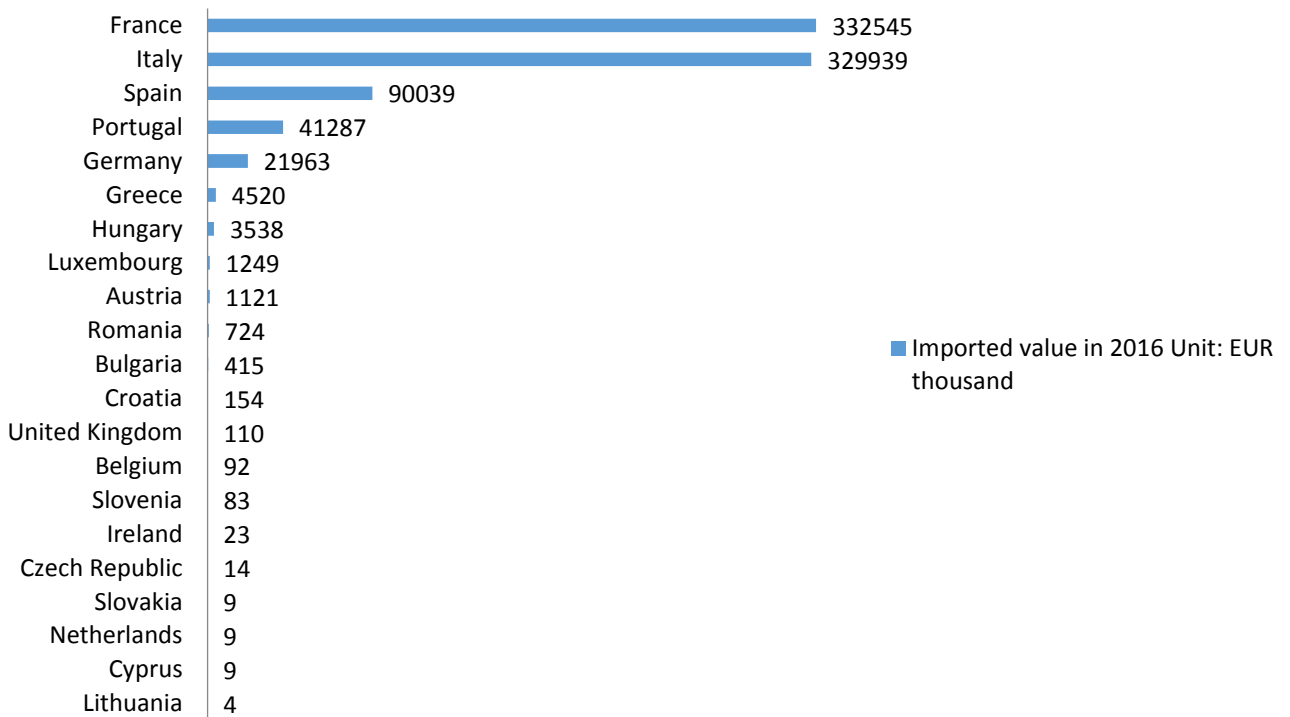


Figure 245) Total Import of Import Value of Wine in 2016 to Canada



ITC Trade Map

Figure 246) Imported Value of European Wines to Canada

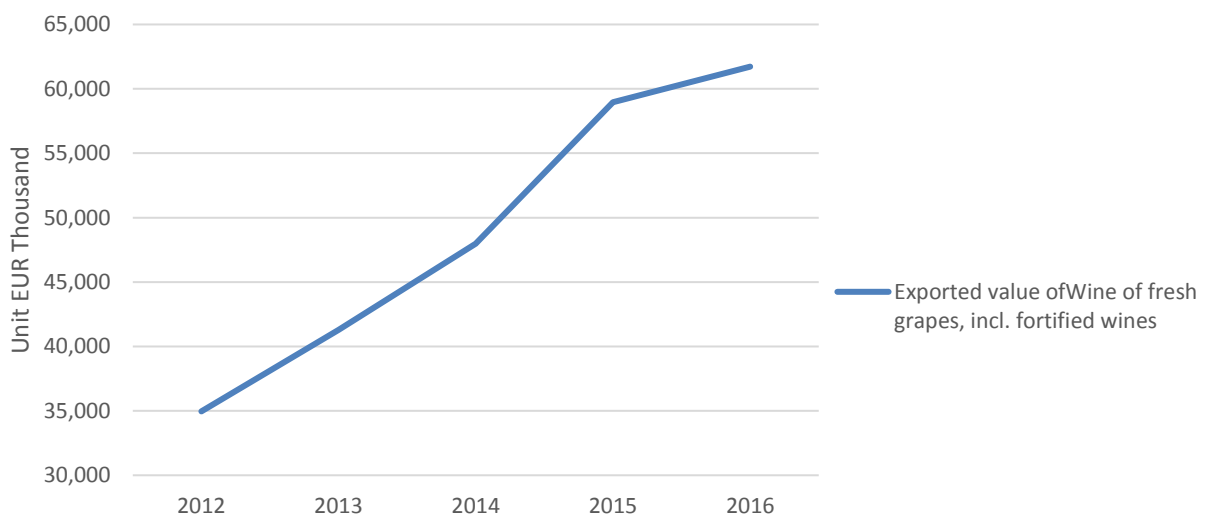


ITC Trade Map



The Canadian wine industry, although not a prominent sector of the Canadian economy, is developing and slowly becoming a stronger industry sector. As apparent in the graph below, from 2012 to 2016, the number of exports has almost doubled. The main export destinations of Canadian wine are the US, the Far East and Europe. The Canadian wine industry is expected to further develop as it is increasingly being recognised internationally by its quality; in particular “ice wine” is a fine wine that has received praise. Government support from local production through the promotion of Canadian wine, incentives and discriminatory policies towards foreign wines has also been helping the Canadian wine industry to flourish.

Figure 247) Total Exported Value of Canadian Wines



ITC Trade Map

5.15.2.1 Main Competitors

Domestic wine production has been dominated by two companies, Constellation Brands Inc. (formerly Vincor Canada) and Andrew Peller Ltd. Constellation Brands is the largest producer and marketer of wines with productions in British Columbia and in Ontario.

In 2006, Vincor International, which had grown aggressively in previous years by acquiring wineries in California, Australia and New Zealand, was itself acquired by

Figure 248) Logo of Vincor Canada, Constellation Brands.



Constellation Brands, a U.S. based company and one of the primary consolidators of the global wine business

5.15.2.2 Entry Requirements and Changes under CETA

Alcoholic beverages are subject to the [Food and Drugs Act](#) (FDA), the [Food and Drug Regulations](#) (FDR) and the [Consumer Packaging and Labelling Act](#) (CPLA) and [Consumer Packaging and Labelling Regulations](#) (CPLR). Depending on the type of alcoholic beverage, other federal Acts or Regulations not enforced by the Canadian Food Inspection Agency (CFIA) may also apply. In addition, provincial and territorial regulations may have labelling requirements for alcoholic beverages that must be met for products sold in that province or territory.⁴⁹¹

In Canada, the authority to import and distribute alcohol rests with the provincial governments. Following the *Importation of Intoxicating Liquors Act*, the sale and distribution of alcoholic beverages are controlled by the provincial liquor boards or commissions. This act previously restricted interprovincial movement of alcohol, until these were relaxed.

Many provinces still have strict regulations regarding interprovincial transport of alcohol, meaning that companies wishing to sell their alcoholic beverages must deal with provinces directly.

Furthermore, consumers may only transport quantities of alcohol across provincial borders as allowed provincial regulations. This can also restrict wineries, brewers, and distillers to sell directly to the public.

There are a number of trade barriers in Canada in the wine industry. Ten provinces and three territories in Canada operate under government monopolies for the sale and distribution of alcoholic beverages. Alberta and British Columbia which are at least partially privatized, in effect have provincial monopolies. Alberta is the only province to have fully privatized liquor stores, and British Columbia has both private and government-owned retail outlets.

Each provincial liquor control board has its own policies and regulations. It is recommended that a seller contact each board directly to confirm rules.

The Liquor Control Board of Ontario has been charging a 6 per cent fee on the price of imported wine, instead of a fee based on the volume of wine. This practice is linked with the protectionism of Canadian wine industry. This mainly affects fine wines, as the shipping costs for expensive wines turn out to be much higher than for the cheaper ones.

⁴⁹¹ "Labelling Requirements for Alcoholic Beverages" May 2015 available at: <http://www.inspection.gc.ca/food/labelling/food-labelling-for-industry/alcohol/eng/1392909001375/1392909133296?chap=1>



The CETA will make wine in Ontario more affordable, as well as the elimination of most tariffs on wine.

Province-run liquor control boards are present in most Canadian provinces. These restrict the sale of wine, as these boards are the sole authorised sellers of alcoholic beverages in their respective provinces.

The market access barriers present in these provinces restrict EU wine exports to Canada. There are various market access barriers including: cost-of-service mark-ups, restrictions on product listings, reference prices, labelling requirements, discounting policies, and distribution policies.

In Ontario second tier retail operations are focused on the local wine industry. In Ontario an estimated 300 Winery retail stores provide only local wine. In both Ontario and British Columbia a third retail tier has been implemented recently.

In British Columbia only local regional wines are allowed to be sold in the main grocery store shelves. Imported wine is only permitted to be sold in a separate section with controlled access. Ontario implemented a similar policy that restricted several store licenses to sell only Ontario Vintners Quality Alliance (VQA) wines.

5.15.2.3 EU GI Products

Geographic Indications can be registered with the Agriculture and Agri-Food Canada Intellectual Property Office. Applicants must submit the request for GI recognition and registration in either English or French, except for the GI itself.

The GI registration process is governed by Canada's *Trade Mark Act* and European GIs associations of spirits can also consult Agriculture and Agri-Food Canada webpage to find out about specific documents requested for GIs registration.

The *Canada-European Community Wine and Spirits Agreement* between the EU and Canada lists European Union Wines that Canada should recognize GIs once requested by the respective GI's organizations.⁴⁹² It is recommended that European wine producers register their GIs, in consultation with their respective local GIs associations to with the Agriculture and Agri-Food Canada.

Currently there are a number of European wine GIs present in the *List of Geographical Indications for Wines and Spirits of Canada*. The complete list of GIs for Wine in Canada can be found in Annex I.

⁴⁹² "Process to Request Geographical Indications for Wines and Spirits to be Entered on Canada's List of Protected GIs" July 2014 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/agri-food-trade-policy/trade-topics/process-to-request-geographical-indications-for-wines-and-spirits-to-be-entered-on-canada-s-list-of-protected-gis/?id=1384289182018>



Figure 249) Provincial Liquor Boards in Canada

Province	Board	Private Retail	Number of Retailer Locations
Alberta	Alberta Gaming and Liquor Commission	Private retail is allowed	1200
British Columbia	Liquor Distribution Branch and Liquor Control Licensing Branch	Partly allowed	196
Saskatchewan	Saskatchewan Liquor and Gaming Authority	No private retail	277
Manitoba	Manitoba Liquor Control Commission	No private retail	226
Ontario	Alcohol and Gaming Commission of Ontario and Liquor Control Board of Ontario	No private retail	853
Quebec	Société des alcools du Québec	Partly allowed	806
Newfoundland and Labrador	Newfoundland and Labrador Liquor Corporation	No private retail	155
Prince Edward Island	Prince Edward Island Liquor Control Commission	No private retail	20
New Brunswick	New Brunswick Liquor Corporation or Alcohol NB Liquor	No private retail	118
Nova Scotia	Nova Scotia Liquor Corporation	No private retail	161
Yukon	Yukon Liquor Corporation	No private retail	6
Northwest Territories	Northwest Territories Liquor Commission	No private retail	9
Nunavut	Nunavut Liquor Commission	No private retail	2

Canadian Food and Drink Industry

5.15.3 Distribution

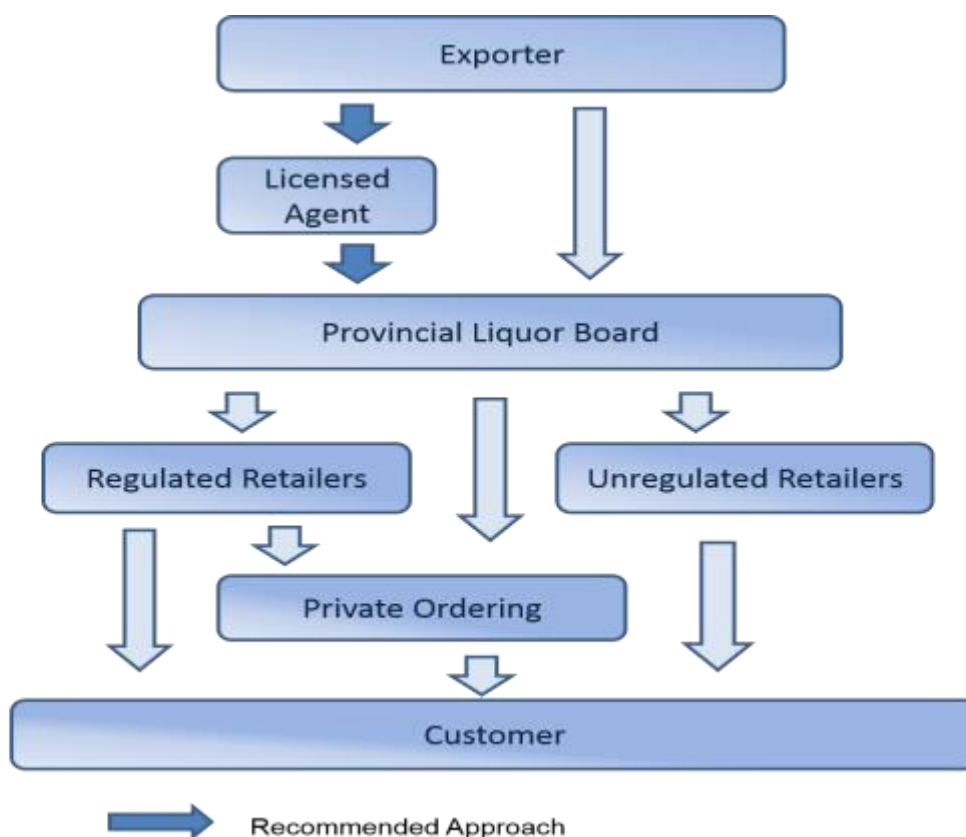
Province-run liquor control boards are present in all Canadian provinces. These restrict the sale and distribution of wine, as these boards are the sole authorised sellers of alcoholic beverages in their respective provinces. European wine producers need to work together with the provincial liquor control boards to be able to distribute wines to retailers.

