



Raising a Glass to Canadian Spirits

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For inquiries, contact
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Canadian Food Exporters Association (CFEA)

895 Don Mills Road

Two Morneau Shepell Centre, Suite 900

Toronto, Ontario M3C 1W3

Phone: (416) 445-3747

Fax: (416) 639-2110

E-mail: info@cfea.com

www.cfea.com

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Toll Free Phone: (866) 999-1299

Toll Free Fax: (866) 244-2544

E-mail: sales@matrixgroupinc.net

Web: www.matrixgroupinc.net

President & CEO

Jack Andress

Operations Manager

Shoshana Weinberg

sweinberg@matrixgroupinc.net

Senior Publisher

Jessica Potter

jpotter@matrixgroupinc.net

Editor-in-Chief

Shannon Savory

ssavory@matrixgroupinc.net

Editors/Social Media Managers

Jenna Collignon / Kaitlin Vitt / Paul Adair

Finance/Administration

Lloyd Weinberg, Nathan Redekop

accounting@matrixgroupinc.net

Director of Circulation & Distribution

Lloyd Weinberg

distribution@matrixgroupinc.net

Sales Manager

Jeff Cash

jcash@matrixgroupinc.net

Matrix Group Publishing Inc. Account Executives

Colleen Bell, Jackie Casburn, Rob Gibson, Jim Hamilton, Scott Hendren, Touhid Khan, Frank Kenyeres, Sandra Kirby, Charlie Langsford, Andrew Lee, Brian MacIntyre, Shaun Minett, Lynn Murphy, Caitlin Nakamura, Vlada Radchenko, Wilma Gray-Rose, Luke Stevens, Joseph Ukaoha

Layout & Design

Cody Chomiak

Advertising Design

James Robinson

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on the cover: This issue's cover of *Export Savvy* showcases Canada's emerging distillery industry. Flip to page 8 to learn more about how this exciting and innovative segment of the food and beverage sector is helping raise spirits across Canada, and around the world.





Susan Powell, President
Canadian Food
Exporters Association

“If you really want to make a friend, go to someone’s house and eat with him... the people who give you their food, give you their heart.”

– American Labour Leader, Cesar Chavez

The world often feels like an uncertain place. It’s like everybody has an opinion, yelling about something, and nobody seems willing to come to the table to talk any more.

But we also know that nothing brings people to the same table quite like a good meal.

Sitting down and swapping stories and laughter over a delicious meal is part of the human experience, and having a meal with those you care about strengthens familial bonds and improves communication. Sharing a meal helps us understand that other peoples’ ideas are not really all that different... and that just maybe the world isn’t quite so chaotic as it might seem.

In the years since it was founded in 1996, the Canadian Food Exporters Association (CFEA) has worked to raise the international profile of Canadian food, beverage, and ingredient products, increase the number of small to medium-sized food and beverage processors and manufacturers that are exporting, and grow the profitable export sales of Canadian food and beverage products.

The features found in the pages of *Export Savvy* encourage professional improvement and the free exchange of knowledge among those interested in food and food export. This issue’s lead feature, *Raising a Glass to Canadian Spirits*, explores Canada’s growing craft distillery industry; an industry that places high importance on the quality of its ingredients and the stories its products share. Flip to page 8 to read about this rapidly evolving industry

that is helping raise spirits around the world.

Crikey! – from its beautiful beaches and its arid outback to its cuddly koalas and poisonous everything else, Australia truly is a land of contradictions with a colourful lingo that’s fair dinkum. But despite the fact that Australia sits on the opposite side of the globe from Canada and that there are many differences between the two nations, we also share many historical and cultural bonds with our southernmost Commonwealth cousins. What’s more, recent trade agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are providing new opportunities for Canadian exporters of agriculture and agri-food products. Turn to page 11 to learn all about what’s happening down under.

Known as the cradle of civilization, the Middle East has been synonymous with international trade for millennia. Yet, while Canada has seen trade growth with Middle Eastern countries (particularly with the six states that make up the Gulf Cooperation Council (GCC)), there is still boundless opportunity for strengthening Canada-Middle East economic relations, as well as for Canadian exporters of agriculture and agri-food products in countries like Saudi Arabia and the United Arab Emirates (UAE). Come explore this land of living history and find out what opportunities might be right for you on page 13.

By transforming agricultural commodities into food, feed, and non-food products sold in Canada and around the world, the Canadian processed food and beverage sector is an incredibly important component of not only the nation’s agriculture and agri-food system, but also Canada’s economic strength. Turn to page 15 to learn more about how your industry is thriving post-pandemic,

some of the challenges yet to come, and what opportunities might be in store for Canadian food exporters.

At the CFEA, we are focused on helping our members promote their products in new markets and advocate Canadian excellence to potential buyers. To learn more about our association or to find out how you can become a member, go to www.cfea.com. Our website also has several handy industry links, important resources, and even a delectable selection of recipes that are sure to impress. Check out pages 6 and 7 of this magazine, to visually sample some of the fabulous fare from our members.

