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F2F Health Matters

F2F Health Matters: International development of innovative European healthy food, and sustainable bio-based techno-functional ingredients and solutions, and bio-solutions in new global markets

D1.2 Country analysis - Canada

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Abbreviations and Acronyms

AAFC	Agriculture and Agri-Food Canada
APEC	Asia-Pacific Economic Cooperation
CETA	Comprehensive Economic and Trade Agreement
ECI	Economic Complexity Index
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
NATO	North Atlantic Treaty Organization
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
UKUSA	United Kingdom – United States of America Agreement
USA	United States of America
USD	U.S. Dollar
WTO	World Trade Organization

Executive summary

This document provides information about the Canadian market and the opportunities for EU companies in the healthy food and bio-solutions sector.

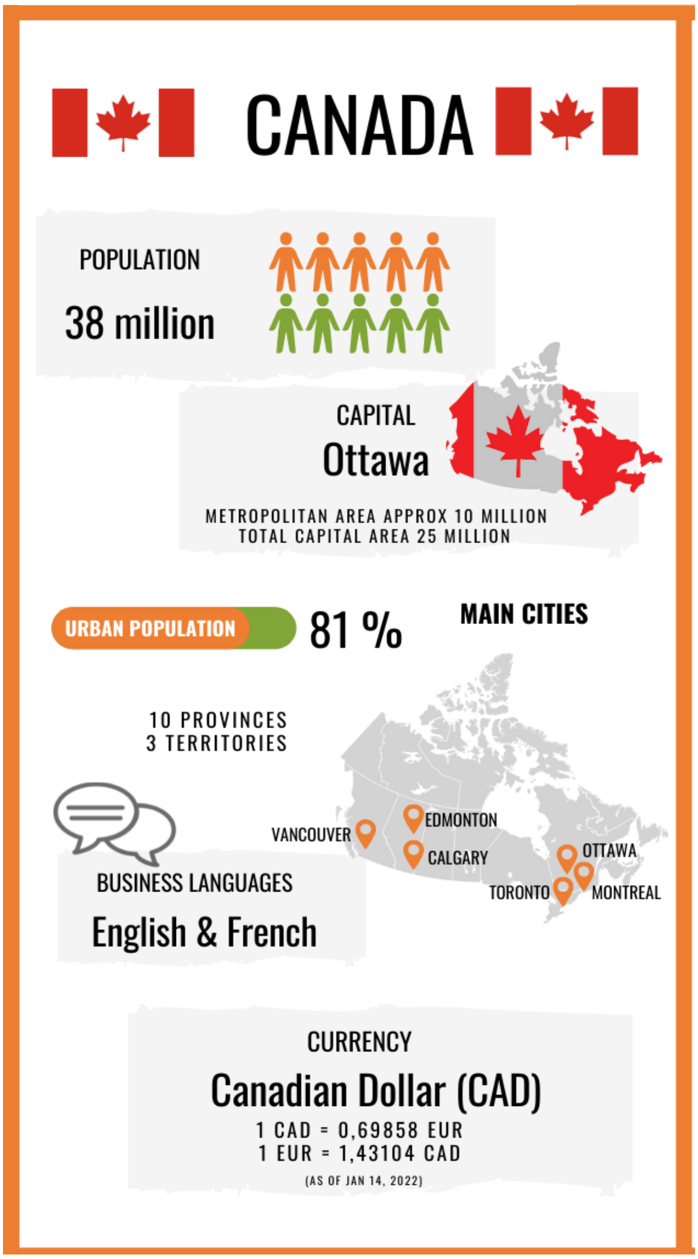
To this end, the report firstly provides a market overview of Canada, in which the economic data of the country is studied. It also shows relevant information about the food and beverage industry in the Canadian market.

To provide more information, it analyses the trade relations and trade agreements that exist between Canada and the EU, providing, based on this data, information on the information and requirements necessary to export to the country (entry barriers, documentation, risks, etc.).

Finally, the report includes trends on healthy and bio-based sustainable solutions (including food) in the market, and a study about Canadian consumers.

1 Market overview

Figure 1. General data - Canada



Canada is the 2nd largest country in the world with a population of over 38 million inhabitants. It is located at the northern tip of the American continent, bordered by the United States in the south (sharing a border of 8 893 km), the Arctic Ocean in the north, the Atlantic Ocean in the east, and the Pacific Ocean and Alaska (USA) in the west.

The majority of Canada's population lives in urban areas in the south of the country, close to the US border. Canada is divided into 10 provinces and 3 territories and is so large that it has six time zones. Its citizens are mainly concentrated in the provinces of Ontario (38%), Quebec (22%), British Columbia (13%) and Alberta (11%).

Both English and French are official languages in Canada. English is the mother tongue of the majority of the Canadian population. There are areas, such as Quebec, where French is the predominant language. In addition, the Inuit (a Canadian original tribe) continue speaking Inuktitut.

As a member of the Commonwealth, Canada is a constitutional monarchy, with Queen Elizabeth II of England as head of state. It is also a federal state with a parliamentary democratic political system.

It is a member of the OAS, G-7, G-20, NATO, OECD, WTO, UKUSA, APEC, Commonwealth of Nations, Francophonie and the United Nations.

In 2019, Canada was the 10th largest economy in the world in terms of GDP, the 20th in terms of GDP per capita, the 11th in total exports, the 12th in total imports, and the 30th most complex economy according to the Economic Complexity Index (ECI). All this makes Canada a developed country with high purchasing power and a high quality of life.

1.1 Economic data

Table 1. Economic Data - Canadian Market 2020

ECONOMIC DATA (2020)	
Population	38 005 238
Population growth (annual)	1,09%
GDP (M.€)	1 441 114
GDP growth	-5,31%
GDP per capita (€)	37 919
GDP per capita growth	-6,34%
Inflation rate	0,7%
Current account balance (€)	-20 169,7 (1,4% GDP)
Total debt (M.€)	1 692 725 (117,46% GDP)
Exports (M.€)	342 031,3 (23,7% GDP)
Imports (M.€)	362 200,9 (25,1% GDP)
Trade balance (M.€)	-20 169,7 (-1,4% GDP)
Gini Index	33,3
LABOUR MARKET	
Unemployment rate	9,48 %
Minimum wage (€/month)	1 622

Since World War II, Canada's economy has developed rapidly because of the growth of its manufacturing, mining and service sectors. This has transformed the nation from a rural to an industrial and urban economy.

Nowadays, Canada is one of the world's top 10 economies by GDP, although it experienced a severe contraction in 2020.

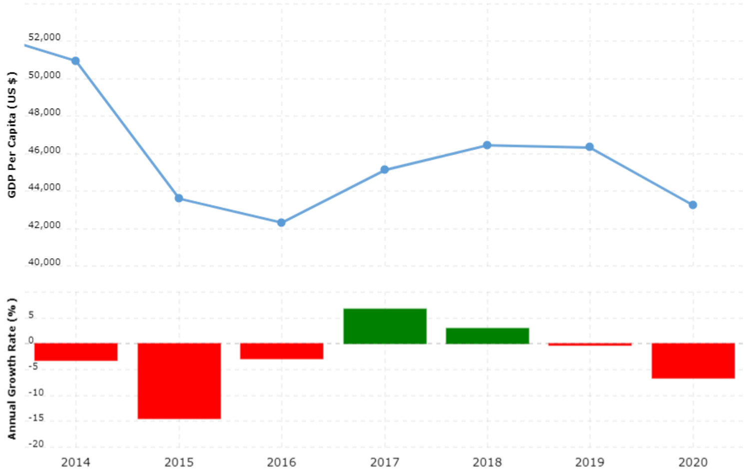
The primary sector represented 10,4% of GDP in 2020. The main agricultural products include wheat, fisheries, livestock and timber. The mining sub-sector is also relevant to the economy and particularly metals and minerals. The secondary sector accounted for 17,3% of GDP and industry is concentrated in the oil industry, renewable energy (mostly wind), forestry and agri-food. The service sector amount 72,3% of GDP and employs about 78% of the labour force. Among the most representative service sectors are financial sector, telecommunications, aerospace engineering and tourism.

Canada is a country with openness to foreign trade, ranking among the top exporting countries in the world with about USD 356 billion in goods in 2020 and USD 85,6 billion in services.

It is also one of the largest importers of goods and services globally. On the current account of the balance of payments, Canada recorded a deficit of 1,9% of GDP in 2020. Canada is among the top recipients of foreign direct investment, although more resources are invested abroad.

The country is rich in natural resources and it has a skilled labour force and modern capital, resulting in a strong economy.

