

Exporting Agri-Food Products to Canada

A Guide for Lebanese Businesses

AGRI-FOOD TRENDS AND MARKET OPPORTUNITIES

Canada is one of the largest retail markets for food and beverages worldwide, driven by a large population of 38 million consumers (Source: World Economic Outlook Database, International Monetary Fund) characterized by relatively high income levels with estimated average gross income in 2019 at CAD [49,000](#) in 2019, and by the country's substantial gross domestic product of \$1.74 trillion in 2019 (Source: World Economic Outlook Database, International Monetary Fund)

Canada's population has been growing in recent years due to migration. It is expected that the population will post double-digit growth within 20 years caused by friendly migration policy. Canada is considered to have one of the highest immigration rates in the world with more than 20% of the population is foreign-born. Around two-thirds of the population with immigration background or born abroad live in Canada's three largest metropolitan areas which are Toronto, Montreal and Vancouver. Those are located in the provinces of Ontario, Quebec and British Columbia, respectively (Source: Country Market Profile: Canada, Foodexport.org). Toronto and Montreal hold alone 60% of the country's national economic activity and population.

The country is also a major tourist destination. 2019 was a record-breaking year for tourism in Canada, as arrivals reached [22.1 million](#), while overnight arrivals from countries other than the U.S. reached 7.15 million.

Despite the sharp contraction in GDP, following the COVID-19 crisis, the economy of Canada is expected to rebound, and GDP growth is expected to be 5.7%. (Source: World Economic Outlook Database, International Monetary Fund)

This multicultural population combined with high disposable income levels and high tourism arrivals bodes well for the food and beverages industry in Canada and indicates increased spending on premium and higher quality products.

Canada's diverse population provides opportunity for specialty food, diverse flavors and cuisine, thus creating a potential for Lebanese agri-food producers. In addition, around one million individuals in Canada reported having an Arab ethnic origin in 2016, and the Arab population grew by about [34%](#) since 2011 and by [75%](#) since 2006. The expanding Arab population in Canada represents an important market for Lebanese agri-food products.

Products with high growth potential

Plant-based proteins products: Canadians are becoming healthier people and more environmentally aware. This is mostly evident among the younger generation. Plant-protein-based meat alternatives sales grew by 8% in 2018 and are expected to continue in such a solid growth as more people change lifestyles and turn vegetarians or vegans. Based on Food in Canada association, 23% of millennials

(anyone born between 1981 and 1996) consume meat alternatives several times a week, versus only 3% of boomers (born between 1946 and 1964).

Clean ingredients' products: More and more Canadians are demanding food and beverage products that are free from artificial preservatives, sweeteners, and colors as well as having fresh and clean labels. About 27% of consumers in Canada are now health conscious, and three out of four Canadians are trying to eat healthy (Food and Beverage Industry Outlook, BDC) As such, the change in consumer preference is raising the demand for organic products, including free from artificial ingredients and additives, products with low sugar and fat and alternative sources of protein. Consumers increasingly want to know about what they eat, including its origin and the way it is processed, among others.

Healthy Snacks: Working from home has pushed many consumers from set mealtimes to daylong snacks, which is an opportunity for healthy snacks to attract customers, especially at modern convenience stores, with small footprints and proximity to suburban neighborhoods. (Source: The future of food: a Canadian perspective, Deloitte)

Sustainable packaging products: Products with innovative and sustainable packaging and companies, which aim to reduce food waste, are attracting more buyers as shoppers in Canada are increasingly interested to make sustainable choices.

Alcoholic drinks: There are strong opportunities for the wine and craft beer section in Canada as the consumer base is wealthy and looking for premium products.

Consumer profile

Understanding consumer profiles and preferences is crucial for exporters who consider entering the Canadian food and beverages market given the country's wide cultural diversity and consumption patterns.

