CANADIAN FOOD MARKET

SRI LANKA EXPORT DEVELOPMENT BOARD

2021

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1. COUNTRY OVERVIEW

Situated north of the United States, and geographically a part of North America, Canada is the second-largest country in the world in terms of total area (after Russia). It is also among the leading countries with the largest proportion of global GDP.

Canada’s main export goods are agricultural products (including maple syrup, metals, and energy) and, Canada is the fifth largest global exporter of agricultural products. Canada is one of the world’s largest exporter of flaxseed, canola, pulses, oats and durum wheat, and third largest exporter of pork products. The country possesses significant and recently discovered crude oil reserves, making it one of the leaders in oil resources (only outranked by Saudi Arabia and Venezuela), and thus an important player in the global oil market. In addition to a robust services sector, Canada has plentiful oil reserves and is a major exporter of food and minerals. Canada’s most important trading partner is the U.S.

The grocery structure in Canada is characterized by hypermarkets, convenience stores and discounters. In Canada, the overall availability of grocery chains differs between rural and urbanized areas. While consumers in urbanized areas can choose from a broad variety of different grocery chains or organic grocery stores, in rural areas, consumers are often limited to buying products at Walmart or basic food stores. Coupons, point programs and general discounts are quite common in the Canadian grocery structure. Some consumers prefer to do their grocery shopping in small shops after work, while others prefer hypermarkets, since they are able to buy food and household items at the same time there.

From January to October 2020, Canadian Agri-food and seafood exports increased by 10%, reaching $61.0 billion compared to $55.5 billion for the same period in 2019.

Top destinations for Agri-food and seafood exports continue to be the US, with nearly 52.7% of exports; China at 12.5%; Japan at 6.9%; and the European Union (EU) at 5.4%. It is notable that the EU has shown a 42.7% value increase from the same period in 2019.

Canada’s Agri-food and seafood imports reached $44.5 billion in the first 10 months of 2020, an increase of 2.2% compared to the same period last year.

2. FOOD INDUSTRY IN CANADA

In 2020, Canada's food and beverage processing sector was valued at $91.7 billion, representing an increase of four percent compared to 2019. In 2020, Canada was once again a top destination for U.S. food and agricultural exports with total export value of $22.1 billion. U.S. exports of consumer-oriented products to Canada neared $17billion in 2020, more than doubling the value of the next largest market. Imported ingredients are vital inputs to Canadian food and beverage manufacturers. Canada relies heavily on two-way trade with the United States and depends on it for their raw, semi-processed and processed ingredients. Sophisticated and extensive cross-border logistics between Canada and the United States help to create trade opportunities for both countries.

Canada's food and beverage processing sector is vital to its economy and ranks as the second largest sector for Canada, accounting for 20 percent of the country's manufacturing. Canada's 2020 Agri-food exports exceeded $51 billion, making it the fifth-largest global exporter of agricultural products.

Food Industry by Channels (2019, Billion USD)

Total Food & Beverage Industry	*- 240*
Retail (including alcoholic beverages)	*- 106.8*
Food Service	*- 41.3*
Food & Beverage Processing Sales	*- 91.7*
-Food Processing	*- 82.1*
-Beverage Processing	*- 9.6*

Top 10 Food & Beverage Processors (By Company Share)

Food Processors

1. Loblaw
2. Saputo
3. Kraft Heinz Canada
4. Agropur Cooperative Ltd
5. Nestlé Canada
6. Lactalis Canada
7. Frito-Lay Canada
8. General Mills Canada
9. Sobeys
10. Schneider Corporation

Beverage Processors

1. PepsiCo Beverages
2. Coca-Cola
3. Nestlé Waters
4. Canada Dry Mott's
5. A.Lassonde
6. Loblaw
7. Minute Maid
8. Red Bull Canada
9. Sun-Rype Products
10. Sobeys

Canada is home to some major players in the global food processing industry. Loblaw Companies is the largest food processor and accounts for 6.4 percent of total food retail sales in Canada. Although Loblaw itself is a Canadian company, there are many international food processors operating in Canada.

2.1 CANADIAN FOOD PROCESSING INDUSTRY

The Canadian food and beverage processing sector is sophisticated and among the most competitive in the world. In 2020, food and beverage processing sales reached $91.7 billion making it the second-largest manufacturing sector in Canada, after the automotive industry. It includes about 7,800 companies employing around 290,000 workers, accounting for approximately 18 percent of total manufacturing employment. Canada's Agri-food exports exceeded $51 billion in 2020, making it the fifth-largest exporter of agricultural products in the world, after the European Union, the United States, Brazil and China, respectively. Exports of processed food and beverage products exceeded $22.5 billion, which accounted for44percent of Canada's exports of agricultural products.