Figure 2. Evolution of GDP and GDP per capita in Canada (2014 - 2020)



SOURCE: MACROTRENDS

1.2 Agri-food and beverage industry in Canada

Canada is a self-sufficient country in agri-food commodities. Its vast natural resources and large land area facilitate extensive agriculture that is competitive on an international scale, particularly in grain markets.

It is a large market, both in terms of production and consumption of food and beverages. Canadian agriculture and food processing industries account for 6,6% of overall GDP, and more than 75% of processed food products consumed are domestically produced. The Canadian agricultural sector generates gross sales of more than 36,5 billion EUR and is directly integrated into domestic and international processing and consumption chains.

Canada's production limitations are due to its climatic conditions. Canada's long, harsh winters allow only seasonal agriculture which, with exceptions like Ontario and British Columbia, produces a limited variety of vegetables and fruits during the spring and summer months. The main vegetables produced in Canada include tomatoes, carrots, onions and cabbage, which account for more than half of the total cultivated. On the other hand, the main fruit grown in the country is apples, with 41,4% of total fruit production, followed by blueberries and cranberries (35%).

Dairy production, especially in Quebec, is becoming increasingly sophisticated in terms of the production of artisanal cheeses. Meat production in Alberta and Manitoba enjoys an excellent reputation both locally and in US markets. The maritime provinces (Nova Scotia, Newfoundland, Prince Edward Island and the province of New Brunswick) supply fishery products, most notably lobster fishing and exports.

Greenhouse fruit and vegetable production is an industry located mainly in Ontario and British Columbia. On the other hand, low temperatures during most of the year prevent the cultivation of citrus fruits, subtropical fruit varieties and Mediterranean products, such as olives and other oil-bearing plants.

The Canadian processing agri-food sector is also producing a large trade surplus and exporting heavily. Canada is the world's 5th largest exporter of agricultural and agri-food products, after the EU, the United States, Brazil and China. At the same time, Canada is the 6th largest importer of this category of goods, after the EU, the US, China, Japan and Russia.

1.3 Opportunities for Agri-food and beverage industry in the Canadian market

Canada is a market with great potential in the food and beverage industry, due to its multicultural consumer population and the high level of consumer disposable income.

Although the country is a producer and exporter of agricultural products, the Canadian food and beverage manufacturing industry purchases more than 40% of agricultural products as inputs and relies on imports of raw, semi-processed foods and processed ingredients in order to expand. This is because of the Canadian climate; many products (especially fresh ones) have to be imported.

Canadians look for the healthiest foods and beverages, so their eating habits have shifted towards healthier choices. Consumption of high-sugar and high-fat products has decreased dramatically, while consumption of fresh fruit, vegetables and poultry has been increasing. There is a growing demand for fruit and vegetables in Canada (due to its climate, Canada has to rely on imports). 80% percent of Canada's fruit and vegetables are imported during winter months. The US, South America and China are the main suppliers. However, the elimination of customs duties through CETA has made EU products more competitive on the Canadian market. CETA creates new export opportunities for EU farmers and producers across the agri-food sector, including wines and spirits, fruit and vegetables, processed products, chocolate and confectionery, bakery products and cheese, and traditional EU speciality products.

Healthy and organic foods are booming, but they are not the only ones. Organic fruits and vegetables are the most widely purchased (approximately 78% of Canadians buy them). Meat and poultry purchases increased from 26% in 2016 to 32% in 2020, the largest increase of any product category, followed by bread and cereals, dairy products and eggs. 82% of Canadians buy organic food at regular grocery shops, 45% buy organic products at big box stores (e.g. Walmart, Costco).

Data show that Canadians are buying more organic products year after year, especially during the COVID-19 pandemic. The reasons range from avoiding exposure to pesticides to higher animal welfare standards.

Some other export categories targeting Canadian consumers in 2020 included prepared foods, baked goods, cereals and pasta, vegetables, fruit, meat and meat products, non-alcoholic beverages, chocolate and cocoa products, condiments and sauces, coffee, wine, beer, and pet food.

Consumer-oriented agricultural products are foods that are normally directly sold in supermarkets and used in restaurants. But there has been an increase in online food sales due to the pandemic, rising from 1,5% to over 9% in the first COVID-19 close of 2020 (and expected to reach 30% by 2025). A large share of online orders was for non-perishable food.

Figure 3. Products with sales potential in Canada

- Consumer-oriented and ready to eat products
- Innovative sauces and condiments
- Natural beverages: natural fruits or vegetable infused sparkling waters
- Nuts and dried fruits
- Specialty food preparations
- Functional/healthy/ organic foods
- Ethnic foods
- Vegan products/plant based
- Dairy replacements (almond, soy, oat milks, etc.)
- Lactose-free, gluten-free, sugarfree products
- Fine cheeses

SOURCE: CANADA GROCER

1.4 Characteristics of Canadian consumers

Immigration play an important role in influencing consumer preferences, since 90% of the Canadian population is composed of immigrants or their descendants. About 159 700 European-born immigrants arrived in Canada between 2006 and 2011 (13,7% of all recent immigrants). The vast majority of the foreign-born population lives in urban centres in four provinces: Ontario, British Columbia, Quebec and Alberta.

Canadian food choices vary according to imported cultural influences. For example, the cuisine of Canada's east coast is influenced by English, Irish and Scottish immigration. Quebec's culinary traditions are deeply rooted in French culture. Montréal has the largest immigrant community from Eastern and Central Europe. And Italians are based between Montreal and Toronto.

Over 80% of Canadian consumers live in urban areas. Household composition is evenly split between childless couples, single-person households and couples with children, which make up approximately three-quarters of the consumer base in Canada. The remaining quarter is made up of single-parent households, co-tenancies and other arrangements.

The average age of the Canadian population is increasing. This is making nutrition a factor of interest and there is an older consumer group with greater purchasing power. Older consumers are more likely to emphasise quality and nutrition than younger cohorts.

On their side, young consumers continue being a source of demand in the Canadian foodservice market and they are placing increasing importance on health and wellness in their consumption choices. This is reflected in the decreasing consumption of meat and meat products, including certain types of dairy products. For some consumers, this trend is driven by concerns about animal welfare as well as the environmental impact of meat consumption. Vegetarianism and veganism are relatively common concepts in Canada and are on the rise.

Canadians' income levels have risen in recent years, combined with economic solvency and a high environmental awareness. This situation allows them to increase their spending on food. In 2019, the annual food expenditure of the average Canadian household was about 7,764 EUR, with the highest expenditure on vegetables.

Canadian consumers are increasingly price conscious and are looking for better value for money. At the same time, food quality, nutritional content and healthfulness are becoming increasingly important determinants of consumption decisions.

Canadian consumers tend to prefer cheaper and more convenient options, and they also place importance on availability, making the country a **potential market for time-saving products**. They also look for healthier and more natural alternatives. Among the main demands are homeopathic remedies, interest in natural and organic cosmetics, as well as the consumption of diet products (vegetarian, lactose-free, gluten-free, etc.).

Meal kit company *HelloFresh* released a study on Canadians' home cooking habits, revealing that **87% of Canadian consumers prefer home-cooked meals to restaurant meals**. The average meal takes 30 minutes or less to prepare. All ordering and customisation of meal preferences is done online or through an app, and all companies offer vegetarian and flexitarian meals.

According to Statista, the ready meals segment is expected to reach 3 911 billion euros by 2020, with an expected growth of 2% per year.

Canadian buyers are very demanding in terms of delivery times and value supply capacity and the quality of after-sales service.

Many Canadians are already familiar with EU food products through travel, media, university experience and the degree of integration of foreign cultures in Canada. At the same time, EU products fit well with consumer preferences for high quality, premium and imported food products.

1.5 Total EU exports of agri-food and beverages to Canada

EU exports to Canada were 3 638 million euros in 2020 in the agri-food and beverages category.