Most business associations and intermediates in Canada recommend European wine producers to work through a licensed agent in Canada. The agents can help exporters through the process of entering the Canadian market, including customs, regulations and dealing with provincial liquor boards. These agents can furthermore support the promotion of the product as well as liaising with HORECA.⁴⁹³

⁴⁹³ "Gain Report: Overview of the Wine and Spirits Sector in Canada" July 2013 available at: <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Overview%20of%20the%20Wine%20and%20Spirits%20Sector%20in%20Canada%20Ottawa%20Canada%208-26-2013.pdf>

The table below shows a recommended approach of the structure to be followed in Canada for Wine retailers. Wine retailers of spirits must pass their products through the provincial liquor boards, and direct sales are not allowed.

Figure 250) Recommended approach for Wine retailers



Canadian Food and Drink Industry

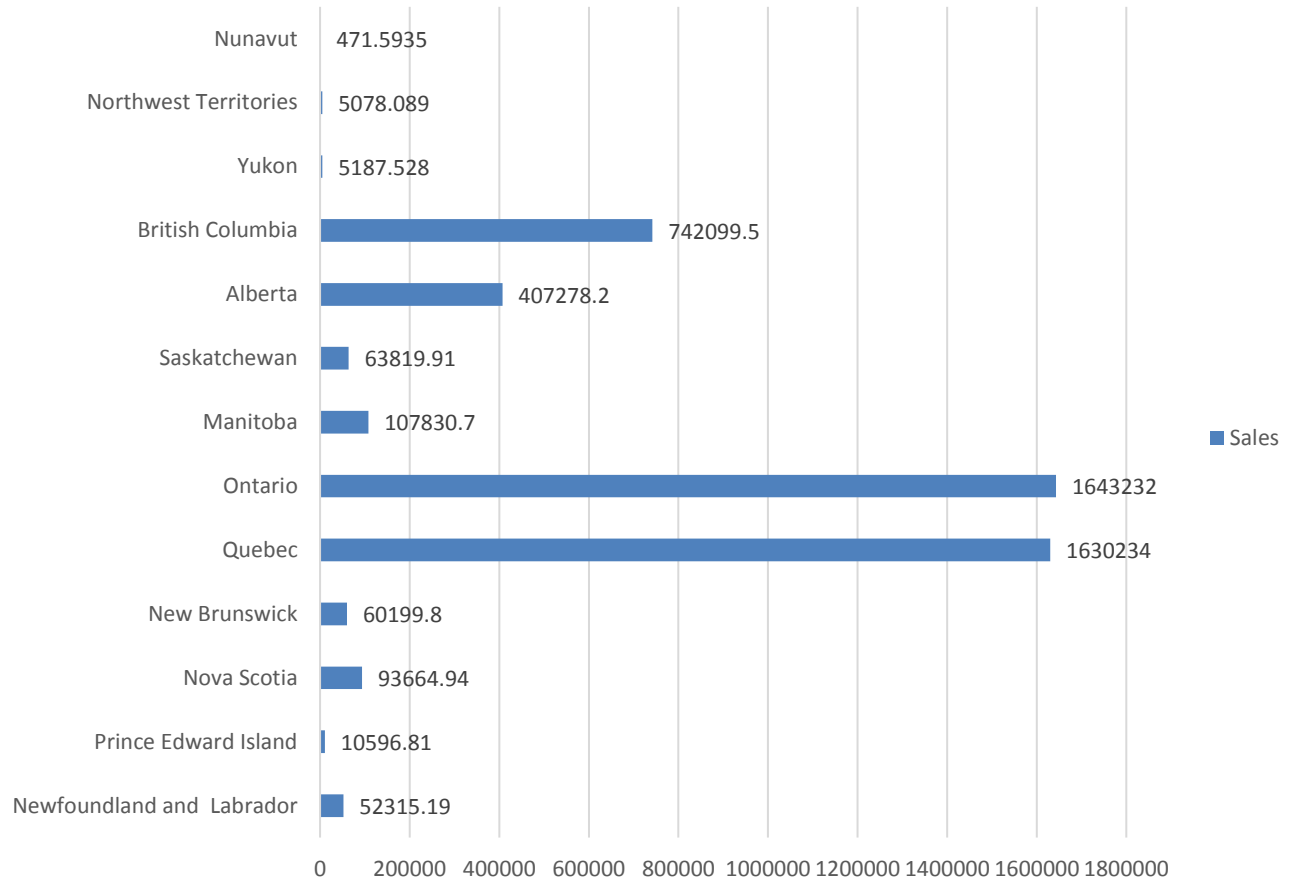
Agriculture and Agri-Food Canada report that Canadian consumers prefer to consume wine at home. Off-trade sales account for the vast majority of wine volume sales in Canada, almost 85 per cent, and these have increased steadily from 2006 to 2011 to reach 404.2 million litres, representing a CAGR of 5.2 per cent.

Wine value sales have a slightly more balanced split, with off-trade sales accounting for just over 70 per cent of all wine sales. This is due to the inflated wine prices in establishments such as restaurants. Overall, both off-trade and on-trade value sales have seen steady increases from 2006 to 2011, with CAGRs of 7.1 per cent and 6.1 per cent respectively.⁴⁹⁴

⁴⁹⁴ "Consumer Trends - Wine, Beer and Spirits in Canada" September 2013 available at: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and->



Figure 251) Sales of Wine in Canada in 2016 by Province



Statistics Canada

food-market-information-by-region/canada/consumer-trends-wine-beer-and-spirits-in-canada/?id=1422297046469#c

Market Takeaway: Wine

Consumption: EU is the leading producer and source of wine in Canada, both imported and overall. Clear recognition of EU as leader in product authenticity and quality. Consumers are increasingly substituting other types of alcoholic beverage consumption with wine - in Quebec, consumption of wine is already greater per capita than for beer and spirits.

Competition: US is a significant exporter of wines to Canada and competitive through California producers in particular. Other markets export to Canada and compete largely on price, such as Chile, South Africa and Australia. Domestic production is increasing, with output concentrated in British Columbia, Ontario and Quebec - however remains far from meeting domestic demand in quantity, let alone taste.

Distribution: Highly regulated sector with provincial monopolies on imports and distribution in virtually all cases - check with the province corresponding to your target market. Majority of distribution off trade with approximately one third on trade through bars, restaurants, nightclubs and other HoReCa. Preferential structures maintained in some provinces which allow for sales of domestic wines at lower cost than imports.

Challenges: Significant interprovincial barriers to trade through requirement to import via each provincial liquor board and limitations on interprovincial transport. Innovating and retaining large market share, particularly among consumers seeking continually new options as part of a social experience.

Opportunities under CETA: Recognition of EU GI wines and elimination of tariffs; facilitation of shipments in bulk and bottling in situ in Canada to economise on transport costs. Reaffirmation of the 1989 Agreement on Trade in Wines and Spirits.

6 Communication

Canadian consumers are highly connected and consume large volumes of information and media. With a very low population density, Canadians are highly familiar and comfortable with using telecommunications on a regular basis. Canada has highly developed infrastructure capable of handling modern traffic needs. 75 per cent of Canadians owned a mobile phone and more than 85 per cent were active internet users in 2012.⁴⁹⁵

6.1 Connecting with Canadian Consumers

The following section highlights strategies and tools to maximise outreach, engagement and cost-effectiveness when presenting your product to Canadian consumers.

Figure 252) Marketing Opportunities in Canada

Television

Television advertising basically concerns the 35 to 49 age group. Compared to only using television, the combination of television, printed matter and Internet maximizes people's intention to buy by more than 47%. However, traditional mass market Canadian advertising like TV is very costly.

Main Televisions

CBC

CTV TV Network

SRC, Radio and television

TVA, Leading French-speaking TV network in America

Press

Printed advertising still has a very strong impact on Canadians, in spite of some dropping off in favor of on-line advertising. However, traditional mass market Canadian advertising like newspapers is very costly.

Mail

In Canada, we call this type of advertising "Courrier Poubelle" or "Junk mail". Special advertising weeklies from food stores and of pharmaceutical products are what people like and retain most. When children go back to school, families watch out for mail advertising school items and clothes.

In Transportation Venues

Advertising on public transport, in railway stations and in bus shelters has been everywhere for many years.

Market Leaders:

⁴⁹⁵ "Explore Key ICT Statistics" March 2017 available at: <http://www.itu.int/net4/itu-d/icteye/>.

PATTISON Outdoor
CBS Outdoor

Radio

It is listened to above all by motorists and in offices and stores. Traditional mass market Canadian advertising like radio is very costly.

Radio advertising is largely local.

Main Radios

Radio-Canada

Groupe Corrus - Corrus Entertainment

All Canadian radio stations

New Technologies (E-Marketing, SMS, etc.)

Nearly 22 million Canadians use Internet monthly. Internet has become a means of communication, of networking, of research and of shopping, irreplaceable now for consumers and companies alike. On-line advertising has a stronger impact than television on Canadians' intention to buy. Advertisers follow consumers and devote a growing part of their advertising budgets to interactive media. On-line advertising concerns the 18 to 34 age group. A crucial factor in promoting products and services in Canada is developing and maintaining a sales-oriented corporate website.

Market Leaders:

Atlas Telecom

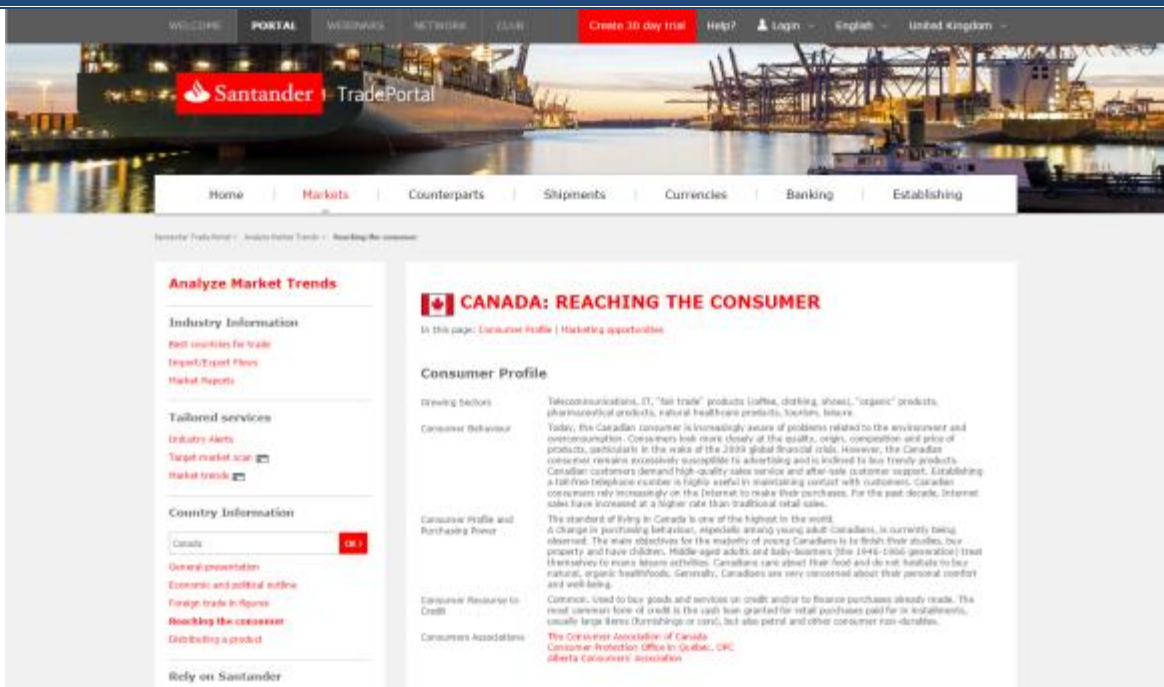
Sirius Canada - Satellite Radio

XM Radio - Satellite Radio

Main Advertising Agencies

Cossette Group Blitz Direct

Alpha Vision



ANALYZE MARKET TRENDS

Industry Information

- Best countries for trade
- Import/export flows
- Market reports

Tailored services

- Industry alerts
- Target market alert
- Market trends

Country Information

- Canada
- General presentation
- Economic and political outline
- Foreign trade in figures
- Reaching the consumer
- Distributing a product

Canada: Reaching the Consumer

In this page: [Consumer Profile](#) | [Marketing opportunities](#)

Consumer Profile

Drawing Sectors
Telecommunications, IT, "fair trade" products (coffee, clothing, shoes), "organic" products, pharmaceutical products, natural health care products, books, films.

