

EXPORTING FOOD PRODUCTS TO CANADA FROM THE EU



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Introduction

Objectives of this guide

This guide is designed to assist European food exporters in entering the Canadian market and will focus on the logistical, regulatory, customs and documentary aspects of importing food products in Canada.

CETA Reminder

CETA, the Comprehensive Economic and Trade Agreement in effect since September 21st, 2017, provides duty-free access to the Canadian market for most EU products, including foodstuffs, without restrictions, with a few exceptions for poultry, dairy and egg products, for which there are Tariff Rate Quotas.

In order to qualify for the CETA preferential tariff treatment, prepared food products must **comply with the Product Specific Rules of Origin**. These are contained in CETA's Chapter 2: Treatment and Market Access for Goods and Protocol I: Rules of Origin and Origin Procedures. The Rules of Origin are product-specific, organized numerically by HS Code (Harmonized System) and generally allow a certain proportion of foreign content, providing that the finished product has been transformed enough and/or that there is a minimum percentage of regional content (usually around 50% for industrial products). De minimis exemption: all Free Trade Agreements have a "de minimis" allowance under which a small percentage of foreign content is allowed. The CETA de minimis exemption is 10%.

Once a product's eligibility to the preferential tariff treatment has been validated, the exporter must provide an **Origin Certification**, usually on the commercial invoice. This is an auto-certification process. For shipments valued over EUR 6,000, the European exporter must be registered under the **EU's Registered Exporter System (REX)** and enter their registration number in the Origin Certification statement.

Direct shipment rule: in order to qualify for CETA's preferential tariff treatment, **European products must be shipped directly from Europe to Canada**. If they are shipped indirectly via another country, they lose CETA's preferential tariff treatment, unless they remain under Customs control in the third country and are not processed in any way.

CETA also protects 143 EU Geographic Indicators (GIs).

Logistics

Shipping food products from the EU to Canada is easy and cost-efficient.

There are several **weekly scheduled ocean container services linking Europe to Canada into the port of Montréal**, with a Northern Europe loop (from the base ports of Antwerp, Bremerhaven, Hamburg, Le Havre and Rotterdam) and a separate Southern Europe loop (from the base ports of Barcelona, Marseille-Fos, Genoa, Livorno, Sines and Valencia). Shipments from smaller ports in the North and the South connect at the base ports. **Transit times to Canada range between 7 and 10 days** from the last port out. There are also direct ocean services into the port of Halifax on Canada's East Coast and the Port of Vancouver on Canada's West Coast, the latter via the Panama Canal.

Shipping products by air freight is a little more difficult than in pre-pandemic times. Traditionally, about 50% of air cargo is shipped in the bellies of passenger flights and as there are fewer passenger flights operating at this time, we must rely on pure cargo flights. Luckily, many of the well-known passenger airlines have temporarily converted their planes to carry cargo in the cabin and a number of cargo flights operate between Europe's airports and Toronto and Montréal.

Shipping perishable products, frozen or chilled, is also possible by both ocean and air routes, using specialized temperature-controlled containers, provided by the carrier or rented for the trip.

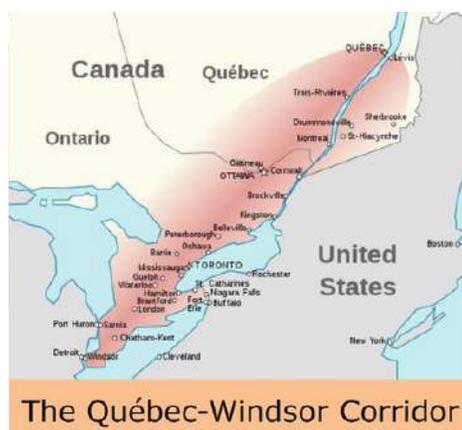
Distribution in Canada

Canada is a very vast country spreading from the Atlantic to the Pacific coast, with a low population density compared to Europe. Most of its population is in the south of the country, along the US border.



Therefore, it is important to **choose the right port or airport of entry for your products, depending on where your target market is.**

Distribution within the Québec-Windsor corridor, home to half of Canada's population, is fast and cost-efficient, and done by truck.



Depending on your point of entry, distribution to other parts of Canada will be done by rail or intermodal transport (rail/road combination) and consolidating shipments will be essential in order to minimize costs.

Canada Customs

All products entering Canada must undergo customs clearance. This is handled by the **Canada Border Services Agency (CBSA)** and companies generally use licenced Canadian customs brokers to perform this task. The import declaration document is called a **B3** (the Canadian equivalent of the EU's Single Administrative Document). Documents/processes required are: the ACI security declaration filed before shipping, the arrival notice issued by the carrier on arrival (called the Cargo Control Document), the exporter's commercial invoice, packing list and the appropriate sanitary or phytosanitary certificate.

