Ontario Food Exports™

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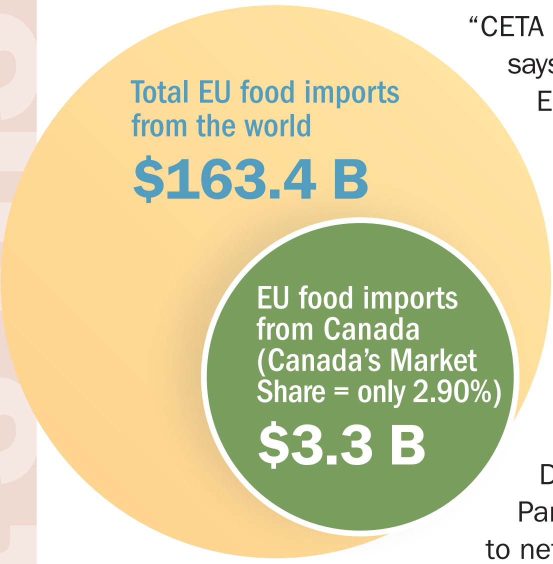
What's Inside

CETA Provides Competitive Advantage

The Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union (EU) has entered into provisional application, as of Sept. 21, 2017. Almost 94% of EU agricultural lines now tariff-free, including most agri-food products, meaning Ontario exporters have an advantage over competitors in other countries.



"CETA opens up the market for Canadian suppliers," says Jennifer Hannam, OFEX's Geographic Specialist – Europe. "It gives us preferential tariff treatment on most products." She also notes that "Brexit" will not immediately affect CETA: "The United Kingdom is separating from the EU, but that may be a long process – at the moment, it's business as usual for Ontario exporters."

Hannam says that Ontario exporters considering the European market should explore upcoming tradeshows such as The International Food & Drink Event in London, March 2019, and SIAL Paris in October 2018, are excellent opportunities to network and experience the market.

For additional information on EU exporting and networking opportunities, contact Jennifer Hannam at 519-826-3982 or jennifer.hannam@ontario.ca.

Ministry of Agriculture, Food and Rural Affairs

Ontario

SAVE THE DATE

Join OFEX at upcoming trade events to make connections, and gain market and exporting insights

Taste of Canada: Middle East, Dec. 13, 2017
U.S. Regulations Seminar: Guelph, Ontario, Feb. 2018
Gulfood 2018: Dubai, UAE, Feb. 18-22, 2018
Restaurant Canada Show: Toronto, Ontario, Feb. 25-27, 2018
Expo ANTAD: Guadalajara, Mexico, Mar. 6-8, 2018
FOODEX: Makuhari Messe, Japan, Mar. 6-9, 2018
Natural Products Expo West (NPEW): Anaheim, California, Mar. 9-11, 2018
AAHAR: New Delhi, India, Mar. 7-11, 2018
PROFIT Seminar: Niagara Falls, Ontario / Buffalo, New York, Jun. 12-13, 2018
Street Smart: Toronto, Ontario, Sept. 16-18, 2018

For more information on these events, contact Cheryl Chlebus, Client Information Coordinator, at 519-826-3767 or cheryl.chlebus@ontario.ca. Further details on past events, such as the PLMA 2017 tradeshow and the Premier's Mission to China and Vietnam, will be included in the Spring 2018 issue of The Exporter.

PROFILE

Reimbursement for Export Expansion

Export Market Access (EMA) is an export expansion program that helps Ontario food and beverage suppliers increase their exporting opportunities by reimbursing up to 50% of costs incurred to develop export sales (maximum of $30,000).

Since it began in 2008, the EMA program has helped more than 1,500 companies: "It began because there was a gap," says Louie DiPalma, Director of SME Programs at the Ontario Chamber of Commerce. "Going out to export markets and marketing products can be quite expensive. EMA helps Ontario companies make connections with distributor and buyers so that they can access opportunities and expand export sales."

In order to apply, a business must be Ontario-based, have 5-500 employees and annual sales of $500,000 or more. Eligible expenses include:

- **Direct Contacts:** Trade shows, fairs and exhibits as well as incoming and outgoing missions
- **Marketing Tools:** Promotional materials
- **Market Research:** For more precise international market targeting

Applications are received, processed and evaluated by the Ontario Chamber of Commerce. Successful applicants are those who have a strong sense of how their product will be received, knowledge of the target market, including barriers, says DiPalma, as well as their capacity and ability to execute an export expansion.

Currently there is no shortage of applications: "We're pleased with the level of activity; it's a measure of the program's success – people are interested, accessing and following through."

Export Market Access is an initiative of the Ontario Chamber of Commerce, with support and funding from the Government of Ontario. **For more information, visit http://exportaccess.ca/en/home or contact your Export Marketing Officer.**

TREND WATCH

Global Trends

Planet Retail released their inaugural *Global STEIP Annual Report*, identifying key consumer drivers for Ontario food and beverage manufacturers to consider when considering their product development and exporting.

