International Trade Centre
UNCTAD / WTO

Organic Trade

The Canadian Market for Organic Food and Beverages

International Trade Centre
UNCTAD/WTO

40 years of trade development
1964–2004

THE CANADIAN MARKET FOR ORGANIC FOOD AND BEVERAGES

BY

Mr. Rudy Kortbech-Olesen
Marketing Adviser and Consultant
Organic and Natural Products

Though the target audience for this survey is producers and exporters in developing countries and transition economies, it is our hope that it will also prove useful for other companies, organizations and individuals interested in developing export trade to Canada.

All readers are invited to comment on this first version, ask questions, provide missing information or suggest improvements. The study will be up-dated regularly, as appropriate. Please contact RKOrganics@voila.fr.

June 2004

This document has not been formally edited by
the International Trade Centre UNCTAD/WTO

Contents

INTRODUCTION AND GENERAL SUMMARY

Background

In recent years the world has seen a growing awareness of health and environmental issues, and sustainability has become the keyword whenever discussing economic development, in particular in relation to developing countries. It is a constantly growing number of concerned consumers, mainly in the industrialized countries of Western Europe, North America, Japan and Australia that are the cause of this development. The international community is becoming more and more conscious of these issues, and Government policies in industrialized as well as developing countries are increasingly formulated to encourage organic and other forms of sustainable agriculture.

Since 1997 the International Trade Centre UNCTAD/WTO (ITC) has been strongly involved in export development of organic products from developing countries and has published a number of market surveys, including the following:

Organic food and beverages: world supply and major European markets (1999), financed by the Government of Denmark. It includes seven markets, i.e. Denmark, France, Germany, the Netherlands, the United Kingdom, Sweden and Switzerland. In addition to the country chapters, it also provides an overview of world supply of organic products and deals with certification procedures.

World markets for organic fruit and vegetables (2001) was published jointly by FAO/ITC/CTA. It contains detailed information on demand for organic fresh produce in the world's largest organic markets (United States, Japan and European countries) and gives case studies of seven developing countries that have established an organic export sector or are in the process of doing so.

The United States market for organic food and beverages (2002). It provides detailed information on the U.S. market for organic products, describes distribution channels, market access, etc. and gives advice to developing countries on how to enter this market.

The present survey, *The Canadian market for organic food and beverages (2004)* is meant to focus on those aspects of the Canadian market that are of most interest to producers and exporters in developing countries, although it may hopefully be of interest to other readers as well. It gives practical information on distribution channels and identifies major importers and other organic companies.

The above-mentioned studies endeavour to fill an information gap amongst decision makers at government and non-government levels in developing countries, in particular producers and exporters, by providing comprehensive information on the supply situation and world markets for organic products. The studies can be downloaded from http://www.intracen.org/mds - click *Studies*.

Market prospects and business opportunities for developing countries

With retail sales estimated at US$ 750-1,000 million in 2003 Canada is ranked as the sixth largest market in the world for organic food and beverages. The market appears to be growing rapidly, probably by 20-25% annually. For some product groups, growth rates may be considerably higher. Like in most other important markets, growth is sustained by strong consumer concerns over GMO and other environmental and health issues.

Canada is a major producer with a total certified organic production area of about 516,000 hectars (close to 1.3 million acres) in 2003, including acreage in transition. The main crops are grains and oilseeds, followed by wild rice, vegetables, fruit and nuts and herbs. Special mention should be made of maple syrup and ginseng. About 1.3% of all farmers are growing organic crops. There is also a production of organic meat, dairy products, eggs and honey.

Because of climatic conditions, a large share of the organic food range cannot be grown in Canada and must be imported. Most imports come from the United States, probably at least 80 per cent (most of which is fresh produce and packaged food). In the case of fresh produce imported from the United States, it must be noted that a considerable amount of this is first exported to the US from Latin America, in particular from Mexico**.** US packaged food likewise contains organic ingredients of Latin American, Asian or African origin.

Many Canadian traders/distributors also import at least part of their requirements direct from foreign suppliers other than the United States, and there is a growing interest in the organic industry to source more internationally and direct from source.

Distribution channels are characterized by the huge size of the country, i.e. regional distribution is commonplace. For example, the largest distributor of fresh produce has distribution centres in Vancouver, Toronto and Montreal.

With the exemption of the province of Quebec there are no legal requirements for organic certification at the time of writing (June 2004), although a voluntary National Standard for Organic Agriculture does exist. A committee is currently working with the Canadian government to develop and implement a national organic regulation. Until a mandatory standard is in place, the Quebec standard (compulsory in Quebec) or other recognized certification will be required by Canadian importers and traders. As a minimum, organic food products are expected to comply with the provisions of the National Standard for Organic Agriculture.

Principal import items from developing countries include tropical and other products that are not grown domestically (e.g. tropical fruit, tropical beverages and most spices) as well as off-season products (e.g. fruit and vegetables) and other items where there is a temporary or more permanent shortage. There is also a strong interest in items that are new to the market or fairly unknown. A major distributor, for example, is interested in baby vegetables (e.g. baby corn), Asian and Caribbean vegetables, etc. Thanks to a high degree of ethnic diversity in Canada, there is a strong demand for exotic produce and ethnic products.

The market for processed organic fruit and vegetables, like jams and marmalade, frozen vegetables and canned items, is much smaller than the fresh produce market and most of it is imported from the United States. However, there is some import demand for frozen and aseptic packs of fruit and puree, including tropicals, e.g. mango, guava and passion fruit, for further processing by Canadian manufacturers. Other processed fruit and vegetable items may also find a small market.