First, it is important to mention that more than 80% of Canadian consumers live in urban areas and markets. Moreover, households are equally split between couples without children, single-person homes, and couples with children, which altogether account for 75% of the Canadian consumer base, while the remaining consists mainly of single-parent homes, co-tenancies and other arrangements. The income of a Canadian family is considered to be one of the highest worldwide, with an average household size of 2.6. Food is the third largest expenditure item of a household in Canada after shelter and transportation, amounting to about 10% of annual expenditures. The increase in Canadians income over the past years has pushed food expenses up, and consumers are becoming more price conscious, as they tend to look for food quality, nutritional content and healthfulness. Spending on fruits, vegetables and meats increased.

The increase in the median age of the population towards 41, in 2015, meant a greater spending power, and more emphasis on the quality of foods. Still, young consumers represent a large driver of demand, which can be approached through social media. They also follow healthier trends, reducing the consumption of meat.

The increase in the median age and low birth rates is partially offset a large number of residents from foreign countries driving the demand in non-traditional foods. (Source: The Food and Beverage Market Entry Handbook: Canada, a Practical Guide to the Market in Canada for European Agri-food Products and Products with Geographical Indications 2018)

Given these trends and consumer profiles, Lebanese suppliers should try to target consumers who are less price sensitive, and not loyal to domestic and traditional brands. They should target consumers who

are willing to try new foods, such as Mediterranean foods, as well as consumers who are seeking a healthier lifestyle, and looking for a vegetarian or vegan diet, and prioritize quality over price.

What does Canada import? And from where?

According to the ITC Trade Map, Canada imported in 2020 around USD 23.3 billion worth of processed food and agro-based products, the ninth largest importer of such products worldwide.

Top imported agri-food products in 2020 in Canada include:

- **Beverage, spirits and vinegar** – constituting for 22% of total imported agri-food products. These are mainly imported from the U.S. (41%), France (13%), Italy (10%), the United Kingdom (5%), and Mexico and Australia (3% each).
- **Preparations of cereals, flour, starch, and milk** – constituting of 14% of total imported agri-food products. These are mainly imported from the U.S. (76%), Italy (4%), China (3%), Mexico (2%), and France and Thailand (1% each).
- **Miscellaneous edible preparations, including sauces, soups as well as extracts, essences and concentrates of coffee, tea and maté, among others:** constituting for 13.4% of total imported agri-food products. These are mainly imported from the U.S. (80%), China (3%), Mexico (2%), and Korea, the United Kingdom and Germany (1% each).
- **Preparations of vegetables, fruit, nuts or other parts of plants:** constituting for 10% of total imported agri-food products. These are mainly imported from the U.S. (59%), China (6%), Brazil (5%), Thailand (4%), and Mexico and Italy (3% each)
- **Cocoa and cocoa preparations:** constituting for 7% of total imported agri-food products. These are mainly imported from the U.S. (46%), Cote d'Ivoire (12%), Switzerland, Belgium and Germany (4% each), and Ghana (3%)

Canada – Lebanon Trade

Canada ranked in the 5th top destination for Lebanese agri-food exports in 2020 (Source: ITC Trade Map). Lebanese exports to Canada grew at a CAGR of 6.1% between 2010 and 2019 to \$19.5m, before slightly declining to \$19.4m in 2020.

Based on ITC Trade Map, top exported agri-food products from Lebanon include:

- Animal or vegetable fats and oil, especially fixed vegetable fats and oils and olive oil
- Preparations of vegetables, fruit, nuts or other parts of plants
- Coffee, tea, mate and spices
- Beverages, spirits and vinegar

Based on ITC Export Potential Map, Lebanon has the potential to increase its agri-food exports to Canada in:

- Wine
- Nuts and seeds
- Vegetables and fruits prepared or preserved
- Chocolate and other cocoa preparations

MARKET ENTRY AND DISTRIBUTION CHANNELS

Supermarkets

Food retailers in Canada consist of traditional major and independent supermarket operators, mass merchandisers, warehouse clubs, drugstores, limited assortment shops, discount stores, convenience shops and specialty stores.