The Canadian Government aims to grow agriculture and food exports to $75 billion CAD ($60 billion USD) by 2025 and continues to support the agribusiness sector through Canadian Agricultural Partnership programs to reach this target. Canadian food and beverage processors utilize raw, semi-processed, and processed ingredients. Support for the Canadian economy and the strength of Canada's "buy local" movement drives processors to source locally whenever possible. However, Canadian processors continue to rely on a wide range of imported ingredients. For example, commodities such as fresh berries, lettuce and tree nuts have become essential imported ingredients in the food processing industry, and Canada imports about 80 percent of its fresh fruit and vegetables between November and June.

Top 10 Packaged Food Products (by sales growth)

Baked/Bakery Goods

Cereals/Pasta/Rice

Processed Fruits/Veg

Non-alcoholic Beverages

Dog & Cat Food

Beef & Beef Products

Pork & Pork Products

Chocolate & Cocoa Product

Tree Nuts Products

Sauces/Dressings/Condiments

To facilitate initial export success, Foreign Agricultural Service/ Canada recommends the following steps when entering the Canadian market:

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

2.2 CANADIAN FROZEN FOOD MARKET

Canada is a major player in the international trade of frozen food. In 2018, Canada exported close to 1.1 million metric tons of frozen potatoes to other countries around the world. Specific segments of the Canadian frozen food market are projected to grow substantially. For example, retail sales of frozen desserts were forecast to reach just over 35 million Canadian dollars in 2021. The frozen bakery products segment is likewise predicted to witness increasing sales.

Retail sales of frozen bakery products amounted to roughly 210 US dollars in 2017 and are forecast to reach almost 250 million US dollars in 2022. According to a 2019 survey, some 35 percent of Canadians stated that they cooked frozen food a few times a week on average. For Canadians, the main factor considered when purchasing frozen food is price. The majority of Canadians were reported to typically purchase name brand frozen foods over frozen foods from store brands. Due to the Corona outbreak, frozen food products, such as vegetables, fruit, and potatoes, experienced a surge in sales in Canada in 2020: frozen vegetable sales grew by 120% compared to the same week in 2019.

2.3 COVID 19 IMPACT

Throughout COVID-19, food and beverage manufacturers have continued to operate at near pre-pandemic levels to maintain stable food supplies for Canadians and for export. Stockpiling, panic-purchases, and the closure of foodservice outlets increased (and has generally sustained) demand for processed products destined for retail grocery.

In addition to the COVID-19 Economic Response Plan, the Canadian government created the Emergency Processing Fund for food and beverage processors in May 2020, providing $58 million to offset the additional costs of retrofitting facilities and procuring personal protective equipment.

Several outbreaks of COVID-19 in Canadian food and beverage processing facilities, particularly meat processing, highlighted the efforts made by the industry as well as the varying degrees of risk across the sector. Industry groups estimate the sector has lost billions in sales and has spent more than $600 million responding to the pandemic.

2.4 FOOD AND BEVERAGE PROCESSING-RELATED IMPORTS IN 2020

(BILLION USD)

Description	Imports from World	Major Suppliers
Fresh fruit	3.8	Mexico, Guatemala, Costa Rica
Bakery Goods, Cereals, & Pasta	3	Italy, China, Mexico
Fresh vegetables	2.7	Mexico, China, Guatemala
Baked Snack Foods (pastries Pretzels, cookies, etc.)	1.7	Mexico, Italy, France
Chocolate & Cocoa Products	1.4	Switzerland, Belgium, Germany
Other processed food, ingredients and beverage bases (malt, cane or beet sugar)	1.6	China, Germany, Switzerland
Processed Fruit	1.2	Mexico, China, Chile
Processed Vegetables	1.2	China, Italy, Spain
Beef and Beef Products	1.1	New Zealand, Australia, Uruguay
Tree Nuts	1	Vietnam, Turkey, China
Pork & Pork Products	1	Italy, Germany, Denmark
Dog and Cat Food	0.9	Thailand, China, Italy
Condiments & Sauces	0.8	Italy, China, UK
Non-Alcoholic Beverages	1	Switzerland, France, Italy