One of the certainties of life is that life is uncertain. But when the world feels like it’s spinning out of control, it’s nice to know that the simple act of sharing a meal with friends and family is a time-tested and proven way to slow down and find your centre.

Looking ahead, Canadians and the rest of the world can rest assured that CFEA members will be there for them, providing the foods and ingredients that can bring calm to whatever the storm outside the kitchen may bring. Cheers to that! 🇨🇦



Culinary delights

Foodies rejoice! Ready your kitchens, collect your fellow connoisseurs, and prepare to go gourmet with your next gathering.



Halal Jambalaya Pasta

Recipe compliments of Al Safa Foods Canada

INGREDIENTS

- Al Safa Beef Smoked Sausage cubed
- 1 cup shrimp
- ½ cup heavy cream
- Olive oil
- Cajun creole seasoning
- 1 red bell pepper sliced
- 1 yellow bell pepper sliced
- 1 yellow onion sliced
- 3 gloves garlic thinly sliced
- 28oz crushed fire roasted tomatoes
- Grape tomatoes
- Pasta of your choice
- Grated parmesan
- Cilantro for garnish

DIRECTIONS

Boil pasta in salted water, stir occasionally.

In a skillet on high heat, drizzle with olive oil and place onions, stir occasionally until caramelization occurs. Move onions to one side of the skillet and place bell peppers on the other side – leave in skillet and stir occasionally to char vegetables. Season with Creole Cajun seasoning. Add garlic and cherry tomatoes and mix.

Create a well in the middle of the skillet, add in beef sausage. Caramelize ingredients.

Stir, create a well in the middle of skillet, add a can of crushed tomatoes and shrimp. Season with black pepper and creole seasoning.

Once pasta is finished, remove and drain water, add pasta to skillet. Mix well. Add in heavy cream, grated parmesan, mix well. Add more Creole Cajun seasoning to taste (personal preference). Garnish with cilantro and grated parmesan. Enjoy!



April's Apple

Distillerie Mariana's Avril amaretto is made with maple syrup and myrique balsam... Rediscover the Québec region through this unique version of this Italian classic.

INGREDIENTS

- 1 oz Avril amaretto
- 1/4 cup orange juice
- 0.5 oz bourbon or whiskey
- 3/4 cup apple cider

DIRECTIONS

Add the amaretto, orange juice, and bourbon to a shaker filled with ice and shake. Pour into a glass with a few ice cubes and top with apple cider. For a little added flair, decorate with a cinnamon stick (optional).

This is a cocktail that can be enjoyed cold or hot. For hot consumption, combine the ingredients in a saucepan over low heat before pouring into the glass.



Captain Ahab Cocktail

Captain Ahab was the winning cocktail of a special evening featuring Distillerie Mariana at Madame Chose restaurant in Québec, QC. To learn more about Distillerie Mariana, turn to page 8 in this issue of Export Savvy.

Recipe courtesy of Madame Chose / Distillerie Mariana

INGREDIENTS

- 1.25 oz of the best spiced rum in the world, Morbleu rum
- 0.5 oz fassionola syrup
- 0.5 oz lime juice
- 2 oz white cranberry juice



Grilled Red Pepper Shrimp Bao

Recipe compliments of Summer Fresh

INGREDIENTS

- 227g Summer Fresh Roasted Red Pepper Dip
- 800g Summer Fresh Asian Noodle Salad
- 24 large shrimp, shelled and deveined
- 2 medium cloves garlic, minced
- 2 tablespoons olive oil

DIRECTIONS

Heat grill to medium-high heat. Thread shrimp onto skewers, alternating heads to tails and pushing shrimp so that they are closely placed together and placing six (6) shrimp on each set of skewers. When shrimp are ready to grill, brush both sides with a garlic / oil mixture.

Place shrimp directly over grill and cook, turning occasionally, until shrimp are just cooked through and well charred (approximately 4 to 5 minutes).

To assemble; spread Summer Fresh Roasted Red Pepper Dip on the bottom of each bun. Top with pickled cabbage, sliced cucumber and carrots. Add two (2) shrimp each and garnish with fresh cilantro.

Serve with Summer Fresh Asian Noodle Salad and enjoy.

Distillerie Mariana is finding success in global markets thanks to the quality of its products, such as its award-winning Morbleau rum. Photo courtesy of Distillerie Mariana.



Raising a Glass to Canadian Spirits



located near Montréal, Distillerie Mariana was founded a decade ago as one of the first micro distilleries in the province and has since evolved into an award-winning producer that showcases the best of Québec's botanicals and terroir.

The company currently produces gins, rum, liqueurs and a Québec grain whisky that is currently being aged. In 2022 at the San Francisco World Spirits Competition – one of the most renowned and influential international competitions in the spirits industry – Distillerie Mariana even earned the prestigious 'Best of Class' distinction for its *Morbleu* as the best flavoured rum in the world.