Figure 4 EU Agri-Food Exports to Canada by product category

SOURCE: COMEX-EUROSTAT

Table 2. Evolution of 20 top EU Agri-Food exports to Canada, 2016 - 2020

		EXPORTS					
		Value (million EUR)					%
		2016	2017	2018	2019	2020	Share in all Agri 2020
	Total agri-food and beverages	**3,043**	**3,184**	**3,347**	**3,548**	**3,638**	**100,0**
1	*Wine, vermouth, cider and vinegar*	825	898	927	956	970	26,7
2	*Chocolate, confectionery and ice cream*	213	229	247	250	261	7,2
3	*Pasta, pastry, biscuits and bread*	157	184	198	215	229	6,3
4	*Spirits and liqueurs*	192	202	209	220	223	6,1
5	*Preparations of vegetables, fruit or nuts*	126	133	138	166	198	5,4
6	*Cheese*	117	122	154	177	194	5,3
7	*Beer*	164	171	173	179	165	4,5
8	*Waters and soft drinks*	100	105	112	119	128	3,5
9	*Olive oil*	132	125	132	108	119	3,3
10	*Food preparations, not specified*	73	76	73	77	83	2,3
11	*Meat preparations*	31	41	46	65	77	2,1
12	*Vegetables, fresh, chilled and dried*	59	51	67	79	76	2,1
13	*Pigmeat, fresh, chilled and frozen*	73	80	71	58	72	2,0
14	*Pet food*	32	37	45	46	55	1,5
15	*Miscellaneous seeds and hop cones*	43	33	44	50	55	1,5
16	*Roasted coffee and tea*	32	47	47	50	53	1,5
17	*Bovine meat, fresh, chilled and frozen*	1	4	4	16	52	1,4
18	*Soups and souces*	29	35	36	44	50	1,4
19	*Citrus fruit*	32	41	66	62	49	1,3
20	*Fruit, fresh or dried, excl. citrus & tropical fruit*	43	48	41	46	47	1,3
	Remaining Agri-Food products	570	523	515	565	478	13,1

SOURCE: COMEX-EUROSTAT

1.6 Share of agri-food imports and exports from EU to Canada

Canada is the 9th country of destination for EU food and beverages. With a value of 3 638 million euros, it represents a 2,0% share of extra-EU exports.

On the other hand, Canada is the 11th exporter of food and beverages goods to the EU, exporting 2,6% of the share, amounting around 3 106 million euros.

As we have already seen in the previous section, the main EU exports to Canada (referring to the food and beverage sector) are wine, vermouth, cider and vinegar, chocolate, confectionary and ice-cream, pasta, pastry, biscuits and bread, and spirits and liqueurs.

Canadian exports to the EU are mainly oilseeds, wheat, soyabeans, vegetables and cereals.

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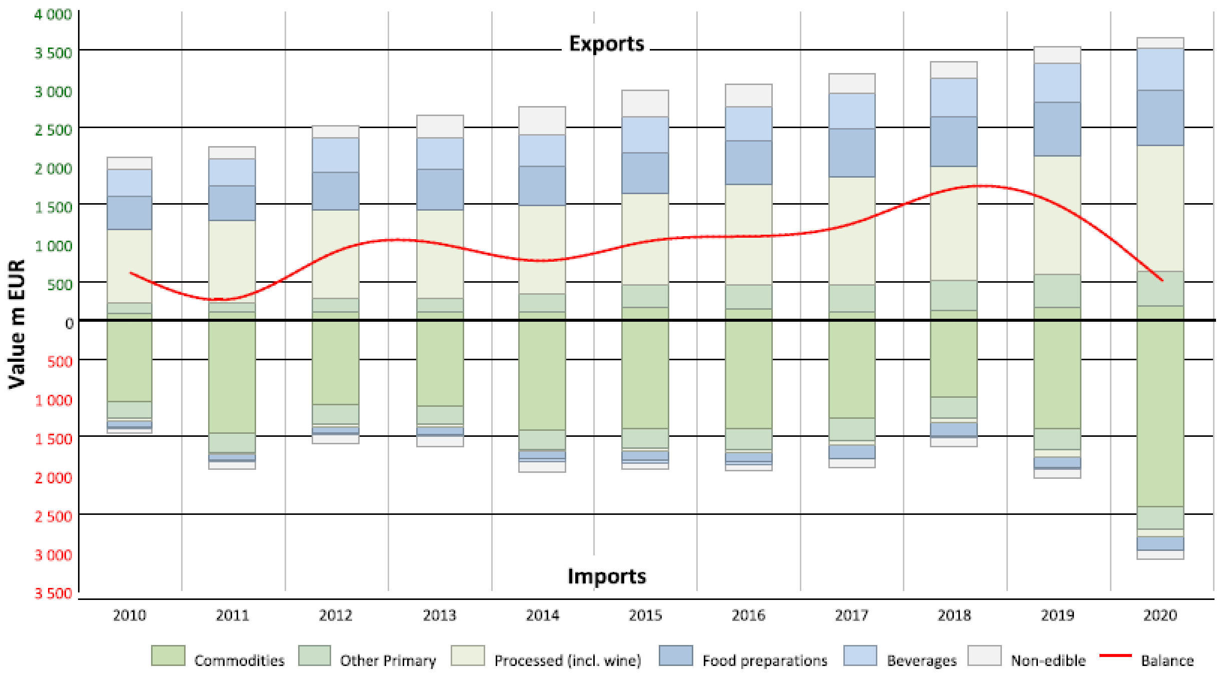
Table 3. Trade Indicators EU27 with Canada

	UNIT	EXPORTS	IMPORTS	BALANCE
EU27 Total trade value with Canada	**Million EUR**	33 339	20 048	13 291
Share of EU27 total trade with Canada	**(%)**	10,9	15.5	N.A.
EU27 Agri-Food trade value with Canada	**Million EUR**	3,638	3,106	532
Share of EU27 total Agri-Food trade	**(%)**	2,0	2,5	N.A.
Change 2019-2020	**(%)**	2,5	51,3	N.A.
Annual rate of change from 2010-2020	**(%)**	5,7	7,7	N.A..

SOURCE: COMEX-EUROSTAT

Figure 5. Evolution of EU agri-food imports and exports to Canada (2010-2020)



SOURCE: EUROPEAN COMMISSION

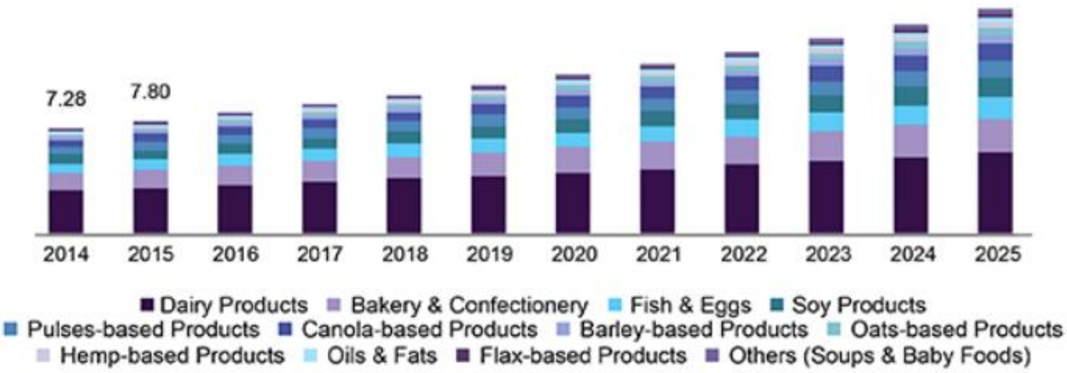
1.7 Health functional food market in Canada

Canada's functional food and natural health products industry is driven by an elderly population, the increasing investment in the health sector, lifestyle change, food innovation, improved medical technology and rising health concerns.

Consumers' perception of functional foods with health and wellness benefits is very positive, increasing their interest in this (increasingly thriving) health-focused industry.

The Canadian functional foods and natural health products market size was estimated at $7.28 billion in 2014 and is expected to reach approximately $15 65 billion by 2025. Growing consumer interest in the benefits of a healthy diet and wellness predicts that the trend will increase in the coming years.

Figure 6. Canada functional foods market size, by product, 2014-2025 (USD billion)



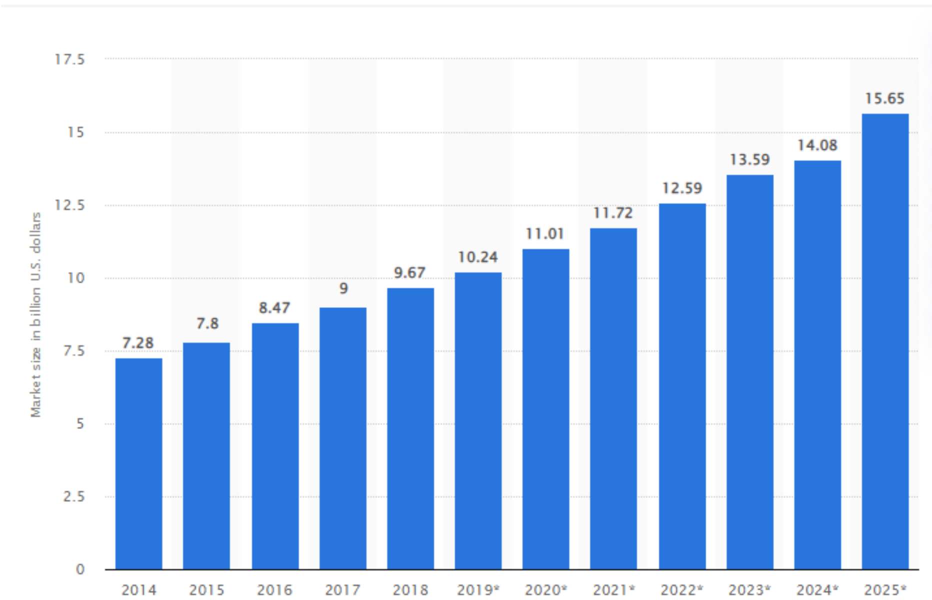
SOURCE: GRAND VIEW RESEARCH

Due to the increasing demand for healthy foods and changes in consumer lifestyles, manufacturers are focusing on providing supplements rich in protein and vitamins. Carotenoids are used to reduce the risk of diabetes due to their antioxidant properties and are therefore expected to open new avenues for the growth of natural health products.