Source: Trade Data Monitor

2.5 TOP PROCESSED FOOD IMPORTS TO CANADA IN 2020

USD Thousand

HS Code	Product label	Imported value in 2020
'TOTAL	**All products**	**405,001,317.00**
	Processed Food	**17,026,630.00**
'2106	Food preparations, n.e.s.	1,671,022.00
'1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...	1,651,779.00
'1806	Chocolate and other food preparations containing cocoa	1,018,966.00
'2008	Fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing ...	900,601.00
'2103	Sauce and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal, ...	769,349.00
'1901	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing ...	613,909.00
'0201	Meat of bovine animals, fresh or chilled	589,785.00
'2009	Fruit juices, incl. grape must, and vegetable juices, unfermented, not containing added spirit, ...	580,903.00
'0203	Meat of swine, fresh, chilled or frozen	562,180.00
'1602	Prepared or preserved meat, offal or blood (excluding sausages and similar products, and meat ...	560,721.00
'1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products, e.g. corn ...	540,369.00
'1902	Pasta, whether or not cooked or stuffed with meat or other substances or otherwise prepared, ...	504,713.00
'1604	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	393,623.00
'2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen ...	351,798.00
'0406	Cheese and curd	342,621.00

Source: Trade map

2.6 TRADE BETWEEN CANADA AND SRI LANKA

USD Thousand

Product code	Product label	Canada's imports from Sri Lanka		Sri Lanka's exports to world		Canada's imports from world	
		Value in 2019	Value in 2020	Value in 2019	Value in 2020	Value in 2019	Value in 2020
'TOTAL	All products	322,226.00	279,298.00	12,074,430.00		453,157,225.00	405,001,317.00
	Processed Food	8,705.00	15,343.00	387,348.00		16,253,468.00	17,026,630.00
'1513	Coconut "copra", palm kernel or babassu oil and fractions thereof, whether or not refined, ...	1,607.00	6,199.00	68,144.00		84,871.00	83,438.00
'2008	Fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing ...	2,492.00	4,076.00	27,324.00		908,615.00	900,601.00
'2106	Food preparations, n.e.s.	2,160.00	1,776.00	93,101.00		1,611,781.00	1,671,022.00
'1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...	557.00	599.00	10,614.00		1,633,360.00	1,651,779.00
'2009	Fruit juices, incl. grape must, and vegetable juices, unfermented, not containing added spirit, ...	379.00	590.00	16,507.00		589,557.00	580,903.00
'1211	Plants and parts of plants, incl. seeds and fruits, of a kind used primarily in perfumery, ...	646.00	517.00	10,127.00		99,509.00	86,717.00
'1106	Flour, meal and powder of peas, beans, lentils and other dried leguminous vegetables of heading ...	301.00	401.00	12,438.00		44,489.00	54,876.00

'2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, **...**	85.00	324.00	774.00		111,151.00	133,789.00
'1902	Pasta, whether or not cooked or stuffed with meat or other substances or otherwise prepared, **...**	83.00	193.00	2,032.00		420,122.00	504,713.00
'2103	Sauce and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal, **...**	69.00	123.00	6,682.00		737,038.00	769,349.00
'2101	Extracts, essences and concentrates, of coffee, tea or maté and preparations with a basis of **...**	23.00	99.00	25,836.00		205,004.00	217,751.00
'1102	Cereal flours (excluding wheat or meslin)	51.00	95.00	832.00		42,172.00	49,019.00
'1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products, e.g. corn **...**	33.00	60.00	543.00		506,741.00	540,369.00
'1804	Cocoa butter, fat and oil	24.00	54.00	56.00		169,795.00	175,675.00
'1605	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved (excluding smoked)	-	52.00	17,082.00		230,572.00	260,050.00

2.7 SNACK FOODS IN CANADA

The United States dominates the worldwide snack food market, making almost two times the revenue of the next global contender – China. Canada ranked seventh in the worldwide snack market, bringing in almost 6.5 billion U.S. dollars.

Salty snacks are by far the most popular type of snack food in Canada, with sales reaching over two billion Canadian dollars. Within this product category, potato and corn snack products are consumers' favorites, according to sales data. Despite this, the volume of potato chips imported into Canada has decreased in recent years. There are, however, over 100 snack food manufacturing establishments in Canada to keep up with consumer demand.

With holiday traditions such as trick-or-treating at Halloween or Christmas gift-giving, the holiday season is typically a popular time for candy and confectionery consumption. Corresponding with these holidays, Canadian monthly manufacturer sales of sugar and confectionery products have risen towards the end of the calendar year. Annual Canadian confectionery retail sales have remained around 3.5 billion U.S. dollars in recent years.