"This recognition helped put Distillerie Mariana in the spotlight with overseas distributors," says owner Philippe Leblanc.

"It can be challenging to stand out in this industry so, whenever we can win such a special award like this, it helps to assure any importers that they are making the right decision when they go with us."

Distillerie Mariana only began exploring opportunities in export markets three years ago and has found success on shelves in France and Switzerland; two markets that have a close affinity with Québec's culture and values. After participating with the Canadian Food Exporters Association (CFEA) at various trade shows and

meeting with importers from around the world, Distillerie Mariana has also recently begun exporting to China, as well as to some duty-free shops in Africa.

Leblanc believes that it is important for the Canadian craft distillery industry to develop international export opportunities like these, seeing as – in Canada – alcohol is under the monopoly of the provinces. Because of this, it can often be seen as less challenging for smaller distillers like his to look outside Canada's borders, rather than rely on interprovincial trade.

“Markets outside Canada tend to be open markets where we can sell our products just like any other product anywhere else in the world,” says Leblanc. “So, if we want to keep our industry growing and reduce our dependency on our single customer, which is right now the Société des alcools du Québec (SAQ) here in Québec, we need to start to develop new distribution channels overseas and leverage Canada’s stellar reputation in terms of food quality and safety.”

A COMPETITIVE MARKET

The Canadian alcohol industry is often seen as ‘pay-to-play’ when it comes to marketing, and a place where the biggest players control much of the distribution. As a small and mid-sized enterprise (SME), it can be a challenge to compete with big marketing budgets, forcing them to be more creative. As such, Canadian SME distillery exporters have become quite adept at thinking outside the box to uncover untapped markets instead of engaging in an existing market that is crowded with competition.

“For instance, European consumers look for niche and exclusive products to give as gifts over the holidays,” says Leblanc. “In terms of volume, this is a segment that can be very intriguing for a craft producer since it’s a place where the big guys don’t venture. Consumers also like to have a story with their products, and Canadian craft distillers have a great story to tell about how we take grains and botanicals and encapsulate their essence in a bottle. We can use this, as well as the Canadian landscape, as a powerful marketing tool for our spirits.”

Distillerie Mariana also sees great value in its membership with CFEA, seeing the association as a crucial resource for support and networking – especially for an industry where most of the craft distilleries are only about four years old and are new to the export market, as they are in Québec.

“CFEA is a great place to start your journey because they select the trade shows that fit your industry, they help you with the consolidation of your samples, and they even suggest the right hotel near the trade show to stay at,” says Leblanc. “Exporting is a long-term strategy, and it may take five years before you

really see significant results but, if you give it enough time and you keep showing up, good things can happen.”

THE ALBERTA EXPERIENCE

Over a decade ago, Alberta’s distillers were required to build an industrial facility in order to meet the needed volumes to classify as a distillery. In 2013, these rules were changed, resulting in a flourishing craft distillery market in the province.

Part of the first wave of craft distilleries in Alberta was Last Best Brewing and Distilling, which opened its doors in 2014 to Calgary’s vibrant beltline neighbourhood. Initially recognized for its brewing and pub operations, with market-shifting beers like *Last Best IPA*, Last Best was quietly honing its craft of in-house made distilled spirits, primarily gin and whisky. In 2020, the company launched its award-winning core gins, and has since annually followed up with seasonal offerings.

“Alberta’s craft distillery industry today is less concerned about finding efficiencies to sell at the lowest dollar, but is more driven by passion, innovation, and creativity – the artistry of building wonderful tasting products and telling stories,” says Bryce Parsons, Master Distiller / Director of Distilling at Last Best Brewing and Distilling. Parsons is also the co-Founder and CEO of True Wild Distillery, which – once it opens in mid-2024 – will become Calgary’s premier distillery focusing on Canadian whiskies made from malted Alberta grains.

He says, “While we wait for these unique single malts, True Wild will be selling our house-made vodka and gin as well as creating a curated whisky brand where we get to exercise our blending skills and collaborate with others. Our Initial releases will focus on collaborations with British Columbia’s wonderful Okanagan wine industry.”

As it is in Québec, interprovincial trade barriers have been a long-standing issue for Alberta alcohol producers, which has created opportunities for Alberta distillers and other alcohol brands to explore markets outside the province as a means of diversifying their market reach.

“Because interprovincial trade is practically non-existent in Alberta, the



Master distillers like Bryce Parsons are helping to drive the future of Alberta’s growing distillery industry not just in Alberta, but around the world. Photo courtesy of Bryce Parsons.

easier distribution path appears to be international,” says Parsons. “As such, people are definitely looking at international markets more and more because that’s where they feel their investments will have the greatest return. So, the United States, Japan, Singapore, China, Germany, Poland, Korea, France, and the United Kingdom are areas where we see small producers exploring their export opportunities.”