Supermarkets are dominated by five retailers (Loblaw, Sobeys, Metro, Costco, and Walmart) that represented 77% of the \$109 billion retail market in Canada in 2020. The remainder of the retail food market is comprised of smaller regional retail chains that also include 6,800 independents and 27,000 small and independent convenience stores across the country. (Source: Retail Foods Canada, USDA)

The increasing success of independent, ethnic and regional retail chains has prompted traditional mainstream supermarkets to expand ethnic product ranges, by forming joint ventures with ethnic specialists, and developing new retail concepts to be able to preserve their market share. Traditional grocery retailers are facing increased competition from new entrants as well as from existing players that are expanding into the grocery market, including Amazon, Giant Tiger and Target. (Source: Canadian Grocery Retail Guide, Saskatchewan Grocery Retail & Foodservice Value Chain Initiative)

Grocery retailers mainly source their products through intermediaries like wholesalers, distributors, brokers, or large importer. Distributors usually handle several hundred Stock Keeping Units (SKUs) and products where inventory will turn over quickly. While brokers manage food brands and handle retail account relationships as well as distribution network to help the brand grow in the market. Average commission fees by brokers in Canada is estimated at 5%. For new clients, the broker might ask for retainer fees. Once the sales targets are achieved, brokers typically move to a commission-based fee. (Source: Canada Retail Foods, USDA Foreign Agricultural Service)

Private Labels

The private label business in Canada enjoys higher acceptance among consumers than in the United States. The private label growth is driven by low brand loyalty by the young consumers in Canada who look for premium high-quality products with clean ingredients albeit at affordable prices. (Source: Canada Retail Foods, USDA Foreign Agricultural Service)

E-commerce trends

Food is leading the growth of online shopping especially after the pandemic according to Nielson research. Major Canadian chains are investing in online systems to offer pickups of groceries at their local store.

The leading e-commerce food retailers in Canada (many of whom are American-based) include Amazon, Walmart, and Costco.

Lebanese foods are usually sold in ethnic food stores; such stores fall under specialty food stores, along with health food, local and gourmet market segments. These stores are considered as the leaders in terms of innovation and food trends in Canada. They tend to purchase directly from vendors, distributors and wholesalers. (Source: Canadian Grocery Retail Guide, Saskatchewan Grocery Retail & Foodservice Value Chain Initiative) Lebanese food can also be found in some supermarkets and big chains. There are wholesalers that sell Lebanese products to ethnic and Mediterranean restaurants and to lesser extent Canadian restaurants.

The Lebanese community in Canada, which is among the main consumers of Lebanese food, has been growing significantly, reaching 219,555 Lebanese-Canadians as per the 2016 Canadian Census, distributed mainly across Quebec, Ontario, British Columbia, Nova Scotia, and Alberta. The community continues to grow substantially and represents an important target of Lebanese producers.

Practical Tips to find Buyers

- Attend one of the high-profile trade events that take place in Canada such as [SIAL Canada](#), [Canadian Produce Management Association \(CPMA\) Convention & Trade Show](#), the

event of the [Canadian Health Food Association](#) (CHFA) and [Grocery & Specialty Food West](#) (GSF). These events provide opportunities to meet distributors, influencers and buyers from Canada and beyond.

