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**Report Highlights:**

Canada continues to be the largest export market for U.S. consumer-oriented products. In 2022, U.S. consumer-oriented exports to Canada reached \$19.9 billion, representing 24 percent of the total value of U.S. consumer-oriented exports worldwide. As a mature market, Canada offers sophisticated distribution chains, warehousing options, and a logistics network for U.S. companies, ensuring shipments arrive efficiently. In 2022, food service sales grew to \$76.6 billion. Canada's food service sector is competitive but does offer great opportunity for exporting food suppliers that commit to developing the market.

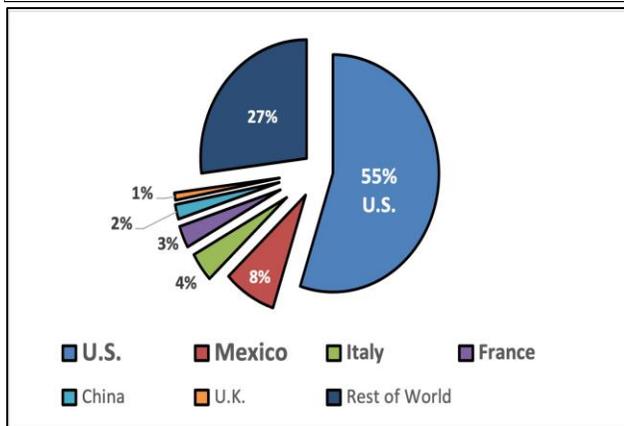
## Executive Summary

Approximately 90 percent of Canada's 38 million people live within 150 miles of the U.S. border. In 2022, Canada was the number one market for U.S. consumer-oriented food exports, reaching \$19.9 billion. Canada offers stable financial markets and a sophisticated logistics network that supports \$186 million worth of daily two-way trade in food and agricultural products. The food service sector rebounded from the restrictions of Covid-19 and grew by double digits in 2022, reaching a total \$76.6 billion in 2022. Restaurants Canada forecasts modest growth of 3 percent in 2023. Despite a relatively strong U.S. dollar and increased global competition, opportunities remain strong for U.S. food and beverage companies.

## Canadian Imports of Consumer-Oriented Food Products

Consumer-oriented food products include snack foods, breakfast cereals, condiments, confectionery items, pet food, and more. The top three consumer-oriented food products exported to Canada were bakery goods, cereals, and pasta (\$2.6 billion), fresh vegetables (\$2.1 billion), and fresh fruits (\$1.7 billion). U.S. consumer-oriented food products currently account for 55 percent of Canada's consumer-oriented food imports.

### 2022 Share of Market of Consumer Oriented Imports



Canada's food service is vital to the country's economy, contributing four percent to the Gross Domestic Product (GDP). In 2022, revenue from all segments of the food service industry reached \$76.6 billion. The industry is divided into two segments: Commercial (restaurants, caterers, and drinking establishments) and Non-commercial (hotels, institutional, and other food service operations). The Commercial segment accounted for 82 percent while the non-commercial segment accounted for the other 18 percent.

## Quick Facts on the Canadian Market

### Total Imports of Consumer-Oriented Products

\$34.8 billion

### Imports of U.S. Consumer-Oriented Products

\$19.9 billion

### List of Top 10 Packaged Food Products (by Volume)

- 1) Baked Goods, Cereals, & Pasta
- 2) Fresh Vegetables
- 3) Fresh Fruit
- 4) Soup & Other Food Preparations
- 5) Pork & Pork Products
- 6) Chocolate & Cocoa Products
- 7) Beef & Beef Products
- 8) Non-Alcoholic Beverages (coffee, tea, etc.)
- 9) Dairy Products
- 10) Tree Nuts

### Food Industry Sales by Channel (\$ billions)

Channel	Sales (\$ billions)
Total Food & Beverage Industry	\$307.4
Food service Sales	\$76.6
Retail Food & Beverage Sales	\$112.0
Processing Food & Beverage Sales	\$118.8

### Top 10 Restaurant Chains (Market Share)

- 1) [Restaurant Brands International, Inc. \(21%\)](#)
- 2) [McDonalds Corporation \(13.5\)](#)
- 3) [Recipe Unlimited Corp.\(7.3%\)](#)
- 4) [A&W Food Services of Can. \(4.3%\)](#)
- 5) [Doctor's Assoc. Inc. /Subway \(4.0%\)](#)
- 6) [Yum! Brands \(3.8%\)](#)
- 7) [Starbucks \(2.9%\)](#)
- 8) [Boston Pizza Int'l. \(2.6%\)](#)
- 9) [MTY Food Group Inc., \(2.3%\)](#)
- 10) [Wendy's Co, The \(1.6%\)](#)

## Strengths\Weaknesses\Opportunities\Threats

Strengths	Weaknesses
Relatively high consumer disposable income levels and similar cultures, tastes, and preferences.	Strong U.S. dollar, high levels of household debt, and a consolidated retail sector.
Opportunities	Threats
Duty-free tariff treatment for most products, Canadian buyers' familiarity with U.S. products, and acceptance of new innovative products.	Increasing third-country competition, and strong 'buy local' consumer sentiment.