When consumers want a healthier snack, fresh fruit and vegetable are the go-to option for a large share of Canadians. The grocery store is the most popular shopping location for snack foods, followed by dollar and convenience stores. Claims such as no added sugar and low salt/sodium, were listed as the most important health attributes when making a snacking purchase decision.

2.8 ORGANIC FOOD MARKET IN CANADA

In Canada, two percent of all agricultural land was used for organic farming in 2018. In the same year, the value of the organic food market in Canada amounted to around 5.1 billion Canadian dollars. The number of organic primary producers in Canada has increased in recent years to reach over 5,700. The province of Quebec produces the highest volume of organic milk of any Canadian province, at almost 600,000 hectoliters in 2018/19.

The value of organic exports from Canada and the value of organic imports into Canada have both increased in recent years. Canadian females aged between 18 and 34 were the most likely demographic to actively include organic foods in their diet, whilst older males were most likely to avoid such products. However, the majority of respondents across most age groups and genders did not actively think about consuming organic foods. During a recent survey, it was found that fruits and vegetables were the most regularly purchased categories of organic food products in Canada. Eggs, milk, and fresh meat followed as the next most popular type of organic purchases. The Canadian sales value of organic packaged foods is forecast to rise to over 1.2 billion U.S. dollars by 2022.

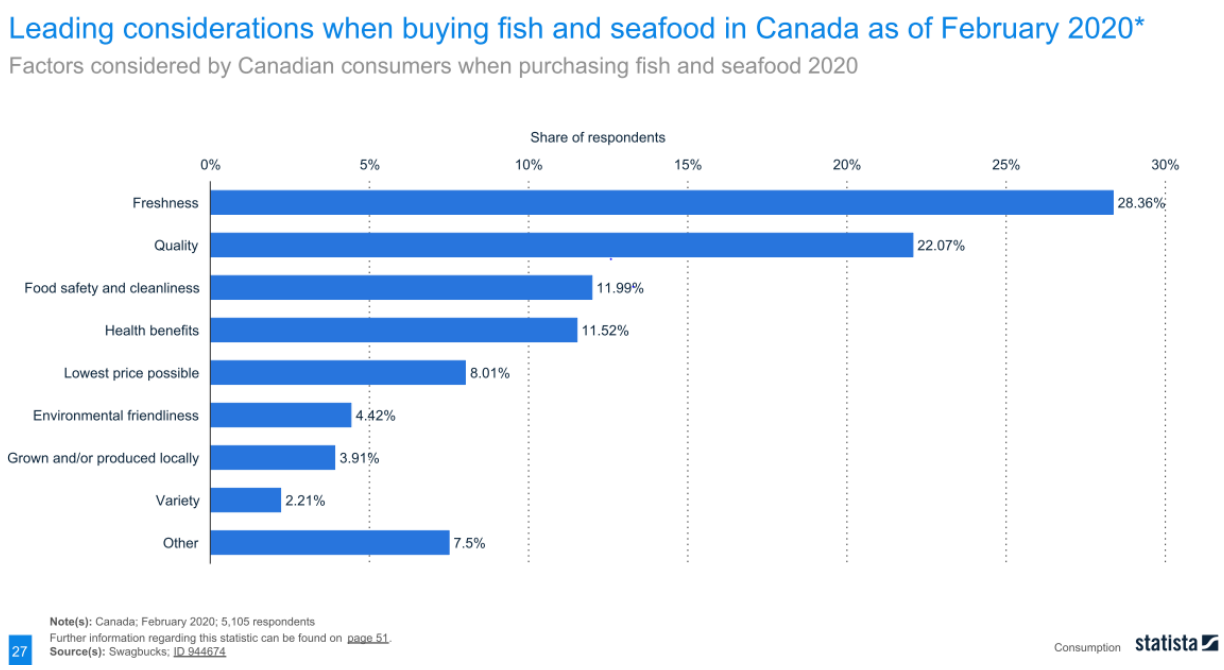
3. CANADIAN SEAFOOD INDUSTRY

3.1 CANADIAN FISH PRODUCTION

The volume of freshwater fish produced in Canada has increased to over 21,000 metric tons per year. The shellfish industry is also a major part of Canadian seafood production; almost 79,000 metric tons of shellfish were produced in 2019. The total seafood preparation and packaging industry in Canada was estimated to have generated around 5.3 billion U.S. dollars in the same year. Although Canada is a major freshwater fish producer, many popular fish species are not widely produced there. Some of the different varieties of freshwater fish imported to Canada include trout, tilapia, and catfish. In 2020, over 73 million Canadian dollars of trout were imported to Canada. Canada's main freshwater fish exports in that year were whitefish, pickerel, and perch.