Organic beverages of all sorts are of interest, including coffee, tea and fruit juices, as consumers are increasingly looking to drink healthier, tastier and more convenient. Most of these products will mainly be imported in bulk for packing in Canada.

It should also be noted that there is growing interest, amongst consumers and in the trade, in Fair Trade products, and, in some cases, it may be a strong selling point if a product is certified both as organic and as Fair Trade. However, this is still a minor business and is more suitable for some items, like banana, coffee and tea, than for ingredients, like spices, being used in packaged products. Some importers have started to specialize in this area.

Although the overall picture looks fairly bright, there are a number of potential risk factors or threats to the organic industry, like oversupply of certain products, reduced price premiums, competition from other forms of environmentally friendly and sustainable agriculture, possible fraud cases, etc. Also the current very high growth rates are likely to slow down at some stage similar to what has happened in some European markets after years of rapid growth.

On balance, however, there is little doubt that the Canadian market will continue to offer farmers and producers of organic products interesting business opportunities in the future, whether for domestic players or foreign producers, including those in developing countries, who are looking for new markets.

What developing countries should do to enter the Canadian market

As it is easier to enter a new market during periods of strong growth, the current very positive market situation should be exploited to the maximum by potential exporters to Canada, in order to secure a strong foothold before competition further intensifies, which is likely to happen over the next few years.

However, a considerable amount of work is necessary to build up an organic export trade in developing countries, both on the production side and on the marketing side. At country level a good agricultural supply base with appropriate national or international certification is absolutely necessary, while for the producer/exporter it is equally important to offer (a range of) high quality organic food products that meet the requirements of the market.

The producer should work, to the extent possible, in collaboration with other producers in the export country, e.g. through a co-operative or other group relationship. Working together can mean producing marketable quantities at better prices, broader assortments, and improved post-harvest handling, processing, packaging, storage, transportation and administration. It may also help to cut the costs of certification and participation in foreign trade fairs, etc.

The producer/exporter must make sure that the organic certification will be recognized and accepted within the forthcoming mandatory framework and that export products also meet all other legal and market requirements (hygiene, weight, size, ripeness, colour, packing and other technical specifications) of Canada.

Exporters will find that a careful selection of market segments and distribution channels is of the utmost importance. A strong and reliable relationship with an importer or distributor is an absolute must in building up a profitable business. Exporters of organic bulk products or organic ingredients should identify a specialized importer with good access to processing and manufacturing companies, whereas exporters of organic packaged food and beverages should normally work with a broker or distributor with direct access to the country's retail organizations. Depending on the product(s) in question, more than one importer or distributor (for different geographical areas) may be necessary in the longer run, although this would have to be justified by sufficient quantities of exportable products, and is usually not advisable from the beginning.

Exporters must keep themselves informed of market developments through information sharing with colleagues, through trade journals and the Internet, etc. They should preferably also visit organic trade fairs regularly, e.g. those that are mentioned in this study.

While exporting can be a profitable business, the building up of a national market should not be ignored. A sizeable domestic market will help reduce over-dependency on one or more export market(s) and will also help to secure the necessary organic production and export base.

SUPPLY AND DEMAND

Organic agriculture in Canada

Organic agriculture is a holistic system of production management designed to optimize the productivity and fitness of diverse communities within the agro-ecosystem, including soil organisms, plants, livestock and people. The principal goal of organic agriculture is to develop productive enterprises that are sustainable and harmonious with the environment. Definition as given in the draft national standard. See section on market access (organic certification).

Domestic production

As in most countries, it is difficult to obtain detailed, reliable and up-to-date production statistics on organic agriculture. Estimates for 2003 are given in the table below. While the data were provided by certification bodies operating in Canada, the table does not present a complete picture, as not all certifiers provided data, nor did all of them provide figures for different crops, nor distinguish between pasture/rangeland and cultivated land. Therefore the figures are also not fully comparable between the various provinces. However, it is clear that Saskatchewan, Quebec, Ontario and British Columbia are the principal producing and exporting provinces. Total organic land, including "land in production, other land in program and transitional land" was estimated at about 1,275,000 acres (about 516,000 hectares) in 2003.

Table 1: Number of farms and acreage under organic farming in 2003

Province	No. of producers	No. of farms in transition	No. of processors and handlers	Organic acreage (estimates)
Alberta	245	8	52	188,306
British Columbia	420	76	85	21,735
Manitoba	213	25	27	55,771
New Brunswick	36	2	9	2,246
Newfoundland				85
Nova Scotia	45	1	13	1,023
Ontario	487	41	64	91,047
Prince Edward Island	23			915
Québec	610	67	121	43,857
Saskatchewan	1049		121	561,496
Yukon Territory				1
Total	3,134	250	552	966,482

SOURCE: Anne Macey's report to Agriculture and Agri-Food Canada (May 2004)

The number of certified producers has grown from 1,830 in 1997 to 3,134 in 2003 (peaking in 2001 with 3,236), whereas the number of certified processors and handlers roughly tripled during the same period.

In 2003, the total acreage of 1,275,361 ac (516,111 ha) consisted of: acreage in production, 966,482 ac (391,123 ha); additional acreage in program, 295,482 ac (119,564 ha); and transitional acreage, 13,402 ac (5,424 ha).