Goods valuation for customs clearance in Canada is the FCA/FOB price, without shipping and insurance costs (unlike in the EU where we use the landed price, with shipping and insurance costs considered). Providing the product meets the rules of origin and a proper origin certification is supplied, most products enter Canada duty-free. However, a Goods and Services Tax (GST) of 5% is payable by the importer.

Duty/tax exemption thresholds

The Duty/Tax exemption value threshold in Canada is CA\$20. On July 1st, 2020, it was increased to \$40 for GST and CA\$150 for customs duties on shipments coming from the USA and Mexico via courier companies. For goods coming into Canada via the postal system, the CA\$20 threshold remains, irrespective of the origin of the product.

The next value-threshold is CA\$3,300: shipments valued at CA\$3,300 and under are considered low-value shipments and benefit from a simplified customs process.

CARM

CARM, **CBSA's Assessment and Revenue Management** project, being rolled out between June 2021 and May 2022, will change the way importers interact with the CBSA. Under this new process, importers will have to register on the portal, post a financial guarantee (bond) and create an account with the CBSA. Once fully implemented, the program's goals are to simplify the importing process, give importers self-service access to their information, reduce the cost of importing into Canada and improve consistency of compliance with trade rules.

Other agencies

CFIA

The Canadian Food Inspection Agency (CFIA) administers the Safe Food for Canadians Regulations and screens food and plant products coming into Canada. As of 2019, all food importers must have a valid SFCR import licence issued by the CFIA. The CFIA also administers the lists of ingredients and nutritional information rules that must appear on products labels. The rules on the Nutrition Facts table and List of Ingredients have changed in 2016, with a five-year transitional period ending December 14th, 2021.

Food products packaged for retail must have bilingual French/English labels.

Global Affairs and cheese quotas

Global Affairs Canada (GAC), Canada's foreign affairs ministry, administers CETA's cheese Tariff Rate Quotas and these need to be renewed every year. The application process includes an affidavit and an independent verification by a recognized profession. The list of cheese tariff quota holders is publicly available on [GAC's website](#).

The US market

Distributing European food products to the US market from Canada is possible and cost efficient.

Nearly all E.U. products that meet CETA's Rules of Origin enter Canada duty-free. Serving the USA from a Canadian-based distribution centre is easy, thanks to the proximity. Standard MFN US customs duties still apply, except for small orders below the US\$800 duty/tax exemption threshold.

It would be necessary however to meet all FDA and USDA rules incorporated in the Food Safety Modernization Act, including registering under the Foreign Supplier Verification Program, issue a Prior Notice declaration for each shipment, to enter the US market.

More information to leverage both CETA and CUSMA (Canada-United States-Mexico Free Trade Agreement) to reach the US market from Canada: [Webinar](#) and [Guide](#)

Conclusion

We hope this guide will help you prepare for the successful entry of your food products into Canada. Canadian customers are open-minded and very keen to enjoy European delicacies. CETA helps a lot, but European exporters must realize that rules have not been harmonized by the free trade agreement and products entering Canada must comply with Canadian food regulations, just like Canadian products exported to Europe must follow European rules in this respect. Success will therefore depend not just on great products but also careful preparation and adherence to local rules.

Resources

Canadian Customs Tariff: <https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2021/menu-eng.html>

Global Affairs Canada Tariff Rate Quotas: https://www.international.gc.ca/trade-commerce/controls-controles/supply_managed-gestion_offre.aspx?lang=eng

Canadian Food Inspection Agency food import licences:

<https://inspection.canada.ca/food-licences/eng/1523876882572/1523876882884>

Note: the information given in this document is designed to demystify and illustrate the various tools available, for guidance only and without engagement. Companies must validate them precisely with the respective authorities and based on their specific circumstances.

Guide written in collaboration with



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- consulting to help SMEs grow internationally; and
- training on the Logistics, Customs and Regulatory aspects of International Trade, Importing, Exporting, Free Trade Agreements, Supply Chain Management and related issues.

Christian is subject-matter expert and lectures for CIFFA, the Canadian International Freight Forwarders Association in Toronto and FIATA, the World Federation of International Freight Forwarders in Zurich. He gives conferences for various trade organizations like the Montreal Chamber of Commerce, Invest in Ottawa, Supply Chain Canada and similar, and personalized training for importers and exporters. He publishes articles in Inside Logistics and Supply Professional.

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