1. **Age:** The global population is skewing older, particularly in developed markets – convenience will be critical, and health products of increasing interest
2. **Urbanization:** The world's megacities will account for nearly 1/4 of global retail sales by 2022 – urban shoppers are more valuable
3. **Multiculturalism:** Increased global migration is creating more diverse ethnic communities with unique demands – ethnic products will be of increasing interest
4. **Household Size:** Average household size is shrinking across the globe – retail convenience will be key
5. **Experience vs Things:** Younger generations are leading the spending shift to experiences – physical items will remain at the core of spending
6. **Attention Deficits:** Expanding digital connectivity and fast-paced lifestyles are shortening attention spans – provide concise and relevant information

For more information on how your operations can adapt to meet the changing retail landscape, please contact your Export Marketing Officer.

RETAILER PROFILE

Alibaba Promotes China e-commerce

Image Source: China Daily

On Sept. 25, Alibaba hosted its Gateway 2017 event in Toronto for small business owners and entrepreneurs interested in exporting goods to China. More than 3,600 attendees had opportunity to visit a marketplace expo and hear from a line-up of noted speakers including the Right Honourable Justin Trudeau and Ontario Premier Kathleen Wynne.

Jack Ma, Founder and Executive Chairman of Alibaba Group, shared a number of key takeaways for small business owners and entrepreneurs at Gateway '17: there is no longer a significant difference in effort between selling to a customer across the street or across the globe; find the right business partners who understand the landscape you want to grow into; and have a clear brand identity and ensure your story is resonating across all platforms.

Founded in 1999, Alibaba is the largest e-commerce operator in China, with a gross merchandise value (GMV) of $421 billion in 2014. Alibaba's GMV makes up 82% of the online shopping market in China, whose cross-border retail e-commerce is expected to grow six-fold between 2015 and 2020.

"e-commerce in China provides Ontario suppliers with new opportunities, since Canadian products enjoy a positive image in the minds of Chinese consumers," says Emerson Cheng, Geographic

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ALIBABA HAS
3.6 million+ registered users from 190+ countries

Specialist – Asia/Pacific. “But if Ontario companies are interested in international opportunities, they should reach out to better understand the Chinese market.”

Cheng suggests that Ontario exporters speak with individuals and organizations that have experience in the Chinese e-commerce channel and attend seminars or trade missions that have e-commerce components. In addition, government agencies such as OFEX will provide guidance, helping Ontario companies to explore the market, its pros and cons and whether it’s a good fit for them.

IN GOOD COMPANY

EXIMPRO Takes Centre Stage at AAHAR
EXIMPRO connected with buyers from Indian retail chains and distributors at the AAHAR show, held Mar. 7-11, 2017 in New Delhi, its second year at the event representing its Ontario food and beverage supplier clients.

“We hosted the Minister of Agriculture and Agri-Food (The Honourable Lawrence MacAulay) at our booth, and launched several new consumer packaged goods from Ontario’s food companies,” says Ravi Kumar, Director of EXIMPRO, Toronto-based specialists in international trade and trade services.

Since 2010, EXIMPRO has supported Canadian exporters of agri and shelf-stable foods, with a focus on new and emerging markets. Key to its success is attending larger, food-centered shows such as AAHAR (which translates to “food” in Hindi says Kumar).

“There are new and emerging markets in Asia and Africa, but India is by far the largest. But it’s a complicated market, with specific regulations, administrative needs and cultural nuances.” He says opportunity for Ontario suppliers in the Indian market is driven by consumers looking for premium products – quality and not price being the main consideration.

Kumar recommends that Ontario suppliers looking to expand into the Indian market employ an organization such as EXIMPRO, who facilitates the complete supply chain – from picking products up from a supplier’s plant to delivering them to the retail store in India. “We go to meetings, deal with buyers, get products tested and tasted, connect with food regulators, find distributors on the ground… and coordinate payments.”

He also suggests Ontario suppliers get prepared to invest time: “It won’t happen in one meeting; in India people sometimes don’t even talk business in the first meeting. You must be patient.”

For more information contact Kiran Pandey, Geographic Specialist – India at 519-826-3489 or kiran.pandey@ontario.ca.

United Kingdom: Organic Trends

Agriculture and Agri-Food Canada released an *Organic Trends in The United Kingdom* (UK) report that identifies health and natural products in the UK as one of the most promising market opportunities in the EU, driven by a continued interest in achieving a healthier lifestyle. Currently, the UK is the fourth-largest health and wellness market in the world, after the U.S., China and Japan.

“With an international reputation for quality health and wellness products, Ontario food and beverage suppliers are already set to take advantage of this growth opportunity,” says Jennifer Hannam, OFEX’s Geographic Specialist – Europe. “With CETA in place, we have an advantage over competitors in other countries.”