Type of production in 2003: vegetables, 6,306 ac (2.552 ha); herbs, 1,451 ac (587 ha); fruit and nuts, 3,630 ac (1,469 ha); grains and oilseeds, 549,091 ac (222,210 ha); wild rice, 39,427 ac (15,955 ha); pasture/hay, 222,072 ac (89,870 ha); forages/green manure, 158,812 ac (64,269 ha).

Certified organic livestock included beef and dairy cattle (15,608 / 7,113), bison (665), sheep (5,062), goats (320), pigs (3,690), deer/elks (220) and 5,412 beehives. There was also egg (118,347 layers) and poultry production (over 300,000 birds).

Source: Agriculture & Agri-Food Canada

Organic farm cash receipts amounted to about CAD 500 million, or 1.5 per cent of total farm cash receipts, in 2000, reported the Canadian Organic Growers (COG).

According to its Web site, COG (founded in 1975) is a national information network for organic farmers, gardeners and consumers. Its mission is to be a leading organic information and networking resource for Canada, promoting the methods and techniques of organic growing along with the associated environmental, health and social benefits. Visit http://www.cog.ca.

Another key national organization is the Organic Agriculture Centre of Canada (OACC), which "is dedicated to enhancing the environmental and social integrity of agriculture. This will be achieved through scientific analyses of methods to improve sustainability of farming." Visit: http://www.organicagcentre.ca.

It should be noted that there is a *National Strategic Plan for the Canadian Organic Food and Farming Sector (March 2002)*, which sets out a specific set of objectives for the organic industry. Visit: http://www.certifiedorganic.bc.ca/COI/reportfinal-1.pdf.

Imports and exports

If production statistics for organic products are poor, official foreign trade statistics are non-existent, both in Canada and elsewhere. However, although Canada is an important import market, it is clear that its organic industry until now has been largely production and export driven.

According to estimates published by Agriculture and Agri-food Canada, reported exports amounted to CAD 63 million in 2003, consisting of grains/seeds/flour (CAD 40 million); food and beverages (CAD 10 million); maple syrup (CAD 7 million); apples (CAD 3.2 million), vegetables (CAD 2 million); misc. fruit (CAD 0.9 million). Many export companies did not provide data, so the actual export figures are believed to be considerably higher.

In the early days of organic farming, processing in Canada concentrated on primary processes such as cleaning, grading and milling, baking, processing of maple syrup and dairy products, and so on. However, the volume of further processed and finished organic products, including packaged food, is now rising rapidly, enabling Canada to increase its level of self-sufficiency (still fairly low) and to export more value-added products. Most exports go to the United States and Europe.

Imports are largely from the United States, which has easy access to the Canadian market. While again no statistics are available, it is estimated that at least 80 per cent of imports come from the United States, most of which is packaged food followed by fresh produce.

It should be noted, however, that in the case of fresh produce imported from the United States, a considerable amount of this is first exported to the US from Latin America, in particular from Mexico. In the case of U.S. packaged food, the ingredients used, e.g. spices, typically originate in developing countries in Asia, Africa or Latin America. Many of these producers and exporters are interested in exporting direct to Canada, if outlets could be found.

Market size

Based on various trade and industry sources, organic retail sales were estimated at CAD 1.0-1.3 billion (US$ 750-1,000 million) in 2003, making Canada the sixth largest market in the world. With annual growth rates of 20-25 per cent, the market could thus reach a total of CAD 2.0 billion (US$ 1.5 billion) in 2005.

It is significant that the organic industry is aiming at a market share of 10 per cent of the Canadian retail market by 2010, according to a government report.

MARKET CHARACTERISTICS

Consumer profile

While the consumer of organic food was previously largely associated with vegetarians and environmentalists (the *classic organic consumer*), the *new organic consumer* is increasingly concerned with nutrition, health and wellness (Hartman).

Recent research (Environics) identified the following categories of Canadian organic consumers: *heavy buyers* (18 per cent of the population), *light buyers* (22 per cent) and buyers who have bought once or twice (31 per cent).

The main concerns of Canadian consumers are taste, nutrition, health and food safety. Like in most other major markets there is strong concern over GMO and other environmental and health issues. These mainstream consumer trends make organic food and beverages very appealing and help explain the rapidly growing organic market.

Other notable consumer trends include: growing sales of convenience and prepared foods (less time to cook), ethnic and specialty foods (mostly imported), back to basics lifestyles, comfort foods (bring back old and pleasant memories), ethics (products sold by socially responsible companies), etc.

Organic producers, manufacturers, traders and retailers who cater to these trends will be able to benefit from a fast growing market and help the organic industry further develop.

Market segments/major product categories

The survey *Canadian Natural and Organic Retail Markets* by Rosalie Cunningham, divided the Canadian organic market into the following product categories:

Table 2: Estimated retail sales by product group, 2001-2010

Estimated Canadian Retail Sales (in million CAD)	2001	2003	2005	2010
Dairy	64	97	147	375
Breads and grains	94	139	207	458
Beverages	110	155	220	458
Snack foods	17	25	38	95
Packaged/prepared foods	78	119	184	504
Condiments	12	18	28	62
Fruit and vegetables	269	363	488	990
Meat, fish, poultry	8	11	14	44
Total	651	928	1327	2987

Source: Canadian Natural and Organic Retail Markets (Alberta Agriculture, Food and Rural Development), July 2002

Although the estimates were published in 2002, they are still useful in providing an overview of the major product groups. As shown, fruit and vegetables is by far the most important category with a share of 41.3 per cent in 2001 (33 per cent in 2010). Within the group, fresh produce accounted for 95 per cent, while frozen, canned and dried items accounted for the balance.

