



HOUSE OF COMMONS
CANADA

**"PRODUCT OF CANADA" CLAIMS:
TRUTH AND TRANSPARENCY ARE NECESSARY**

**Report of the Standing Committee on
Agriculture and Agri-Food**

**James Bezan, M.P.
Chair**

**JUNE 2008
39th PARLIAMENT, 2nd SESSION**

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has the honour to present its

7TH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied "Product of Canada" claims: truth and transparency are necessary, and has agreed to report the following:

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"PRODUCT OF CANADA" CLAIMS: TRUTH AND TRANSPARENCY ARE NECESSARY

BACKGROUND

Concerns about the integrity of "Product of Canada" claims were brought to the Standing Committee's attention during its study of Canada's new agricultural policy, which led to its June 2007 report. Many witnesses asserted at the time that the general feeling in the agricultural community was that there had to be a better framework for "Product of Canada" claims so as to protect their integrity, without however raising a non-tariff barrier to trade. The Standing Committee made the following recommendation (No. 9) at that time:

The Standing Committee finds it unfortunate that, under current regulations, the "Product of Canada" and "Made in Canada" designations may mislead consumers when imported agricultural ingredients are used in the manufacture of value-added food products. The Committee recommends that the government immediately review its labelling legislation and regulations with the goal of implementing a minimum 51% domestic agri-food content rule that would provide better protection for the integrity of the "Product of Canada" designation.¹

In its response to the Standing Committee's report, the government stated:

The Government of Canada is actively working to clarify requirements related to statements on food labels which imply that the food is of Canadian origin. As part of this work, the Government of Canada will be taking steps to determine whether its "Made in Canada" / "Product of Canada" labelling policy continues to provide Canadians with information to support consumer choice.²

The Speech from the Throne of October 16, 2007 subsequently served as the launch of a new *Food and Consumer Safety Action Plan*, which was announced by the Prime Minister on December 17. The *Action Plan* refers to "Product of Canada" labelling as follows:

1 House of Commons, Standing Committee on Agriculture and Agri-Food, Report on the Fact-Finding Mission on Canada's New Agriculture and Agri-Food Policy, Report 14, 1st Session, 39th Parliament, June 2007, p. 10.

2 Government of Canada, Government Response to the Fourteenth Report of the Standing Committee on Agriculture and Agri-Food: Fact-Finding Mission on Canada's New Agriculture and Agri-Food Policy, tabled in the House of Commons on October 25, 2007. <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10464&SourceId=215877&SwitchLanguage=1>.

Canadians are seeking more information to make decisions that match their personal interests and needs. As a result the Government of Canada is reviewing current policies related to voluntary "Made in Canada/Product of Canada" claims.³

The *Action Plan* was followed by a preliminary consultation process spread over some 30 days. On January 24 of this year, Health Canada and the Canadian Food Inspection Agency published the *Report on the Food and Consumer Safety Action Plan Technical Consultation*.⁴ The Report provides an overview of stakeholders' comments and feedback during the technical consultation, which enabled stakeholders to express their ideas before the bill (which will become Bill C-51, An Act to amend the Food and Drugs Act and to make consequential amendments to other Acts) was tabled in Parliament. However, the Report refers to the subject of "Product of Canada" labelling in only one succinct passage in the section on food safety:

An industry participant called for better information on labelling, including identification of product components and origin. The CFIA noted that the government is reviewing policies for voluntary "Product of Canada" claims and that a separate consultation on this issue will take place.⁵

Finally, on May 21, 2008, the Prime Minister announced a consultation process on the use of the "Product of Canada" claim, as mentioned in the *Report of the Food and Consumer Safety Action Plan Technical Consultation*. In this announcement, the government also proposed a distinction between the "Product of Canada" and "Made in Canada" claims. This proposal is nothing new to the members of the Standing Committee as it is fully consistent with the evidence gathered during its study.

The Standing Committee, which began a series of meetings in early April regarding the "Product of Canada" claim with the main players in the agriculture and agri-food sector, with a view to making this information easier for consumers to use and understand, has a big head start in putting forward its recommendations, especially since the government has set June 11, 2008, as the cut-off date for the consultations.

3 http://www.healthcanadians.gc.ca/pr-rp/plan_e.html.

4 http://www.healthcanadians.gc.ca/pr-rp/action-plan/2008-safety-securit-tech_e.html.

5 http://www.healthcanadians.gc.ca/pr-rp/action-plan/2008-safety-securit-tech3_e.html.

CURRENT LEGISLATION AND GUIDELINES

A. Legislative Framework

The *Food and Drugs Act* (FDA) and the *Consumer Packaging and Labelling Act* (CPLA) are the two main statutory instruments concerning food labelling in Canada. While the former concerns food, drugs, cosmetics and therapeutic devices, the second applies to food and non-food products sold in Canada.

Certain specific requirements on the labelling of food products are stated in regulations made under the *Canada Agricultural Products Act* (CAPA), the *Meat Inspection Act* (MIA), and the *Fish Inspection Act* (FIA). Those acts apply to plants registered with or certified by the federal government. The *Canada Agricultural Products Act* regulates trade in dairy products, eggs, processed eggs, fresh fruits and vegetables, honey, maple syrup products and processed products, as well as the classification of livestock and poultry carcasses. The *Fish Inspection Act* and *Meat Inspection Act* apply respectively to fish and fish products and meat and meat products imported into Canada, exported and sold in the interprovincial market.

Health Canada is responsible for identifying the aspects of the food labelling policy that concern health and safety (nutritional value, special food needs, etc.). The CFIA is responsible for developing regulations and policies on other food labelling aspects, particularly those arising from the CAPA, MIA and FIA. The CFIA is also responsible for administering and implementing the *Consumer Packaging and Labelling Act* and regulations respecting food products, and the Competition Bureau of Industry Canada is responsible for their implementation with respect to non-food products. The CFIA is therefore wholly responsible for developing and implementing policies concerning country-of-origin labelling requirements and "Product of Canada" claims on food products.

B. Country-of-Origin Labelling Requirements

The FDA provides that it is prohibited to label food in a manner that is false, misleading or deceptive.⁶ It thus constitutes a safety net preventing any false claims, including those respecting country of origin. The other statutes, such as the CPLA, merely clarify country-of-origin labelling requirements.

Under the *Consumer Packaging and Labelling Regulations*, where a prepackaged product (ready for sale) is wholly manufactured or produced in a country other than Canada and the name and address of the person or establishment appearing on the label

6 Subsection 5(1).

are those of a Canadian supplier, the expression "**Imported by/Importé par**" or "**Imported for/Importé pour**" must precede the name and address, **unless** the geographic origin of the product appears beside the name and address of the Canadian supplier.⁷ For certain imported products concerned by the CAPA, MIA and FIA, in particular meat, fresh fruits and vegetables and dairy products, the expression "Product of/Produit du" or an equivalent expression is required even if the product is packaged in the country (Table 1).

**Table 1: Country-of-origin labelling requirement
for certain imported single products**

Imported product	Processing/Packing in Canada	Labelling requirement (Act)
Meat	Prepackaged	"Product of" mandatory (MIA)
	Cut and prepackaged	No mandatory country-of-origin designation
Fresh fruits and vegetables	Sold in bulk, retail	Country-of-origin designation required under certain provincial legislation
	Prepackaged	"Product of" mandatory (CAPA)
	Cut and prepackaged	List of countries of origin mandatory (CAPA)
Eggs	Prepackaged	"Product of" mandatory (CAPA)
Cheese	Imported in bulk and prepackaged	"Product of" mandatory (CAPA)
Maple syrup	Imported and repackaged	"Product of" mandatory except where the country is cited in the name and address of the foreign producer (CAPA)
Honey	Imported and repackaged	"Product of" mandatory (CAPA)
	Blended with Canadian honey	"A blend of Canadian and (name of Country)": sources stated in declining order of importance (CAPA)

For all food products partially or entirely prepared in Canada, there is no country-of-origin designation requirement. Expressions such as "Made in Canada" and "Product of Canada" may appear on the label, but that does not necessarily mean that **all ingredients** used come from Canada.

1. Guide to "Made in Canada" Claim: The Guideline of 51% of Total Costs

The discussions in which the Standing Committee got involved arose when it became clear that the guidelines issued by the Competition Bureau no longer seemed to correspond to consumers' expectations and that they provided poor protection for the integrity of foods produced by Canadian farmers. Some knowledge of the Guide's history is therefore important.

The Guide has its genesis in the mid-1970s. At that time, there were a number of requests by businesses and their legal counsel for the Bureau to explain what should constitute a valid "Made in Canada" claim. The concern of stakeholders was that, while some companies fabricated 80% or more of a product in Canada, others simply imported parts and assembled them in Canada. Yet both would make a "Made in Canada" claim. As a result, businesses sought guidance on how they should govern themselves with regard to "Made in Canada" claim. At that time, the Bureau began providing guidance in the form of advisory opinions, written responses in which the Bureau set out its position with respect to proposed business conduct.

In the early 1980s, the Bureau was involved in interdepartmental efforts to establish a national standard for the identification of Canadian-made products, as part of the federal government's "Shop Canadian" program. There were interdepartmental discussions to consider the definition used by Revenue Canada and Customs and Excise, and the practices of the U.S. Federal Trade Commission were examined.

In light of those discussions and the opinions issued over the years, it was decided to set out previously provided guidance in a single, publicly available document. Thus, in 1985, the Guide was first published, including the 51% guideline. At that time, the focus of the Guide was manufactured products, although food was considered as well. Over the years the Guide was modified for the sake of clarity, to add additional detail or to respond when stakeholders raised concerns. The last significant changes to the Guide were made in 2001 to clarify the application of the "Made in Canada" policy to issues raised by the diamond mining industry in Canada. None of the 2001 changes related to the 51% guideline. The Guide is based on two key rules:

- the last substantial transformation of the goods must have occurred in Canada; and
- at least 51% of the total direct costs of producing or manufacturing the goods must be Canadian.

According to information that the Standing Committee obtained from the Bureau, the latter consulted businesses, consumers and governments prior to publishing the Guide and adopting the 51% threshold. While records of the consultations no longer exist, the Bureau confirms that the 51% guideline was not merely the result of a bureaucratic directive.⁸

When the Guide was drafted, the Bureau focused more on non-food manufactured products, without however excluding agri-food products, but, over the years, the Guide became a reference for those products as well.⁹ Over time, but especially with the emergence of demand for higher value-added food products and global trade, certain distortions and irregularities began to appear in the labelling of certain food products, such as olives labelled "Product of Canada". Other distinctions subsequently appeared when certain food products were regulated.

Although the "Product of Canada" claim is optional for foods sold in Canada, it must appear on certain products intended for export, particularly those regulated under the CAPA, MIA and FIA (eggs, meat, dairy products and so on). In that case, the 51% guideline does not apply, but it is more the place of final transformation that determines the product's Canadian origin. For example, meat from cattle raised in the United States and exported live to Canada, then slaughtered and cut up here must bear the "Product of Canada" designation if it is exported.

It should be noted that this last transformation process also determines the country of origin of an imported product sold in the Canadian market. For example, a large northern pike caught in Lake Winnipeg and sent to China, where it is filleted and packaged for retail sale, must bear the designation "Product of China" if sold in the Canadian market.

2. Use of the Word "Canada" for Other Purposes: The Case of Organic Products and Grades

In addition to the claims "Made in Canada", "Prepared in Canada" and "Product of Canada", it should be noted that a number of expressions containing the word Canada may appear on labels. Those expressions are defined in the relevant regulations under the CAPA and MIA and are in no case a guarantee that the product comes from Canada. They identify:

8 The information provided thus far in this section is drawn from a letter dated April 17 that the Competition Bureau sent to the Standing Committee through the Chair, in response to two technical questions discussed at a Standing Committee meeting.

9 The rules contained in the Guide were incorporated in the *2003 Guide to Food Labelling and Advertising*, prepared by the CFIA and Health Canada.

- organic farming products – Canada Organic;
- grades of processed fruits and vegetables – Canada Choice, Canada Fancy and Canada Standard;
- grades of eggs – Canada A, Canada B, Canada C and Canada Orchard Run;
- grades of butter and cheddar cheese – Canada 1 and Canada 2;
- grades of maple syrup and honey – Canada No. 1, Canada No. 2 and Canada No. 3;
- that meat has been inspected by the Government of Canada – stamped Canada (Figure 1).

**Figure 1: Meat inspection stamp
(the number on the stamp identifies the establishment
where the meat or meat product originates)**



EVIDENCE AND RECOMMENDATIONS

The Standing Committee's meetings helped identify a number of common points on which the many witnesses who presented their opinions on "Product of Canada" claims were unanimous:

- as already provided in the FDA, labelling must not contain false or deceptive information that may mislead consumers;
- labelling must be simple and specific;
- consumers already have a lot of labelling information to process; adding another claim may complicate the message;

- the Standing Committee's study on "Product of Canada" claims is not a study on food safety or country-of-origin labelling;
- "Product of Canada" claims must be seen above all as a way to better position products; that is to say as a marketing tool enabling consumers to make informed food purchasing decisions;
- in the same vein, "Product of Canada" claims should be a promotional tool easily identifiable by consumers in recognizing foods produced by Canadian farmers.

Witnesses' opinions differed on a fairly limited number of points:

- voluntary versus mandatory labelling;
- the provision of a framework for "Product of Canada" claims by means of regulations rather than directives.

A. Standing Committee's Main Objectives Respecting "Product of Canada" Claims

The Standing Committee's first objective stems from its June 2007 report: to provide greater protection for the integrity of "Product of Canada" claims for agricultural products, particularly so as not to mislead consumers and out of respect for Canadian agricultural producers, the result of whose work deserves to be better recognized.

The Standing Committee's second objective is to revise "Product of Canada" claims and to take advantage of the fact that their use is based on directives so that change is quick, simple and enables Canadian consumers to be certain that an agri-food "product" identified as a "product" of Canada has indeed been "produced" by a Canadian farmer.

The third objective, which is also the Standing Committee's ultimate goal, is to prevent food products such as marinated pickles, olives and apple juice, the main ingredient of which does not come from Canada, from being labelled "Product of Canada" solely because of packaging, handling and processing costs, and to prevent those products, under this false appearance, from thus coming into direct competition with products that are actually from Canada. However, the Committee is aware of the economic contribution of these types of products and recognizes that, with the globalization of markets, increasing numbers of agri-food products will be made with ingredients of various origins. That is why it is imperative that there be an appropriate, simple and accurate labelling system for those products.

The Standing Committee's fourth objective is to make agri-food industry players aware that the "Product of Canada" directive was developed for non-food products and that, now more than ever, it is no longer consistent with a modern, value-added-based agriculture and agri-food sector. This objective has, to a large degree, been achieved as a result of the Committee's hearings, which served as a discussion forum.

B. Voluntary or Mandatory

As this issue caused the greatest difference of opinion, some analysis is required.

The agriculture industry has once again unanimously opposed the mandatory country-of-origin labelling (*mandatory COOL*) rules imposed by the United States, the implementation of which will soon be complete. Those rules are perceived as non-tariff barriers to trade and a violation of international trade agreements, including NAFTA.¹⁰ For example, the meat of a weanling piglet, born in Canada, transported to the United States at the age of three weeks, raised there, fed and ultimately slaughtered in a U.S. facility cannot be labelled American. These rules have already harmed Canadian exports of weanling piglets to the United States.¹¹

The obligation to state the country of origin of each ingredient as well as the percentage of imported ingredients on food products manufactured in Canada would be very similar to the rules that the United States wants to impose. This might also prove very costly for agri-food businesses that source in both Canada and foreign markets. A processed food product from the same plant could thus carry different labels based on supply markets. For example, a jam producer that sources strawberries and raspberries in Canada in season and imports them out of season would therefore have to label its final product differently depending on incoming shipments.

It is therefore important to consider the purpose of country-of-origin labelling. There are two major reasons why consumers want to know where the products they buy have been made and the origin of their ingredients or components. The first is economic. Where they have a choice, many consumers prefer to buy the product that is most advantageous for Canada, all other things being equal. The second is the familiarity they feel when they know where the products they purchase come from, particularly food products.¹²

10 Mr. Bob Friesen, President, Canadian Federation of Agriculture, Standing Committee on Agriculture and Agri-Food, Evidence, No. 25 – 0930, 2nd Session, 39th Parliament, Ottawa, April 8, 2008.

11 Ms. Mary Ann Binnie, Nutrition Analyst, Canadian Pork Council, Standing Committee on Agriculture and Agri-Food, Evidence, No. 25 – 0920, 2nd Session, 39th Parliament, Ottawa, April 8, 2008.

12 Mr. Mel Fruitman, Vice-President, Consumers' Association of Canada, Standing Committee on Agriculture and Agri-Food, Evidence, No. 28 – 0920, 2nd Session, 39th Parliament, Ottawa, April 17, 2008.

As noted in its objectives, and supported in that respect by the majority of witnesses, the Standing Committee is of the view that country-of-origin labelling should not be an indicator of product safety, but instead should essentially serve to promote Canadian agriculture and the recognition of foods and agri-food ingredients grown in Canada.

It is the Standing Committee's opinion that claims such as "Product of Canada" and "Made in Canada" can meet this promotional objective while remaining optional. The "imported" claim is already mandatory for products entirely manufactured and prepackaged outside Canada. It is therefore easy to identify them. Many witnesses pointed out the commercial interest in identifying a product as Canadian, which, in their view, constitutes a guarantee that the "Product of Canada" and "Made in Canada" claims, as defined in this report, will be widely used. The "Product of Canada" labelling obligation adds a needless cost, since the purpose is mainly to promote Canadian food products.

In addition, if the "Product of Canada" claim is not made mandatory, the door is left open for the promotion of local products. For example, fruits and vegetables sold in bulk at the retail level come within the purview of provincial statutes, some of which¹³ require that the country of origin be clearly identified for imported fruits and vegetables. If no country is indicated, that means the product is Canadian. This permits the use of "Product of Canada" claims, but also leaves room for more specific claims such as "Product of Quebec" or "Product of Ontario" or, for example, the promotion of local products. On this point, subsection 5(1) of the FDA ensures that these claims are not abused:

5. (1) No person shall label, package, treat, process, sell or advertise any food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit or safety.

It should also be noted that Bill C-51, *An Act to amend the Food and Drugs Act and to make consequential amendments to other Acts*, introduced at first reading on April 8, 2008, includes the following proposed amendment to that subsection of the FDA:

5. (1) No person shall manufacture, process, label, package, sell, import for sale or advertise a food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit, safety or origin.

The Consumers' Association of Canada stated that, even though consumers are prepared to favour a Canadian product, which is not one of their priorities, unless they have been encouraged to consider it as part of an advertising campaign. The Standing Committee would therefore take a favourable view of the industry's developing a "Grown

13 Those are Quebec, British Columbia, Ontario and New Brunswick.

in Canada/Aliment du Canada" promotion and brand name campaign based on the *Foodland Ontario* model, hence the importance of allowing "Product of Canada" labelling to remain on a voluntary basis.

During the Standing Committee's meetings, some witnesses expressed an interest in a "Grown in Canada/Aliment du Canada" claim. The representative of the Canadian Federation of Agriculture (CFA) even told Committee members that the CFA had filed a trademark application for the expression "Grown in Canada", as reported in the Committee's official *Evidence*, which has already caused a certain linguistic problem in French.¹⁴

The success of marketing campaigns such as "Foodland Ontario", "Taste of Manitoba", "Buy BC" and "Aliments du Québec" needs no further proof. In addition, the acts and regulations already in place, such as subsection 5(1) of the FDA, ensure that this type of voluntary labelling developed by the agri-food industry does not mislead consumers.

C. Recommendations and Comments

It is not surprising that the discussion paper for the "Product of Canada" consultation, announced on May 21, 2008, is based on evidence gathered by the Standing Committee. The Committee's study, begun in April 2008, has apparently influenced the government's approach, as reflected in the following evidence:

Indeed, the Canadian Food Inspection Agency has been listening with great interest to the discussions of the Committee throughout this study of "Product of Canada" labelling. (...) As you know, Prime Minister Harper announced Canada's food and consumer safety action plan in December. This action plan includes a commitment to review the government's current policies on using "Product of Canada" and "Made in Canada" food labels and advertising. The CFIA is already taking steps to review these policies. (...) It's no surprise, then, that the CFIA has followed these hearings with interest. We've listened to and reviewed the testimony of witnesses. This has strengthened our understanding of stakeholders' perspectives on "Product of Canada" and "Made in Canada" claims. (...) The CFIA believes it is possible to reconcile these viewpoints, and it is currently exploring options to do so¹⁵.

Since the members of the Standing Committee had the opportunity to speak with the key players during and after the meetings, they more than anyone else had the chance to deepen their understanding and analysis of the "Product of Canada" claim. Their reflection began in June 2007 with the study that led to the Standing Committee's

14 Mr. Bob Friesen, President, Canadian Federation of Agriculture, Standing Committee on Agriculture and Agri-Food, Evidence, No. 25 – 1015, 2nd Session, 39th Parliament, Ottawa, April 8, 2008.

15 Mr. Paul Mayers, Acting Vice-President, Programs, Canadian Food Inspection Agency, Standing Committee on Agriculture and Agri-Food, Evidence, No. 32 – 9:05, 2nd Session, 39th Parliament, Ottawa, May 8, 2008.

fourteenth report. As a result, the following recommendations represent the most complete information on the subject at present, particularly as they were formulated to reflect the interests of both farmers and consumers.

1. On the "Product of Canada" Claim

With respect to foods, that is to say food products, it is entirely normal for consumers to make the connection between a "Product of Canada" claim and the fact that that food was grown or raised in Canada. Consumers walking around a grocery store react to a message, rather than analyze it, and thus make a quick connection between "agricultural product", "food product" and "Product of Canada", which then become one single message. For the moment, however, the guidelines developed more than 30 years ago distort that message and mislead consumers as to the actual number of Canadian agricultural products used in an agri-food product. There is no doubt in the Standing Committee's mind that, to be true, the message must above all reflect Canadian agricultural product content. Therefore,

RECOMMENDATION 1

The Standing Committee recommends that the guidelines used by the Canadian Food Inspection Agency be amended immediately so that the "Product of Canada/Produit du Canada" claim is reserved for foods and food products that are processed in Canada, contain a sufficiently high percentage of ingredients grown in Canada or come from animals raised in Canada. The Committee therefore recommends a percentage of 85% Canadian content. The establishment of such a Canadian claim would be the ultimate assurance of Canadian content and it would clearly underscore the high level of quality and safety that is consistently delivered to the consumer by Canadian farmers and agri-food processors.

2. On the "Made in Canada" Claim

Tightening up the use of the "Product of Canada" claim, as suggested in Recommendation 1, would achieve the Standing Committee's first and second objectives. The Committee's third objective is to provide recognition for the economic contribution of value-added food products whose main ingredients come from various countries. That recognition requires appropriate labelling that should not adversely affect the marketing of those types of products. It is not clear that consumers understand that a food product "Made in Canada/Fabriqué au Canada" refers to a transformation process, and is not an identification of the place where it was grown or raised. Although the expression "Made in Canada" is consistent with the expressions used on imported products such as orange marmalade labelled "Made in UK/Fait au Royaume-Uni" or chocolate labelled "Made in

Switzerland/Fabriqué en Suisse", it appears that this type of claim, and notably the use of the French word "Fabriqué", may create some confusion when it comes to food products. Therefore,

RECOMMENDATION 2

The Standing Committee recommends that "Prepared in Canada/Préparé au Canada" and "Processed in Canada/Transformé au Canada" claims be reserved for foods for which the last substantial transformation occurred in Canada and at least 51% of the total direct costs of production or manufacturing is Canadian.

Furthermore, the Committee recommends that "Made in Canada/Fabriqué au Canada" claims not be allowed for food products.

3. On the Identification of Non-Registered Imported Foods

Once the "Product of Canada" and "Made in Canada" claims have been better defined and their use is thus clearer and more precise for consumers, there will nevertheless remain a grey area for unregulated products that may bear the claims "Prepared for", "Packed for" or "Made for".¹⁶ The use of these claims ultimately provides consumers with little information and thus limits their ability to make an informed choice, which, to a certain degree, violates the principles of the *2003 Guide to Food Labelling and Advertising*. Furthermore, based on the evidence received, the importers of these products do not have to be registered and would therefore not be held responsible for mislabelled products that might offer unfair competition in the market. The members of the Standing Committee believe importers must be held legally accountable for any non compliant imported food products. Members are aware that Bill C-51, *An Act to amend the Food and Drugs Act and to make consequential amendments to other Acts*, will help tighten controls on mislabelled imported products, and they wish to contribute to that debate. Therefore,

RECOMMENDATION 3

The Standing Committee recommends that claims such as "Prepared for", "Packed for" and "Made for" be revised and better defined to provide consumers with relevant information to avoid misleading them as to the true provenance of the food.

16 Mr. Christopher Kyte, President, Food Processors of Canada, Standing Committee on Agriculture and Agri-Food, Evidence, No. 28 – 0910, 2nd Session, 39th Parliament, Ottawa, April 17, 2008.

4. On the "Canada" Claim in Product Grades and on Organic Products

Many witnesses raised the problem of the use of the term "Canada" in the various food product quality grades such as "Canada Choice", "Canada A" and so on. Since grade claims generally appear on the front of the label, there is some resulting confusion for consumers. The Standing Committee recognizes that it is important for the agri-food industry to differentiate the quality of its products, but that information should not mislead consumers. Therefore,

RECOMMENDATION 4

The Standing Committee recommends that the government review directives and regulations on quality grades and organic products in order to remove the term "Canada" from those types of claims in order not to mislead consumers as to the food product's origin.

5. On Enforcement of Regulations and Guidelines

To maintain the excellence of our agri-food system, labelling regulations and guidelines must be supported by an efficient enforcement and compliance strategy. Mislabelled products were presented to the Standing Committee and, as mentioned before, evidence received has shown that some importers do not have to be registered and would therefore not be held responsible for mislabelled products that might offer unfair competition in the market. Therefore,

RECOMMENDATION 5

For the integrity of the Canadian labelling system, enforcement and compliance are as important as clear guidelines and regulations. Therefore, the Standing Committee recommends that the Canadian Food Inspection Agency tighten controls – such as increased surveillance and improved response to complaints – on mislabelled food products, with federal funds allocated as required.

6. On a Consumer Information Campaign

As there is currently a certain inconsistency in food product labelling, particularly as regards the "Product of Canada" claim, it seems appropriate that an information and awareness campaign should be launched once the changes designed to improve labelling directives have been put in place. Therefore,

RECOMMENDATION 6

The Standing Committee recommends that the government launch a national information and awareness campaign on "Product of Canada" claims once the new labelling directives have been adopted, and provide financial support for agricultural product promotion initiatives developed by farmers, such as the buy local or buy national campaigns, which can be used as powerful and practical marketing tools.

7. Comments on the Need for "Product of Canada" Guidelines to Become Part of Labelling Regulations

In its announcement of May 21, the government proposed new guidelines to “redefine Canadian food content labels to better reflect the true origins of products in today’s global marketplace.” But the press release also states that “Today’s announcement is the latest step in our government’s plan to bring Canada’s consumer product regulation into the modern era.”¹⁷

The Standing Committee wishes to point out that its evidence indicated that it could take a long time to implement regulatory changes and that it would therefore be preferable and easier to amend existing guidelines in order to clarify the use of the “Product of Canada” label as quickly as possible.

CONCLUSION

As stated in its June 2007 report, the Standing Committee's main objective is to protect the authenticity of the term "Canada" when it is used as a marketing tool for food product labelling. The Committee's recommendations focus on changes to labelling rules and directives that are designed to assist consumers in making their choices through simple, clear and more truthful information, while urging them to recognize the quality of Canadian products and, all other things being equal, to consume more foods produced by our farmers.

¹⁷ <http://www.pm.gc.ca/fra/media.asp?category=1&id=2111>

LIST OF RECOMMENDATIONS

RECOMMENDATION 1

The Standing Committee recommends that the guidelines used by the Canadian Food Inspection Agency be amended immediately so that the "Product of Canada/Produit du Canada" claim is reserved for foods and food products that are processed in Canada, contain a sufficiently high percentage of ingredients grown in Canada or come from animals raised in Canada. The Committee therefore recommends a percentage of 85% Canadian content. The establishment of such a Canadian claim would be the ultimate assurance of Canadian content and it would clearly underscore the high level of quality and safety that is consistently delivered to the consumer by Canadian farmers and agri-food processors.

RECOMMENDATION 2

The Standing Committee recommends that "Prepared in Canada/Préparé au Canada" and "Processed in Canada/Transformé au Canada" claims be reserved for foods for which the last substantial transformation occurred in Canada and at least 51% of the total direct costs of production or manufacturing is Canadian.

Furthermore, the Committee recommends that "Made in Canada/Fabriqué au Canada" claims not be allowed for food products.

RECOMMENDATION 3

The Standing Committee recommends that claims such as "Prepared for", "Packed for" and "Made for" be revised and better defined to provide consumers with relevant information to avoid misleading them as to the true provenance of the food.

RECOMMENDATION 4

The Standing Committee recommends that the government review directives and regulations on quality grades and organic products in order to remove the term "Canada" from those types of claims in order not to mislead consumers as to the food product's origin.

RECOMMENDATION 5

For the integrity of the Canadian labelling system, enforcement and compliance are as important as clear guidelines and regulations. Therefore, the Standing Committee recommends that the Canadian Food Inspection Agency tighten controls – such as increased surveillance and improved response to complaints – on mislabelled food products, with federal funds allocated as required.

RECOMMENDATION 6

The Standing Committee recommends that the government launch a national information and awareness campaign on "Product of Canada" claims once the new labelling directives have been adopted, and provide financial support for agricultural product promotion initiatives developed by farmers, such as the buy local or buy national campaigns, which can be used as powerful and practical marketing tools.

APPENDIX A

LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
As an individual		
Ronald Doering	2008/06/05	31
Canadian Food Inspection Agency	2008/03/04	24
Carla Barry, Acting Director Consumer Protection		
Debra Bryanton, Executive Director Food Safety Directorate		
Competition Bureau		
Colette Downie, Deputy Commissioner of Competition Legislative and Parliamentary Affairs Branch		
Andrea Rosen, Acting Deputy Commissioner of Competition Fair Business Practices Branch		
Richard Taylor, Deputy Commissioner of Competition Civil Matters Branch		
Canadian Federation of Agriculture	2008/08/04	25
Bob Friesen, President		
Canadian Pork Council		
Mary Ann Binnie, Nutrition Analyst		
Dairy Farmers of Canada		
Richard Doyle, Executive Director		
Jacques Laforge, President		
Fédération des producteurs de porcs du Québec		
Robert Monty, Second Vice-President		
National Farmers Union		
Grant Robertson, Coordinator Ontario Region		
Nigel Smith, Youth President		
Union des producteurs agricoles		
Pierre Lemieux, First Vice-President		
Alyne Savary, Director of Marketing		
Canadian Meat Council	2008/10/04	26
James Laws, Executive Director		
Canadian Poultry and Egg Processors Council		
Robin Horel, President and Chief Executive Officer		

Organizations and Individuals	Date	Meeting
Conseil de la transformation agroalimentaire et des produits de consommation (CTAC)	2008/10/04	26
Sylvie Cloutier, Vice-President, Communications and Public Affairs		
Christine Jean, Technical Director		
Fédération québécoise des producteurs de fruits et légumes de transformation		
Claude Lacoste, President		
Gilles McDuff, General Manager		
Further Poultry Processors Association of Canada		
Robert de Valk, General Manager		
Consumer Interest Alliance Inc.	2008/04/15	27
Jennifer Hillard, Research Director		
Local Food For Local People		
Kim Jo Bliss, Director		
Option consommateurs		
Michel Arnold, Executive Director		
Nalini Vaddapalli, Lawyer Agri-Food Analyst		
Union des consommateurs		
Charles Tanguay, Communications Officer		
Consumers' Association of Canada	2008/04/17	28
Mel Fruitman, Vice-President		
Food Processors of Canada		
Christopher Kyte, President		
Beef Information Centre	2008/04/29	29
Lisa Mina, Executive Director Marketing		
Canadian Cattlemen's Association		
John Masswohl, Director, Governmental and International Relations		
Canadian Co-operative Association		
John Anderson, Director, Government Affairs and Public Policy		
Lynne Markell, Advisor, Government Affairs and Public Policy		
Chicken Farmers of Canada	2008/04/29	29
Mike Dungate, General Manager		

Organizations and Individuals	Date	Meeting
Dairy Processors Association of Canada Don Jarvis, President and Chief Executive Officer	2008/04/29	29
Canadian Horticultural Council Anne Fowlie, Executive Vice-President	2008/01/05	30
Canadian Produce Marketing Association Dan Dempster, President Larry McIntosh, Chair of the Board of Directors		
Food and Consumer Products of Canada Blake Johnston, Vice-President of Government Affairs		
University of Saskatchewan Jill Hobbs, Professor and Department Head Department of Bioresource Policy, Business and Economics		
Canadian Council of Grocery Distributors Jeanne Cruikshank, Vice-President Atlantic Office Bernard Leblanc, National Labelling Resource	2008/06/05	31
Cloverleaf Grocery Ltd. Mark Loney, Manager and owner Rosalie Loney, Executive Assistant		
Canadian Food Inspection Agency Carla Barry, Acting Director Consumer Protection Debra Bryanton, Executive Director Food Safety Directorate Paul Mayers, Acting Vice-President Programs	2008/08/05	32
Competition Bureau Larry Bryenton, Acting Assistant Deputy Commissioner of Competition Fair Business Practices Branch Morgan Currie, Acting Assistant Deputy Commissioner of Competition Mergers Branch Richard Taylor, Deputy Commissioner of Competition Civil Matters Branch		
Department of Agriculture and Agri-Food Blair Coomber, Director General International Trade Policy Directorate		

APPENDIX B

LIST OF BRIEFS

Canadian Federation of Agriculture

Canadian Horticultural Council

Consumers' Association of Canada

Dairy Farmers of Canada

Fédération québécoise des producteurs de fruits et légumes de transformation

Union des producteurs agricoles

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([Meetings Nos. 24 to 32](#)) is tabled.

Respectfully submitted,

James Bezan, M.P.
Chair

Bloc Québécois Complementary Opinion

***To the Report of the Standing Committee on Agriculture and Agri-Food entitled:
“PRODUCT OF CANADA” CLAIMS:
TRUTH AND TRANSPARENCY ARE NECESSARY***

Submitted to the Standing Committee on Agriculture and Agri-Food

June 2007

Bloc Québécois Complementary Opinion

***To the Report of the Standing Committee on Agriculture and Agri-Food entitled:
“PRODUCT OF CANADA” CLAIMS:
TRUTH AND TRANSPARENCY ARE NECESSARY***

Submitted to the Standing Committee on Agriculture and Agri-Food

The Bloc Québécois participated actively in the Standing Committee on Agriculture and Agri-Food's work on the need to tighten food-labelling standards in a spirit of cooperation and openness and with great interest.

The Bloc Québécois agrees with the general direction of the report, whose recommendations concern changes to the labelling rules and guidelines designed to help consumers make choices and to give added value to the products that come from our farms. Currently, the rules governing the labelling of agricultural products pose a two-fold problem: for consumers, who are misled about the origin of products, and for producers, who lose part of their rightful market, given consumers desire to eat local products. Under these rules, it is possible to purchase olives labelled “Product of Canada” in the grocery store, even though there are no olive producers in Canada. Such aberrations are possible under the current labelling rules, which take account of processing and packaging costs when determining a product’s origin, something that makes no sense in regard to agricultural products.

These days, and it is completely understandable given the globalization of trade in food products, people want to know what they are eating, where it comes from, what ingredients products contain, etc. While it is true that we now have access to much more information than before, the issue of where foods come from is still problematic, because the labelling standards are too lax.

Nor is this an issue simply for consumers – Quebec and Canadian producers are also losing out. The reason is simple: a study by the Canadian Federation of Agriculture (CFA) demonstrated that 95% of consumers will prefer to buy local products. And yet a product in which nothing except the packaging may be Canadian but that is still labelled “Product of Canada,” has the same advantage as genuinely Canadian products, which obviously hurts Quebec and Canadian producers. The complaints from the *Union des producteurs agricoles* on this topic are completely justified and we support them completely. They are disadvantaged by the vagueness of the current regulations, and this situation is unfair to the agricultural industry, which already has trouble remaining competitive.

We also agree with the opinion expressed by the UPA and a number of other witnesses who appeared before the Committee about the importance of establishing an **OBLIGATORY** and not **VOLUNTARY** standard. If the government institutes voluntary labelling, how are consumers supposed to tell the difference between products that, under the new act, are labelled “Product of Canada” (a product in which the vast majority of ingredients come from Canada) or “Prepared/Processed in Canada” (a product in which 51% of the transaction costs are Canadian) and those labelled “Packed in Canada for company X” (a company with a Canadian address) or not labelled to indicate provenance? A mandatory standard would eliminate consumer confusion, since there would henceforth be clear and specific information on the provenance of food products. A voluntary standard would create the same situation that exists today: consumers looking at the shelf in a grocery store trying to figure out where various food products come from. The obligatory standard should not, however, prevent a producer from putting a “Product of Quebec” or “Product of New Brunswick” label on their product.

Moreover, under our international commitments (GATT and WTO), Canada must treat imported products in the same way as Canadian products. Thus, if the measure is not obligatory, it would be illegal for Canada to distinguish products that respect the new criteria, by using a different label, for example.

Finally, it is contradictory to claim that the primary objective of an amendment to the labelling rules is the fact that consumers prefer to buy the product that is most advantageous for Quebec and Canada, while at the same time saying that it would cost too much to establish a mandatory system whose main goal is to promote local products!

In closing, the Bloc Québécois wishes to deplore the Conservative government’s decision to short-circuit the work that the Standing Committee on Agriculture and Agri-Food did between April 3 and June 3, 2008, with its announcement of May 21, 2008. By unveiling an action plan to label food products, Prime Minister Harper gave the impression that the comments made by the many witnesses who appeared before the Committee count for nothing, that the recommendations of this report are worth little, and that only he has the solution. Talk about “crass politics”!

The Bloc Québécois nevertheless wishes to see the Committee’s work respected, the evidence collected there taken into consideration and the recommendations of the report followed, just as it would like to see its own recommendation to make the directive mandatory accepted.

André Bellavance
MP for Richmond-Arthabaska
Bloc Québécois Agriculture and Agri-Food Critic

Ève-Mary Thaï Thi Lac
MP for St-Hyacinthe-Bagot
Deputy Bloc Québécois Agriculture and Agri-Food Critic

Dissenting Opinion of the Conservative Party of Canada

While all members agree that changes to the current product of Canada policy guidelines are necessary, several of the recommendations in the Committee's Report do not represent our views nor the views of the many witnesses that appeared during the course of our study. To ensure the views of these many witnesses are properly represented, we hereby submit this Dissenting Opinion.

Recommendation 1:

Throughout the course of the study, numerous witnesses expressed their support for a Product of Canada label based on content rather than cost. Many witnesses also recommended that a high standard be developed when determining the appropriate level of Canadian content required to be labelled a Product of Canada. While we do agree with the Committee's recommendation that Product of Canada be based on content and not cost, we believe the guideline should read "all or nearly all" Canadian content. This is consistent with the approach of some of our key trading partners, notably the US, Australia and European Union.

Recommendation 2:

The committee's recommendation that "Made in Canada" be prohibited to be used on food products contradicts all the evidence presented at Committee by the witnesses who appeared. Throughout the hearings, no witnesses called for this prohibition. Instead, witnesses testified that the "Made in Canada" label is an international standard respected around the world. Thus, this Dissenting Opinion recommends that the "Made in Canada" label be reserved for products in which the last transformation occurred in Canada and that it be qualified with statements like "Made in Canada from domestic and imported ingredients" or "Made in Canada from imported ingredients" in order to provide the information and clarity that consumers are seeking.

Further, maintaining the "Made in Canada" label is also important since consumers also appreciate supporting local contributions to processing and manufacturing jobs in their communities. This also supports the longstanding commitment by the Government of Canada to promote Canadian jobs and the Canadian economy.

Recommendation #4 – Canada Organic:

We also wish to note that the recently developed Canada Organic logo has a tremendous amount of support amongst industry stakeholders. Industry has contributed a considerable amount of time and resources to arrive at the current logo and any thoughts of changes must take that into consideration as well as be a part of a separate consultative process on the development of Organic Standards.