Consumer behaviour
Today, the Canadian consumer is increasingly aware of problems related to the environment and overconsumption. Consumers look more closely at the quality, origin, composition and price of products, particularly in the wake of the 2009 global financial crisis. However, the Canadian consumer remains excessively susceptible to advertising and is inclined to buy trendy products. Canadian consumers demand high-quality sales service and after-sale customer support. Establishing a toll-free telephone number is highly useful in maintaining contact with customers. Canadian consumers rely increasingly on the Internet to make their purchases. For the past decade, Internet sales have increased at a higher rate than traditional retail sales.

Consumer Profile and Purchasing Power
The standard of living in Canada is one of the highest in the world. A change in purchasing behaviour, especially among young adult Canadians, is currently being observed. The main objective for the majority of young Canadians is to finish their studies, buy a property and have children. Middle-aged adults and baby boomers (the 1946-1960 generation) trust themselves to more leisure activities. Canadians care about their food and do not hesitate to buy natural, organic health foods. Generally, Canadians are very concerned about their personal comfort and well-being.

Consumer Resource to Credit
Common: Used to buy goods and services on credit and/or to finance purchases already made. The most common form of credit is the cash loan granted for retail purchases paid for in installments, usually large items (furniture or cars), but also petrol and other consumer non-durables.

Consumer Associations
The Consumer Association of Canada
Consumer Protection Office in Quebec, CAC
Alberta Consumers' Association

Main Principles of Advertising Regulations

Beverages/Alcohol

Advertising is authorized, but sales are controlled by the State in nearly all provinces: : SAQ (Société des Alcools du Québec: Quebec Alcohol Society) in Quebec, LCBO (Liquor Control Board of Ontario) in Ontario, LCL (Liquor Control & Licensing) in British Columbia. Only Alberta has been free of the State for about ten years.

Cigarettes

Health Canada has established very strict laws on advertising tobacco products. The latest law has been in force since 2003. Among other things, this law prohibits all sport and cultural sponsorship by tobacco companies.

Pharmaceuticals/Drugs

Regulations on advertising medicines and drugs are governed by Health Canada. Only health products authorized for sale in Canada by Health Canada may be advertised. There are precise requirements for advertising aimed at consumers of prescription-only medicines.

Other Rules

Article 74.06 of the Competition Act is a federal law governing the conduct of Canadian companies. It contains civil and criminal provisions which aim to prevent anti-competitive behaviour on the market.

The Canadian Code of Advertising Standards governs the professional practice of advertising. It is administered by Advertising Standards Canada, an organization set up by the advertising industry, in order to arouse and maintain public confidence in advertising.

Use of Foreign Languages in Advertisement

Article 66 of the law on official languages stipulates that English and French are the 2 official languages in Canada. The use of either language is possible. In Quebec, the Office Québécois de la langue française (Quebec Office for the French language) enforces the dominance of the French language in any display or advertising, resorting if necessary to displaying both languages.

For further information, consult also the Office of the Commissioner of Official Languages website.

Organizations Regulating Advertising

Health Canada and its regulatory requirements as regards advertising. The *Canadian Code of Advertising Standards* can be accessed [here](#).

Prepared by Santander Trade Portal

6.1.1 F&B Media Focus

The Canadian F&B market is in many ways more dynamic than other North American markets and this characteristic is reflected in the communications landscape. Canadian consumers are more likely to respond to marketing that emphasises F&B product features such as nutrition, healthiness, quality, convenience and sustainability. One study found Canadian consumers are also more likely to expect positive effects from premium and luxury F&B trends.⁴⁹⁶

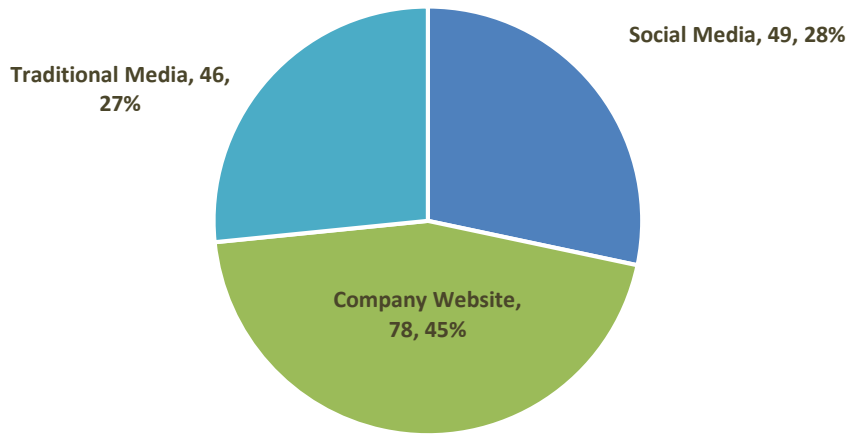
Capitalising on these positive perceptions, F&B producers and retailers in Canada are increasingly turning to social media platforms like Facebook and their own websites as a

⁴⁹⁶ "Study on the 2013 Food and Beverage Industry" December 2013 available at: <http://www.rcqt.com/en/news/study-2013-food-beverage-industry/>.



primary communication medium. At the same time, traditional print media such as print advertising sees a decreasing share.

Figure 253) Shares of F&B Producer Communication Approach by Per Cent and Value



Raymond Chabot Grant Thornton

6.1.2 Communication Channels

Canada has a F&B culture with passionate and dedicated following. This culture is manifested across print, television and digital media. Many of these formats tend to emphasise the participatory nature of F&B preparation and consumption, with chefs and opinion leaders often interacting directly with guests and consumers. This section highlights some of the most popular media avenues for F&B products in Canada. In general, F&B-specialised media are popular in Canada even with casual consumers; F&B shows will often be on television in the background of social events are for passive watching, indicating the high degree of receptiveness to new F&B products and marketing.

Figure 254) Top Communication Avenues in Canada

Title	Coverage	Audience	Website
Print			
Food & Drink	F&B at home	504,527	www.foodanddrink.ca
Flavours	On Trade F&B	195,800	www.flavoursmagazine.ca



Occasions (Nova Scotia)	Food and wine at home	150,000	www.occasionsmagazine.ca
Ricardo	Healthy lifestyle home cooking	115,000	www.ricardocuisine.com
Cellier (Quebec)	Alcoholic Beverages	100,000	www.saq.com/content/SAQ/en/conseils-et-accords/a-decouvrir/cellier.html

Television

Chopped Canada	Cooking Competition Show	Undisclosed	www.foodnetwork.ca/shows/chopped-canada/
Top Chef Canada	Cooking Competition Show		www.foodnetwork.ca/shows/top-chef-canada/
You Gotta Eat Here!	On Trade F&B		www.foodnetwork.ca/shows/you-gotta-eat-here/
Chef at Home	Home Recipes		www.foodnetwork.ca/shows/chef-at-home/
Food Factory	F&B Production		www.foodnetwork.ca/shows/food-factory/

Digital

Alexandra Leonora's Kitchen	Easy preparations	1,463 subscribers	www.italiancollegecooking.wordpress.com/
A Canadian Foodie	Modern traditional cuisine	More than 2,000 active readers a day	www.acanadianfoodie.com/



The Goodie Girl	Baked goods and confectionary	78 subscribers	www.thegoodiegirl.ca/
Life Without Lemons	Meats, baked goods and alcoholic beverages		www.lifewithoutlemons.com
Mindfully Spiced	Modern traditional cuisine	5,300 likes on Facebook	www.spicyeggplant.com

Compiled from Industry Statistics

6.2 How to Present your F&B Product

The major appeal of EU F&B products in Canada is based in large part on common ancestry many Canadians identify with Europe. Canadians equate EU F&B products - particularly those with GI protections - with authentic, traditional fabrication as well as typically higher standards of quality. Packaging that appeals to these motifs can help get your product off the shelf and into consumers' hands.

Some labelling requirements in Canada will naturally support or play into EU F&B advantages. Be sure to consult product-specific labelling requirements [here](#) prior to marketing your product in Canada. Note however that EU product origin is not an asset with all Canadian consumers and some will have a preference to purchase domestically-produced F&B products over imports. These tend to be older consumers and regionally concentrated - in parts of Eastern Canada, for example - whereas younger, urban consumers are typically highly receptive of and seek out foreign F&B experiences.

F&B consumption is a social activity in Canada, especially for premium and exotic products. EU F&B producers could reflect on the social dimension of consumption to leverage this profile. Other themes that appeal to Canadian consumers include pastoralism, nature, agrarianism, pride-in-work and product authenticity.

Web and other communication channels - particularly social media - appeal to Canadian consumers as a way of sharing F&B consumption, particularly of premium, imported or novelty products. At the same time, these platforms allow for consumers to exchange impressions, including product recommendations. In his sense, the presentation and appearance of a F&B product and apparent prestige can help drive sales through social media such as Facebook, Twitter and Instagram. At the same time, Canadian consumers are active through these fora and recommending and discouraging purchases of certain F&B products to their peers based on their experience. There are several active only



reviewer communities in Canada with influence over consumer behaviour; it is important to build and maintain a good sense of confidence and reputation around your F&B product.

Modern communication platforms are increasingly influential for the sale of high value added products, whereas television and other broad-based advertising is typically more cost-effective for commodity-type F&B products. At the same time, EU F&B producers and exporters should recognise that once in Canada, their product may not be consumed according to the same norms as in Europe. In particular, this applies to products which are perceived to be traditional or generational in the EU but may figure prominently into social and nightlife consumption among a different demographic in Canada. Understanding this different patterns of consumption should inform a product's corresponding communication strategy. Typically, web-based and social media communication - with the user-as-advertiser model - are far more cost-effective and suited for capturing younger market segments than print and television outlets. These tools furthermore are increasingly including built-in and user-friendly analytic tools which allow EU F&B producers to more clearly understanding patterns in end-consumption and buyer trends.

Additional to traditional web-based communication tools and social media, the cooking show concept is increasingly being reinterpreted on Youtube from its previous presence on television.

Despite the increasing importance of user-generated advertising, celebrity and key opinion-leaders remain highly influential over broad-base consumer interests and decision making in terms of F&B products. Many celebrity chefs are well-adapted to the increasing role of web-based and social media communications platforms. Annex II provides an overview of the leading F&B opinion leaders in Canada.

6.3 F&B Campaigns in Canada

There is significant activity by F&B campaigners in the Canadian market. The success of these campaigns is however defined in many ways and the criteria often depend on the product itself and the target demographic. Communication campaigns can focus on a full range of characteristics, from the product itself to how it is prepared and presented. These campaigns typically link closely with the current consumer profiles and trends.

The current norm is to base communication campaigns around short, highly produced videos. This in part reflects the current transitional stage of the industry between television and digital platforms. Short videos are well-suited for distribution through Youtube - which allows the publisher to typically reach a larger audience while at the same time collecting more information about their consumers - and then further shared through websites, blogs, message boards, and social media.



A list and representative sample of successful communications campaigns in Canada - including for the F&B sector - can be accessed [here](#).⁴⁹⁷

⁴⁹⁷ Note that financing and budget information is typically not disclosed for private communications campaigns.

7 DOs AND DON'Ts

To avoid cultural misunderstandings, it is advisable to take into account the following information⁴⁹⁸:

7.1 DO

- Shake hands and introduce yourself when meeting Canadians for the first time. Eye contact is important.
- Shake hands with your business partner, when meeting them.
- Talk to everyone in a same way as hierarchy is less important in Canada.
- Be aware that Canada has two official languages, English and French.
- Understand that Canada is an immigrant society which celebrates diversity and tolerance.
- Remove your hat when indoors.
- Maintain civility in public places, as public order is highly valued by Canadians

⁴⁹⁸ eDiplomat: "Cultural Etiquette: Canada" 2016 available at: http://www.ediplomat.com/np/cultural_etiquette/ce_ca.htm; ExpatArrivals: "Doing Business in Canada" 2016 available at <http://www.expattarrivals.com/canada/doing-business-in-canada>; Today "Doing Business in Canada" 2016 available at <http://www.expattarrivals.com/canada/doing-business-in-canada>



7.2 DON'T

- Be late for meetings: punctuality is a hallmark of Canadian corporate culture.
- Discuss issues surrounding English-French political tensions in Quebec.
- Don't create arguments as conflicts are not appreciated in Canada. It is better to be politically correct and talk to people calmly and politely.
- Don't differentiate between men and women when talking to them as equality of sexes is important to Canadians.
- Sneeze loudly in public or private meetings.