- Consult [TFO Canada](#) to benefit from their services for foreign suppliers, including assessing your export readiness, gathering insights on the Canadian market, connecting with importers and checking needed certifications.
- Network and meet potential partners and buyers through the [Lebanese Canadian Business Association](#) or the [Canada Arab Business Council](#).
- Contact the [Lebanese Chamber of Commerce in Nova Scotia](#) or the [Chamber of Commerce of Metropolitan Montreal](#) or [Ontario Chamber of Commerce](#) to list your services and find new buyers.
- Join active sector-specific associations related to food and drinks in Canada in order to meet other members and become a supplier for one of the existing manufacturers there. One example of such association is the [Alberta Food Processors Association](#), [Small Scale Food Processor Association](#) or the [Canada Organic Trade Association](#), among others.
- Engage with [social media influencers](#) and [food bloggers and chefs](#) to build your brand profile in the Canada.
- Create a profile on [ITC Trade Map](#) and find a list of buyers related to specific products and sectors in specific countries. This service is available for free for users from Lebanon.
- Try to find Lebanese executives in leading food importing and distribution companies in Canada and contact them to pitch your company's profile and products through business- and employment-related platforms such as [LinkedIn](#).
- Find Lebanese shipping companies that can help you with documentation, such as [GLManagement](#), which deals with all the stages of the export procedure from Lebanon to Canada, such as the license, documentation and importation right to delivery and offloading.
- Try to pitch your products to existing importers and retailers of Lebanese food products like [Marché Adonis](#), [Jasmine Foods](#), [Arz Fine Food](#), and [Supermarché Byblos](#) among others.
- If you are selling traditional Lebanese culinary heritage products, you might check [mounehbox.org](#) to pitch your product to the suppliers listed on the website. This initiative is developed by the Embassy of Lebanon in Canada.
- Focus on advertising of your products for the Canadian market to target consumers beyond the Arab and Lebanese community. Aim to promote your products as specialty fine foods when it is suitable.
- Create innovate products and packaging and raise awareness about the quality and identity of your products to reach new Canadian consumers.
- Make sure that the product has a relatively long shelf life (when possible), as it is one of the main components that major retailers seek when taking new products.

LEGAL REQUIREMENTS AND STANDARDS

The Safe Food for Canadians Act (SFCA) consolidated four food-related statutes, which are Canada Agricultural Products Act, Fish Inspection Act, Meat Inspection Act, and provisions of the Consumer Packaging and Labeling Act. The final Safe Food for Canadians Regulations (SFCR) entered into force on January 15, 2019. The SFCR further consolidated 14 sets of existing regulations into one package to implement the SFCA. Licensing, preventive controls and traceability are the key elements of the new regulatory environment for food safety in Canada. The [Getting started: Toolkit for businesses](#) helps companies familiarize with requirements under the SFCR. (Source: Canada, Food and Agricultural Import Regulations and Standards Report, FAIRS Annual Country Report 2018)

Food inspection and quarantine services for imported food are conducted by the Canadian Food Inspection Agency (CFIA).

The importer needs to obtain a license. In order to know if and when the company needs a license, exporters are advised to use the [licensing interactive tool](#). To apply for a license, the importer must sign up with [My CFIA](#) and create an account and a business profile. [My CFIA](#) will coordinate and process the administrative services that are required for imported foods under the SFCR licensing.

In terms of preventive controls, the importers of products to Canada must be aware of the potential risks of contamination, and be able to describe how the company controls biological, chemical, or physical hazards to the food. Also, the importers must know if their suppliers meet the same level of safety standards as domestic suppliers in preparing, storing, and transporting their food product. The food supplier must have a food safety system that provides at least the same level of food protection as Canada. All the requirements of the SFCR apply for non-resident and resident importers. While the SFCR does not specify how the importer can confirm the implementation of preventative controls, some appropriate actions could include an on-site visit to the supplier. In addition, the importer must obtain written documentation from the supplier to prove that all control measures are well implemented, including the name, address and contact information of the process authority that developed the process and a product description with technical information showing that the processing of the product was adequate to the standards and the preventive controls were in place. Also the importer should have a written statement signed by the process authority, attesting that the process produces a product that meets Canadian requirements.

Importers might also need to write a preventive control plan (PCP), in which they specify how they monitor and verify that the import process is going well, how the food meets requirements for safety, grading, standards, labelling, and net quantity, and the procedures they have to handle complaints and recalls. To find out when an importer needs to write a PCP, check the [preventive control plan](#) interactive tool.

Canadian authorities made changes to the Canadian food labeling regulation in 2016. All food labels must abide by the new requirements, sugar information and list of ingredients. The Canadian packaging and labeling [regulations](#) require that all mandatory information must be shown in English and French.