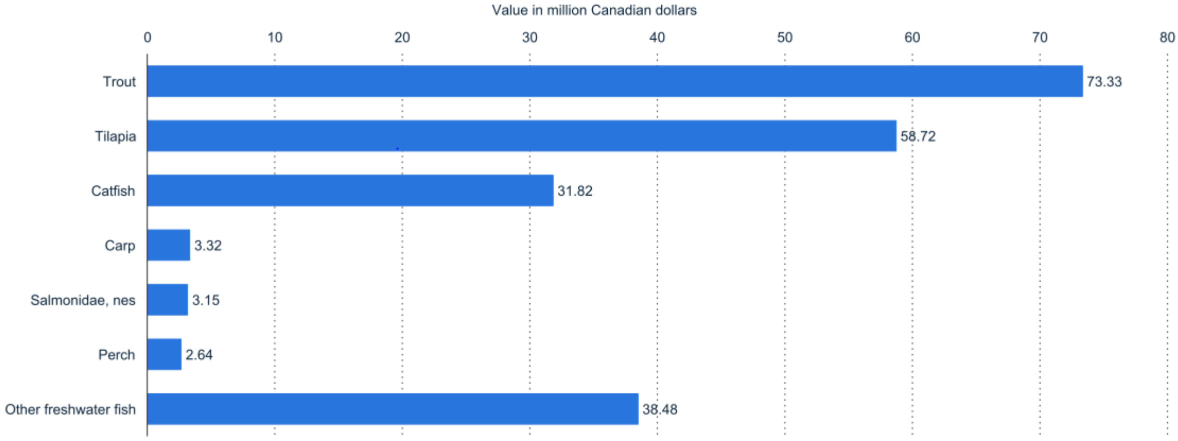
3.2 FISH AND SEAFOOD CONSUMPTION

The most widely available kinds of fish in Canada are fresh and frozen sea fish, with freshwater fish making up only a small proportion of what is available on the market. The main reasons Canadian consumers eat fish and seafood are taste and because they are a good source of nutritious fats. When deciding what kind of seafood to purchase, the factors that consumers are most concerned about are that the product is fresh and of good quality, only about four percent of Canadian consumers look for locally produced options. The most popular variety of fish among Canadians is salmon, with two thirds of consumers eating salmon at home in the past six months. Average Canadian household spending on fish and seafood comes to over 270 Canadian dollars per year. Demand for higher-value industry products, such as crab and lobster, is expected to fall more than demand for more affordable industry products. This is due to a forecast decline in disposable income, which will likely result in consumers opting for less expensive substitute products.



Value of freshwater fish imports in Canada in 2020, by species (in million Canadian dollars)

Value of freshwater fish imports in Canada by species 2020



Note(s): Canada; 2020
Further information regarding this statistic can be found on page 40.
Source(s): StatCan; Fisheries and Oceans Canada; ID 453872

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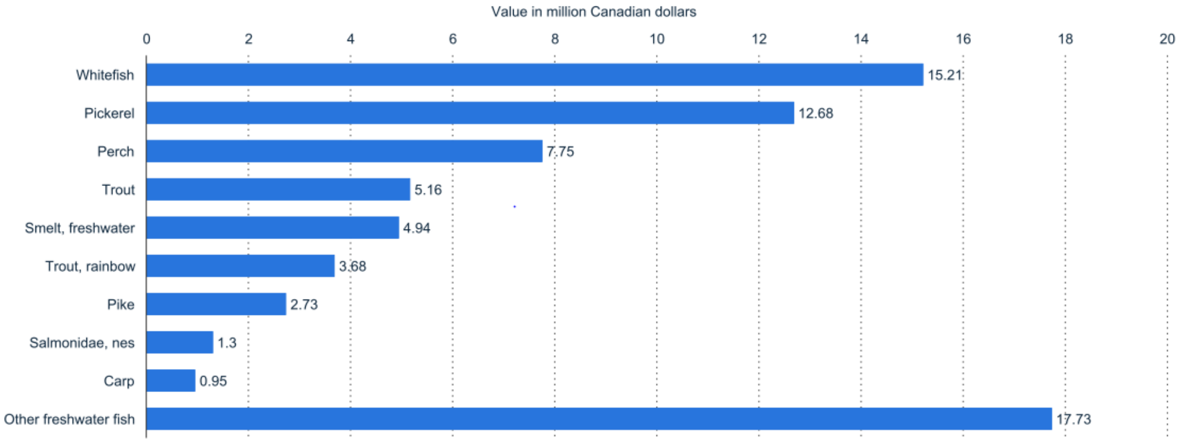
Value of freshwater fish exports from Canada in 2020, by species (in million Canadian dollars)