7.3 Quick Facts

The People

The vast majority of Canadians claim European ancestry. 4 in 9 Canadians claim some British ancestry and a little less than 1 in 3 have some French ancestry. 80 per cent of the residents in Quebec have French ancestry. 80 per cent of native French speakers live in Quebec (the others are mostly in New Brunswick, and parts of Ontario and Manitoba). Other European groups include Italians, Germans and Ukrainians (especially in the prairie states).

Broadly speaking, Canada has been divided into two distinct societies, one French-speaking (see "Quebec" below) and one English-speaking. Because they don't form as cohesive a group as French-speaking Canadians, only very general observations can be made about English-speaking Canadians; they are generally thought of (and consider themselves) more reserved than French-speaking Canadians.

Most Canadians identify themselves very strongly with their province. Canadians continue to wrestle with the question, "What does it mean to be Canadian?" and take pains to differentiate themselves from citizens of the United States.

Meeting and Greeting

- In general, Canadians are quite reserved and polite, and take matters of etiquette quite seriously.
- Shake hands and introduce yourself when meeting Canadians for the first time. Always shake hands firmly when meeting or departing. Eye contact is important.
- When a woman enters or leaves a room, it is polite for men to rise. Men normally offer their hands to women.
- In Quebec, kissing on the cheeks in the French manner is quite common. When close friends and family meet in Quebec, they use first names and kiss both cheeks.
- An older French Canadian man may kiss the hand of a woman. Accept this gesture graciously. A foreign man shouldn't kiss the hand of a French Canadian woman, who would be quite shocked.
- Canadians are quite formal with regard to names and titles. Use last names and appropriate titles until invited by your Canadian hosts or colleagues to use their first names. This said, Canadian businesspeople usually switch to a first-name basis fairly quickly.



- In Quebec, co-workers of similar status generally use first names in private, but always last names in public. The formal "you" is almost always used in a business setting, even after 20 years.
- Academic titles and degrees are important to French Canadians. You should know and use them properly.

Language

- English and French are both official languages of business in Canada. However, virtually all international business is conducted in English.
- Most French Canadians speak and understand English, but prefer to use French. Check ahead of time to find out if an interpreter will be necessary.
- It is considered especially rude to speak in a foreign language in the presence of other people who do not understand what is being said.

Body Language

- Generally speaking, Canadians are quite reserved. Canadians generally don't touch very much when conversing. Maintaining a certain amount of personal space is important.
- French Canadians are generally more animated and expressive than other Canadians.
- Take off your hat or sunglasses when speaking with someone.
- Some gestures have different meanings in Quebec. For example, "thumbs down" is considered offensive in Quebec, as is slapping an open palm over a closed fist. Like the rest of their countrymen and women, French-Canadians use the "thumbs up" sign to mean "okay." The "okay" sign made with the index finger and thumb means "zero" in Quebec.
- In Quebec, sit straight with your legs crossed at the knee, or with your knees together. Don't sit with your legs apart, or with your feet propped up on tables or chairs.
- It's considered bad form by many in Quebec to talk with your hands in your pockets.



- Sneeze or blow your nose as quietly as possible using a handkerchief or tissue. If possible, leave the room. Do not yawn or scratch in public. Toothpicks, nail clippers, and combs are never used in public.

Corporate Culture

- Punctuality is demanded for business meetings and social occasions. If a conflict arises, you are expected to let your Canadian counterpart know immediately. It is also not appropriate to arrive too early and disrupt another person's schedule. Therefore, meticulous time-keeping is very important.
- Business cards are commonly exchanged in Canada.
- For Quebec, print your business cards in English or French, including your academic degree(s) and/or title. A double-sided business card (one side in English, one side in French) is best.
- Canadians get down to business quickly. Meetings are well-organised, and extraneous discussion is kept to a minimum. A premium is placed on time.
- Business communication is quite direct in Canada, but more reserved than in the United States. Letters and telephone calls should be direct and succinct. Pleasantries are dispensed with very quickly.
- Business culture varies somewhat throughout Canada, depending on the region.
- Detailed preparation prior to meetings will be expected and appreciated.
- Business hours are generally 9:00 am to 5:00 pm, Monday to Friday, although longer hours are common. Mornings tend to be the preferred time for appointments.

Dining and Entertainment

- Business lunches are usually short with lighter types of food and no alcohol.
- To beckon a waiter in Quebec, quietly say "Monsieur" or "S'il vous plait. Say "Mademoiselle" to beckon a waitress. Never beckon a waiter or waitress by snapping your fingers or shouting.
- The host normally offers first toast. Wait until everyone is served wine and a toast is proposed before drinking. It is acceptable for women to propose a toast.



- Wine is normally served with meals in Quebec.
- In Quebec, it's considered bad form to ask for a martini or scotch before dinner — French Canadians consider them "palate numbing." Typical before-dinner drinks include Pernod, kir, champagne, and vermouth. Cognac, Grand Marnier and/or other liqueurs are served after dinner.
- Business entertainment is common, but the focus usually remains on business. The person who invites is normally expected to pay.
- Etiquette and formalities are important in Canada.
- While continental-style table manners are employed in Quebec, American style table manners are seen in other parts of the country.
- Eating while walking or standing on the street in Quebec is considered bad form.

Dress

- For business meetings, men should wear suits and ties; women should wear conservative suits or dresses.
- Generally speaking, Canadians dress more conservatively, although practices vary by region. Dress in Vancouver, for example, is somewhat more casual; in Toronto more British. French Canadians dress in a more relaxed European style than their fellow Canadians.

Gifts

- In business settings gifts are not generally expected and may be seen as inappropriate.
- Bring flowers, fine wine or chocolates for the hostess when invited to a Canadian home. Avoid red roses (associated with romantic love) and white lilies (associated with funerals).

Helpful Hints

- Recognise that important regional differences exist in Canada and prepare to adapt.



- When in Quebec, speak a little French if possible; Québécois greatly appreciate it when you take the effort to talk to them in their native language.
- Do not compare Canada with the United States.
- Do not use the term "Native Americans" to refer to indigenous peoples. Many Canadians find the term offensive. Canadians refer to members of these groups as "people of the First Nations."
- Do not take sides in debates about contentious national issues (especially when they concern such issues as the status of Quebec, the place of the French and English languages in Canadian society, etc.).



8 Synopsis

This section gives a concluding overview of the F&B market in Canada through SWOT analysis and 4P Analysis. It also offers some tips and recommendations for European F&B producers about how to successfully export their products to Canada.

SWOT Analysis	
<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> • Large Market Size with a population of 36.5 million habitants, Canada is the 6th largest F&B products importer in the world • Stable political and business environment • Business friendly environment • High income country, with growing disposable income and consumer spending • Growing economy, which is trade oriented and deeply integrated into regional and global supply and consumption chains • Good trade relations between the EU and Canada, which are to be further reinforced with concluding the CETA • Canada is a member of the WTO • Well-developed, comprehensive infrastructure which is considered among the best in the world • Well-developed logistics sector with Refrigerated warehousing and F&B cold-storage facilities • <i>EU-Canada Air Transport Agreement</i> allows unlimited flights to Canada • Very good quality of IPR protection, once IPRs are registered in Canada • Canada has undertaken unilateral measures to simplify import procedures and costs for some products • F&B is the third largest expenditure category in Canada, making it a good market for F&B products 	<ul style="list-style-type: none"> • Road transportation times could be affected by seasonal harsh weather, such as heavy snowfall • Production and sales of F&B products in Canada are extensively regulated under Canadian law • Provinces may have different regulations on F&B products which have to be abide by when importing to Canada • Canada's internal commerce is fragmented as regulations on interprovincial commerce require consensus while the provinces themselves pursue diverse interests according to their local economies • CAD and EUR exchange rate reduces the spending power of Canadian consumers to buy EU products • Consumers in Quebec are less reluctant to buy foreign products and marketing F&B products to this region requires a different marketing strategy • Sale and distribution of alcoholic beverages is under extremely strict regulations of provincial alcohol boards, with private distribution of alcohol basically non-existent • Tariff quota systems (TRQ) for specific EU products, especially dairy and meat products



<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> • Canadian population is culturally and ethnically diverse, offering business opportunities to a wide range of EU countries able to find foreign diasporas in Canada. • Canadian Population is highly receptive to foreign products, which offers possibilities to many EU countries. • Entry into force of CETA will significantly facilitate EU-Canada cross-border trade as it eliminates major Customs duties (almost 99 per cent of tariffs will be eliminated) offering lucrative business opportunities for the EU member states • CETA will also address non-tariff barriers to trade, promising to lower or eliminate them, offering opportunities to producers of various EU products • CETA is aimed to increase the quantities of products admitted under the TRQ system, offering more market opportunities to EU dairy and meat producers • Under CETA EU-Canada dialogue on non-tariff related barriers on alcoholic beverages will continue, offering hope that some of the barriers could be eliminated in the near future and thus EU exports of alcoholic beverages to Canada could increase • Canada’s simultaneous NAFTA and CETA membership can offer EU member states also tariff free access to the US markets through Canadian subsidiaries • Canada’s spending on infrastructure is expected to generate significant spillover effects in terms of consumer spending and confidence, increasing demand for more F&B products 	<ul style="list-style-type: none"> • Due to greater distances, EU exporters may be less able to absorb costs created by interprovincial trade barriers, such as divergent labelling or food safety standards • US is the leading exporter to Canada and due to its closeness to Canada, many EU products may face fierce competition and lower prices from US products. • Non-tariff related barriers to alcoholic beverages restrict EU exports to Canada, these are likely to persist even under CETA • Sale of alcoholic beverages, especially wine and spirits is regulated by provinces and these provinces can easily impose further restrictions on EU products in order to protect their own economic interests • Buy local campaign, supported by some local provinces is gaining ground in Canada, further threatening the market share and market access for EU products • Labelling requirements, SPS requirements and different provincial requirements on imported products may discourage EU SMEs from exporting F&B products to Canada • Distribution system that favours the use of brokers and agents could also discourage EU SMEs from exporting F&B products to Canada



<ul style="list-style-type: none"> • Many Canadians are already familiar with EU F&B products, giving EU countries thus an advantage in the market • As there is growing trend towards buying high-quality premium products in Canada, EU products with Geographic Indications have huge market potential 	
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KEY CRITERIA OF SUCCESS: The 4P Analysis	
<p><u>Product</u></p> <ul style="list-style-type: none"> • Canadian consumers pay attention to food quality and are willing to pay for premium products • EU products, especially the GI products are seen as quality premium products and stressing this in marketing strategies is expected to bring success • Nutritional content matters to Canadian consumers, as they will study carefully the nutrition labels. Successful products on the market have high nutritional value • Consumers are becoming increasingly health-conscious, thus products with health claims and organic products can be successful • Canadian consumers have increasing demand towards convenience products due to fast-paced lifestyle, thus F&B products that are easy to make and ready-to-serve can be successful • Canadian consumers pay increasing attention to sustainability issues and environmental concerns, thus products that have sustainable packaging or are ethically produced have the potential for success • Canadian consumers value authenticity and originality of products, thus products satisfying this criterion can be more successful 	<p><u>Promotion</u></p> <ul style="list-style-type: none"> • The combination of television, printed matter and Internet maximizes people's intention to buy by more than 47 per cent in Canada • CBC is the main multimedia channel, but traditional mass market Canadian advertising like newspapers and TV is very costly in Canada. • Special advertising weeklies from food stores and of pharmaceutical products are what people like and retain most in terms of promotion materials • On-line advertising has a stronger impact than television on Canadians' intention to buy F&B products, however, on-line advertising mainly concerns the 18 to 34 age group, whereas TV advertising captures the 35 to 49 age group • Social media is becoming increasingly important, when promoting F&B products, with food blogs gaining popularity • There are specific marketing regulations for specific products like alcohol and cigarettes. • In Quebec, marketing should be done in French language, as English language marketing channels receive little attention



<ul style="list-style-type: none"> • Canadian population is culturally and ethnically diverse, products that serve the demand ethnic minorities have the potential to be successful 	<ul style="list-style-type: none"> • Canadian consumers are more likely to respond to marketing that emphasises F&B product features such as nutrition, healthiness, quality, convenience and sustainability
<p>Placement</p> <ul style="list-style-type: none"> • There are more than 24,000 grocery retailers and more than 63,000 foodservice outlets in Canada • Canadian population is highly urbanized and most consumers could be found in 3 provinces – Ontario, Quebec and British Columbia • Hypermarkets and Supermarkets are the fastest growing category of retailers in Canada and most consumers prefer to purchase their products in these retail outlets • Canadian grocery retail market is highly competitive, but oligopolistic as 60 per cent of market share is owned by 3 big hyper and supermarket retailers – Loblaws, Sobeys and Metro • Convenience stores, discounters, ethnic and specialized stores are also growing fast in Canada as fast-paced lifestyle induces Canadians to buy snacks and ready-to-serve F&B products from convenience stores • F&B importers in Canada are suggested to work with local agents and brokers who know the local market and can help to get EU products on the shelves • Importers of alcohol need to work with provincial alcohol boards as alcohol sales and distribution is entirely regulated by these boards. Only Alberta allows private retailing in Canada • As retail landscape is highly competitive, biggest retailers prefer products that are innovative and not duplicative • E-commerce is growing steadily in Canada and for some products like cut flowers or organic products, 	<p>Price</p> <ul style="list-style-type: none"> • Canadian consumers are willing to pay more for healthy quality products • On the other hand consumers are increasingly price-conscious, seeking greater value for money • Canadian economy is growing and Canadians are having more disposable income to spend on F&B products • Upper-middle class consumers are willing to pay more for sustainable and ethically produced products



online selling channels are highly important	
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9 Directory of Trade Support Projects, Organisations, and Service Providers

There are a variety of services available, both in Canada and within the EU, for producers wishing to develop their business in Canada.