The health and wellness industry's perception of health and wellbeing in Canada is expected to improve. Natural products are increasingly used for the treatment of cardiovascular disorders and malnutrition. In addition, demand for sports nutrition products in Canada is likely to increase due to the growing number of gyms and fitness centres.

The market is dominated by small and medium-sized enterprises. Manufacturers are highly fragmented and access new channels to reach a wider range of customers. Such fragmentation is the result of a lack of consumer loyalty and a lack of brand awareness.

Figure 7. Size of the functional foods market in Canada from 2014 to 2025 ***(in billion U.S. dollars)***



SOURCE: STATISTA

1.8 Bio solutions in Canada

Canadians' demand for safer food and concern for the environment have driven initiatives to develop alternatives to conventional pesticides.

Biopesticides are classified by the Canadian Ministry of Health as reduced-risk products that are less hazardous to human health and the environment, and they are the new pest control products. Agriculture and Agri-Food Canada (AAFC) has invested in a strategic priority to promote the development and commercialisation of this technology. In Canada three types of products are recognized as biopesticides: microbial, semiochemical and non-conventional pest control products.

Canada's organic and traditional farming techniques have experienced a growing demand for biopesticides. As chemical or synthetic pesticides are increasingly subject to regulation and pest resistance problems, there has been a shift to natural alternatives that offer similar crop maintenance and yields, and reduce the environmental problems associated with chemicals

Although producers demand to use biopesticides, the Canadian market did not have an adequate supply of registered products. However, this situation has now changed, providing the necessary impetus to promote the demand for biopesticides.

As a result, Canada's biopesticide consumption is expected to register a compound annual growth rate of 14,7% between 2017-2022, and biofungicide consumption and demand in the region is expected to maintain growth above 16,2%. Although the current global market for biopesticides is small compared to that for synthetic pesticides, biopesticides are expected to exceed $1 billion in annual sales.

1.9 AgTech in Canada

AgTech is a young and evolving industry. AgTech innovations are helping to address the emerging challenges of a rapidly changing agricultural sector and are creating opportunities to transform the agriculture and agribusiness industries.

For Canadian farmers, challenges include food security / insecurity, population growth, sustainability expectations, labour shortages, stiff foreign competition, lack of reliable rural broadband connectivity and changing weather patterns.

As such, the sector has great potential to be an engine of economic growth. According to the federal finance minister's Economic Growth Council, Canada's agricultural industry is projected to generate an additional $11 billion of GDP by 2030, mainly due to population growth.

Therefore, the adoption of AgTech innovations to automate and optimise many processes could make the industry more productive and responsive to growing consumer expectations.

AgTech enable farmers to harness information to improve irrigation and pest control, monitor weather and improve productivity. In addition, these technologies help to make more efficient use of resources, reduce waste, speed time to market, and improve traceability and biosecurity.

Canadian farmers have relied on federal government programmes and subsidies to fund new technologies, but there are currently other avenues of support: private equity investors and venture capitalists.

At least 166 start-ups are focused on AgTech in Canada, helped in part by the federal government's Canadian Agricultural Partnership programme involving private sector venture capitalists.

Canada has the opportunity to use AgTech to become more sustainable, respond to labour shortages and create a more secure and transparent food supply.

2 Trade relations between Canada and the EU

2.1 EU Free Trade Agreement with Canada

The Comprehensive Economic and Trade Agreement (CETA) is a trade agreement between the EU and Canada. It reduces tariffs and facilitates the export of goods and services, benefiting people and businesses in both territories. CETA provisionally entered into force on 21st September 2017 and eliminated duties for 90,9% of all its agricultural tariff lines. By 2023, this figure will increase to 91,7%.

Among the benefits of CETA are the elimination of duties on tariff lines, the defence of EU Geographical Indications, and improved and secure access for EU companies to the Canadian services market.

CETA is characterised by the EU's strong trade agreements, which include the promotion of labour rights, environmental protection and sustainable development as binding obligations.

The agreement is expected to boost trade between the EU and Canada and thus create new jobs, facilitate trade operations by eliminating customs duties, goods controls and various other charges, facilitate mutual recognition of titles and regulate investment disputes through the creation of a new system of tribunals.

Canada is the only G7 country with preferential access to the world's two largest economies: the EU under CETA and the US under the North American Free Trade Agreement (NAFTA). This will create important opportunities for EU companies wishing to trade in the US market through Canadian subsidiaries.

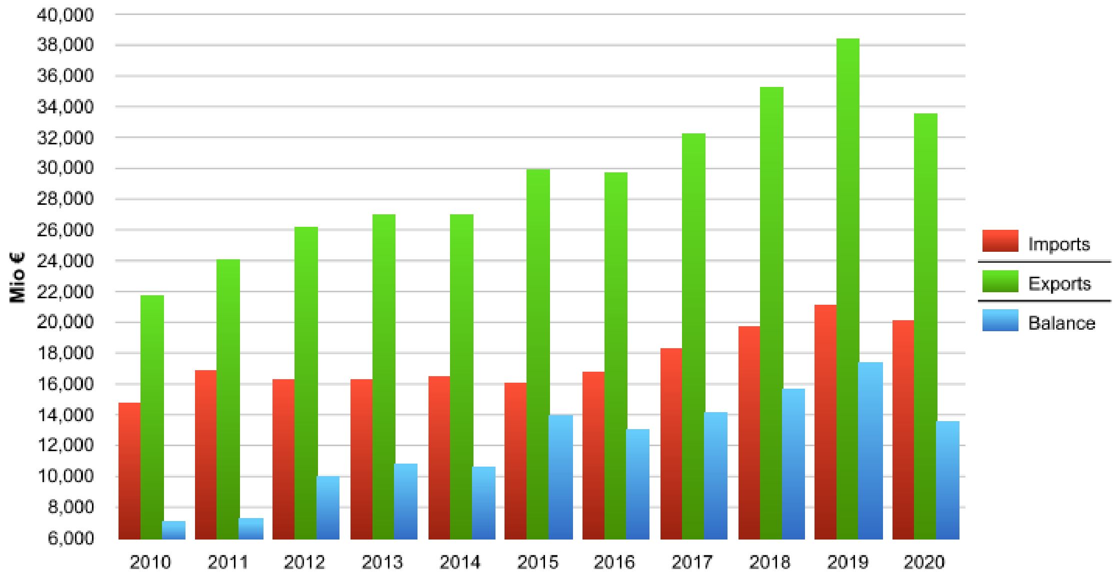
2.2 General trade data

Canada's agricultural sector generates 113,8 billion USD and employs one out of eight Canadians (2,3 million jobs), exporting a total of 56 billion USD per year. However, in innovation of the agricultural sector, it still has many opportunities for development.

The Canadian food and beverage industry is an essential part of the economy, with more than 7 800 companies employing almost 300 000 workers. The sector has huge growth potential, but entrepreneurs will need to be innovative and invest to remain competitive.

Canadian agri-food exports are expected to reach 75 billion USD annually by 2025.