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# Section I: Market Summary

## IA. Overview of the Canadian Food Service Landscape and Beyond

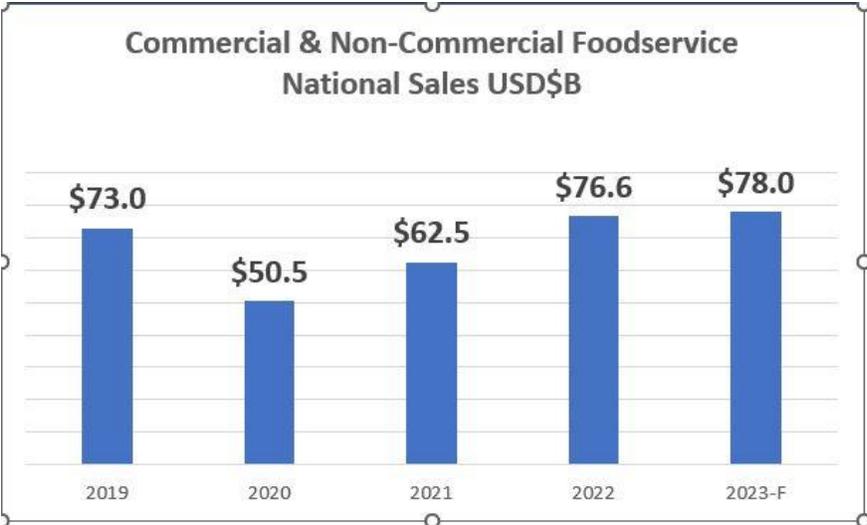
Canada’s commercial and non-commercial food service sales in 2022 amounted to USD\$76.6 billion<sup>1</sup>, increasing by over 20 percent from the previous year.

The food service sector is comprised of two major segments (i.e., the commercial and non-commercial subsectors). The commercial food service subsector includes quick-service restaurants, full-service restaurants, caterers, and drinking establishments, representing 82 percent of total food service sales or approximately \$63 billion. The non-commercial subsector, which includes hotel, hospital, schools, and other related other related establishments, represents the balance of total food service sales in Canada at \$13.6 billion.<sup>2</sup>

### Future Forecasts in Canada’s Food Service Sector

Due to inflationary pressure and other industry challenges (e.g., labor shortages, supply chain challenges), FAS Toronto forecasts Canada’s total food service sector revenue to increase marginally to \$78 billion in 2023, a modest 2 percent increase, reflecting a rise in food service prices and depressed consumer demand as a result of increased prices. Despite current challenges, Canada’s major cities (e.g., Montreal, Toronto, Vancouver) continue to offer some of the most diverse, innovative, and expansive culinary scenes in North America.

**Table 1: Total Food service Sales in Canada**



<sup>1</sup> Annual exchange rate for 2022 C\$ 1.00 to USD\$.7619 is used throughout the report.  
<sup>2</sup> Restaurants Canada, Statistics Canada, fsStrategy, and CBRE Hotels

## IB. Market Trends in Food Service Sector

- **Meeting sustainable targets:** Food waste across all segments of the food industry is a growing concern. In response, restaurateurs are reducing their menu offerings with a focus on the more popular entrees. To reduce paper waste, menus are gradually being replaced with QR codes, allowing restaurant owners to update and change their daily or weekly offerings at a fraction of the cost.
- **Increasingly multicultural population:** The influx of new Canadians from around the world continues to influence and reflect the changing culinary landscape of the country. According to an Angus Reid Study, 87 percent of 18–34-year-olds are interested in eating globally inspired foods.
- **Plant-Based Choices:** Concerns for health and wellness, the environment, and animal welfare have contributed to the demand of plant-based foods. Most quick service units and family dining establishments offer a plant-based option(s) on their menus. For example, an increasing number of burger establishments offer a non-meat option. For example, the Canadian restaurant chain Swiss Chalet, which is commonly recognized for its chicken offerings, now offers plant-based chicken tender to its patrons.
- **Clean Eating:** Similar to retail shoppers, a growing number of restaurant goers demand food products made with known ingredients, commonly referred to as products with a “clean label”.
- **Vegetables:** Restaurants now serve fresh vegetables as their main entrée, such as Portobello mushrooms, eggplant, and/or cauliflower. It is not only vegetarians that prefer vegetables but also diners seeking healthier options.
- **Technology in food service:** Technology is redefining the dining experience in Canada and younger consumers enjoy researching their foods on-line. U.S. exporters of specialty commodities and proteins are encouraged to keep their information updated on their websites and develop their social media platforms to help educate and engage their Canadian consumers.
- **From Local to Sustainability:** Canadians enjoy eating fresh and supporting local farmers when their products are in season. However, in recent years, the concern for growing foods sustainably and ethically has become a driving force among younger consumers on their selection of foods.