Value of freshwater fish exports from Canada by species 2020



Note(s): Canada; 2020
Further information regarding this statistic can be found on page 41.
Source(s): StatCan; Fisheries and Oceans Canada; ID 451746

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3.3 2020 DOMESTIC IMPORTS OF SELECTED COMMODITIES BY PRODUCT GROUP

Quantity in kilograms, product weight / value in Canadian dollars

Product Group	Quantity	Value
FISH FILLETS, FRESH	21,048,306	$304,782,034
FISH FILLETS, FROZEN	45,802,635	$393,893,575
FISH LIVERS AND ROES	585,660	$5,342,946
FISH MEAT, FRESH/FROZEN/MINCED OR NOT	23,061,220	$177,349,428
FISH OIL	49,221,473	$184,037,180
FISH, CANNED	28,481,794	$172,506,886
FISH, PICKLED/CURED	1,063,684	$3,522,379
FISH, SALTED AND/OR DRIED	12,093,753	$68,860,148
FISH, SHELLFISH MEAL	53,846,158	$123,459,051
FISH, SMOKED	2,672,259	$52,946,107
FISH, WHOLE/DRESSED/FRESH	33,027,126	$342,398,076
FISH, WHOLE/DRESSED/FROZEN	50,410,101	$240,199,110
MISCELLANEOUS FISHERY PRODUCTS	116,736,417	$889,824,012
SHELLFISH, CANNED	435,257	$5,790,874
SHELLFISH, FRESH/FROZEN	79,850,738	$1,006,723,513
Total	**518,336,581**	**$3,971,635,319**

4. SUCCESSFULLY EXPORTING FOOD TO CANADA

Canada is a natural launchpad into North America for Swiss food manufacturers since most Canadians live within about 160km of the US border. Canada and the United States are not as different as they may seem, at least in the food realm.

Canada and Sri Lanka have a long-standing bilateral partnership based on shared participation in the Commonwealth and multilateral fora, a long-standing development assistance program, cooperation to counter illegal movement of people and goods, a modest but growing economic relationship and a vibrant community of Canadians of Sri Lankan origin. Canadian interest in Sri Lanka is also driven by a foreign policy commitment to the principles of freedom of expression, democracy, human rights and the rule of law.

Investment Opportunities for the Canadian Entrepreneurs in Sri Lanka:

In order to protect the interests of the Canadian investments in Sri Lanka, the Government of Sri Lanka has signed the under mentioned Agreements with the Government of Canada.

- Agreement on Promotion and Protection of Investment on June 17, 1982.
- Agreement on Avoidance of Double Taxation on June 09, 1982.

The Sri Lanka – Canada Business Council was inaugurated on August 14, 1991 and functions under the aegis of the Ceylon Chamber of Commerce.

The SLCBC serves a membership of over fifty companies. Its primary objectives are to promote investment and bilateral trade, to exchange trade and investment information with relevant institutions in Canada, to encourage the setting up of joint ventures and to serve as a recognized representative of business sector interests in Sri Lanka in matters concerning business relationship with Canada.

- To promote tourism and trade between Sri Lanka and Canada and in particular to promote exports from Sri Lanka to Canada.
- To encourage the establishment of joint ventures in Sri Lanka between Canada and Sri Lankan investors.
- To exchange information on trade and investment with the relevant institutions in Canada.
- To conduct joint meetings with Canadian business organizations in Sri Lanka and in Canada.

4.1 EXPORT TO CANADA

I. A comprehensive market analysis and selection of one or two provinces or urban areas.
II. Following the requirements for exporting food to Canada
III. Adhering to the Canadian food regulations maintained by Health Canada and the Canadian Food Inspection Agency (CFIA):

CFIA enforces Health Canada policies and standards governing the safety and nutritional quality of all food sold in Canada and verifies industry compliance with federal acts and regulations. In general, Health Canada does not require a pre-market notification (exceptions are food additives, infant formulas, and novel foods). However, the food that is being sold in Canada needs to conform with the requirements set out by Health Canada, such as meeting general food safety requirements and having been manufactured, prepared, stored, and labelled under sanitary conditions. The food also needs to comply with Canadian labelling requirements (more info below). In addition, Canadian distributors and foreign manufacturers need to comply with the Safe Food for Canadian Act and the Safe Food for Canadian Regulations.

There are three major components of the regulations:

Licensing: Canadian importers, as well as non-resident importers, must have a license or apply for one if they do not already have one.