Figure 8. Total goods: EU and Canada trade flows and balance, annual data 2010-2020



SOURCE: EUROPEAN COMMISSION

Table 4. European Union, trade flows with Canada by SITC section 2017-2020

	IMPORTS				EXPORTS			
	VALUE MILL. EUR				VALUE MILL. EU			
	2017	**2018**	**2019**	**2020**	**2017**	**2018**	**2019**	**2020**
Total	18 173	19 658	20 996	20 035	32 197	35 232	38 326	33 460
0 Food and live animals	1 308	1 374	1 437	1 658	1 468	1 590	1 770	1 896
1 Beverages and tobacco	38	31	28	28	1 384	1 429	1 478	1 497
2 Crude materials, inedible, except fuels	3 884	3 902	4 857	5 638	470	546	526	427
3 Mineral fuels, lubricants & related materials	2 089	2 306	2 064	1 119	1 934	2 406	2 588	1 240
4 Animal and vegetable oils, fats and waxes	28	15	9	53	142	153	129	149
5 Chemicals and related products	2 052	2 657	2 713	3 344	6 188	7 020	7 825	7 850
6 Manufactured goods classified chiefly by material	1 470	2 065	2 016	1 857	3 386	3 773	3 834	3 524
7 Machinery and transport equipment	5 530	5 488	5 876	4 246	12 946	13 619	14 893	12 037
8 Miscellaneous manufactured articles	1 097	1 139	1 232	1 118	3 350	4 018	4 513	4 088
9 Commodities and transactions	572	477	683	907	509	180	264	322
Other	106	204	83	68	420	497	505	433

SOURCE: EUROPEAN COMMISSION

2.3 Main trade partners

Canada is a country open to foreign trade. Despite uncertain global economic conditions, Canada's performance in 2019 was marked by growth. Canada's exports of goods and services were $729 billion in 2019.

Canada continues to have strong trade bonds with the US, the EU and China, its 3 main trading partners. Exports of goods to the US and the EU grew, supported by free trade agreements. In contrast, Canadian exports to China, Canada's third largest trading partner, experienced a sharp 16% drop due to China's trade measures on Canadian food products.

The largest trading partners of EU Member States with Canada in 2019 were Germany, the United Kingdom, Italy, France and the Netherlands.

Figure 10. Imports to Canada (by country) 2020

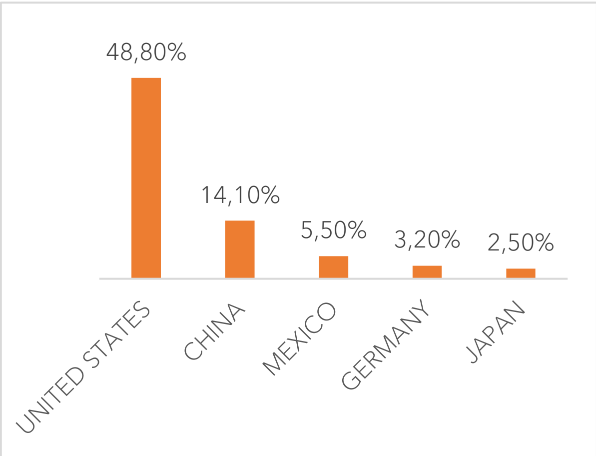
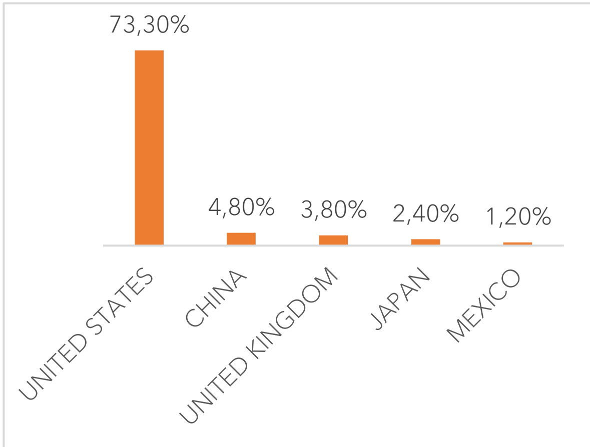


Figure 9. Exports from Canada (by country 2020)



SOURCE: COMTRADE

2.4 Country of origin image perception in the Canadian market

BELGIUM	
COUNTRY MARKET SHARE*[1]	0,41% (219 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Chocolates, beer, bakery products, frozen vegetables, confectionary sugar and cocoa paste
TOURIST EXCHANGE	No data available
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	Belgium has a good image Especially there are collaborations (R&D, governmental collaborations with Québec)

[1] This data shows the country market share of exports of agri-food and beverage products from each of the studied origin countries to Korea in 2019

FRANCE	
COUNTRY MARKET SHARE	1,70% (913 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Wine, spirits <80% alcohol, cheese, waters, chocolates and bakery products
TOURIST EXCHANGE	About 1,2 million Canadians stay for vacation in France every year
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	Canadian and French have positive vision of each other. About 1 200 subsidiaries of French companies are established in Canada. Lot of governmental Support for companies to settle in Canada. Lot of bridges/programs between France and Canada for business. Easy to find workforce. Related to project, there are 190 companies offering biochemicals, biomaterials, biofuels, or bioenergy.

PORTUGAL	
COUNTRY MARKET SHARE	0,16% (3,64 Million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Wine, frozen fish (excluding fillets), bakery products, other vegetables prepared or preserved, coffee, apples and pears, and olive oil
TOURIST EXCHANGE	No data available
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	About 2% of the population living in Canada is Portuguese. There are several Portuguese communities in different cities of the country and, for this reason, there is a great awareness of Portuguese products in the Canadian market. There are several distributors of Portuguese agri-food products throughout the country, and it is possible to find more than 1000 different brands in the large distribution.

SLOVAKIA	
COUNTRY MARKET SHARE	0,01% (382 Million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Beer, food preparations, chocolates, cheese and bakery products
TOURIST EXCHANGE	No data available
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	There are 189 Slovak companies exporting to Canada, providing 12 000 jobs. Although Slovakia is still a country with a lot of export potential, Canada is Slovakia's 14th largest trading partner outside the EU (in terms of goods). Companies mostly export rubber hockey pucks, textiles, hydraulic systems, stoves, kayaks and canoes, soft drinks and medical equipment.

SPAIN	
COUNTRY MARKET SHARE	0,87% (466 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Wine, citrus fruit, olive oil, other vegetables prepared or preserved, other vegetables and confectionary sugar
TOURIST EXCHANGE	Canada is one of the 20 main emitters of tourists to Spain, with 445 824 visitors in 2019
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	Spanish companies are present in several sectors in Canada (renewable energies, the industrial and extractive sector, and the textile sector). Spanish food products are well known and highly valued in specialized and gourmet shops, and increasingly in retail chains. Spain's problems in establishing its identity and differentiating itself from its competitors are the dominant position of other Mediterranean competitors and the confusion between Latin and Spanish. The agri-food sector is strategic for trade relations between Spain and Canada. Thus, fresh fruit and vegetable products (citrus fruits, stone fruits and persimmon), processed products (virgin olive oil, artisan cheeses, hams and sausages and table olives) and alcoholic beverages (table wine) stand out.

3 Exporting to Canada

Many EU food and drink products are already successfully exported to Canada, where they find a large market and growing demand. Canada is a price-driven market where the most competitive exporters in the world are present.

Before trading products to Canada, the exporter must consider the limitations that may arise from the enormous territorial extension of the country (with the consequent transport difficulties), as well as the existence of very different regional markets because it might make food distribution a bit complex and expensive.

Major urban centres are relatively small and far apart, but the large geographic scale of the Canadian market is compensated by a well-developed infrastructure (both domestic and international).

There are few companies that have established logistics centres for warehousing and redistribution of goods across Canada; most of these are located in Halifax, Montreal, Toronto and Vancouver. The difficulty of reaching the various regions and the distinctive characteristics of each region complicate the commercialisation of the product.

Embassy trade specialists can help exporters participate in trade missions to Canada. Trade fairs are also an important channel for meeting buyers in the country.

The expectation of most EU member states is that exports to Canada will continue increasing in the coming years due to the boost in consumer demand, and to the market access improvements offered by CETA. At the same time, the Canadian currency has started to recover and narrow the gap with the euro, indicating higher purchasing power in the Canadian market relative to foreign imports. The quality of administration and governance is relatively high in Canada and is in line with EU standards.

3.1 Entry to the market

Canada ranks 23rd out of 190 economies in terms of ease of doing business (according to the World Bank) and is the 14th economy in terms of regulatory simplicity (based on the OECD).

When starting to export, it is advisable to target regional markets first. For EU exporters, Ontario, Quebec and Western Canada (British Columbia) would be natural entry points. Atlantic Canada (Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland) is attractive, but can be explored after initial entry. The Prairies (Alberta, Manitoba and Saskatchewan) can be approached once products have found a niche in Canada.

In order to introduce a new product into the Canadian market, an exporter must know the market and establish relationships with established agents in Canada. Primarily with an importer, a distributor or an agent. An agent knows the market, the regulations for the product in question, the trade barriers and the necessary documentation.

It should be noted that there is strong competition from US products, which are easily identifiable to Canadian consumers and enjoy a price advantage.