The second largest product group is beverages with a share of 16.9 per cent in 2001 (15.3 per cent in 2010). Within the group, dairy alternatives accounted for 39 per cent, followed by fresh juice (22 per cent) and tea/coffee (19 per cent).

Breads and grains had a 14.4 per cent share (15.3 per cent in 2010). Dry breakfast foods accounted for 40 per cent, while baked goods accounted for 25 per cent.

Packaged/prepared foods had a 12 per cent share (16.9 per cent in 2001). Of this baby foods accounted for 33 per cent, frozen prepared foods for 25 per cent, service deli for 17 per cent and jams and jellies for 10 per cent.

Other product groups dairy, snack foods, condiments, meat, fish and poultry together accounted for an estimated 15.5 per cent in 2001 (19.3 per cent in 2010).

The survey predicts the biggest growth rates to be in packaged/prepared foods, while the largest increase in absolute terms will be in fruit and vegetables. Both product categories offer good opportunities for producers in developing countries: a) tropical and off-season fruit and vegetables and b) ingredients for packaged/prepared foods. Beverages also offer good prospects for developing countries, e.g. coffee and tea, fruit juice concentrates, pulps and juices.

According to table 2, total organic retail sales are estimated to increase from CAD 651 million in 2001 to almost CAD 3,000 million in 2010. It should be noted that the estimate for 2005 (CAD 1.327 million) is lower than that given in the previous section.

Awareness creation: promotion and consumer education

The Canadian organic industry is well aware that it has to promote itself at all levels, whether it be at farmers' level, at the federal, provincial and local government levels, the food manufacturing sector, the retail sector, the food service, and not least the final consumer.

As shown earlier, both the Canadian Organic Growers (COG) and the Organic Agriculture Centre of Canada (OACC) are high-profile organizations at the national level promoting the environmental, health and social benefits of organic farming. Similar work is being done by most provincial governments and by several regional (e.g. ACORN) and provincial organic associations. Agricultural colleges and universities provide courses in organic farming and are involved in organic projects.

Agriculture and Agri-Food Canada (Ministry of Agriculture) also gives strong support to organic farming and trade. Through its Agri-Food Trade Service it provides market information, trade counselling and export support activities to Canadian exporters. Visit http://www.agr.gc.ca and http://www.atn-riae.agr.ca/can/3590_e.htm.

The Organic Trade Association (OTA) is carrying out generic promotion both at trade and consumer levels. OTA is a membership-based business association representing the organic industry in Canada, the United States and Mexico. Members include growers, shippers, processors, certifiers, farmers' associations, brokers, importers, exporters, manufacturers, distributors, retailers and consultants. OTA encourages global sustainability and works to promote organic products in the marketplace and to protect the integrity of organic standards. Visit http://www.ota.com. Its activities in Canada are co-ordinated by the OTA Canadian Council Liaison in Ottawa.

The *Organic Advocates* is a coalition of organic producers, environmentally concerned chefs, other food professionals and consumers. Their mandate is to promote awareness of the environmental and human benefits of organic agriculture (http://www.organicadvocates.org).

In addition there is a large number of other consumer and environmental groups, most of which are concerned with environmental issues and usually take a strong stand on genetically engineered foods, irradiation, toxic sludge fertilisers, etc., which again helps indirectly to promote organic farming and organic foods.

Private labels and manufacturers' brands for organic products are being heavily promoted by the food industry and the retail sector. The intensity of such activities has increased considerably in recent years, as the mainstream food sector has become more interested in organic products.

Trade shows

The Canadian Health Food Association (CHFA) organizes the CHFA *Conference and Trade Shows*. The latest one, CHFA Expo West, was held in Vancouver in April 2004. It had 446 booths and included an organic education program and other awareness creating organic events. There were over 2,000 attendees.

Future events include:

- CHFA Expo East to be held in Toronto from 23 to 26 September 2004
- CHFA Expo Québec to be held in Québec City from 3 to 6 February 2005

These events feature a conference/educational programme run parallel with the trade show itself, thus providing an excellent opportunity for the organic industry to meet and share information. Visit http://www.chfa.ca.

The forthcoming SIAL Montréal 2005 Salon International de l'Alimentation (13-15 April 2005) is also likely to be of interest to the organic industry, including companies that are targeting the Canadian market. Visit http://www.sialmontreal.com.

Prices

It is beyond the scope of this survey to analyse price formation and price trends for organic food. However, a few general remarks may be useful. Like in most markets, the organic consumer may easily accept price premiums of 10-15 per cent, or for some products probably up to a maximum of 25 per cent; if higher than that he/she is usually more reluctant to buy organic products. Developing country exporters may also typically expect a premium of 10-25 per cent, although in some cases the premium may be much higher, up to a hundred percent or more, if the product concerned is in short supply. However, the usual demand/supply mechanism will tend to force prices down over time, and for some products there may be little or no premium at all.

Price and market data are being collected by the Organic Agriculture of Canada, for example to compare prices for conventional and organics products at retail level. Visit http://www.organicagcentre.ca/ResearchDatabase/res_market_info.html. It appears that prices fluctuate considerably from month to month, that organic premiums may sometimes be very high and that in some cases they are non-existent or negative.