LOOKING AHEAD

Parsons sees trends in the Canadian distillery market including the rise of craft spirits, increased consumer interest in unique and locally sourced ingredients, and the expansion of flavoured and ready-to-drink products.

Locally, Canadian producers are also increasingly investing more and more capital into building distilleries that have greater production size and give distillers the ability to build whisky inventories. This is the natural ‘next step’ for distilleries and will help them create adjacent dining and event opportunities that allow customers to get closer to the process – something that has traditionally been sequestered behind closed doors with legacy producers.

“Canadian distillers consistently make great product, but our quality is not always recognized to the level it needs to be with the typical consumer, both in Canada and around the world,” says Parsons. “However, I really think there is intrigue starting to build for Canadian made products, and trying Canadian spirits is consistently a top interest for tourists who come here and see value in the quality product coming out of Canada.” 🇨🇦



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Australia: More than Shrimp on the Barbie



F

un Fact: One of the fastest ways to suss out tourists in Australia is when they say things like, ‘shrimp,’ rather than the Aussie-preferred, ‘prawn.’

To this point – and the shock of many not living in Australia – the phrase, ‘*I’ll slip an extra shrimp on the barbie for ya*’ is in no way ‘fair dinkum’ (genuine). Rather, the line was actually part of a highly successful 1983 Australian tourism campaign starring Paul Hogan, three years before he took on the starring role as Mick ‘Crocodile’ Dundee.

The good news is that terms like ‘G-day’ (good day), ‘mate’ (friend), and ‘ripper’ (fantastic) are used and approved by tourists and locals alike.

AUSSIE OPPORTUNITIES

With its robust economy and strategic location within the Indo-Pacific region, Export Development Canada (EDC) believes that Australia presents an exciting opportunity for Canadian food and beverage exporters looking to reach out to new markets.

As Commonwealth nations, Canada and Australia have traditionally fostered a strong trade relationship that



is based on shared values and similar governmental and legal regimes. Canada and Australia also share a strong and diversified commercial relationship, one that is driven by an increase in two-way investment and trade in services. In fact, Australia is the eighth largest destination for Canadian direct investment abroad, and – by far – is the largest destination in the Indo-Pacific region.

Like Canada, Australia’s economy is one that relies heavily on trade and, as such, the country has cultivated an environment that is extremely trade friendly as a way to enhance its competitiveness on a global stage. In addition, Australia has made many strong inroads into nearby markets, including the

Association of Southeast Asian Nations (ASEAN), India, China, and Japan.

For Canadian food and beverage exporters, Australian consumers seem to have a growing interest in processed foods that are both convenient and sustainable, and they have developed an appreciative taste for premium beverages, including wine, craft beer, and spirits. The top processed food exports destined for Australia include food preparations, processed and prepared dairy products, alcoholic beverages, chocolate and confectionery, canned, dried, and frozen fruit, and snack foods. Australian demand for natural, organic, and functional foods is also growing strongly, with sales of organic products

expanding 15 per cent annually in recent years.

But Australian consumers are also becoming increasingly concerned about their health and, as such, are shifting away from traditionally high-fat and high-sodium snacks. In response, Australian stores are expanding their offerings to include healthier and premium snack foods, which provides opportunities for Canadian tree nuts, dried fruits, dried beans, pulses, and extruded natural snack ingredients.

THINGS TO MAKE YOU WHINGE (COMPLAIN)

Even though the business environment in Australia is friendly, there are still a number of challenges facing Canadian food and beverage exporters looking to do business 'down under.'

Australia is already a fully developed market with solid ties to regional trading partners. This may make the Australian market a tough nut to crack, seeing as Canadian food and beverage products will be up against established global competition with easy access to lower cost regional producers. Because of this, Canadian exporters would be wise to find ways to differentiate their products, as well as demonstrate greater value, from what already sits on the shelves.

There are also fewer places on the planet that are further away from Canada than Australia – the bustling Port of Sydney is nearly 20,000 nautical miles from Port of Metro Vancouver

in British Columbia! This distance can make shipping from Canada to Australia costly – and occasionally unreliable due to supply chains facing interruption. Sitting on the other side of the world from Canada can also make it difficult and expensive to meet with potential customers and distributors of Canadian food and beverage products, not to mention the challenges inherent with providing support.

Yet, while these challenges exist, the rewards are significant and, by thinking strategically, Canadian food and beverage exporters will be able to do business and contribute to the growth of the Indo-Pacific region.

INROADS TO THE OUTBACK WITH CPTPP

Entering into force on December 30, 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a recent free trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. CPTPP provides greater access and opportunity into the region for Canadian exporters of agriculture and agri-food products by creating a trading bloc that represents 13.5 per cent of global GDP and approximately 500 million consumers. By 2040, this region is forecast to account for 50 per cent of global GDP and 40 per cent of global consumption.

