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Canada

Organic Products

Organic Regulations

2007

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Report Highlights:

Canadian Organic Regulations became official on December 21, 2006. With the exception of the voluntary use of a Canadian organic logo, which takes effect immediately, the implementation of Canadian organic regulations will occur over a two-year transition period. In the interim, the status quo exists for U.S. organic food exports to Canada. Already valued at \$2.6 billion at retail, the size of the organic food market in Canada is expected to increase significantly in coming years. Canada's organic regulations are expected to result in increased consumer confidence in organic food. U.S. organic food exporters, which already hold the major share of the Canadian organic food market, are well positioned to further increase exports to Canada. Canada will be the first country to track trade data on organic products as part of a four-year pilot project of Agriculture and Agri-Food Canada.

Includes PSD Changes: No
Includes Trade Matrix: No
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Summary

Canadian Organic Regulations became official after they were published in the Canada Gazette, Part II, on December 21, 2006. With the support of the Canadian organic industry, Canada's previously voluntary system for marketing organic food now falls under a federal regulatory framework. Canada is an important market for U.S. organic food. In fact, Canadian organic production has concentrated on exports, mostly of bulk grains and oilseeds. Canada's retail market for organic food is supplied mostly by imports from the United States. Currently, about 80% of the demand for organic produce and approximately 90% of the demand for organic grocery products in Canada is met by imports from the United States.

With the exception of the voluntary use of a Canadian organic logo, which takes effect immediately, the implementation of Canadian organic regulations will occur over a two-year transition period. As a result, the status quo exists for U.S. organic food exports to Canada. Over the next two years, U.S. organic food exporters are advised to become familiar with Canada's organic regulations to determine, for example, any marketing opportunities associated with using the Canadian organic logo, and the rules for doing so.

Canadian Organic Regulations

Canadian Organic Regulations became official after they were published in the Canada Gazette, Part II, on December 21, 2006. The Canadian Food Inspection Agency (CFIA) will enforce the regulations and regulate the use of the "Canada Organic" legend (i.e., logo). As far as regulatory framework, Canada's Organic Regime (COR) will build on the existing system of domestic accreditation and certification bodies and will incorporate the existing organic regulations already in place in British Columbia and Quebec.

The *Canada Agricultural Products Act (CAPA)* is the enabling legislation under which the regulations were developed. Organic products must continue to meet the requirements set out in Canada's *Consumer Packaging and Labeling Act*, the *Food and Drugs Act*, and all other applicable legislation. The Organic Production Systems General Principles and Management Standards (Standard) and Organic Production Systems Permitted Substances Lists (PSL) developed by the Canadian General Standards Board (CGSB) form the basis of the Regime. The COR is designed such that the Government of Canada will provide oversight of the Regime with the CFIA acting as the competent authority, and will integrate existing accreditation and certification bodies into the system.

Organic Production Standards

The definitions of Canada's production methods for organic agriculture and the substances used (i.e., permitted substances list) are laid out in the Canadian General Standards Board's (CGSB) publications entitled the *Organic Production Systems General Principles and Management Standards* and the *Organic Production Systems Permitted Substances List*. These documents are available on the following CGSB webpage:
http://www.pwgsc.gc.ca/cgsb/on_the_net/organic/index-e.html

Some Issues Important to U.S. Organic Exporters

Equivalency

Given the size of the trading relationship, Canada and the United States may seek equivalency discussions with one another during the two-year transition period. Normally, whenever a country seeks U.S. determination of its organic standards, the U.S. follows with a similar request of the USDA National Organic program (NOP) by the foreign government in order to facilitate U.S. organic exports. To evaluate equivalency, the NOP conducts a side-by-side comparison of the two systems to identify similarities and differences. In the end, equivalence may exist for some products but not for others.

A Fast Growing Market

The annual retail market for organic food in Canada is estimated at US\$2.6 billion, accounting for approximately 2.0 percent of total Canadian retail food sales. As stated earlier, Canada's growing demand for organic food is mostly satisfied by imports from the United States. The introduction of Canadian organic regulations is not expected to change the degree of dependence on U.S. product over the medium term. It is expected that the popularity of organic food in Canada will be enhanced as Canadian consumers familiarize with the new logo and as Canadian retailers continue to promote and expand the retail shelf space for organic food. A recent Agriculture & Agri-Food Canada announcement (see below) to launch a pilot project to measure organic trade is expected to result in wider exposure for organic food. While the Canadian organic industry is hopeful that measuring organic food imports will encourage Canadian domestic production of organic food over the next several years, it is expected that the major share of the anticipated increase in demand will be continue to be met via increased imports of U.S. organic product.

Labeling

The sale of organic food products in Canada is governed by the same rules and regulations that apply to non-organic food products. All Canadian packaging and labeling rules under Canada's Packaging and Labeling Act, the Food and Drugs Act, and all other applicable legislation apply equally to organic foods.