A broker agent could help with advice on which province the food product will be most successful. Specialised importers, brokers and distributors can provide national coverage.

The market is highly fragmented with a large number of actors in the market along the value chain. Manufacturers are accessing new channels to reach a diverse and broad set of customers. General Mills Inc, GFR Pharma, and Herbalife are the main players in this region. Strategic divestitures, mergers and acquisitions, and new product launches were the key strategies implemented by manufacturers to expand their customer base.

In the distribution of consumer goods, retailers often prefer to deal directly with wholesale importers rather than with foreign manufacturers or exporters. Wholesale importers tend to operate at provincial level. When entering into a commercial representation or agency contract, it is advisable to seek Canadian legal advice.

Agri-food products in Canada are basically supplied through three distribution channels:

- **Supermarket chains (majority):** Where three large companies stand out: Loblaw Companies Ltd., Empire Company Ltd. (Sobeys Inc.) and Metro Inc. and the rest are medium-sized chains such as Overwaitea.
- **US formats:** Cash & Carry (Costco) and large-scale distribution (Walmart), with great success in the Canadian market.
- **Discount shops, convenience stores, drugstores, service stations, speciality or gourmet shops and traditional shops** as the third distribution channel.

One of the main sources of reference when analysing the conditions for access to the Canadian market for a given product is the **Automated Report Reference System** of the Canadian Food Inspection Agency, which is available online: https://inspection.canada.ca/importing-food-plants-or-animals/plant-and-plant-product-imports/airs/eng/1300127512994/1300127627409

3.1.1 Entry strategies

The usual food and beverage distribution practice for exporters wishing to enter the Canadian market is **to access the market through an established distributor or importer**. Direct sales are also an option, although it is more complicated (especially if there is no prior knowledge or experience of the market).

Connecting with an existing business partner could be a good choice if an exporter wishes to enter the local network and take advantage of market opportunities.

It may happen that for the same good, different entry strategies are required as a consequence of the different customs and habits of local consumption in each region. For this reason, it is recommended that an exhaustive study of the steps prior to export be carried out in order to decide which channel is the most appropriate.

In the case of the commercial distribution of consumer goods, the most common habit in the country is to find retailers with a preference for dealing directly with importers rather than directly with foreign manufacturers/exporters.

It is necessary to have legal advice before contracting. In initial dealings with a Canadian importer, it is important to request secure means of payment. Samples requested are normally paid for unless otherwise agreed.

3.2 Import requirements and documentation

Imports and exports to Canada must comply with the requirements of the Export and Import Permits Act. This Act regulates the permits, certificates, regulations, prohibitions and licences that Canadian exporters and importers must obtain for their foreign trade operations. https://laws-lois.justice.gc.ca/eng/acts/e-19/

Health Canada is responsible for setting standards and providing advice and information on the safety and nutritional value of foods. The Canadian Food Inspection Agency enforces the food safety and nutritional quality standards set by Health Canada.

The Canada Border Services Agency website lists the documents required for import into Canada. https://www.cbsa-asfc.gc.ca/menu-eng.html

Food requirements

Imported food must meet general food safety requirements, such as being manufactured, prepared, stored, packaged and labelled under sanitary conditions.

Food safety standards and guidelines for Canadian regulations can be found in the Safe Food for Canadian Regulation (SFCR): https://inspection.canada.ca/food-safety-for-industry/food-safety-standards-guidelines/eng/1526653035391/1526653035700

In some cases, imported food may be subject to other regulations. In addition to those of the SFCR, the Food and Drugs Regulations (https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._870/index.html) , the Animal Health Regulations (https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._296/index.html) and the Plant Protection Regulations (https://laws-lois.justice.gc.ca/eng/regulations/SOR-95-212/) may apply.

Certain foods may have specific import requirements that are unique to the commodity. These requirements are described in the Food Specific Import Requirements (https://inspection.canada.ca/importing-food-plants-or-animals/food-imports/food-specific-requirements/eng/1536170455757/1536170495320).

Requirements for importers

- **Create, implement and maintain a PCP** (PCP is a written document that describes the measures and controls taken to ensure that imported food is safe and suitable for human consumption and meets Canadian requirements).
- **Develop recall and complaint procedures.** Before applying for an import licence, the company must develop its complaints and recall procedure. https://inspection.canada.ca/food-safety-for-industry/recall-procedure/eng/1535516097375/1535516168226
- **Have an import licence**
- **Ensure that the food being imported has been prepared under conditions similar to those for food prepared in Canada.**
- **Maintain traceability records on the origin of the food and to whom it has been sold.** https://inspection.canada.ca/food-safety-for-industry/traceability/traceability/eng/1522294721005/1522294781171

Procedure requirements

Additional information on importing commercial goods (including food and beverages) into Canada can be found in the Canada Border Services Agency's (CBSA) Step-by-Step Guide to Importing Commercial Goods into Canada. https://www.cbsa-asfc.gc.ca/import/guide-eng.html

3.3 Labelling specifications

The **Canadian Consumer Labelling and Packaging Act** (https://laws-lois.justice.gc.ca/eng/acts/C-38/) requires the following basic information to appear on the packaging/label of products sold in Canada:

- **Labelling in English and French**
- **Generic name of the product**
- **Net weight of the product**
- **Company name of the company responsible** (specifying the importer)
- **List of ingredients** (including possible allergens)
- **Table of nutritional content**
- **Existence of artificial flavours**
- **Use-by date**
- **Pre-thawing**
- **Standardised packaging**
- **Labelling of containers**
- **Food tested in the market**
- **Letter of authorisation for provisional trade**
- **Interim marketing authorisation interim**
- **Other required information**

Exporters of food products face additional challenges due to different rules regarding the types of health claims that can be made on labels and different nutritional standards.

3.4 Import Barriers

The full list of tariff barriers can be found on the **Canadian Customs** website: https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2019/html/tblmod-4-eng.html

In terms of non-tariff barriers for the agri-food sector, the Canadian government is particularly restrictive on some products such as:

- **Meat products (beef and pork)**

Only the countries that have approved their beef inspection systems can export to Canada. In the link, the EU Member States with approved meat systems and meat products are shown: https://inspection.canada.ca/importing-food-plants-or-animals/food-imports/food-specific-requirements/eligible-countries/eng/1633451573099/1633451895497

- **Fruit and vegetable products**

There are some fruit and vegetable products (apricots, blackberries, blueberries, cherries, currants, nectarines, peaches, plums, potatoes, quinces, raspberries and strawberries) with phytosanitary restrictions, which were prohibited for import into Canada until 1st October 2003.

The Canadian authorities apply different phytosanitary requirements to exporting countries for the same product, with similar risks. This is due to the difficulties caused by the country's climatic conditions for its production, which is null and generates a full dependence on imports of this product.

Import and Interprovincial Requirements for Fresh Fruit and Vegetables can be found in this link: Overview - Import and Interprovincial Requirements for Fresh Fruit and Vegetables - Canadian Food Inspection Agency (canada.ca)

- **Dairy products**

For dairy products, particularly cheeses, there are limited and very strict import quota restrictions under government control and accessible only to registered Canadian companies. Import tariffs for these out-of-quota products can be as high as 245%.

The system has started to liberalise a few years ago. However, the legislation is still restrictive for young cheeses (less than 60 days old) made from unpasteurised milk.

- **Alcoholic beverages**

In Canada, the purchase and distribution of wine and alcoholic beverages is generally carried out by provincial trade monopolies, with important exceptions such as the province of Alberta, which privatised the market in 1993.

The existence of these monopolies generates a number of distortions, which hinder the normal entry of these products into Canadian territory.

Canada has only recognised European geographical designations since a 2004 agreement between the two territories on trade in wines and spirits, which grants some protection to the European Designations of Origin in Canada.

3.4.1 Customs Regulations and Taxes

Although there are regulations at the federal level, most provinces in Canada have additional legislation and regulations. Generally, provincial regulations relate to hygiene requirements, while federal legislation covers specific food safety requirements. Also in many cases, provinces implement regulations on the distribution and retailing of food and beverage products, while production, safety and quality regulations are administered at the federal level.

Federal, provincial and territorial coordination of food and beverage product regulations is done through the Federal/Provincial/Territorial Food Safety Committee.