The CPTPP offers Canadian agriculture and agri-food products preferential

market access to all CPTPP countries through the elimination or reduction of tariffs on a wide range of Canadian exports for the agricultural sector, such as meat, grains, pulses, maple syrup, wines and spirits, seafood, and agri-food products. As part of this, Australia eliminated all of its tariffs on agriculture and agri-food products upon entry into force in 2018.

Along with the CPTPP, Australia also has bilateral free trade agreements with a diverse list of markets around the globe: China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Singapore and Thailand in the Indo-Pacific, and Chile, Peru, the United Kingdom and the United States outside the region.

At the same time, Australia has also signed several regional free trade agreements, including the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), the Pacific Agreement on Closer Economic Relations Plus (PACER), and the Regional Comprehensive Economic Partnership Agreement (RCEP).

According to Export Development Canada, "These free trade agreements can be a big incentive for Canadian companies to do business in Australia. By partnering with an Australian firm, or by establishing a business operation in the country, you can benefit from the agreements when you export from Australia to its trade agreement partners." 🇨🇦



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A Growing Market:

Export Opportunities

in the Middle East

The Middle East is one of the most influential parts of the world, as well as one of the most misrepresented by western cultures. The countries encompassing the southern and eastern shores of the Mediterranean Sea and the Arabian Peninsula are considered to be the cradle of civilization, the birthplace of three world major religions, and – in more recent times – an area of significant geo-political upheaval.

This is also a part of the world that has been long regarded as synonymous with trade.

Long before the European discovery of the Americas in the fifteenth century, the Middle East was already renowned for its commercial capacity and played an instrumental role in world trade, shipping spices, coffee, dyes, sugar, and precious stones to demanding markets in the West.

Now, more than 500 years later, while the Middle East's position as a trade hub may have diminished somewhat, there are still significant opportunities for Canadian food exporters to the region.

The Gulf Cooperation Council (GCC) countries – United Arab Emirates (UAE), Qatar, Kuwait, Saudi Arabia, Bahrain, Oman – today are an important export destination

for Canadian agriculture and agri-food exporters. Canada represents a safe and reliable partner to the Gulf region, with a strong reputation for its high-quality commodities. Canada is a sustainable supplier to support the regions' food security needs, as GCC countries import approximately 85 per cent of their food.

Between 2018 and 2022, GCC countries were the 8th largest export destination for Canadian exporters of agri-food, fish, and seafood products with exports valued at \$4.48 billion. Canada's main exports to the region include durum and non-durum wheat, canola, and lentils, which represented nearly 79 per cent of the country's total agri-food products to the region for the five-year period of 2018 to 2022. It should be noted that there



Blending the past with the future, the Middle East is a land of contradiction, as well as opportunity, for Canadian producers.

are also a relatively small, but growing number of exports of value-added products such as beef, seafood, and various processed food and food ingredients.

Within GCC, the UAE is Canada's key export destination and accounted for 84 per cent of agri-food and seafood exports to the region (2018-2022). The UAE is also a re-export point for primary agriculture and further processed food products destined for the rest of the Gulf, as well as South and Southeast Asia.

A CHALLENGING MARKET

Consumers in the GCC – like elsewhere in the world – are becoming increasingly more price sensitive. In addition, because of the proximity to Europe and Asia, consumers in the Gulf region have access to a wide variety of foods at different price-points. That is why, in order to find success in the GCC, Canadian food exporters will need to focus on the quality and innovation of Canadian food, rather than price. There are also growing opportunities for Canadian exporters in the category of private labels, which provide consumers with affordable options.

“Testing a product in-market with small quantities, then scaling up could be an approach for the region,” said Agriculture and Food Trade Commissioner Service (AFTCS). “Given the distance to market and shipping costs, Canadian exporters may wish to consider working with a consolidator, though there may be a limited number of food and beverage consolidators in Canada with interest in the Gulf region.”

There is currently a low market penetration of Canadian food and beverage products beyond raw commodities and limited awareness in-market of the

diversity and value of Canadian food and beverage products.

The COVID-19 pandemic presented greater opportunity for Canadian products in the region and, over the pandemic period of 2020 and 2021, Canada's agri-food and seafood exports to the region increased from years prior. In addition, E-grocery shopping across the region was relatively small pre-pandemic, but GCC retailers have since invested significantly in digital sales channels. As a result, the e-grocery markets in the UAE and Saudi Arabia have more than doubled.

More recently, however, a new challenge to the supply chain has emerged stemming from regional conflicts involving attacks on international cargo ships in the Red Sea. Because of this, cargo vessels are now being forced to undertake longer and costlier routes to reach the region from North America, which is resulting in an increase in export costs. In addition, competition may be stronger from other markets whose shipping routes are unlikely to be affected by the regional conflicts.

AGREEMENTS IN PLACE

Canada currently does not have any free trade agreements with any of the GCC countries but does have trade agreements in place with the countries of Israel and Jordan.