ORGANIC
PRODUCT

From 2012 to 2016, more than 3,000 organic products were launched in the UK, helping to drive sales of $1.4 billion U.S. for organic packaged foods and $217.9 million U.S. for beverages in that period.

For additional information, contact Jennifer Hannam at 519-826-3982 or jennifer.hannam@ontario.ca.

REGULATORY UPDATES

Updated U.S. Food Safety Controls

Small Ontario food and beverage exporters who supply the U.S. market must comply with updated FDA food safety controls, which came into effect in 2017, and relate to food safety plans and good manufacturing practices (i.e. qualified and trained employees).

The deadlines for compliance with these updated guidelines were Sept. 18, 2017 (for businesses with fewer than 500 full-time employees) and Sept. 17, 2018 (for businesses averaging less than $1 million/year in sales and facilitates with Grade "A" milk and milk products).

"The percentage of outbreaks related to imported food in the U.S. is increasing dramatically," says Bracey Parr, Regulatory Specialist and Project Coordinator for Registrar Corp, who analyzes major regulations under the U.S. FDA Food Safety Modernization Act (FSMA). "This is because the U.S. is importing more food for reasons of changing tastes, globalization and an increase in ethnic communities."

Given the FDA can only inspect about 1% of this imported food, says Parr, it instituted the Foreign Supplier Verification Program, which puts the onus on U.S. importers to make sure food is safe. Importers in turn require that suppliers, like Ontario exporters, provide documentation proving they comply with HARPC rules and updated guidelines like those noted above.

There are exemptions, however: under a *Memorandum of Understanding for Food Safety Systems Equivalency* between the FDA and CFIA/Health Canada, CFIA can publish a list of Ontario facilities who are in "good compliance standing" with CFIA, relieving these suppliers of the need to meet many FDA requirements. The CFIA has yet to publish this list; until then, suppliers in Ontario must comply with full FSMA regulations.

To access a list of FSMA requirements for their business, Ontario suppliers can use Registrar's free online Compliance Wizard at www.fsmawizard.com. For additional information visit www.fda.gov/Food/GuidanceRegulations/FSMA.

Based in Virginia, Registrar Corp U.S.A. is an FDA compliance firm that helps companies navigate FDA regulations.

Improved Communications at FDA

The FDA has instituted its new Import Trade Auxiliary Communication System (ITACS), which aims to make communications between its field staff and the U.S. import trade community easier and more efficient.

These efficiencies in turn will ensure the trade community's support to exporters, like those in Ontario, is more streamlined and accessible:

- ability to access more detailed Admissibility Status of imports
- ability to electronically submit and store information and documentation

For more information, visit the FDA website at www.fda.gov/ForIndustry/ImportProgram.

A Word about NAFTA

NAFTA is a 1994 agreement that created the biggest free-trade area in the world at the time. It eliminated barriers and encouraged the flow of goods and labour between Canada, the U.S. and Mexico – and it is still doing this today.

"Renegotiations to NAFTA are currently underway," says Alan Crawley, Manager, Trade Engagement, OMAFRA. "The objectives of all three parties is to improve upon and add to the benefits of this cross-border partnership. Ontario food and beverage should continue to watch developments carefully and be prepared to take advantage of new opportunities in these profitable markets."

Canada's objectives for an updated agreement include protection of its supply management system and cultural exemptions. These, as well as the objectives of U.S. and Mexican authorities, are discussed by the parties at sessions held at three-week intervals.

Negotiations are in the early stages, but ongoing, says Crawley, adding that the Ontario commitment to the process is not in doubt: "NAFTA is a critical element to our strong economy, very much so in Ontario, and in particular to our food and beverage suppliers. We are represented at each session of the negotiations by our Ministry of International Trade."

He recommends that Ontario suppliers submit their NAFTA thoughts and concerns, and keep up-to-date on developments, at the Government of Canada's website: www.international.gc.ca/nafta.

Access Top Exporting Resources

The national launch of Canada's Trade Accelerator Program (TAP Canada) will help small-to-medium-sized Ontario food and beverage suppliers overcome barriers to exporting. The six-week workshop provides participating companies with access to exporting advisors, resources, training and support. Beginning in Winnipeg and Vancouver in the fall of 2017, TAP Canada will become available through boards of trade and chambers of commerce across the country and help companies:

- NAVIGATE the global trade system
- LEVERAGE Canada's trade and investment resources
- ACCESS coaching and advice
- LEARN about international best practices
- ACCELERATE export readiness
- DEVELOP and implement market entry plans
- EXPAND global trade and grow revenues

TAP began as a regional initiative in the Greater Toronto Area in 2015, where it has helped more than 150 companies trade globally and participants have an average growth of 16% in their international sales within one year.

For information on how to participate or apply for upcoming sessions, visit www.wtctoronto.com/tap/.

Ontario Food Exports[OM]

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