Producers and exporters in developing countries should be careful not to overestimate the price premiums that may be obtained, and should base their export prices on realistic production costs and price expectations. Existing as well as new suppliers to the Canadian market will have to price their products at levels competitive with those of domestic and other imported products. As prices for most organic products tend to fluctuate over time and market requirements change frequently, suppliers need to monitor the market and price movements closely to arrive at a realistic pricing policy.

DISTRIBUTION CHANNELS

Traditionally, organic food products have been sold outside the conventional distribution system through alternative channels, e.g. farm gate sales, open-air markets, specialized grocery shops and independent health food stores. Likewise, most processing and packaging was done by small and medium-sized companies rather than by major food manufacturers.

However, as the organic food market has grown strongly in recent years, sales have also moved into the mainstream retail trade, and the conventional food industry is also becoming increasingly involved. The organic food sector is furthermore undergoing a consolidation process through acquisitions, mergers and alliances.

Distribution channels in Canada are characterized by the enormous territorial size of the country, i.e. regional distribution is commonplace. It should also be remembered that the country consists of the English speaking part (and central Canada) and the French speaking part (Canada), which are quite different when it comes to consumer behaviour, market requirements, distribution channels, etc. It is important to note that all documentation and labelling must be in the two official languages, English and French.

Imported products usually reach the final consumer through the channels described below. Although the specific companies mentioned tend to be amongst the best known in the industry, many other firms can likewise claim to be important in their field. These and other companies are listed in the annex. Additional names of companies may be obtained from various trade directories, including the Organic Trade Association's *The Organic Pages Online* http://www.theorganicpages.com/topo/index.html

Importers and brokers

While importers of organics are found throughout the country, many of them seem to be based in or around one of the three principal centres, i.e. Vancouver in British Columbia, Toronto in Ontario and Montreal in Quebec. While there are relatively few specialized organic importers, more and more companies are starting to import, not only from the United States and Europe (mainly packaged food) but increasingly also from developing countries.

- Bianca International Organic Inc. (Montreal) imports a wide range of organic products, including spices, herbs and essential oils, dried and processed fruit and vegetables, incl. juices and concentrates, fats and oils, culinary ingredients, grains, teas and herbal teas. Its clients are processors and packers of organic food items. http://www.biorganic.ca.

- Great Lakes Organic Inc. (Petrolia) is a producer of organic grains, feeds, value added products and pedigreed seed, but the company is also a broker of organic commodities. Visit http://www.greatlakesorganic.com.

- Organic Products Trading Company (Vancouver) is an importer and broker of organic and fair trade green coffee. The company works direct with coffee growers in Latin America, Asia and Africa. Visit http://www.optco.com.

Distributors

There are numerous wholesalers, distributors and traders involved in the distribution of organic food and beverages, including fresh produce and packaged food. They may occasionally import direct from developing countries, but mostly they do not. They usually obtain their requirements through brokers/importers and direct from domestic and US producers and manufacturers. The following companies are amongst the best known:

- Ontario Natural Food Co-op (Etobicoke, ON) is a distributor of natural foods in Ontario and Eastern Canada. Visit http://www.onfc.ca.

- SunOpta Inc. (Toronto) is a large national distributor group of natural and organic foods. See http://www.sunopta.com. It owns, inter alia, the following companies:

    - Distribue-Vie Fruits and Legumes Biologiques Inc. is a major distributor of organic produce in Quebec. The company has now become consolidated with Pro Organics.

    - Pro Organics (recently bought by SunOpta) is Canada’s leading distributor of organic fresh produce with distribution centres in Vancouver, Toronto and Montreal. Each centre purchases fresh produce locally or in the region, whereas imports for the whole country tend to be handled centrally. The product range also includes other organic products like dairy products, grains, nuts and seeds, rice, sugar, dried fruit, honey, syrup, etc. It supplies supermarket chains, independent stores, natural food outlets, home-delivery companies and the food service sector. See http://www.proorganics.com.

    - Snapdragon Natural Foods Inc. (recently bought by SunOpta - a natural/organic conglomerate) with warehouses in Calgary, Toronto and Montreal supplies organic groceries and frozen products.

- WildWest Organic Harvest is an important distributor of fresh fruit and vegetables, dairy and eggs, grocery, frozen products and bulk foods.

- Tree of Life Canada (owned by the Dutch group Wessanen). With its Ashley-Koffman Division, Preisco/Jentash Foods and BEC Trading it is heavily involved in the distribution and marketing of natural and specialty foods, including organic products. Tree of Life is one of the top distributors of organic food in North America. Visit http://www.treeoflife.com.

- Westpoint Distributors Ltd. is a natural whole food distributor of dry food products, including organics, e.g. flour, grains, fruits and nuts, herbs and spices. http://www.westpointonline.com.

Food processors and manufacturers

While the principal business of these companies is processing and manufacture of final products, most of them use some imported raw material or ingredients. Some of them import, at least part of their requirements, direct, while others usually go through brokers.

- Abénakis Milling is in processing and private label packaging of certified organic and kosher foods for the Canadian market as well as USA, Europe and Australia. It sources a range of organic food ingredients, including cereals, rice, grains, beans, kernels, fruit, seeds and nuts, cold-pressed oils, coffee (including Fair Trade), cocoa and cane sugar. The company imports many of these products. Visit http://www.moulinabenakis.ca.