The Canada-Israel Free Trade Agreement (CIFTA) came into force in 1997 and was updated twice (in 2014-15 and 2017-18). The modernized CIFTA improves access to the Israeli market for Canadian companies through further elimination and reduction of tariffs on agricultural, agri-food, and fisheries products. Since CIFTA first came into effect, Canada's two-way merchandise trade with Israel has more than tripled and almost all

of Canada's agri-food, fish, and seafood exports to Israel are entering the country duty-free and quota-free.


The Canada-Jordan Free Trade Agreement has been in force since 2012 and has helped further strengthen and deepen bilateral relationship with Jordan.

FUTURE OUTLOOK

In the years ahead, the GCC will continue to be reliant on imports for its agri-commodities and food and beverage requirements. Demand for commodities and animal feed is strong and will likely continue to grow, as countries in the region aim to support their food security objectives. As such, the region presents opportunities for meat, seafood, and packaged innovative and specialty products. Plant-based products and ingredients also have high potential, as well as pulses and grains.

A younger median age in the GCC is also doing its part in helping drive up demand for innovative, sustainable, environmentally friendly, and ethically sourced food and beverages, including organic, gluten-free, free-from, and alternative proteins. Like in other parts of the world, consumers are increasingly becoming more health conscious, and the demand for natural products like fruits, nuts, vegetables, yogurt, and supplements is increasing.

Convenient, high-quality food, such as processed foods and ready-made meals, is also in high demand both from restaurants and the retail sector. In addition, the expatriate community influences the demand for international food and beverage products, including western foods.

“Canada is well positioned to fill the growing demand for healthy and high-end specialty foods, for retail and food service,” said AFTCS. “Key efforts are being made to diversify exports, identify new buyers for Canadian products, and increase local buyer awareness of Canadian products. Our federal and provincial governments continue to work closely with our trade commissioners in the region to deliver targeted agriculture, agri-food, and seafood market development activities, such as buyers' missions, trade shows, retail promotions, and food tastings, that will help promote and raise the profile of Canada's agriculture, food and fish, and seafood products.” 



From Eh to Zed: The Canadian Food and Beverage Processing Sector in 2024 and Beyond

We've all heard the term 'processed' when it comes to the food we eat or the beverages we drink.

But what does 'processed' actually mean?

Simply put, Canadian food and beverage processors transform raw food materials or substances into new products that may be finished and ready to be used or consumed, or semi-finished, so that they become raw material to be used in further manufacturing. Processing includes being dried, cut, packaged, washed, frozen, or canned, and further down the line, also includes foods that have added preservatives, salts, sugars, fats, or flavours.

PROCESSING THE NUMBERS

The importance of the food and beverage processing sector to the Canadian economy is astounding. According to the latest data (2022) from Agriculture and Agri-Food Canada, the food and beverage processing industry is the largest manufacturing industry in the country in terms of value of production, with sales of goods manufactured worth more than \$156 billion. The sector also accounts for 18.2 per cent of Canada's total manufacturing sales and for 1.7 per cent (\$33.7 billion) of the national GDP. This is also the largest manufacturing employer in the country and provides employment for more than 320,000 Canadians.

Around the world, exports of Canadian processed food and beverage products set a new record of \$54.3 billion in 2022, accounting for 34.7 per cent of total production value. These food and beverage products were then exported to nearly 200 countries, with 87 per cent of the total going to three major markets: the United

States (77 per cent), China (6 per cent), and Japan (4 per cent).

Approximately 8,500 food and beverage processing establishments exist in Canada and, although food processing is important to the economies of all provinces, Ontario and Quebec account for most of the production with approximately 60 per cent of food manufacturing sales, British Columbia and Alberta account for 24 per cent, and the remaining provinces account for over 16 per cent.

The largest food and beverage processing industry is meat product manufacturing, with sales of \$38.5 billion in 2022 and accounting a quarter of total sales. Grain and oilseed milling followed with sales of \$20.3 billion, and dairy product manufacturing came in third with sales of \$17.4 billion. Other industries include other food manufacturing (\$16.4 billion), bakeries and tortilla manufacturing (\$16 billion), beverage manufacturing (\$14.9 billion), animal food manufacturing (\$11.9 billion), fruit and vegetable preserving and specialty food manufacturing

(\$10.1 billion), seafood product preparation and packaging (\$5.9 billion), and sugar and confectionery product manufacturing (\$5.2 billion).

“What this ultimately means for Canadians is choice,” says Errol Cerit P. Eng., Executive Vice President Industry, Public Affairs, and Membership Development at Food, Health & Consumer Products of Canada (FHCP). “Consumers in Canada have a vast array of food and beverage product options on the shelf, and having choice like this is more important than ever. Choice, coupled with value at the till is what every manufacturer and retailer is competing for and is what every consumer is looking for.

THE CANADIAN ADVANTAGE

Canada possesses a strong and competitive food and beverage processing industry, which benefits from a significant and diverse agricultural production across the country. In fact, the processed food and beverage industry produces a wide range of products, capitalizing on regional strengths. For example, fish and seafood processing mainly occurs in the Atlantic region, dairy processing primarily in Ontario and Quebec, oilseed processing largely in the Prairie region, and wine mainly in British Columbia and Ontario.

To promote their products around the world, Canadian food and beverage processors can rely on Canada’s solid reputation for quality, sustainability, and a regulatory framework. The ‘Canada Brand’ also provides Canadian exporters with a stronger international presence by helping them leverage Canada’s positive global reputation and helps consumers around the world recognize the value of Canadian food and beverage products.

“There are a lot of companies overseas that look for Canadian products, and the ‘Made in Canada’ profile continues to resonate with consumers globally,” says Cerit. “There is still a significant trust association that a lot of retailers or importers from other markets talk about when they’re looking to do business with Canadian manufacturers, which is a result of Canada’s strong food safety and quality standards.”

INDUSTRY POST COVID-19

The COVID-19 pandemic plainly demonstrated the resilience of the Canadian food and beverage manufacturing industry in the face of demand volatility, labour availability, and supply chain disruption. Despite these challenges, Canada’s output of processed food and beverages grew by 6 per cent between 2019 and 2022, and exports during this same period experienced a growth of about 11 per cent.

Coming out of COVID-19, however, this is also an industry that has experienced a high level of inflation not seen in decades.

“The cumulative inflation impact for suppliers in the food and beverage industry since 2019 has resulted in an approximately 30 per cent increase in the cost of goods, if not more. This means if the cost of producing a product was \$10 in 2019, today that same product costs at least \$13 to produce, which results in lower consumption and less products purchased by Canadians,” says Cerit. “It will not be sustainable for manufacturers to continue absorbing the impacts of inflation since higher inflation does not help the future of this industry. It means less demand for our products, and inefficiencies in production and the supply chain, which does not lend itself to a healthy and stable profit and loss (P&L) statement for manufacturers to invest in jobs, innovation, or new infrastructure. We need this stability and predictability if we hope to compete with other markets.”

The good news is that, as inflation continues to dissipate, fortunes should turn around as consumers reclaim some of their purchasing power. That said, there will still be other factors affecting recovery, such as stubbornly high interest rates that dictate how much of a consumer’s wallet goes towards spending on food. Going forward, industry producers will need better federal and provincial regulations policies in place that can allow them to compete more effectively with other markets across the globe while – at the same time – not overburden consumers with higher food and beverage costs on the shelf.

One of the ‘silver linings’ of COVID-19 for Canadian manufacturers has been the extreme volatility experienced with global sourcing over the course of


the pandemic has shone a light on the importance of nearshoring, something that truly benefits Canadian food and beverage producers. Canadian manufacturers were better equipped to get their products on shelves because they had more ingredients within their domestic control compared to the imported products that suffered the most due to supply chain disruption.

“There’s been a shift to nearshoring of supply following the pandemic, as well as broadening supplier sources so we’re not dependent on a single ingredient or a packaging supplier that may be located in one part of the world,” says Cerit. “When you can have three or four supplier agreements versus one agreement for all your business, while the cost may be more and add to some inflation, the reliability of supply is much stronger, with more predictability in managing productivity and throughput, which is more efficient and cost effective and everyone benefits.”

THE FUTURE OF THIS INDUSTRY

Looking ahead, the future of the industry appears bright, as a growing global population and rising average disposable income will ensure that demand for processed food products remains strong. In addition, the growing emphasis on sustainability represents a unique opportunity for the industry to reduce its carbon footprint and respond to consumer demand for a significant reduction in its use of plastic packaging.

After four years of living under the pandemic, consumers around the world are hungry for new products. This is why Cerit believes that greater investment in innovation, research, and development will be the key to finding greater success.

“A lot of the innovation budgets have been frozen over the last few years as a way to keep costs down and streamline production to the products that Canadians rely on the most, but that seems to be changing,” says Cerit. “The processed food and beverage industry today is turning around and working to exceed consumer needs with unique, innovative, purposeful, and transformational products. If we can get the economic conditions right in Canada and remove some of the regulatory burdens, this will produce real consumer value and benefit processed food and beverage producers here in Canada, and around the world.” 