Preventative Control Planning: This document shows how food safety is guaranteed and how companies comply with regulations. This includes all aspects such as manufacturing, hygiene, transport, storage, etc.) Every importer has to develop such a plan, document it, maintain it and implement it.

Recall Traceability: This system includes information on a product, such as origin, shipping, reception dates, as well as contact information throughout the entire production cycle. This plan must be available electronically in Canada (in English and French) and allow for tracing of product(s)

IV. Verification of food additives that comply with the list of permitted food additives
V. Meet the terms of labels with Canadian regulations

By law, most packaged food must be labelled with a nutritional facts table, an ingredient list, and some packaged food may also have nutrition and health claims, such as low sodium. Mandatory information on consumer-packaged food must be shown in English and French.

VI. Thorough awareness on the claims with the products

When a health claim is made, such as a disease risk reduction claim or a therapeutic claim, this may mean that the food is considered a drug – which may require a pre-market assessment.

VII. Finding the right distribution partner

There are few national wholesale distributors in Canada that operate coast to coast. According to IBIS World, 80% of the market is served by smaller local distributors. Importers are required to have a license to import food into Canada. When choosing a distribution partner, make sure that your partner has a license in place and complies with the other requirements set out in the Safe Food for Canadians Regulations.

VIII. Leverage of organic certification, if the company have one

Organic products are becoming increasingly popular in Canada and are commanding premium prices. Having an organic certification is certainly an advantage.

IX. Consideration of private label as a potential entryway into the Canadian market
X. Attending tradeshows to meet with potential business partners

SIAL Canada, which takes place alternately in Toronto or Montreal is the largest national tradeshow in the Agri-food sector, where manufacturers, distributors, importers, wholesaler, and retailers are meeting, and presenting their products and innovations. As for the health food sector, the Canadian Health Food Association (CHFA) organizes tradeshows in Toronto, Vancouver & Montreal. To attend you need to be a member of the CHFA.

4.2 CANADIAN FOOD INSPECTION AGENCY (CFIA)

The Canadian Food Inspection Agency is dedicated to safeguarding food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy. CFIA is committed to enhancing the safety of food produced and sold in, or imported into, Canada, contributing to the health of animals and protecting the plant resource base. The Automated Import Reference System (AIRS) shows the import requirements for Canadian Food Inspection Agency (CFIA) regulated commodities. (Anon., 2021)

4.3 IMPORTING PROCESSED FRUIT OR VEGETABLE (PFV) PRODUCTS

The Canadian Food Inspection Agency (CFIA) regulates PFV products imported into Canada. The CFIA verifies PFV ensuring it is safe, wholesome and graded according to established standards. The CFIA also verifies a PFV is labelled and packaged according to Canadian regulations and standards to avoid misleading consumers and facilitate orderly marketing. PFV are shelf stable or frozen products and also include refrigerated products which have been processed to extend the shelf life beyond 90 days.

Typically PFV are fruits or vegetables that have under gone processing such as canned, cooked, frozen, concentrated, pickled or otherwise prepared to assure preservation. They include products such as: canned fruit, canned vegetables, frozen fruits, frozen vegetables, pickles, juices, jams & jellies, pie fillings.

Imported PFV products must also meet the labelling and packing requirements outlined in the Safe Food for Canadians Regulations (SFCR). The Industry labelling tool is a food labelling reference for industry that outlines the requirement for food labelling and advertising in Canada. (Anon., 2021)

4.4 LABELLING REQUIREMENTS FOR PROCESSED FRUIT OR VEGETABLE PRODUCTS

Labelling Requirements for Processed Products outline the labelling requirements specific for processed products. Only once a label is required do other labelling requirements apply, such as a list of ingredients or common name.

Some foods may require a label for traceability purposes; traceability-specific labelling requirements should be consulted for additional details.

Processed fruit or vegetable products are subject to the provisions of the Safe Food for Canadians Act (SFCA) and the Safe Food for Canadians Regulations (SFCR), as well as those of the Food and Drugs Act (FDA) and the Food and Drug Regulations (FDR).

When sold intra provincially, processed fruit or vegetable products are subject to the labelling requirements under the FDA and FDR, as well as specific requirements of the SFCA and SFCR that apply to prepackaged foods sold in Canada, regardless of the level of trade. Provincial regulations may also have labelling requirements that apply when these products are sold within that province.