Certification

When fully implemented, Canada's organic regulations will require that all organic foods sold in Canada be certified as to meeting the requirements of the regulations. According to the CFIA, it has not yet received any applications from certifying bodies, but over the course of the transition period, and similar to the NOP accreditation procedures, the CFIA expects domestic and international certification bodies to apply to CFIA for accreditation. It is expected that each shipment of U.S. organic product will eventually require a an accompanying attestation document, separate from Bill of Lading and other Customs documentation, issued by a competent authority (i.e., a U.S. organic certifying organization).

Use of the Canadian Organic Logo on U.S. Product in Canada

Canada's organic regulations permit U.S. organic products sold in Canada to use the "Canadian Organic" (or French version, "Biologique Canada") logo provided that either the term "United States" or "imported" appears in close proximity to the logo.

The logo:



This logo is shown for presentational purposes only.

Copies of the Regulation

The full text of Canada's Organic Regulations is available at:
<http://canadagazette.gc.ca/partII/2006/20061221-x6/html/extra-e.html>

The Organic Food Industry in Canada

The annual retail market for organic food in Canada is estimated at US\$2.6 billion, with imports, mostly from the United States, accounting for 80-90 percent of the products sold at retail. The organic market represents approximately 2.0 percent of total Canadian retail food sales. As a result, the Canadian market relies on U.S. organic food suppliers for the majority of fresh and processed organic foods. Canadian studies show that the market for organic food in Canada is growing at 15-20 percent per year. The proportion of Canadians who regularly purchase organic foods is steadily increasing and virtually every major supermarket chain offers organic produce and other prepackaged organic items. Several U.S. based organic retailers have recently opened stores in Canada's largest cities, and a major U.S. mass-market retailer has plans to include an organic food section in each of its three super stores by 2007. The trend to expanding organic food retailing is expected to result in strong gains for sales of U.S. organic foods in Canada. The US organic industry is well poised to capitalize on the increasing demand for organic foods in Canada.

According to a 2004 study, commissioned by Agriculture and Agri-Food Canada, total Canadian organic food exports were valued at C\$63 million (2003 basis), mostly comprised of grain and oilseed exports to the European Union and flours, fruits (mostly apples), vegetables, and maple syrup to the United States.

Pilot Project to Measure Organic Trade

Canada will be the first country to track trade data on organic products as part of a four-year pilot project announced in December 2006 by Chuck Strahl, Minister of Agriculture and Agri-Food (AAFC) and Minister for the Canadian Wheat Board. Beginning with the release of official trade data for January 2007, which will become available in mid-March 2007, Statistics Canada will capture import trade data for 41 agricultural tariff classifications, mostly certain fresh fruits and vegetables. The Canadian Border Services Agency has already coded the import categories in the 2007 version of the Customs Tariff and it is expected that additional products will be integrated over the subsequent years of the pilot

project. According to AAFC officials, organic export classifications do not yet exist due to issues related to the U.S./Canada 1987 MOU on the exchange of import data between Statistics Canada and the U.S. Census Bureau (U.S. Department of Commerce) and the U.S. (minimum) value criteria for new classifications. However, AAFC's aim is to develop a full list of codes to track both import and export trade in all significant organic agricultural products, and to help Canada's organic industry determine market potential. Given that Canada is heavily dependent on imports of organic food from the United States, the tracking of Canadian imports of organics is expected to provide, for the first time, an accurate measure of the importance of U.S. organic food exports in the Canadian market.

Canada's Certified Organic Customs Tariff Classifications as of January 1, 2007

HS Code	Description
0403.10.10.10	Yogurt (within access commitment)
0403.10.20.10	Yogurt (over access commitment)
0701.90.00.10	Potatoes, not seed
0702.00.29.10	Tomatoes, cherry
0702.00.99.21	Tomatoes, Roma
0702.00.99.29	Tomatoes, Other
0703.10.39.10	Onions or shallots, green
0703.10.99.10	Other Onions (e.g. yellow)
0704.10.90.10	Cauliflower
0704.20.90.10	Brussels Sprouts
0704.90.29.10	Broccoli
0704.90.39.10	Cabbage
0704.90.49.10	Other Cabbage (Chinese lettuce)
0705.11.90.20	Head Lettuce
0705.19.90.20	Other Lettuce
0706.10.40.10	Carrots
0706.90.30.10	Beets
0706.90.59.10	Radishes
0707.00.99.20	Cucumbers
0709.20.99.10	Asparagus

0709.30.00.10	Egg Plant (Aubergines)
0709.40.90.10	Celery
0709.60.90.20	Peppers
0709.90.40.10	Sweet Corn, on-the-cob
0803.00.00.11	Bananas
0804.30.00.11	Pineapples
0805.10.00.12	Oranges
0805.40.00.10	Grapefruit
0805.50.00.11	Lemons
0805.50.00.12	Limes
0807.11.00.10	Watermelons
0807.20.00.10	Papayas
0808.10.10.81	Apples; Golden Delicious
0808.10.10.82	Apples; Red Delicious
0808.10.10.83	Granny Smith
0808.10.10.84	Gala
0808.10.10.89	Apples; Other
0808.20.29.10	Pears
0809.30.29.10	Peaches
0810.40.10.55	Blueberries; wild, cultivated
2202.90.49.10	Beverages containing milk

Source: Canada Customs Tariff Schedule, 2007

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VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov