



## PRODUCT OF CANADA LABELLING

### Presentation to the House of Commons Standing Committee on Agriculture and Agri-Food by the Canadian Co-operative Association April 29, 2008

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#### SPEAKING NOTES

I am John Anderson, Director of Government Affairs and Public Policy and with me is Lynne Markell, Government Affairs and Public Policy Advisor who specializes in agriculture.

The Canadian Co-operative Association is a national association for co-operatives, representing more than 9 million co-operative and credit union memberships, from over 2,000 co-op organizations. Our members operate in many sectors of the economy, but for today's topic, you should know that we represent the large retail co-ops that sell food and agri-food supplies, such as Federated Co-operatives, United Farmers of Alberta, Growmark, and Co-op Atlantic, as well as some of the large dairy co-ops such as Gay Lea Foods, Scotsburn, and Northumberland.

There are many food-oriented co-ops that either market, process or retail food. The organic food sector is growing rapidly, as are local food initiatives that promote and support growing, processing and selling food within the same geographical region.

Our Agricultural Co-op Development Initiative, which we jointly manage with our francophone sister organization - the Conseil Canadien de la Coopération - is helping new value-added agricultural co-ops to get started. Currently, we are helping co-ops involved in meat processing, blueberries, apples, specialty cheese, organic grains and pulses, as well as farmer's markets.

#### Current Product of Canada Label

The current regime for labelling food products is confusing and inaccurate. We are pleased that this Government is committed to reviewing current policies related to voluntary 'Made in Canada or Product of Canada' claims, and that this Committee is conducting this study.

The confusion in food labelling is hurting our Canadian farmers and misleads consumers.

While you have all used your own personal examples of food products that you find confusing, we would like to present a co-op example.

Bee Maid Honey is the brand name for honey produced by the honey co-ops of Western Canada, owned by 2000 beekeepers. There is no other honey company in Canada that sources all of its honey from its owners.

[*Show Bee Maid Honey and Billy Bee*]

Here are 2 brands of honey that are on the grocery shelves. Bee Maid is 100% Canadian honey, while Billy Bee contains a blend of Canadian and Argentinian honey.

In this example, the confusion is not created by the use of Product of Canada – because Billy Bee does not use Product of Canada on the label - but it does imply that it is a Canadian product, by saying “Canada’s Favourite Honey” and the use of the grading designation – Canada No 1 White - on the front of the label.

When consumers see “Canada No 1” they think it is Canadian honey, while the regulations for labelling honey say that “Canada No 1” can be either 100% Canadian honey or “repackaged and graded imported honey”.

According to Bee Maid, the use of Canada in the grade name and the requirement that it must be on the front of the label, while the country of origin of the honey can be on the back, leads to loss of sales and confusion in the marketplace.

## **The Importance of Proper Food Labelling**

There are many reasons to address proper food labelling, and many factors to be taken into consideration.

The first key issue is Canadian Confidence in the Food We Buy

A study commissioned by the Canadian Food Inspection Agency, to understand how Canadians view the safety of Canada’s food supply, revealed an anxiety about the Made in Canada label and a general frustration and mistrust about food labelling in general.

The report said: “*The Made in Canada label had low credibility and was questioned because it was thought to guarantee nothing and was worrisome to consumers.*”

Connected to this is Consumer Demand for Canadian Food.

The same CFIA study, which undertook focus groups in November 2007, reported a low confidence in imported food. Participants were concerned that some imported foods were more likely to contain higher level of pesticides and were less safe than domestically produced food.

As a result, more Canadians are actively looking for Canadian products and want to know the origin of the ingredients in their food.

A third issue is Sustainability of the Canadian Agriculture Industry.

Accurate labelling of Canadian-grown food will help the farmers that produce it. We believe that proper labelling, which shows the source of the food, will encourage food processors to buy more Canadian ingredients, thereby increasing farmer’s incomes.

If proper labelling leads to increased demand for Canadian food, this could help our food processing industry and create more jobs.

The last reason is to Reduce the Environmental Impact of Transporting Goods from Other Countries.

The long-range transportation of food has a significant impact on climate change and the amount of air pollutants released into the atmosphere. In Canada, the transportation sector accounts for one quarter of Canada's greenhouse gas emissions. . (Climate Change Plan for Canada. 2002. Government of Canada)

Also, as the distance food travels increases, so does the role of chemicals, the use of irradiation and processing to reduce spoilage before the food reaches the marketplace.

## Recommendations

As a multisectoral association, we are not specialists in food labelling and so our recommendations to this Committee are general. We believe that the exact details of the revised food labelling regulations must be worked out in consultation with the main stakeholders.

We recommend that:

1. **The Federal Government create a system of labelling country of origin for the major ingredients or raw materials used in all processed food sold in Canada.**  
This will give consumers the information they require to make informed buying decisions.
2. **That the Federal Government develop regulations for the use of a "Product of Canada" label, with a minimum percentage of the ingredients or raw materials from Canadian sources.**  
We are recommending that the "Product of Canada" label refer to the content of the food, rather than the costs of producing or manufacturing.
3. **That the Federal Government revise the grading system used for food products, so that only products that meet the Product of Canada criteria can use "Canada" in their grade name.**  
Using the example of the honey products, if the criteria for Product of Canada is 80% Canadian raw ingredients, then the Bill Bee blended honey would have to have 80% Canadian and 20% Argentinean, before it could say Canada No 1; otherwise, it would simply say "No 1."
4. **That the Federal Government undertake an educational campaign to inform Canadian consumers about the content of food labels, and encourage Canadians to buy Canadian food products.**
5. **That the Federal Government broaden its activates and programs beyond the labelling issue, in the following ways:**
  - a) **Develop a strategy for domestic food sustainability**, ensuring that we grow and process more of our food needs within Canada. The growing costs of transportation, world food shortages, and consumer demands for safe food require that the Federal Government take some long-term action.

This can be done within the Growing Forward agricultural policy framework or as a horizontal initiative involving relevant federal departments.

- b) **Stimulate and support more food processing in Canada**, by bringing together producers and manufacturers to communicate needs and opportunities. Continue the work being done by value-chains.
- c) **Provide support to local food initiatives and food systems**, that create ways for consumers, community organizations, and farmers to work together to ensure more locally produced food.
- d) **Continue funding the Agricultural Co-op Development Initiative (Ag-CDI)** which provides advisory services, learning opportunities, and capacity building for emerging value-added agricultural co-operatives. This program ends in March 2009 and could continue to help more co-ops get started.

We wish you well in your deliberations and look forward to the results of this study.

## Food Facts:

- Canada imports about half of what Canadians eat, and exports about half the food it produces (*Statistics Canada*)
- Two-thirds of fruits and vegetables consumed in Canada are imported from 150 countries (*Agriculture and Agri-Food Canada*)
- A study done by the Region of Waterloo found that food consumed in that region travels an average of 4,497 km.
- A significant percentage of Canada's food trade can be considered redundant; in other words, we import exactly the same products as we export.
- In 2004, Canada's farmers had a net farm income below 0 (-\$10,000). In 2003, the number was -\$16,000.
- Canadians spent 10.2% of their income on food in 2007. In 1997, they spent 12.7%. (*Statistics Canada – Food Statistics and Farm Product Price Index*)
- Most food processing industries have experienced a slowdown in growth relative to the late 1990s. Some industries, such as grains and oilseeds, any fruit, and vegetable preserving, and specialty food, have experienced slightly negative growth in recent years. (*Statistics Canada*)