- Nature's Path Foods, Inc. is a major manufacturer of organic cereals and bakery products, including hemp-based products. Its brands, including *Nature's Path*, are available in most stores selling organic products. It is a Canadian company with plants in British Columbia and Washington, USA. Visit http://www.naturespath.com.

- Green Organic Vegetables Inc. is a domestic grower and producer of frozen vegetables. See http://www.greenorganic.com.

- Happy Planet Foods, Inc. is a producer of juices and smoothies. It sources its raw material from domestic growers and foreign suppliers, in particular as far as its requirements for tropical fruit are concerned. Most of its suppliers are organic certified producers and Fair Trade sources are on the increase. See http://www.happyplanet.com.

It should be noted that several big US food manufacturers operate in the Canadian market for organic products, and many own facilities in Canada, e.g. Hain Celestial Canada. Visit www.hain-celestial.com.

The retail sector

Organic food stuff is sold at the retail level by two main groups of retailers, i.e. natural (and health) food stores or similar and conventional/mainstream retail organizations, incl. the big supermarket chains. The two retailer types probably account for a similar share of organic sales, slightly less than 50 per cent each, with farmers' markets, online retailers and box schemes selling the balance, say 3-5 per cent

Natural food stores / specialty stores

This group consists of a large number of small and mostly independent stores (e.g. The Big Carrot, Toronto) and co-ops as well as some important retail chains. The following companies are amongst the most important stores in this category:

- Thrifty Foods is a regional grocery chain with 18 stores in British Colombia. Its wholesale warehouse also supplies 60 other independent grocers in the province. The company carries about 600 organic food items, including over 60 fruit and vegetable items. See http://www.thriftyfoods.com.

- Planet Organic Health Corp, which owns the Terra Natural Food Market located in Edmonton and three other stores in Western Canada, is planning to expand to about 25 other locations within the next few years. Visit http://www.planetorganichealthcorp.com.

- Whole Foods Market (with HQs in the US) opened its first Canadian store in Toronto in 2002, and it is believed that the company plans to open several more stores across the country. It sells its own private labels, e.g. *Whole Foods* and *Whole Kids Organic* as well as various manufacturers' brands. Organic food is very important and it is strong in fresh produce. The company has about 160 natural and organic food stores in North America and the United Kingdom. Visit http://www.wholefoodsmarket.com.

- Capers Community Markets (owned by Wild Oats Markets, Inc. in the US) currently has three stores in British Columbia and plans to open more in the future, including a large one in 2004. Wild Oats is a natural food retailer with over 100 stores in the US and Canada. Organic food constitutes a very important part of the assortment, and it is strong in fresh produce. Its corporate brands include *Wild Oats, Value, Health* and *Wellness*, but manufacturers brands are also sold. See http://www.wildoats.com.

Generally speaking these stores do not import direct, in particular not from (geographically distant) developing countries. They normally get their supplies from specialized organic distributors, or direct from organic food manufacturers, including many based in the USA.

Conventional supermarkets

- Loblaws is the largest grocery chain in Canada with a very strong private label programme, including one for organic products, i.e. *President's ChoiseOrganics* (launched June 2001). It owns or franchises more than 1,000 stores and has about 600 associated stores. It is planned that organic food will account for 5 per cent of all food sales within a five year period and to reach 400 organic items. Visit http://www.loblaws.ca.

- Sobeys, the second largest retail grocery chain in Canada, owns or franchises over 1,300 stores throughout all ten provinces, and operates over 25 distribution centres and about 20 foodservice operations. It focuses on national brands, including in the area of healthy and natural foods. See http://www.sobeys.com.

- Canada Safeway Ltd. (a subsidiary of Safeway in the US) is a leading supermarket chain in Canada with about 215 stores. It also serves independent grocery stores and institutional customers through its distribution centres. See http://www.safeway.com.

- A&P Canada (owned by A&P in the US) operates over 200 grocery stores in Ontario. See http://www.freshobsessed.com.

- Metro Inc. runs more than 240 stores in Quebec. See http://www.metro.ca.

While the big retail chains do not usually import organic products direct but rather through brokers and distributors, it is useful for exporters to have direct contact with them in order to discuss their quality and other requirements.

MARKET ACCESS

Customs duties

Canadian import duty rates vary by product as well as by country of origin. The same rates apply whether a product is organic or conventional. The Canadian Custom Tariff can be accessed at http://www.cbsa.gc.ca/general/publications/customs_tariff-e.html, the Web site of Canada Border Services Agency.

Organic certification

The National Standard for Organic Agriculture was introduced in 1999. However, the standard is currently voluntary and so does not fully serve its purpose, for example, in establishing consumer and industry confidence. Likewise, it does not ensure international acceptance of Canadian organic products.

The Organic Regulatory Committee, an ad hoc sector group, is currently working with the Canadian government to develop and implement a mandatory national organic regulation. A proposal was presented to the Canadian Food Inspection Agency in April 2004. It is expected that a set of mandatory organic regulations will be in place soon.

It should be noted that the province of Quebec has applied its own mandatory programme (equivalent to the national standard) since January 2002, which applies to all organic products coming into Quebec, whether Canadian or foreign. Certification bodies need accreditation by the Conseil des appellations agroalimentaires du Québec (CAAQ). See http://www.caqbio.org. The Web site provides a list of approved certification agencies. Other provincial authorities may also accredit certifying bodies. In British Columbia, for example, it will be done by the Certified Organic Associations of British Columbia (COABC). See http://www.certifiedorganic.bc.ca.