These service providers include organisations based in Canada and in Member States. Further, numerous EU wide organisations and service providers exist and aim to facilitate trade between the EU and Canada.

The following section will give an overview of these organisations and further outline the main upcoming trade fairs in Canada in the form of a calendar showing trade shows and other related events held in Canada in 2017.

Figure 255) Trade Support Organisation Based in Canada

Trade support organisations in Canada	
Belgian-Canadian Business Chamber	www.belgiumconnect.com/
British Canadian Business Association	www.bc-ba.com
British Canadian Chamber of Trade and Commerce	www.bcctc.ca
Canada-Slovakia Chamber of Commerce	www.ksok.sk
Canada-United Kingdom Chamber of Commerce	www.canada-uk.org
Canadian German Chamber of Industry and Commerce	www.kanada.ahk.de
Canadian Slovenian Chamber of Commerce	www.canslo.com
European Union Chamber of Commerce in Canada West	www.eu-canada.com
European Union Chamber of Commerce in Toronto	www.eucocit.com



France-Canada Atlantic Network	www.ccfra.ca
French Chamber of Commerce in Canada	www.cfcf-france-canada.com
French Chamber of Commerce in Montreal	www.ccifcmtl.ca
French Chamber of Commerce in Quebec	www.ccifcquebec.ca
Hungarian-Canadian Chamber of Commerce	www.hungariancc.ca
Ireland Canada Center of Commerce Calgary	www.iccccal.com
Ireland Canada Chamber of Commerce Edmonton	www.iccced.com
Ireland Canada Chamber of Commerce in Toronto	www.icccto.com
Ireland Canada Chamber of Commerce Montreal	www.icccmtl.com
Ireland Canada Chamber of Commerce Ottawa	www.iccott.org
Ireland-Canada Business Association	www.irelandcanada.com
Italian Chamber of Commerce in Canada	www.italchamber.qc.ca
Italian Chamber of Commerce in Canada West	www.iccbc.com
Italian Chamber of Commerce of Ontario	www.italchambers.ca
Portugal-Canada Chamber of Commerce and Industry	www.canada-portugal.com
Spanish Chamber of Commerce in Canada	www.canadaespana.org



Swedish-Canadian Chamber of Commerce	www.sccc.ca
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Vancouver Irish Business Enterprise	www.vibevancouver.com
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As within the EU and Member States numerous organisations offer commercial support and services to companies. Note that Member States based organisations offer support usually to companies from their country of origin. Make enquiries to see what services are available and if there are any upcoming events you can participate in.

Figure 256) Trade Support Organisations Based in Europe

Trade support organisations in Europe	
ACC10	www.acc10.cat
Advantage Austria	www.advantageaustria.org/ca
Agoria	www.agoria.be
Association of Lithuanian Chambers of Commerce, Industry and Crafts	www.chambers.lt
Association of Small and Medium-Sized Enterprises and Crafts	www.amsp.cz
Austrian Economic Chambers	www.portal.wko.at
Brussels Enterprises Commerce and Industry	www.beci.be
Bucharest Chamber of Commerce and Industry	www.ccib.ro
Budapest Chamber of Commerce and Industry	www.bkik.hu
Bulgarian Industrial Association	www.bia-bg.com



Bulgarian Small and Medium Enterprise Promotion Agency	www.sme.government.bg
Business and Innovation Centre Bratislava	www.bic.sk
Business Sweden	www.business-sweden.se
Center for Environmental Technology	www.centec.se
Chamber of Commerce and Industry of Romania	www.ccir.ro
Chamber of Commerce and Industry of Slovenia	www.gzs.si
Chambers Ireland	www.chambers.ie
Czech Trade	www.czechtrade.cz
Danish Enterprise Confederation	www.danskerhverv.dk
Danish Export Association	www.dk-export.com
Enterprise Europe Network	www.een.ec.europa.eu
Enterprise Ireland	www.enterprise-ireland.com
Enterprise Lithuania	www.versli Lietuva.lt
Estonian Chamber of Commerce and Industry	www.koda.ee
Eurochambres	www.eurochambres.eu
EUROCITIES	www.eurocities.eu/eurocities/home

Finland Chamber of Commerce	www.chamber.fi
Finpro	www.finpro.fi
Flanders Investment & Trade	www.flandersinvestmentandtrade.com
France Business	www.youbuyfrance.com
Germany Trade & Invest	www.gtai.de
Greek International Business Association	www.seve.gr
Hellenic Federation of Enterprises	www.sev.org.gr
Helsinki Region Chamber of Commerce	www.helsinki.chamber.fi
Hungarian Investment and Trade Agency	www.hita.hu
Institute for the Support of Small and Medium-sized Enterprises	www.iapmei.pt
International Network for Small and Medium Enterprises	www.insme.org
Investment and Development Agency of Latvia	www.liaa.gov.lv
Italian Confederation of Small and Medium Enterprises	www.confimpresa.org
Italian Trade Promotion Agency	www.ice.it
Latvian Chamber of Commerce and Industry	www.chamber.lv
Luxembourg Chamber of Commerce	www.cc.lu



Madrid Confederation of Employers and Industries	www.ceim.es
Malta Enterprise	www.maltaenterprise.com
National Agency for Development of Small and Medium Enterprises	www.nadsme.sk
Netherlands Business Support Offices	www.hollandtrade.com/matchmaking
Netherlands Council for Trade Promotion	www.handelsbevordering.nl
Polish Agency for Enterprise Development	www.parp.gov.pl
Polish Craft Association	www.zrp.pl
Portugal Global	www.portugalglobal.pt
Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investment	www.japti.si
Slovak Investment and Trade Development Agency	www.sario.sk
Small Firms Association	www.sfa.ie
Spanish Institute of Foreign Trade	www.icex.es
Wallonia Export & Investment	www.awex.be

9.1 Calendar of Trade Events and Exhibitions

Attending trade events and exhibitions can help promote your product in Canada. In order to encourage Canadian consumers to try out your product you might want to look into the plentiful options of trade fairs, industry congresses as well as food festivals and forge relationships with industry figures and consumers.



January 2017							February 2017							March 2017							April 2017							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
1	2	3	4	5	6	7				1	2	3	4			1	2	3	4							1		
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11	2	3	4	5	6	7	8	
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18	9	10	11	12	13	14	15	
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25	16	17	18	19	20	21	22	
29	30	31	26	27	28	26	27	28	26	27	28	29	30	31	23	24	25	26	27	28	29	30						
May 2017							June 2017							July 2017							August 2017							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
	1	2	3	4	5	6					1	2	3						1			1	2	3	4	5		
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	
28	29	30	31	25	26	27	28	29	30	23	24	25	26	27	28	29	27	28	29	30	31							
														30	31													
September 2017							October 2017							November 2017							December 2017							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
					1	2	1	2	3	4	5	6	7				1	2	3	4							1	2
3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	
10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	
17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	
24	25	26	27	28	29	30	29	30	31	26	27	28	29	30	24	25	26	27	28	29	30							

Figure 257) Calendar of trade events in Canada 2017

MARCH			
The National Women's Show	Montreal, Canada	17-19 March 2017	www.nationalwomenshow.com
Grocery and Specialty Food West	Vancouver, Canada	20-21. March 2017	https://cfg.ca/grocery-specialty-food-west/
Sysco Winnipeg	Winnipeg, Canada	21. March 2017	http://www.syscowinnipeg.ca/home.cfm
Gordon Food Service Show	Montreal, Canada	22. March 2017	https://www.gfs.ca/en/solutions/gordon-food-service-show



APEX	Halifax, Canada	26-27 March 2017	http://www.apextradeshows.ca/
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APRIL

Red Deer Food & Beverage Expo	Red Deer, Canada	01 April 2017	http://reddeer.eatdrinkalberta.com/?v=707f3a40153b
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Toronto Food & Drink Market	Toronto, Canada	30.March -02. April 2017	http://www.tofoodanddrinkmarket.com/
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Gordon Food Service Calgary	Calgary, Canada	05 April 2017	https://www.gfs.ca/en
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Canadian Dairy Showcase	Stratford, Canada	05-06 April 2017	http://dairyxpo.ca/
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Food & drink Fest	Hamilton, Canada	07-09. April	http://www.foodanddrinkfest.com/
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The National Women's Show	Ottawa, Canada	08-09.April 2017	www.nationalwomenshow.com
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Waterloo Region Food & Drink Expo	Guelph, Canada	21-23 April 2017	http://www.granddrivershows.com/fooddrinkshow/
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Bakery Congress	Vancouver, Canada	23-24 April	http://www.baking.ca/congress/congress%20-%20english%20-%20about.aspx
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Gordon Food Service Quebec	Quebec City, Canada	26 April	https://www.gfs.com/en/solutions/food-service-show-dates
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MAY

SIAL Canada	Toronto, Canada	02-04 May 2017	https://sialcanada.com/en/
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Brewers Plate Toronto	Toronto, Canada	04 May 2017	http://brewersplatetoronto.org/
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CPMA Convention & Trade Show	Toronto, Canada	09-11 May 2017	http://www.convention.cpma.ca/
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Buy Good. Feel Good. Expo	Toronto, Canada	13-14 May 2017	http://thefairtradeshows.com/
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Veg Expo	Vancouver, Canada	28 May 2017	https://www.vegexpo.ca/
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JUNE

The Great Canadian Cheese Festival	Belleville, Canada	03-04 June 2017	http://cheesefestival.ca/
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Niagara VegFest	Saint Catharines, Canada	04 June 2017	http://niagaravegfest.com/
Craze Fest	Richmond Hill, Canada	03-04 June 2017	http://www.crazefest.ca/site/home
Manitoba Summer Fair	Brandon, Canada	07-11 June 2017	http://manitobasummerfair.com/
Freddy Beach Ribfest	Fredericton, Canada	09-12 June 2017	https://www.freddybeachribfest.ca/
Vegfest Guelph	Guelph, Canada	17 June 2017	http://vegfestguelph.ca/
Fine Cheese Festival	Victoriaville, Canada	16-18 June 2017	http://cheesefestival.ca/
Ontario Pork Congress & Expo	Stratford, Canada	21-22 June 2017	http://www.porkcongress.on.ca/
London International Food Festival	London, Canada	21-23 June 2017	www.canadasbiggestparty.com
Taste of Toronto	Toronto, Canada	22-25 June 2017	http://toronto.tastefestivals.com/

JULY

Downtown Kitchener Ribfest and Craft Beer Show	Kitchener, Canada	14-16 July 2017	http://www.kitchenerribandbeerfest.com/
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AUGUST

Toronto Food Truck Festival	Toronto, Canada	04-07 August 2017	http://www.canadianfoodtruckfestivals.com/
Wilberforce Agriculture Fair	Peterborough, Canada	11-12 August 2017	http://wilberforcefair.com/
Windsor Rib Fest	Windsor, Canada	10-13 August 2017	http://www.canadasbiggestparty.com/festivalsontario_005.htm
Navan Fair	Ottawa, Canada	10-13 August 2017	http://www.navanfair.com/
Stirling Fair	Belleville, Canada	17-20 August 2017	www.stirlingfair.com
Capital Fair	Ottawa, Canada	18-27 August 2017	www.capitalfair.ca/

SEPTEMBER

Kingston Ribfest and Craft Beer Show	Kingston, Canada	08-10 September 2017	http://www.kingstonribandbeerfest.com/
Edmonton Oktoberfest	Edmonton, Canada	29-30 September 2017	http://albertabeerfestivals.com/events-services/edmonton-oktoberfest/



Ladysmith Oktoberfest	Ottawa, Canada	29 September – 01 October 2017	http://www.ladysmithoktoberfest.ca/
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OCTOBER

Grocery & Specialty Foods	Toronto, Canada	23-24 October 2017	http://fig.ca/grocery-specialty-food-west/
Canadas Baking And Sweets Show	Mississauga, Canada	28-29 October 2017	canadabakingandsweetsshow.com/

NOVEMBER

Eat Vancouver Food and Cooking Festival	Vancouver, Canada	06-11 November 2017	http://eat-vancouver.com/
The National Women's Show – Quebec Fall	Quebec City, Canada	18-19 November 2017	http://www.nationalwomenshow.com
Gourmet Food & Wien Expo Toronto	Toronto, Canada	16-19 November 2017	http://www.foodandwineexpo.ca/site/pages/
West Coast Christmas Show & Marketplace Abbotsford	Abbotsford, Canada	17-19 November 2017	www.westcoastchristmasshow.com

Annex I

EU Products Registered as GIs in Canada

Under **CETA**, Canada has agreed to protect 143 Geographical Indications (GIs) – distinctive food and drink products from specific towns or regions in the EU. Producers of these products are often small or medium-sized businesses in rural communities. The first table below lists all of these 143 GIs that will be protected under the CETA.