Requirements for the Safe Food for Canadians Regulations: https://inspection.canada.ca/food-safety-for-industry/food-safety-standards-guidelines/eng/1526653035391/1526653035700

Information on F&B safety legislation and regulatory compliance in	
TERRITORY	**INFORMATION WEB PAGE**
Alberta	https://www.alberta.ca/food-safety.aspx
British Columbia	https://www2.gov.bc.ca/gov/content/health/keeping-bc-healthy-safe/food-safety/food-safety-legislation
Manitoba	https://www.gov.mb.ca/health/publichealth/environmentalhealth/protection/food.html
New Brunswick	https://www2.gnb.ca/content/gnb/en/departments/ocmoh/healthy_environments/content/FoodSafetyResources.html
Newfoundland and Labrador	https://www.gov.nl.ca/hcs/publichealth/envhealth/foodsafetyinfo/
Nova Scotia	https://novascotia.ca/just/regulations/regs/hpafood.htm
Ontario	http://www.omafra.gov.on.ca/english/food/fid_regulations.htm
Quebec	https://www.mapaq.gouv.qc.ca/fr/md/Lois/Pages/loisetreglements.aspx
Saskatchewan	https://www.saskatchewan.ca/residents/environment-public-health-and-safety/food-safety

3.4.2 Required documents

Canadian imports and exports must comply with the requirements of the Export and Import Permits Act https://laws-lois.justice.gc.ca/eng/acts/e-19/. This Act regulates the permits, certificates, regulations, prohibitions and licences that Canadian exporters and importers must obtain for their foreign trade operations.

International Import Certificate

The buyer must apply for the International Import Certificate, a document of assurance that formally acknowledges that the Government of Canada has no objection to the importation of certain goods into Canada by the established importer.

https://www.international.gc.ca/controls-controles/about-a_propos/impor/IIC.aspx?lang=eng

Pre-Import Controls

Applications for import permits will be accepted within 30 days prior to the expected date of arrival of the shipment in Canada, three different products may be included on the same form. One import permit is required per shipment and is valid for 30 days (5 days before and 24 days after). For more information go to: www.international.gc.ca/controls-controles/about-a_propos/impor/permitslicences.aspx?lang=eng#

Customs Regulations

Requirements to be met by products on the Canadian market, by tariff heading or description http://airs-sari.inspection.gc.ca/AIRS_External/english/decisions-eng.aspx

Additionally, documents required for export to Canada may include:

- **Bill of Lading or Air Waybill.**
- **Certificate of Origin (Form A)**
- **Commercial Invoice**
- **Export Permits**
- **Inspection Certificates**
- **Packing List**

Details for import documentation and regulations can be found at: www.cbsa-asfc.gc.ca/import/acc-resp-eng.html

3.4.3 Country risk

Canada has a country risk score of A2 (Coface), which means that the political and economic situation is good. The country has an advanced economy with a high per capita income, a solid financial sector, a good external position (low external debt, abundant foreign exchange reserves, etc.), a strong business environment and a firmly established democracy.

The A1 business climate rating implies a reliable business situation, efficient debt recovery and a satisfactory business environment.

Figure 11. Canada country risk

SOURCE: COFACE

3.4.4 IPR legislation

Canadian Intellectual Property Office (for copyright, patents, trademarks and design) Copyright - Canadian Intellectual Property Office

IPRs are protected in Canada by the Trade Marks Act since 1985, and administered by the Canadian Intellectual Property Office (CIPO).

The Canadian intellectual property rights regime protects three types of trademarks:

- **Ordinary trademarks:** words, sounds, designs or any combination used to distinguish the goods and services of one business from another.
- **Certification marks:** evidence that a product meets a defined standard and can be licensed to multiple rights holders who meet the certification criteria.
- **Distinctive appearance:** The shape, packaging or presentation of a product distinguishes it from others and is associated with a particular company.

The duration of coverage for registered trademarks in Canada is 15 years, then the trademark can be renewed. Initial registration costs vary depending on the length of the application, as well as whether you hire a trademark agent who will also charge a fee.

Unregistered trademarks are also entitled to protection, although the degree and extent of protection depends on use and knowledge of use.

A full list of filing and renewal fees can be found on the CIPO website: https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr02003.html

3.5 Healthy food into the Canadian market

The Office of Nutrition Sciences, Food Directorate, Health Canada, defines a **functional food** as *"a food that is similar to a conventional one, consumed as part of a regular diet and that has physiological benefits and/or reduces the risk of chronic diseases beyond basic nutritional functions. It is a food that affects a specific function or system of the body".*

There is a confusion between the classification of natural health products (NHPs) and functional foods. Both are regulated by the Canadian Food and Drugs Act.

Natural health products (NHPs) in Canada are regulated differently from functional foods. The regulatory systems for NHPs are product specific. Natural health **products are more strictly regulated than functional foods,** as they fall under the NHP regulations.

According to the Act, a food is an article manufactured, sold or represented for use as food or drink for humans, and any ingredient that may be mixed with food for any purpose.

The definition of NHP (natural health products) is more complex. It is a substance listed in the NHP regulation or a combination of substances in which all medicinal ingredients, a homeopathic medicine or a traditional medicine, which is manufactured, sold or represented for use in: the diagnosis, treatment, mitigation or prevention of a disease, disorder or abnormal physical condition or its symptoms in humans; the restoration or correction of bodily functions in humans; or the modification of bodily functions in humans, so as to maintain or promote health. Substances included in the list are vitamins, minerals, amino acids and essential fatty acids, as well as plant, algal, bacterial, fungal or non-human animal materials and extracts thereof.

It can be difficult to classify a product for regulatory purposes. Similar products, advertised with similar claims, are subject to different pre-market review, product safety and risk management requirements, depending on whether they are subject to the Food and Drugs Act and Regulations or the Natural Health Products Regulations.

A guidance document indicating the classification of a food **"Classification of Products at the Food-Natural Health Product Interface"** was published to assist in determining whether products that share characteristics of both food and natural health products are classified as food or NHP. https://www.canada.ca/en/health-canada/services/drugs-health-products/natural-non-prescription/legislation-guidelines/guidance-documents/classification-products-at-food-natural-health-product-interface.html

The following criteria will be taken into account when classifying a product as a food or NHP:

- **Composition of the product.** If a product only provides nutrition or nourishment, it is likely to be classified as a food. If it contains an ingredient not commonly found in food and has a medicinal use, it is likely to be NHP.
- **Product representations.** Products that represent a physiological benefit are likely to be considered NHP (if the benefit is not based on the use of the product as a traditional food).
- **Product format.** Classification as food implies that the product can be consumed regardless of its quantity. But NHPs are generally intended to be consumed in a measured or controlled amount and are often sold in dosed forms.

- **Public perception and history of use.** If similar products have traditionally been sold as food, the new product will also be classified as food. If the consumer does not understand the product as a food, it is more likely to be an NHP.

In order to correctly label health foods, it is necessary to indicate the properties on the labels and declare the functions of these foods following Canadian regulations:

https://inspection.canada.ca/food-label-requirements/labelling/industry/health-claims-on-food-labels/eng/1392834838383/1392834887794?chap=8

A health claim is a representation in labelling or advertising that implies that there is a relationship between the consumption of a food and health.

All aspects of food labelling and advertising contribute to the overall impression produced by a food product. Health claims are also subject to the General Principles of Labelling and Advertising.

Some claims are subject to other specific requirements. There are different types of health claims, all of which highlight the link between a food or a component of a food and health. It is therefore important to determine the appropriate requirements for each specific type.

https://inspection.canada.ca/food-label-requirements/labelling/industry/health-claims-on-food-labels/eng/1392834838383/1392834887794?chap=0

4 Market trends and consumer analysis

4.1 Healthy food trends in Canada

According to recent studies, Canadian consumers prefer to buy healthier options for a product, and some have opted to switch from one product to a healthier alternative. Some Canadian consumers have stopped buying unhealthy products, and others are now buying healthier products that they did not buy in the past.

- **Organic products**

Consumption of organic products showed a rapid increase in Canada. Imports of organic products into the country reached 430 million euros in 2019. Organic food is widely available in grocery shops. The organic food market has reached €3.25 billion annually (representing 3,2% of all grocery sales) and is growing. Thus, 66% of Canadians buy organic products on a weekly basis and the sector is growing by 8,7% per year. The top organic food buyers are Millennials (83%), university graduates (78%), families (72%) and men (69%).

- **Dairy products**

Dairy products accounted for the highest penetration in 2018 with 39,4% market share (in terms of revenue). Milk-based beverages, spreads and yogurts are rich in compounds and have good functional food delivery systems, which has increased the demand for functional foods.

- **Fats and oils**

Fats and oils are experiencing an increasing application and consumption rate due to the growing demand for healthy and clean-labelled foods, especially among the elderly population, who are looking to improve their body's resistance.

- **Liquid probiotics**

The demand for liquid probiotics has been increasing (and this trend is expected to continue) due to their application in yoghurt, which is the most popular source of probiotics. Bifidobacteria, Streptococcus Thermophilus and Lactobacilli are the most commonly consumed strains of bacteria.