Examples of processed fruit or vegetable products (definition) include:

- Processed fruit and vegetable products in hermetically sealed packages (definition)
- Frozen processed fruit and vegetable products
- Fruit and vegetable juices and nectars
- Jam, jelly, marmalade and pie filling

The labelling requirements detailed in the following section are specific to processed fruit or vegetable products. Refer to the Industry Labelling Tool for core labelling and voluntary claims and statements requirements that apply to all prepackaged foods. (Anon., 2021)

i. Common name
ii. Net quantity
iii. Standard container sizes
iv. Standards of fill for processed fruit or vegetable products
v. Grade
vi. Size Designation
vii. Country of Origin
viii. Name and Principal Place of Business
ix. Other requirements - There are several types of mandatory special label wording that must be indicated on the labels of prepackaged (definition) processed fruit or vegetable products that are interprovincial traded, imported or exported.

4.5 SAFE FOOD FOR CANADIANS REGULATIONS (SFCR)

Canada's Safe Food for Canadians Regulations (SFCR) ensures imported and exported food products are safe for Canadians and international consumers. SFCR ensures imported and exported foods products are safe through licensing, prevention, and removal of unsafe food from the marketplace.

Built on three key elements, **Licensing, Preventative Controls, and Traceability**, SFCR vary by food, activity, and size of food business. Timelines for compliance with the regulations are also dependent upon the type of food, activity, and business. Therefore, if you import or export food products, it is important that you review the specific food groups and timelines to ensure you are compliant with the SFCR.

4.6 MODERNIZING CANADA'S FOOD REGULATIONS

The Food Regulatory Innovation Agenda consists of three pillars of activity that will help modernize food regulations. It aims to:

- Address issues that affect innovation and growth in the food sector
- Improve our ability to anticipate and respond to regulatory needs

Pillar One: Creating modern and agile food regulations

Projects under this pillar focus on ensuring rules and regulations can be easily updated with the latest advances in science and technology. They will be able to accommodate consumer trends and preferences while maintaining the health and safety of Canadians.

Pillar Two: Introducing new pathways for innovative food

Projects under this pillar focus on ways to bring safe, nutritious, and innovative food products to market that current regulations do not allow.

Pillar Two projects will address the following issues with the current regulations: they limit the sale of some foods with added vitamins, minerals, amino acids, and bioactives they limit products that meet the nutrition needs of pre-term infants they prevent research and innovation in Canada for food for a special dietary purpose

Pillar Three: A better way of communicating with Canadians

Projects under this pillar focus on creating a regulatory environment that is clear, predictable, efficient and transparent. This will be done by improving the way we communicate with Canadians and industry about rules and processes.

These projects will address the following issues with the current regulations:

- Lack of predictability about labelling changes
- Lack of clarity about novel food regulations for plant breeding innovators
- Lack of clarity about how we apply key rules that state when food cannot be sold (Section 4 of the FDA)

4.7 CANADA IMPORTS FROM DEVELOPING COUNTRIES

Increase in Least Developed Countries (LDC) imports can be attributed to lower costs of goods due to duty and quota free access to the Canadian market (prices are also lower from these regions due to lower wages, raw material and other inputs costs and other costs of production). But the increase is also reflective of how suppliers from these countries and other developing nations are becoming more efficient players in the global marketplace, providing good alternatives to traditional sources of supply. Developing nations are gradually assuming some of the traditional production role in the world as economies in the developed world move away from traditional manufacturing and towards services. Growing competition, technical knowledge transfer, and other facets of global trade are having a positive effect on developing markets, leading to the continued improvement of production and delivery of quality goods which in turn become increasingly attractive to importers in developed markets.

Other benefits of importing from developing countries include:

- More competitively priced products for consumers;
- Lower-cost production inputs for Canadian manufacturers;
- Diversity of supply (ethnic, gourmet food, home décor, etc);
- Products specific for growing ethnic markets;
- Creative designs based on traditional skills (artisanal products, textiles, jewellery);
- Supply often of complementary nature to local supply or traditional origin (especially relevant in fresh fruits and vegetables);
- Developed manufacturing base (for production of traditionally imported goods: garments, giftware)
- Access to raw materials;
- Geographic proximity with some countries (Latin American suppliers, for example);
- Traditional/experienced suppliers in certain sectors (e.g. suppliers in Asia for garment sector).

There are certain threats and risks that must also be considered when accessing trade with suppliers from developing nations. These include, but are not limited to:

- Political, economic and/or social stability
- Supply constraints (quality, quantity)
- Outstanding anti-dumping or countervailing duties applied
- Lack of certain standards compliance (certification)
- Climate vulnerability
- Administrative procedures, bureaucracy
- Communications (infrastructure and practices)

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