Additionally, in 2003, Canada and the European Union concluded a **Canada-European Community Wine and Spirits Agreement** which lists over 500 European Union Wines and Spirits that Canada should recognize as GIs once requested by the respective GI's organizations. European producers of spirits are recommended to ask their local GIs associations to register the GIs with the Agriculture and Agri-Food Canada if they haven't done so already. Currently there are 437 European GIs of wines and spirits listed in the *List of Geographical Indications for Wines and Spirits of Canada*. The second table shows these GIs

Figure 258) Geographical Indications Identifying a Product Originating in the European Union According to CETA

Indication	Transliteration (for information purposes only)	Product Class	Place of Origin (Territory, Region or Locality)
České pivo		beer	Czech Republic
Žatecký Chmel		hops	Czech Republic
Bayerisches Bier		beer	Germany
Münchener Bier		beer	Germany
Hopfen aus der Hallertau		hops	Germany
Nürnberger Bratwürste**		fresh, frozen and processed meats	Germany
Nürnberger Rostbratwürste		fresh, frozen and processed meats	Germany
Schwarzwälder Schinken		fresh, frozen and processed meats	Germany
Aachener Printen		confectionery and baked products	Germany
Nürnberger Lebkuchen		confectionery and baked products	Germany



Lübecker Marzipan		confectionery and baked products	Germany
Bremer Klaben		confectionery and baked products	Germany
Hessischer Handkäse		cheeses	Germany
Hessischer Handkäs		cheeses	Germany
Terttnanger Hopfen		hops	Germany
Spreewälder Gurken		fresh and processed vegetable products	Germany
Danablu		cheeses	Denmark
Ελιά Καλαμάτας	Elia Kalamatas	table and processed olives	Greece
Μαστίχα Χίου	Masticha Chiou	confectionery and baked products	Greece
Φέτα*	Feta	cheeses	Greece
Ελαιόλαδο Καλαμάτας	Kalamata olive oil	oils and animal fats	Greece
Ελαιόλαδο Κολυμβάρι Χανίων Κρήτης	Kolymvari Chanion Olive Oil Kritis	oils and animal fats	Greece
Ελαιόλαδο Σητείας Λασιθίου Κρήτης	Sitia Lasithiou Kritis Olive oil	oils and animal fats	Greece
Ελαιόλαδο Λακωνία	Olive Lakonia Oil	oils and animal fats	Greece
Κρόκος Κοζάνης	Krokos Kozanis	spices	Greece
Κεφαλογραβιέρα	Kefalograviera	cheeses	Greece
Γραβιέρα Κρήτης	Graviera Kritis	cheeses	Greece
Γραβιέρα Νάξου	Graviera Naxou	cheeses	Greece
Μανούρι	Manouri	cheeses	Greece
Κασέρι	Kasseri	cheeses	Greece



Φασόλια Γίγαντες Ελέφαντες Καστοριάς	Fassolia Gigantes Elefantas Kastorias	fresh and processed vegetable products	Greece
Φασόλια Γίγαντες Ελέφαντες Πρεσπών	Fassolia Gigantes Elefantas Prespon Florinas	fresh and processed vegetable products	Greece
Κονσερβολιά Αμφίσσης	Konservolia Amfissis	table and processed olives	Greece
Λουκούμι Γεροσκήπου	Loukoumi Geroskipou	confectionery and baked products	Cyprus
Baena		oils and animal fats	Spain
Sierra Mágina		oils and animal fats	Spain
Aceite del Baix Ebre- Montsía		oils and animal fats	Spain
Oli del Baix Ebre- Montsía		oils and animal fats	Spain
Aceite del Bajo Aragón		oils and animal fats	Spain
Antequera		oils and animal fats	Spain
Priego de Córdoba		oils and animal fats	Spain
Sierra de Cádiz		oils and animal fats	Spain
Sierra de Segura		oils and animal fats	Spain
Sierra de Cazorla		oils and animal fats	Spain
Siurana		oils and animal fats	Spain
Aceite de Terra Alta		oils and animal fats	Spain
Oli de Terra Alta		oils and animal fats	Spain
Les Garrigues		oils and animal fats	Spain
Estepa		oils and animal fats	Spain
Guijuelo		fresh, frozen and processed meats	Spain



Jamón de Huelva	fresh, frozen and processed meats	Spain
Jamón de Teruel	fresh, frozen and processed meats	Spain
Salchichón de Vic	fresh, frozen and processed meats	Spain
Llonganissa de Vic	fresh, frozen and processed meats	Spain
Mahón-Menorca	cheeses	Spain
Queso Manchego	cheeses	Spain
Cítricos Valencianos	fresh and processed fruits and nuts	Spain
Cítrics Valencians	fresh and processed fruits and nuts	Spain
Jijona	confectionery and baked products	Spain
Turrón de Alicante	confectionery and baked products	Spain
Azafrán de la Mancha	spices	Spain
Comté	cheeses	France
Reblochon	cheeses	France
Reblochon de Savoie	cheeses	France
Roquefort	cheeses	France
Camembert de Normandie	cheeses	France
Brie de Meaux	cheeses	France
Emmental de Savoie	cheeses	France
Pruneaux d'Agen	fresh and processed fruits and nuts	France
Pruneaux d'Agen mi-cuits	fresh and processed fruits and nuts	France



Huîtres de Marennes-Oléron	fresh, frozen and processed fish products	France
Canards à foie gras du Sud-Ouest : Chalosse	fresh, frozen and processed meats	France
Canards à foie gras du Sud-Ouest: Gascogne	fresh, frozen and processed meats	France
Canards à foie gras du Sud-Ouest : Gers	fresh, frozen and processed meats	France
Canards à foie gras du Sud-Ouest : Landes	fresh, frozen and processed meats	France
Canards à foie gras du Sud-Ouest : Périgord	fresh, frozen and processed meats	France
Canards à foie gras du Sud-Ouest : Quercy	fresh, frozen and processed meats	France
Jambon de Bayonne***	dry-cured meats	France
Huile d'olive de Haute- Provence	oils and animal fats	France
Huile essentielle de lavande de Haute-Provence	essential oils	France
Morbier	cheeses	France
Epoisses	cheeses	France
Beaufort***	cheeses	France
Maroilles	cheeses	France
Marolles	cheeses	France
Munster *	cheeses	France
Munster Géromé	cheeses	France
Fourme d'Ambert	cheeses	France
Abondance	cheeses	France



Bleu d’Auvergne	cheeses	France
Livarot	cheeses	France
Cantal	cheeses	France
Fourme de Cantal	cheeses	France
Cantalet	cheeses	France
Petit Cantal	cheeses	France
Tomme de Savoie	cheeses	France
Pont - L'Evêque	cheeses	France
Neufchâtel	cheeses	France
Chabichou du Poitou	cheeses	France
Crottin de Chavignol	cheeses	France
Saint-Nectaire	cheeses	France
Piment d’Espelette	spices	France
Lentille verte du Puy	fresh and processed vegetable products	France
Aceto balsamico Tradizionale di Modena	vinegar	Italy
Aceto balsamico di Modena	vinegar	Italy
Cotechino Modena	fresh, frozen and processed meats	Italy
Zampone Modena	fresh, frozen and processed meats	Italy
Bresaola della Valtellina	fresh, frozen and processed meats	Italy
Mortadella Bologna	fresh, frozen and processed meats	Italy



Prosciutto di Parma	dry-cured meats	Italy
Prosciutto di S. Daniele	dry-cured meats	Italy
Prosciutto Toscano	dry-cured meats	Italy
Prosciutto di Modena	dry-cured meats	Italy
Provolone Valpadana	cheeses	Italy
Taleggio	cheeses	Italy
Asiago*	cheeses	Italy
Fontina*	cheeses	Italy
Gorgonzola*	cheeses	Italy
Grana Padano	cheeses	Italy
Mozzarella di Bufala Campana	cheeses	Italy
Parmigiano Reggiano	cheeses	Italy
Pecorino Romano	cheeses	Italy
Pecorino Sardo	cheeses	Italy
Pecorino Toscano	cheeses	Italy
Arancia Rossa di Sicilia	fresh and processed fruits and nuts	Italy
Cappero di Pantelleria	fresh and processed fruits and nuts	Italy
Kiwi Latina	fresh and processed fruits and nuts	Italy
Lenticchia di Castelluccio di Norcia	fresh and processed vegetable products	Italy
Mela Alto Adige	fresh and processed fruits and nuts	Italy



Südtiroler Apfel	fresh and processed fruits and nuts	Italy
Pesca e nettarina di Romagna	fresh and processed fruits and nuts	Italy
Pomodoro di Pachino	fresh and processed vegetable products	Italy
Radicchio Rosso di Treviso	fresh and processed vegetable products	Italy
Ricciarelli di Siena	confectionery and baked products	Italy
Riso Nano Vialone Veronese	cereals	Italy
Speck Alto Adige	fresh, frozen and processed meats	Italy
Südtiroler Markenspeck	fresh, frozen and processed meats	Italy
Südtiroler Speck	fresh, frozen and processed meats	Italy
Veneto Valpolicella	oils and animal fats	Italy
Veneto Euganei e Berici	oils and animal fats	Italy
Veneto del Grappa	oils and animal fats	Italy
Culatello di Zibello	fresh, frozen and processed meats	Italy
Garda	fresh, frozen and processed meats	Italy
Lardo di Colonnata	fresh, frozen and processed meats	Italy
Szegedi téliszalámi	fresh, frozen and processed meats	Hungary
Szegedi szalámi	fresh, frozen and processed meats	Hungary
Tiroler Speck	fresh, frozen and processed meats	Austria
Steirischer Kren	fresh and processed vegetable products	Austria
Steirisches Kürbiskernöl	oilseeds	Austria



Queijo S. Jorge	cheeses	Portugal
Azeite de Moura	oils and animal fats	Portugal
Azeites de Trás-os-Montes	oils and animal fats	Portugal
Azeite do Alentejo Interior	oils and animal fats	Portugal
Azeites da Beira Interior	oils and animal fats	Portugal
Azeites do Norte Alentejano	oils and animal fats	Portugal
Azeites do Ribatejo	oils and animal fats	Portugal
Pêra Rocha do Oeste	fresh and processed fruits and nuts	Portugal
Ameixa d'Elvas	fresh and processed fruits and nuts	Portugal
Ananás dos Açores / S. Miguel	fresh and processed fruits and nuts	Portugal
Chouriça de carne de Vinhais	fresh, frozen and processed meats	Portugal
Linguiça de Vinhais	fresh, frozen and processed meats	Portugal
Chouriço de Portalegre	fresh, frozen and processed meats	Portugal
Presunto de Barrancos	fresh, frozen and processed meats	Portugal
Queijo Serra da Estrela	cheeses	Portugal
Queijos da Beira Baixa	cheeses	Portugal
Queijo de Castelo Branco	cheeses	Portugal
Queijo Amarelo da Beira Baixa	cheeses	Portugal
Queijo Picante da Beira Baixa	cheeses	Portugal
Salpicão de Vinhais	fresh, frozen and processed meats	Portugal

Gouda Holland	cheeses	Netherlands
Edam Holland	cheeses	Netherlands
Kalix Ljörom	fresh, frozen and processed fish products	Sweden
Magiun de prune Topoloveni	fresh and processed fruits and nuts	Romania