- **Vitamins**

Vitamin was the most widely used ingredient for the production of natural health products, (one third of the total market share in 2018) due to increasing consumption of multivitamin tablets and capsules by workers and athletes.

- **Carbohydrates**

In 2021, Canadians increased their consumption of carbohydrates, mainly basmati rice, yellow and sweet potatoes and tortillas. This carbohydrate consumption joins the trend of home and traditional cooking, as they were used to accompany all-time favourites such as stews, soups, wraps and baked dishes.

- **Non-alcoholic beverages**

The categories of non-alcoholic spirits, beer and wine are growing in Canada. Many companies are launching non-alcoholic versions of their products.

Funded by the European Union

4.2 Bio solutions trends in Canada

Biopesticide technology is a viable and environmentally friendly tool for pest management in agriculture.

The Canadian public's demand for healthier and safer food, coupled with environmental concerns, has driven the development of alternatives to conventional pesticides.

Canadian demand for biopesticides has experienced rapid growth in organic and traditional farming techniques in recent years.

Agriculture and Agri-Food Canada (AAFC), together with the Government of Canada, is seeking to establish a national biopesticide strategy. They have developed expertise, infrastructure and an R&D model for the delivery of biopesticide products to improve crop pest control in the agricultural and agri-food sector.

The objectives of the programme are:

- **Reduce reliance on the use of synthetic pesticides and develop strategies for biopesticide resistance management.**
- **Control invasive alien species, develop reduced-risk pest control products**
- **Integrated Pest Management (IPM) in crop production systems** (e.g. conventional, organic, no/low pesticide use)
- **Expand label registration of existing biopesticide products**
- **Provide products where control measures** (e.g. chemicals) **are inadequate, unavailable or not registered**

4.3 Consumer behaviour analysis

It is important to take into consideration the online positioning strategy, as Canadians frequently use the Internet as a source of information prior to the final purchase decision. In this sense, the more information offered about the product, the greater the security for the consumer.

In the Canadian market, communication campaigns may focus on a range of characteristics, from the product itself to its preparation and presentation. These campaigns are often closely linked to current consumer profiles and trends.

Communication campaigns are currently based around short, highly produced videos. This reflects, in part, the industry's current stage of transition between television and digital platforms. Short videos are well suitable for distribution via YouTube, which allows the publisher to reach typically a wider audience and, at the same time, gather more information about their consumers, and for further dissemination via websites, blogs, message boards and social media.

Also, the structural change of families (normally with 2-3 members) is increasing the demand for smaller sized products adapted to the needs of these new family structures.

In Canada, business dealings between entrepreneurs are informal and friendly; however, they are very rigorous and professional in the fulfilment of their commitments.

4.4 Consumer trends

For more than 10 years, the demand for organic products has almost doubled every year. This growth is largely due to the Millennial generation who want to know the origin of the food they eat (they are the ones who buy the most organic products). The demand for food has been transformed by health awareness and its relationship to food.

The growing consumer interest in a balanced diet and lifestyle benefits has culminated in a booming food and beverage market, and the phenomenon is expected to continue during the coming years.

- **"Free from"**

One of the most marked trends in recent years is related to "free-from" products: trans fat-free, sugar-free, gluten-free...

- **Plant-based diets (vegetarian or vegan)**

More and more consumers are trying to limit the amount of meat they consume and the category of products labelled as vegan has seen an increase in recent years. The rise of vegan diets is not only based on concern for animals, but consumers now consider vegan products to be healthier and more environmentally friendly. In addition, the increase in the foreign population, who maintain vegetarian diets for cultural and religious reasons, has also played a role.

- **Sustainability in food products**

Environmental awareness has reached the food sector. Consumers are increasingly interested in knowing the production process of the products they consume: carbon footprint, water consumption, presence of GMOs and pesticides, etc. and part of their purchasing decisions are based on these criteria.

One point that is becoming more relevant is "zero waste". Consumers are concerned about the amount of waste produced annually and are determined to reduce it. Therefore, they try to make the best possible use of each product (root-to-stem) and avoid buying unnecessary packaging.

- **Meals at home and traditional cooking**

According to the HelloFresh survey, half of Canadians (48,9%) have increased the frequency of home-cooked meals over the past decade and reduced the frequency of eating out. At the same time, the rise of home cooking is associated with an increased interest in food and where it comes from. As a result, Canadians are looking to spend more time cooking and to include more vegetables and balanced, locally sourced foods in their diets.

- **Trying new things**

A large proportion of Canadians are interested in trying the latest health-enhancing foods, such as chia seeds or spirulina, and many are trying to include superfood ingredients such as kale, broccoli and quinoa in their meals.

- **Internet use**

About 40% of Canadians research the internet to find out what foods to eat to meet a specific need, such as improving skin or controlling acid reflux.

- **Foodservice**

Restaurants are taking some of the profits away from grocery shops, due to one of the latest trends, the so-called grocerant (a term that comes from combining the words grocery and restaurant).

More and more supermarkets have decided to sell ready-made meals, not only for take-away, but also dedicate space on the supermarket shelves for their consumption.

- **Meal delivery kits**

Since the COVID-19 outbreak, there has been a growing trend for these kits, which consist of boxes of raw ingredients in pre-measured quantities, with easy-to-follow recipes that are for up to 4 people. With busy lifestyles, consumers want to reduce meal preparation time, but they do not want to sacrifice eating fresh, healthy food and are willing to pay more for it.

4.5 Healthy food and the Canadian consumer

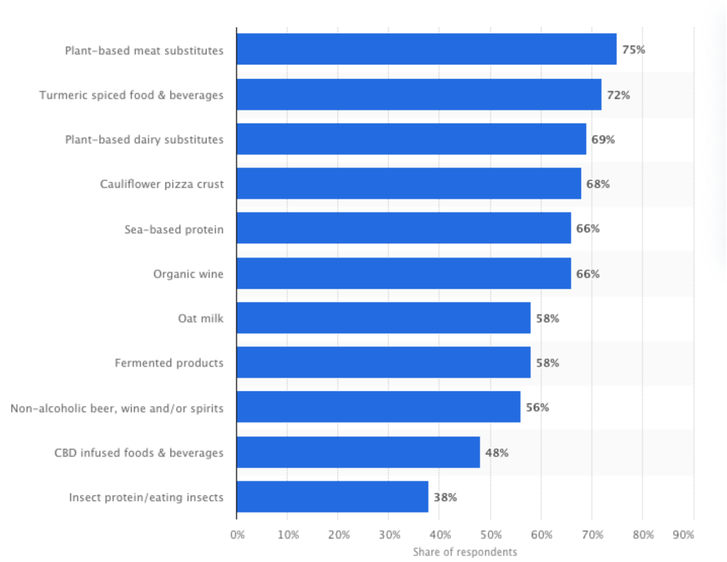
More and more people are trying to lead healthier lifestyles by making good choices.

Canadian demand is marked by demographic multiculturalism, which has turned Canadians into a public open to all kinds of products and interested in gastronomic fusion. In addition, the reduction in family units has led to the development of smaller formats, adapted to the reality of the population.

The main trends in the Canadian food market can be summarised as: health and wellness: Canadians increasingly associate good food with improved health; sustainable food: organic products are gaining in importance; and packaging reduction and zero waste.

The main trends in the Canadian food and beverage market in the coming years are expected to continue to be taste/freshness, price, health/nutrition, appearance and safety.

Figure 12. Interest in healthy food trends in Canada (2019)



SOURCE: STATISTA

5 Sites of interest

Canadian Intellectual Property Office (for copyright, patents, trademarks and design) Copyright - Canadian Intellectual Property Office

EU-Canada Comprehensive Economic and Trade Agreement (CETA) Rules of Origin and Origin Procedures https://data.consilium.europa.eu/doc/document/ST-10973-2016-ADD-6/en/pdf#page=2

Canada Food and Beverage Price Report 2022 https://www.dal.ca/sites/agri-food/research/canada-s-food-price-report-2022.html

Importing food to Canada: a step-by-step guide https://inspection.canada.ca/importing-food-plants-or-animals/food-imports/step-by-step-guide/eng/1523979839705/1523979840095

Importing commercial goods into Canada: https://www.cbsa-asfc.gc.ca/import/guide-eng.html

Food and nutrition highlights 2020

https://www.canada.ca/en/health-canada/services/publications/food-nutrition/highlights-2020.html#section6

CETA market entry guide on "agri-food" https://trade.ec.europa.eu/doclib/docs/2021/february/tradoc_159451.pdf

https://www.hellofresh.ca/about/better-routine

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