Other food laws and regulations

Imported and domestically produced food (whether organic or non-organic) is regulated by a number of laws and regulations, including the Food and Drug Act, the Canada Packaging and Labelling Act, the Canadian Food Inspection Act, etc. Further information can be found at http://www.inspection.gc.ca (Canadian Food Inspection Agency).

Market access information

ImportSource.ca provides information in English and French on importing regulations and other sources of import information that will be helpful to Canadian importers and foreign exporters alike. Visit http://importsource.ca/gol/importsource/interface.nsf/.

BIBLIOGRAPHY (selected)

Certified Organic - The Status of the Canadian Organic Market in 2003 by Anne Macey.
Report to Agriculture & Agri-Food Canada (Revised May 2004).

Organic Market Research and Action Plan by ProAgri Consulting Ltd.and Morton Horticultural Associates. ACORN - Atlantic Canadian Organic Regional Network (January 2003).

Canadian Natural and Organic Markets by Rosalie Cunningham.
Alberta Agriculture, Food and Rural Development (July 2002).

Canada Organic Products – Organic Food Industry Report by Faye Clark Marketing & Communications, Inc. USDA Foreign Agriculture Service (April 2002).

Numerous trade journals and Web sites, including those listed in this study.

Annex */

Selected addresses and Web sites

IMPORTERS

Bianca International Organic Inc.
7174 Marquette, Suite 1
Montreal, Quebec H2E 2C8
Tel: 514-376-7711
Fax: 514-729-2100
biologique@videotron.ca
http://www.biorganic.ca
(broad range of ingredients, grains, tea, etc.)

Gattuso Industries Ltd.
1100 de la Gauchetière Street West, Suite 253
Montréal, Québec H3B 2S2
Tel : 514-875-2222
http://www.gattuso.qc.ca
(dairy products and rice)

G&G Imports & Exports Lta.
Florida, USA
Tel: 239-887-1804
gandg@rogers.com
(imports of frozen fruit purée for Canada. Including tropical items, special relations with suppliers in America)

Great Lakes Organic Inc.
4359 Petrolia Line, Unit 4
Petrolia, ON NON 1RO
Tel: 519-401-2953
Fax: 519-882-0355
greatlakesorganic@on.aibn.com
http://www.greatlakesorganic.com
(grains, seeds, soy foods)

H & S Organics Inc./Absolute Organics
24 Lanebrook Cresent
Richmond Hill, ON L4S 1X3
Tel: 905-947-8450
Fax: 905-508-0391
http://www.absoluteorganics.ca
(spices)

*/ List not complete. Additional names of companies may be obtained from various trade directories, including the Organic Trade Association's *The Organic Pages Online* http://www.theorganicpages.com/topo/index.html

Organic Food For Life
115 Hill Crest Ave. # 1701
Mississauge, ON L5B 3Y9
Tel : 647-295-5104
info@organicfoodforlife.com
(spices, herbs, essential oils, cereals, etc. from India)

Organic Products Trading Co.
PO BOX 2994
Vancouver, WA 98668
Tel: 360-573-4433
Fax: 360-573-4388
garth@optco.com
http://www.optco.com
(organic and fair trade green coffee)

DISTRIBUTORS

Organic National Food Co-op
70 Fima Crescent
Etobicoke, ON M8W 4V9
Tel: 416-503-3663
Fax: 416-214-2942
http://www.onfc.ca

WildWest Organic Harvest
2120 Van Dyke Place
Richmond, BC V6V 1X6
Tel: 604-276-2441
Fax: 604-214-2942
info@wworganicharvest.com
http://www.wworganicharvest.com

Pro Organics
4535 Still Creek Ave.
Burnaby, BC V5C 5W1
Tel: 604-253-6549
Fax: 604-253-0439
Also:
324 Horner Avenue, Unit #4
Etobicoke, ON M8W 1Z3
Also:
9252 Boul. Pie-IX
Montreal, QC H1R 3H7
http://www.proorganics.com

Snapdragon Natural foods Inc.
1800 Autoroute Laval
Laval, QC H7S 2E7
Tel: 450-688-1030
Fax: 450-688-5724

Tree of Life Canada Inc.
6030 Freemont Boulevard
Mississauga, ON L5R 3X4
Tel: 905-507-6161
Fax: 905-507-4357
http://www.treeoflife.com

Salt Spring Coffee
#1-156 Alders Ave
Salt Spring Island, BC V8K 2K5
Tel: 250-537-0805
info@saltspringcoffee.com
http://www.saltspringcoffee.com
(coffee and tea – Fair Trade)

Westpoint Distributors Ltd.
Kent Corporate Centre
Unit 600 625 West Kent Avenue
Vancouver, BC V6P 6TP
Tel: 604-708-8668 or toll free: 1-800-838-8768
Fax: 604-708-3328 or toll free: 1-888-318-3322
westpoint@westpointnaturals.com
http://www.westpointonline.com

FOOD PRODUCERS AND MANUFACTURERS/PACKERS

Anke Kruse Organics Inc.
14191 Crewson's Line
Acton, ON, L7J 2L7 Canada
Tel: (519) 853-3899
Fax: (519) 853-5155
info@ankekruseorganics.ca
http://www.ankekruseorganics.ca
(packaged food, imports retail packs)

Crofter's Organic
7 Great North Road
Parry Sound, ON P2A 2X8
Tel: 705-746-6301
Fax: 705-746-2733
info@croftersorganic.com
http://www.croftersorganic.com (fruit beverages and spreads)