Figure 259) EU Wines and Spirits Registered as GIs in Canada

Geographic Indication	Country of Origin	Geographic Indication	Country of Origin	Geographic Indication	Country of Origin	Geographic Indication	Country of Origin
Commandaria	Cyprus	Brunello di Montalcino	Italy	Lambrusco Salamino di Santa Croce	Italy	Valdichiana	Italy
Finnish berry liqueur	Finland	Cacc'e mmitte di Lucera	Italy	Lambrusco di Sorbara	Italy	Vallagarina	Italy
Finsk Vodka /Vodka of Finland / Suomalainen Votka	Finland	Cagnina di Romagna	Italy	Lamezia	Italy	Valle Belice	Italy
Alsace	France	Calabria	Italy	Langhe	Italy	Valle Peligna	Italy
Anjou	France	Camarro	Italy	Lazio	Italy	Valle d' Itria	Italy
Anjoy Val de Loire	France	Campi Flegrei	Italy	Lessona	Italy	Valle d'Aosta	Italy
Beaujolais	France	Campidano di Terralba	Italy	Leverano	Italy	Valle del Crati	Italy
Beaujolais Villages	France	Canavese	Italy	Lipuda	Italy	Valle del Tirso	Italy
Bordeaux	France	Candia dei Colli Apuani	Italy	Lison Pramaggiore	Italy	Valle di Porto Pino	Italy
Bordeaux Clairet	France	Cannara	Italy	Lizzano	Italy	Valpolicella	Italy
Bourgogne Aligoté	France	Cannonau di Sardegna	Italy	Loazzolo	Italy	Valsusa	Italy
Bourgogne Passe-tout-grains	France	Capalbio	Italy	Locorotondo	Italy	Valtellina Rosso	Italy
Chablis	France	Capri	Italy	Locride	Italy	Valtellina Superiore	Italy
Champagne	France	Capriano del Colle	Italy	Lugana	Italy	Velletri	Italy
Châteauneuf du Pape	France	Carema	Italy	Malvasia delle Lipari	Italy	Veneto	Italy

Clos Saint-Denis	France	Carignano del Sulcis	Italy	Malvasia di Bosa	Italy	Veneto Orientale	Italy
Coteaux champenois	France	Carmignano	Italy	Malvasia di Cagliari	Italy	Venezia Giulia	Italy
Coteaux d'Aix-en-Provence	France	Carso	Italy	Malvasia di Casorzo d' Asti	Italy	Verbicaro	Italy
Côte Rôtie	France	Castel S. Lorenzo	Italy	Malvasia di Castelnuovo Don Bosco	Italy	Verdicchio dei Castelli di Jesi	Italy
Côteaux du Languedoc	France	Castel del Monte	Italy	Mandrolisai	Italy	Verdicchio di Matelica	Italy
Côtes de Provence	France	Casteller	Italy	Marca Trevigiana	Italy	Verduno Pelaverga	Italy
Côtes du Rhône	France	Castelli Romani	Italy	Marche	Italy	Vermentino di Gallura	Italy
Côtes du Roussillon	France	Cellatica	Italy	Maremma Toscana	Italy	Vermentino di Sardegna	Italy
Eau-de-Vie des Charentes	France	Cerasuolo di Vittoria	Italy	Marino	Italy	Vernaccia di Oristano	Italy
Entre-Deux-Mers	France	Cerveteri	Italy	Marmilla	Italy	Vernaccia di San Gimignano	Italy
Graves	France	Cesanese del Piglio	Italy	Marsala	Italy	Vernaccia di Serrapetrona	Italy
Listrac-Médoc	France	Chianti	Italy	Martina Franca	Italy	Veronese	Italy
Margaux	France	Chianti Classico	Italy	Matino	Italy	Vesuvio	Italy
Moselle	France	Cilento	Italy	Melissa	Italy	Vicenza	Italy
Moulis	France	Cinque Terre Sciacchetrà	Italy	Menfi	Italy	Vignanello	Italy
Muscadet	France	Circeo	Italy	Merlara	Italy	Vigneti delle Dolomiti	Italy
Médoc	France	Cirò	Italy	Mitterberg tra Cauria e Tel	Italy	Vin Santo del Chianti	Italy
Nuits Saint Georges	France	Cisterna d' Asti	Italy	Modena	Italy	Vin Santo del Chianti Classico	Italy
Pauillac	France	Civitella d' Agliano	Italy	Molise	Italy	Vin Santo del Montepulciano	Italy
Pessac-Léognan	France	Colli Albani	Italy	Monferrato	Italy	Vino Nobile di Montepulciano	Italy
Pineau des Charentes	France	Colli Altotiberini	Italy	Monica di Cagliari	Italy	Zagarolo	Italy
Pomerol	France	Colli Amerini	Italy	Monica di Sardegna	Italy	del Vastese	Italy

Pouilly Fuissé	France	Colli Aprutini	Italy	Monreale	Italy	Douro	Portugal
Rasteau	France	Colli Asolani	Italy	Montecarlo	Italy	MADÈRE	Portugal
Rosé des Riceys	France	Colli Berici	Italy	Montecompati-Colonna	Italy	Madeira	Portugal
Saint Emilion	France	Colli Bolognesi	Italy	Montecucco	Italy	Oporto	Portugal
Saint-Estèphe	France	Colli Bolognesi Classico Pignoletto	Italy	Montefalco	Italy	Pico	Portugal
Saint-Julien	France	Colli Cimini	Italy	Montefalco Sagrantino	Italy	Port	Portugal
Sauternes	France	Colli Ericini	Italy	Montenetto di Brescia	Italy	Porto	Portugal
Touraine	France	Colli Etruschi Viterbesi	Italy	Montepulciano d' Abruzzo	Italy	Portvin	Portugal
Vin de Pays d'Aigues	France	Colli Euganei	Italy	Montepulciano d' Abruzzo Colline Teramane	Italy	Portwein	Portugal
Vin de Pays de la Côte Vermeille	France	Colli Lanuvini	Italy	Monteregio di Massa Marittima	Italy	Portwijn	Portugal
Vin de Pays des Comtés Rhodaniens	France	Colli Maceratesi	Italy	Montescudaio	Italy	Vinho Regional Açores	Portugal
Vin de Pays des Coteaux de Fontcaude	France	Colli Martani	Italy	Monti Lessini	Italy	Vinho Verde	Portugal
Vin de Pays des Coteaux de l'Ardèche	France	Colli Orientali del Friuli	Italy	Morellino di Scansano	Italy	Vinho do Douro	Portugal
Vin de Pays des Pyrénées- Orientales	France	Colli Perugini	Italy	Moscadello di Montalcino	Italy	Abanilla	Spain
Vin de pays d'OC	France	Colli Pesaresi	Italy	Moscato di Cagliari	Italy	Campo de Cartagena	Spain
Vin de pays de la Haute Vallée de l'Orb	France	Colli Piacentini	Italy	Moscato di Noto	Italy	Cariñena	Spain
Vin de pays de la Principauté d'Orange	France	Colli Romagna Centrale	Italy	Moscato di Sardegna	Italy	Catalunya	Spain
Vin de pays des Côtes Catalanes	France	Colli Tortonési	Italy	Moscato di Scanzo	Italy	Cava	Spain

Vin de pays des Côtes de Gascogne	France	Colli Trevigiani	Italy	Moscato di Siracusa	Italy	Conca de Barberá	Spain
Calvados	France	Colli d' Imola	Italy	Moscato di Sorso-Sennori	Italy	Costers Del Segre	Spain
Calvados Pays d'Auge	France	Colli del Limbara	Italy	Moscato di Trani	Italy	Jerez	Spain
Cassis de Dijon	France	Colli del Milanese	Italy	Murgia	Italy	Jumilla	Spain
Cognac	France	Colli del Sangro	Italy	Nardò	Italy	La Mancha	Spain
Cognac Bons Bois	France	Colli del Trasimeno	Italy	Narni	Italy	Manzanilla - Sanlúcar de Barrameda	Spain
Cognac Borderies	France	Colli dell'Etruria Centrale	Italy	Nasco di Cagliari	Italy	Montsant	Spain
Cognac Fine	France	Colli della Sabina	Italy	Nebbiolo d' Alba	Italy	Málaga	Spain
Cognac Fine Champagne	France	Colli della Toscana Centrale	Italy	Nettuno	Italy	Navarra	Spain
Cognac Fins Bois	France	Colli di Conegliano	Italy	Nuragus di Cagliari	Italy	Penedès	Spain
Cognac Grande Champagne	France	Colli di Faenza	Italy	Nurra	Italy	Rias Baixas	Spain
Cognac Grande Fine Champagne	France	Colli di Luni	Italy	Offida	Italy	Ribera del Duero	Spain
Cognac Petite Champagne	France	Colli di Parma	Italy	Ogliastra	Italy	Rioja	Spain
Cognac Petite Fine Champagne	France	Colli di Rimini	Italy	Olevano Romano	Italy	Rioja Alavesa	Spain
Eau-de-vie de Cognac	France	Colli di Salerno	Italy	Oltrepò Pavese	Italy	Rioja Alta	Spain
Eau-de-vie des Charentes	France	Colli di Scandiano	Italy	Orcia	Italy	Rioja Baja	Spain
Baden	Germany	Collina Torinese	Italy	Ormeasco di Pornassio	Italy	Rueda	Spain
Bernkasteler Kurfürstlay	Germany	Colline Frentane	Italy	Orta Nova	Italy	Sierras de Málaga	Spain
Franken	Germany	Colline Lucchesi	Italy	Orvieto	Italy	Somontano	Spain
Mosel-Saar-Ruwer	Germany	Colline Novaresi	Italy	Ostuni	Italy	Terra Alta	Spain

Nahe	Germany	Colline Pescaresi	Italy	PROSECCO	Italy	Utiel-Requena	Spain
Pfalz	Germany	Colline Salluzzesi	Italy	Paestum	Italy	Brandy de Jerez	Spain
Rheingau	Germany	Colline Savonesi	Italy	Pagadebit di Romagna	Italy	Plymouth Gin	Sweden
Rheinhessen	Germany	Colline Teatine	Italy	Palizzi	Italy	Scotch Whisky	United Kingdom
Württemberg	Germany	Colline del Genovesato	Italy	Pantelleria	Italy		
Samos	Greece	Colline di Levanto	Italy	Parrina	Italy		
Irish Cream Liqueur	Ireland	Collio Goriziano	Italy	Parteolla	Italy		
Irish Whiskey	Ireland	Condoleo	Italy	Pellaro	Italy		
Irish Whisky	Ireland	Conegliano Valdobbiadene	Italy	Penisola Sorrentina	Italy		
Uisce Beatha Eireannach	Ireland	Conselvano	Italy	Pentro di Isernia	Italy		
Affile	Italy	Contea di Sclafani	Italy	Piave	Italy		
Aglianico del Taburno	Italy	Contessa Entellina	Italy	Piemonte	Italy		
Aglianico del Vulture	Italy	Controguerra	Italy	Pinerolese	Italy		
Albana di Romagna	Italy	Copertino	Italy	Planargia	Italy		
Albugnano	Italy	Cori	Italy	Pollino	Italy		
Alcamo	Italy	Cortese dell'Alto Monferrato	Italy	Pomino	Italy		
Aleatico di Gradoli	Italy	Corti Benedettine del Padovano	Italy	Pompeiano	Italy		
Aleatico di Puglia	Italy	Cortona	Italy	Primitivo di Manduria	Italy		
Alezio	Italy	Costa Viola	Italy	Provincia di Mantova	Italy		
Alghero	Italy	Costa d' Amalfi	Italy	Provincia di Nuoro	Italy		
Allerona	Italy	Coste della Sesia	Italy	Provincia di Pavia	Italy		
Alta Langa	Italy	Daunia	Italy	Puglia	Italy		

Alta Valle della Greve	Italy	Delia Nivolelli	Italy	Quistello	Italy		
Alto Adige	Italy	Delle Venezie	Italy	Ramandolo	Italy		
Alto Livenza	Italy	Diano d' Alba	Italy	Ravenna	Italy		
Alto Mincio	Italy	Dolcetto d' Asti	Italy	Recioro di Soave	Italy		
Alto Tirino	Italy	Dolcetto d'Acqui	Italy	Reggiano	Italy		
Ansonica Costa dell' Argentario	Italy	Dolcetto d'Alba	Italy	Reno	Italy		
Aprilia	Italy	Dolcetto delle Langhe Monregalesi	Italy	Riesi	Italy		
Arborea	Italy	Dolcetto di Dogliani	Italy	Riviera Ligure di Ponente	Italy		
Arcole	Italy	Dolcetto di Ovada	Italy	Riviera del Brenta	Italy		
Arghillà	Italy	Donnici	Italy	Riviera del Garda Bresciano	Italy		
Assisi	Italy	Dugenta	Italy	Roccamonfina	Italy		
Asti	Italy	Elba	Italy	Rochè di Castagnole Monferrato	Italy		
Atina	Italy	Eloro	Italy	Roero	Italy		
Aversa	Italy	Emilia	Italy	Romagna Albana spumante	Italy		
Bagnoli di Sopra	Italy	Epomeo	Italy	Romangia	Italy		
Barbagia	Italy	Erbaluce di Caluso	Italy	Ronchi di Brescia	Italy		
Barbaresco	Italy	Esaro	Italy	Rossese di Dolceacqua	Italy		
Barbera d' Alba	Italy	Esino	Italy	Rosso Barletta	Italy		
Barbera d' Asti	Italy	Est!Est!Est!!! di Montefiascone	Italy	Rosso Canosa	Italy		
Barbera del Monferrato	Italy	Etna	Italy	Rosso Conero	Italy		
Barco Reale di Carmignano	Italy	Falerio dei Colli Ascolani	Italy	Rosso Orvietano	Italy		
Bardolino	Italy	Falerno del Massico	Italy	Rosso Piceno	Italy		
Bardolino Superiore	Italy	Fara	Italy	Rosso di Cerignola	Italy		