Upcoming Events

ASIA PACIFIC

May 28-30, 2024
SIAL China, Shanghai, China

May 28 to June 1, 2024
Thaifex, Bangkok, Thailand (includes a visitor program)

June 26-29, 2024
Food Taipei, Taipei, Taiwan

July 31 to August 3, 2024
Wofex, Manila, Philippines

September 2-5, 2024
Fine Food Australia, Sydney, Australia

September 2024
Canada Food Expo, South Korea, Japan, & Taiwan (dates to be confirmed)

March 2025
China Food and Drink Fair, Chengdu

MIDDLE EAST

December 2024
Trade Mission to UAE and Saudi Arabia (Dates yet to be confirmed)

LATIN AMERICA

March 2025
ANTAD, Guadalajara, Mexico (mission & exhibition)

EUROPE

November 19-21, 2024
Fi/Hi Europe, Frankfurt, Germany

February 2-5, 2025
ISM Show, Cologne, Germany

March 2025
IFE Show, London

March 2025
Mission to England, Scotland & Ireland (dates to be confirmed)

NORTH AMERICA

June 9-11, 2024
IDDBA Show, Houston, Texas

June 23-25, 2024
Summer Fancy Food Show, New York City, New York

September 11-12, 2024
Plant Based World Expo, New York

November 17-19, 2024
PLMA Show, Rosemont, Illinois



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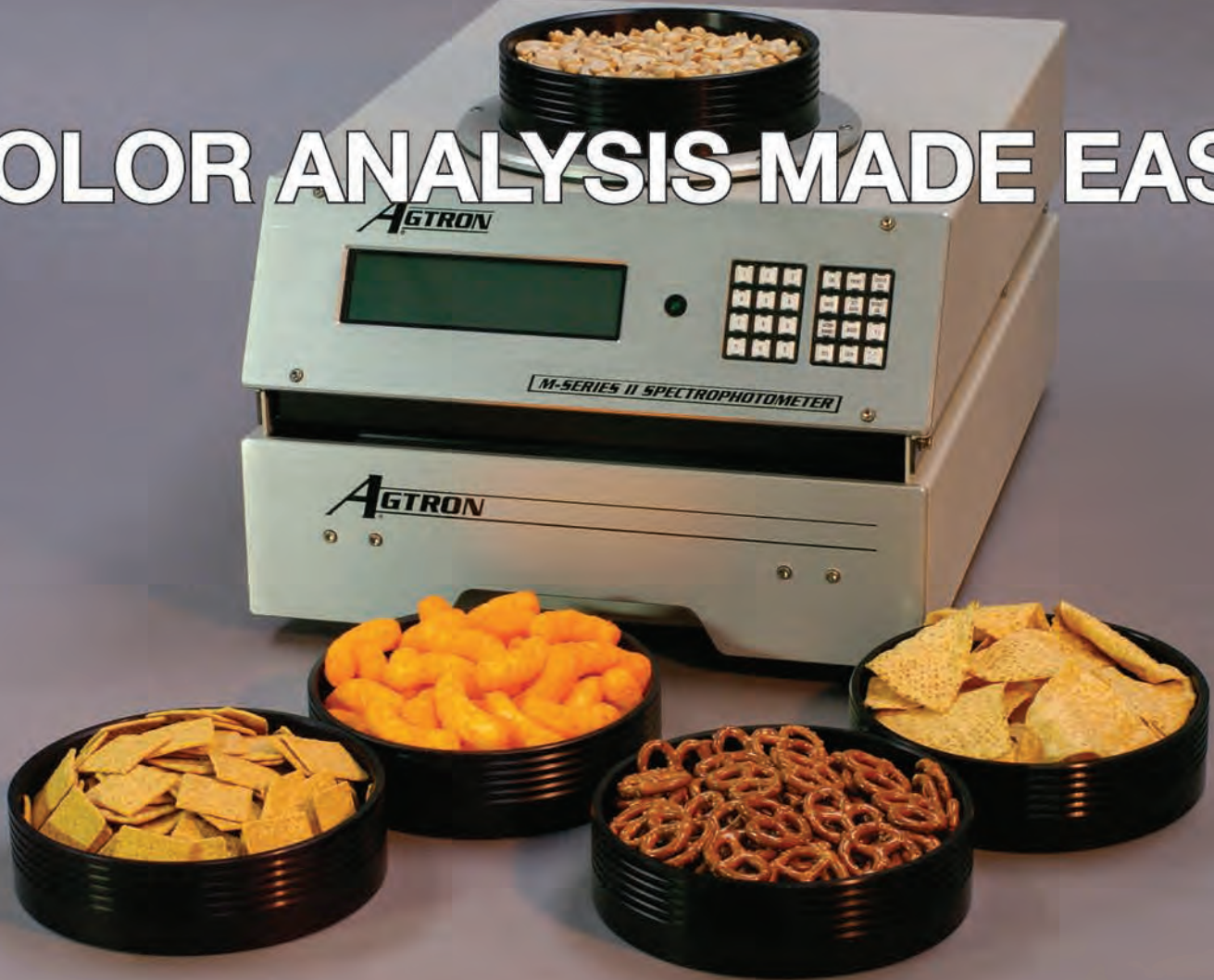
Every year, we organize many trade shows focused on retail, food service, specialty, and private label. CFEA members benefit from reduced pricing on space, shipping, and travel, and they also save staff time with trade show coordination, as our office is here to assist members with that.

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