Labeling requirements:

- Common Name
- Ingredients and Allergens
- Nutrition Facts
- Country of Origin
- Durable Life Date (if required)
- Food Additives, Fortifications and Grades (if required)

The Mandatory requirements include:

- Nutrition Facts Table

- List of Ingredients and Common Name
- Net Quantity
- Food Allergens
- Health and Nutrient Content Claims
- Other Claims and Statements
- Bilingual Requirements
- Country of Origin
- Food Additives
- Fortification
- Grades
- Food Specific Labelling Requirements
- Label Information Legibility & Location

The changes applied to nutrition facts table:

The Canadian nutrition facts table has been modified in appearance and content:

- Serving Size
- Percentage daily value calculations
- Percentage daily value for sugar added
- Potassium added
- Vitamins A & C removed
- Amount in mg for potassium, calcium & iron
- Added footnote about percentage daily values

The changes to the list of ingredients:

- Grouping all sugar ingredients in brackets after the name “Sugar”
- Listing all food colouring by their individual common names
- Text must be black on white or neutral background
- Updated minimum type height requirements
- Use of bullets or commas to separate ingredients
- Use of both upper and lower case letters for the list of ingredients

As for traceability, the SFCR requires importers to keep clear and readable records that trace the source of the products and to whom it is sold. In order to know what are the traceability requirements and when they need to be applied, importers should check the [traceability interactive tool](#).

In addition, the importers of certain foods need to abide by specific requirements, grades and standards so that their products could enter the Canadian market. As such, the importer needs to check [food-specific import requirements](#).

Importers can also check [Automated Import Reference System \(AIRS\)](#), which shows the import requirements for Canadian Food Inspection Agency (CFIA) regulated commodities, by using series of drop options based on the Harmonized System (HS) classification, the origin, the destination, and on the end use and miscellaneous qualifiers pertaining to the commodity for import.

Import Documentation

When exporting agri-food products to Canada, the main documents needed for the shipment include:

- Commercial invoice with details about quantity, goods description including the HS code and total value of each imported item
- Detailed packing list including weight, method of packing, and HS code for each item
- Bill of entry or airway bill
- Certificate of origin, issued by the Chamber of Commerce and authenticated by the Ministry of Foreign Affairs
- Safe Food for Canadians License for the importer

TRADE AGREEMENT AND RULES OF ORIGIN

Canada applies the Most Favoured Nation Tariff Treatment to goods originating from countries that are members of the WTO.

It also applies rates of duties based on preferential tariff provisions, under the General Preferential Tariff and Least Developed Countries Tariff. However, to be able to benefit from these preferential tariffs, the goods must come directly from a country that falls under these categories.

Canada applies the Most Favoured Nation tariff on products exported from Lebanon, along with its related custom duties.

To check the tariffs by product (as per the HS code classification), the [Canada Border Services Agency](#) provides data on [Customs Tariff 2021](#).

TRANSPORT AND LOGISTICS INFRASTRUCTURE

[Canada's transportation](#) network is very well developed and makes it easy to trade with the world. In this context, Canada ranked in the 20th position out of 160 countries worldwide on the Logistics Performance Index in 2018, and came in the 32nd position globally on the DHL Global Connectedness Index in 2019.

However, it is important to note that given the large size of the country, shipping from east to west of Canada can be very expensive.

The country is well connected to the American market with advanced rail, air and road transportation network linking both markets.

Canada has more than [550 port facilities](#), with ports and marine shipping transporting 21% of Canada's total imports in 2017. The Port of Vancouver in British Columbia is Canada's [largest port](#) and the Port of Montreal is the second largest and sits on the shortest route between Europe, the Mediterranean and North America.

Further, Canada has more than 500 airports, to enable flying within the country, with about half of these airports scheduling commercial flights. But the majority of these airports are relatively small. The ten [busiest airports](#) according to Transport Canada are:

- Toronto International Airport
- Vancouver International Airport
- Montréal-Trudeau International Airport
- Calgary International Airport
- Edmonton International Airport
- Ottawa International Airport
- Winnipeg International Airport
- Halifax Stanfield International Airport
- Billy Bishop Toronto City Airport
- Kelowna International Airport

Toronto Pearson Airport ranked sixth on the OAG Megahubs Index in 2019, among the top 50 internationally connected airports in the world, while Vancouver International Airport ranked in the 27th place and Montreal-Pierre Elliott Trudeau International Airport ranked in the 41st position globally.

Disclaimer

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