Barolo	Italy	Faro	Italy	Rosso di Montalcino	Italy		
Basilicata	Italy	Fiano di Avellino	Italy	Rosso di Montepulciano	Italy		
Benaco Bresciano	Italy	Fontanarossa di Cerda	Italy	Rotae	Italy		
Beneventano	Italy	Forlì	Italy	Rubicone	Italy		
Bergamasca	Italy	Fortana del Taro	Italy	Rubino di Cantavenna	Italy		
Bettona	Italy	Franciacorta	Italy	Sabbioneta	Italy		
Bianchello del Metauro	Italy	Frascati	Italy	Salemi	Italy		
Bianco Capena	Italy	Freisa d'Asti	Italy	Salento	Italy		
Bianco Pisano di S. Torpè	Italy	Freisa di Chieri	Italy	Salice Salentino	Italy		
Bianco dell'Empolese	Italy	Friuli Annia	Italy	Salina	Italy		
Bianco della Valdinievole	Italy	Friuli Aquileia	Italy	Sambuca di Sicilia	Italy		
Bianco di Castelfranco Emilia	Italy	Friuli Grave	Italy	San Colombano al Lambro	Italy		
Bianco di Custoza	Italy	Friuli Latisana	Italy	San Gimignano	Italy		
Bianco di Pitigliano	Italy	Frusinate	Italy	San Martino della Battaglia	Italy		
Biferno	Italy	Gabiano	Italy	San Severo	Italy		
Bivongi	Italy	Galatina	Italy	San Vito di Luzzi	Italy		
Boca	Italy	Galluccio	Italy	Sangiovese di Romagna	Italy		
Bolgheri	Italy	Gambellara	Italy	Sannio	Italy		
Bosco Eliceo	Italy	Garda	Italy	Sant' Agata dei Goti	Italy		
Botticino	Italy	Garda Colli Mantovani	Italy	Sant' Anna di Isola Capo Rizzuto	Italy		
Brachetto d' Acqui	Italy	Gattinara	Italy	Sant' Antimo	Italy		
Bramaterra	Italy	Gavi	Italy	Santa Margherita di Belice	Italy		
Breganze	Italy	Genazzano	Italy	Sardegna Semidano	Italy		
Brindisi	Italy	Ghemme	Italy	Savuto	Italy		
Aprikot dell' Alto Adige	Italy	Gioia del Colle	Italy	Scavigna	Italy		

Aprikot del Trentino	Italy	Girò di Cagliari	Italy	Sciaccia	Italy		
Brandy Italiano	Italy	Golfo dei Poeti La Spezia	Italy	Scilla	Italy		
Distillato di mele del Trentino	Italy	Golfo del Tigullio	Italy	Sebino	Italy		
Grappa Friulana	Italy	Gravina	Italy	Sforzato di Valtellina	Italy		
Grappa Lombarda	Italy	Greco di Bianco	Italy	Sibiola	Italy		
Grappa Piemontese	Italy	Greco di Tufo	Italy	Sicilia	Italy		
Grappa Trentina	Italy	Grignolino d' Asti	Italy	Sillaro	Italy		
Grappa Veneta	Italy	Grignolino del Monferrato Casalese	Italy	Sizzano	Italy		
Grappa del Friuli	Italy	Grottino di Roccanova	Italy	Soave	Italy		
Grappa del Piemonte	Italy	Guardia Sanframondi	Italy	Soave Superiore	Italy		
Grappa del Trentino	Italy	Irpinia	Italy	Solopaca	Italy		
Grappa del Veneto	Italy	Ischia	Italy	Sovana	Italy		
Grappa dell' Alto Adige	Italy	Isola dei Nuraghi	Italy	Spello	Italy		
Grappa di Barolo	Italy	Isonzo del Friuli	Italy	Squinzano	Italy		
Grappa di Lombardia	Italy	Lacrima di Morro d' Alba	Italy	Tarantino	Italy		
Gravensteiner dell'Alto Adige	Italy	Lago di Caldaro	Italy	Tarquinoa	Italy		
Kirsch Friulano	Italy	Lago di Corbara	Italy	Kirsch dell' Alto Adige	Italy		
Kirsch Trentino	Italy	Lambrusco Grasparossa di Castelvetro	Italy	Marille dell'Alto Adige	Italy		
Kirsch Veneto	Italy	Lambrusco Mantovano	Italy	Obstler dell'Alto Adige	Italy		
Sliwovitz del Friuli Venezia Giulia	Italy	Taurasi	Italy	Trebbiano d' Abruzzo	Italy		
Sliwovitz del Trentino	Italy	Teroldengo Rotaliano	Italy	Trebbiano di Romagna	Italy		

Sliwovitz del Trentino Alto Adige	Italy	Terrazze Retiche di Sondrio	Italy	Trentino	Italy		
Sliwovitz del Veneto	Italy	Terre degli Osci	Italy	Trento	Italy		
Südtiroler Grappa	Italy	Terre del Volturno	Italy	Trexenta	Italy		
Williams del Friuli	Italy	Terre dell' Alta Val d' Agri	Italy	Umbria	Italy		
Williams del Trentino	Italy	Terre di Chieti	Italy	Val Polcèvera	Italy		
Williams dell' Alto Adige	Italy	Terre di Franciacorta	Italy	Val Tidone	Italy		
Zwetschgeler dell'Alto Adige	Italy	Terre di Veleja	Italy	Val d' Arbia	Italy		
Golden Delicious dell' Alto Adige	Italy	Tharros	Italy	Val di Cornia	Italy		
Genziana del Trentino	Italy	Torgiano	Italy	Val di Magra	Italy		
Genziana dell' Alto Adige	Italy	Torgiano rosso riserva	Italy	Val di Neto	Italy		
Trebbiano d' Abruzzo	Italy	Toscana	Italy	Valcalepio	Italy		
Valdadige	Italy	Valdamato	Italy	Valcamonica	Italy		

Annex II

Database of Professionals

Buyers

Figure 260) Main Retailers in Canada

Retailer	Sales in 2011 in billion CAD	Sales in euros (EUR)	Number of Stores	Locations
Loblaw	31462	22652	1194	Across Canada
Sobey's	16255	11703	1232	Across Canada
Metro	11448	8242	1136	Across Canada
Costco	7000	5039	88	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia , New Brunswick , Newfoundland and Labrador
Canada Safeway	6804	4898	183	Western Canada
Walmart Canada	5200	3743	391	All Provinces
Co-ops	3350	2411	384	Across Canada
Overwaitea	2874	2069	145	British Columbia, Alberta
Couche-Trad	1155	831	1150	Across Canada
North West Company	750	539	232	Across Canada
Shoppers Drug Mart	590	424	1382	Across Canada
H.Y Louie Co.	585	421	32	British Columbia

Canadian Grocer (Executive Report 2012-2013)⁴⁹⁹

⁴⁹⁹ "Consumer Corner" available at: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/sis14494](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sis14494)

Journalists

Figure 261) Major Media Outlets in Canada with Contact information

Name	Position	Contact Information
The Toronto Star (Ontario)		
David Holland	Acting Publisher	Email: city@thestar.ca
Michael Cooke	Editor	Email: mcooke@thestar.ca Telephone: 416-869-4300
Irene Gentle	Managing Editor	Email: igentle@thestar.ca Telephone: 4168694948
The Globe and Mail (Ontario)		
Sylvia Stead	Public Editor	Email: publiceditor@globeandmail.com
Derek DeCloet	Executive Editor / Editor, Report on Business	Email: ddecloet@globeandmail.com
Mark Heinzl	Deputy Editor, Report on Business	Email: mheinzl@globeandmail.com
Darcy Keith	Investing Editor	dakeith@globeandmail.com
Roula Meditskos	Senior Economics Editor	rmeditskos@globeandmail.com
Vancouver Sun (British Columbia)		
Harold Munro	Editor-in-Chief	Email: hmunro@postmedia.com Telephone: 604-605-2185
Valerie Casselton	Managing Editor	Email: casselton@postmedia.com Telephone: 604 605-2125
Adrienne Tanner	Deputy Editor, News	Email: atanner@postmedia.com Telephone: 604-605-2214
Mia Stainsby	Restaurant editor	Email: mstainsby@postmedia.com Telephone: 604-605-2104
La Presse (Quebec)/Canadian Press (Nationwide)		
Stephen Meurice	Editor-in-Chief	Email: stephen.meurice@thecanadianpress.com Telephone: 416-364-0321
Éric Trottier	Chief Editor	Email: etrottie@lapresse.ca
Alexandre Pratt	Director of Information	Email: apratt@lapresse.ca
Calgary Herald (Alberta)		

Jose Rodriguez	Editor	Email: jrodriguez@postmedia.com Telephone: 403-235-8665
Monica Zurowski	Deputy Editor	Email: mzurowski@postmedia.com Telephone: 403-235-7291
CBC		
Jennifer McGuire	General Manager and Editor in Chief	Email: jennifenmcguire@cbc.ca
Amanda Pyle	Executive Assistant	Email: amanda.pyle@cbc.ca
Shaun Poulter	Senior Director Government Relations	Email: shaun.poulter@cbc.ca Telephone: 613 288-6233

Bloggers

Figure 262) Popular Food Bloggers in Canada

Blogger (Name of the Blog)	Blog Address
Melody Fury' (Gourmet Fury)	http://www.gourmetfury.com/
Jeannette Ordas (Everybody Likes Sandwiches)	http://everybodylikessandwiches.com/
Laura Keogh and Ceri Marsh (Sweet Potato Chronicles)	http://sweetpotatochronicles.com/
Valerie Lugonja (A Canadian Foodie)	http://www.acanadianfoodie.com
Aimée Wimbush-Bourque (Simple Bites)	http://www.simplebites.net/
Amy Bronee (Family Feedbag)	http://www.familyfeedbag.com/
(The Goodie Girl)	http://www.thegoodiegirl.ca/
Jan Scott (Family Bites)	http://www.mixingbowlkids.typepad.com/family_bites/
Mardi Michaels (eat. live. travel. write.)	http://www.eatlivetravelwrite.com/
Marian Poirier (Sweetopia)	http://sweetopia.net/
Barry Parsons (Rock Recipes)	http://www.nlrockrecipes.com/
Kris Osborne (80 Twenty)	http://www.80twenty.ca/
Louisa Clements (Living Lou)	http://www.livinglou.com/
Renée Kohlman (Sweet Sugar Bean)	http://www.sweetsugarbean.com/
Dara Michalski (Cookin' Canuck)	http://www.cookincanuck.com/

Brokers

Figure 263) Canadian Society of Customs Brokers

Brokers
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 & Searchable List of Members: www.cscb.ca

Celebrity Chefs

- Lynn Crawford

Lynn Crawford is a Canadian chef, trained at George Brown College in Toronto. She is known for her appearances on the hit Food Network show Restaurant Makeover, which is seen in over 16 countries worldwide. She was formerly the executive chef at the Four Seasons in Toronto and the former executive chef of the Four Seasons in New York. She appeared on the Food Network's Iron Chef America, in a battle with Iron Chef Bobby Flay.

Official Website: <http://cheflynn Crawford.com/>

- Susur Lee

Praised as one of the "Ten Chefs of the Millennium" in 2000 by Food & Wine magazine, Susur Lee is still at the top of his game. In addition to helming five restaurants in Toronto—Lee, Bent, Luckee, Lee Kitchen and Fring's—and overseeing his prestigious TungLok Heen in Singapore's Hotel Michael, Lee makes numerous television appearances and travels the world as guest chef and consultant. Following appearances on Iron Chef America, he became a media sensation on Top Chef Masters, where he vanquished 20 competing chefs and crossed filleting knives with chef Marcus Samuelsson in a kitchen showdown. Lee is currently a judge on Food Network Canada's Chopped Canada, and recently joined the stellar three-judge panel on Lifetime's new series Masterchef Asia, to be aired this fall.

Official Website: <http://www.susur.com/>

- **Mark McEwan**

Mark McEwan is a Canadian celebrity chef based in Toronto. He had his own television show on Food Network Canada entitled *The Heat*, which followed his catering team from North 44 Caters as they served the influential and elite. He got his start in hotel kitchens before opening a series of restaurants, including Pronto, North 44, Marketta, Terra, Bymark and recently, One, described as Toronto's only five-star restaurant. Last summer, he opened a \$6 million, gourmet food supermarket at The Shops at Don Mills. He has his own line of takeout products and cookware.

Website: <http://mcewangroup.ca/>

- **Brad Long**

Brad Long is recognized as one of the top chefs in Canada. His talents are highly acclaimed by some of the country's toughest food critics - VQA Restaurant Awards of Excellence and Globe and Mail Top 10 restaurants of the year. Currently Long is chef and owner of Café Belong and Belong Catering. He is a co-host of the Food Network smash hit *Restaurant Makeover* and is currently in post-production of a new provocative food documentary. An active advocate for sustainable farming and ethical treatment of livestock, balancing work and family is vital to Long. When he isn't creating menus, speaking with farmers or checking the freshness of new produce, he relishes family time with his wife Sheryl and their five children.

Website: <http://www.belongcatering.ca>

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