Green Organic Vegetables Inc.
920 Meyerside Dr.
Mississauga, Ontario L5T 1R9
Tel : 905-362-0341
Fax : 905-362-1889
http://www.greenorganic.com

Happy Planet Foods Inc.
888 Malkin Avenue
Vancouver, BC V6A 2K6
Tel : 604-253-7550
Fax : 604-253-7544
nak@happyplanet.com & happy@happyplanet.com
http://www.happyplanet.com
(imports tropical juices, etc. for processing)

Hills Foods Ltd.
109-3650 Bonneville Place
Burnaby, BC V3N 4T7
Tel : 604-421-3100
Fax : 604-421-3107
sales@hillsfoods.com
http://www.hilsfoods.com
(meat, also imports)

La Meunerie Milanaise
108, Rte 214
Milan, QC G0Y 1[E]0
Tel : 819-657-4646
Fax : 819-657-1011
meuner@microtec.net
http://www.lamilanaise.com
(pastas and flours)

Moulin Abénakis / Abénakis Milling
Ste-Claire, QC G0R 2V0
Tel: 418-883-3688
Fax418-883-2662
http://www.moulinabenakis.ca
(also importer)

Nature's Path Foods, Inc.
9100 Van Horne Way
Richmond, BC V6X 1W3
Tel : 604-248-8777
Fax : 604-248-8760
http://www.naturespath.com

RETAIL ORGANIZATIONS

A&P Canada
(The Great Atlantic & Pacific Company of Canada)
5559 Dundas St. W.
Etobicoke, ON M9B 1B9
http://www.freshobsessed.com

The Big Carrot Natural Food Market
348 Danforth Avenue
Toronto, Ontario M4K 1N8
Tel. 416-466-2129
Fax: 416.466.2366
health@thebigcarrot.ca
http://www.thebigcarrot.ca/

Capers Community Markets
(Wild Oats)
2285 W 4th Ave, 2nd Flr
Vancouver, BC V6K 1N9
Tel : 604-739-6640
Fax : 604-739-6649
kleith@wildoats.com
http://www.capersmarkets.com

Thrifty Foods Inc.
6649 Butler Crescent
Saanichton, BC V8M 1Z7
Tel: 250-544-1122
Fax: 250-54-1102
http://www.thriftyfoods.com

Loblaw Brands Limited
22 St. Clair Avenue East
Toronto, Ontario M4T 2S8
Tel: 416-922-8500
Fax: 416-960-6998
http://www.loblaws.ca

Sobeys Inc.
115 King Street
Stellarton, Nova Scotia B0K 1S0
Tel: 902-752-8371
Fax: 902-928-1101
http://www.sobeys.com

Canada Safeway Limited
1020 64th Avenue, NE
Calgary, Alberta T2E 7V8
Tel: 403-730-3500
Fax: 403-730-3888
http://www.safeway.com

Planet Organic Health Corp.
7917 - 104 Street
Edmonton, Alberta T6E 1EA
Tel: 780-719-4667
Fax: 780-429-7133
http://www.planetorganichealthcorp.com

Whole Foods Market
87 Avenue Road
Toronto, ON M5R 3R9
Tel: 416-944-0500
http://www,wholefoodsmarket.com

Metro-Richelieu Inc.
11011 Maurice Duplessis Blvd.
Montreal, PQ H1C 1V6
Tel: 514-643-1208
Fax: 514-643-1208
http://www.metro.ca

CERTIFICATION BODIES

A list of approved certification agencies can be downloaded at http://www.caaq.org

ORGANIC AND TRADE ASSOCIATIONS, GOVERNMENT OFFICES, ETC.

Agriculture and Agri-Food Canada Online
http://www.agr.gc.ca/

Agri-Food Trade Service
http://ats.agr.ca

Atlantic Canadian Organic regional Network (ACORN)
http://www.acornorganic.org

Canadian Health Food Association – CHFA
(CHFA Organics – a council of the CHFA)
awilkie@chfa.ca
http://www.chfa.ca

Canadian Organic Growers
office@cog.ca
http://www.cog.ca

Demeter Canada
http://www.demetercanada.com

Organic Advocates – Knives & Forks
http://www.organicadvocates.org

Organic Agriculture Centre of Canada (OACC)
http://www.organicagcentre.ca

OTA Canadian Council Liason
wellss@earthlink.net

Organic Trade Association (OTA)
http://www.ota.com

Québec Accreditation Board
info@caaq.hog
http://www.caaq.org

Transfair Canada
fairtrade@transfair.ca
http://transfair.ca

ITC: Your Partner in Trade Development

The International Trade Centre (ITC) is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) for operational, enterprise-oriented aspects of trade development.

ITC supports developing and transition economies, and particularly their business sectors, in their efforts to realize their full potential for developing exports and improving import operations.

ITC works in six areas:

- Product and market development
- Development of trade support services
- Trade information
- Human resource development
- International purchasing and supply management
- Needs assessment, programme design for trade promotion

International Trade Centre
UNCTAD/WTO

ITC: Your partner in trade development

For more information:

Street address: ITC, 54–56, rue de Montbrillant, Geneva, Switzerland.
Postal address: ITC, Palais des Nations, 1211 Geneva 10, Switzerland.
Telephone: +41 22 730 0111 *fax:* +41 22 733 4439 *e-mail:* itcreg@intracen.org *Internet:* http://www.intracen.org