## Advantages and Challenges Facing U.S. Products in the Food Service Sector

Advantages	Disadvantages
Canadian consumers value U.S. quality and safety standards.	A strong U.S. dollar increases the relative cost of imported U.S. food products.
Canada's ethnically diverse population provides opportunities for specialty products.	Canada's population is a tenth of the United States and more geographically dispersed, causing marketing and distribution challenges.

Advantages	Disadvantages
Per-capita produce consumption is relatively high. Retailers and food service operators have developed efficient supply chains to import fruits and vegetables from the United States year-round.	There is growing competition from other exporting countries, such as Mexico, Peru, South Africa, and others.
Consumers value the strong, diverse, and innovative food culture in the United States.	Established vendors and distributors have strong leverage in negotiations.
Duty-free, tariff-free treatment for more than 98 percent of U.S. products under USMCA (entered into force July 1, 2020).	Landing costs (e.g., transportation, taxes, and custom clearance charges) are significant. This makes it challenging to launch a product with smaller volumes.
U.S. food products are generally aligned with Canadian tastes and are familiar to Canadian consumers.	“Buy local” campaigns are popular.

## Section II: Road Map for Market Entry

### IIA. Entry Strategy

To facilitate initial export success, the Foreign Agricultural Service in Canada (FAS/Canada) recommends exporters study the food service landscape at both a national and provincial level to get to know the major stakeholders active in both. Distribution in Canada’s national food service sector is highly concentrated. There is greater competition between food service distributors at the regional and provincial level. Suggested steps to enter the market include:

- 1) Review relevant USDA FAS [Global Information Agricultural Network \(GAIN\) Reports](#). These reports are free of charge and can be downloaded from FAS [resources](#).
- 2) Both the [Exporter Guide](#) and the [Food and Agricultural Import Regulations and Standards \(FAIRS\)](#) outline the required regulations and compliance requirements for food products. The Canadian Food Inspection Agency (CFIA) offers a step by step guide on these regulations, particularly on [labelling in Canada](#).
- 3) After studying the Canadian market regulatory and compliance requirements, individual companies are encouraged to inquire about the various export programs supported by USDA and administrated by the [State-Regional Trade Groups \(SRTGs\)](#) and other commodity [Cooperators](#). The SRTGs provide the needed one-on-one counseling and educational seminars that U.S. businesses need prior to entering the Canadian market.
- 4) In addition to counseling, small-and medium-sized firms (SMEs) may apply and qualify for financial support to promote their own brands in Canada under the [USDA Market Access Program](#). This program is administered by the SRTGs via programs such as the: [Branded](#)

[Program](#) / [Cost Share Program](#) / [Fund Match Program](#).<sup>3</sup> To qualify, the exporter’s product(s) must meet a minimum of 50 percent U.S. origin to qualify for the programs. The program can cover up to 50 percent of export costs, such as label modification or exhibiting at international and U.S. trade shows. To learn more, please contact the respective international trade specialist in their respective state’s department of agriculture or the [SRTGs](#) directly.

5) Many of the SRTGs in Canada have engaged in-country representatives specializing only in the food sector that are based in either Toronto, Montreal, or Vancouver and may be available to conduct additional research for an individual company at a nominal administration fee compared to private sector fees.

6) There are promotions and tradeshow in Canada that potential U.S. exporters may consider participating in. The two largest food service trade shows in Canada are:

- [Restaurants Canada, Toronto, Ontario](#) (April 8 –10, 2024)
- [SIAL Canada](#), Toronto, Ontario (April 17 –19, 2024) USA Pavilion. FAS Canada sponsors a USA Pavilion at SIAL Canada. For further information, please contact USDA’s trade show partner, IMEX Management at ([ClaireG@imexmanagement.com](mailto:ClaireG@imexmanagement.com)).

## II.B. Food Service Market Structure

The Canadian food service sector is comprised of two major segments: Commercial and Non-commercial subsectors.

### Commercial Food Service

The commercial food service sub-sector accounted for \$62 billion, representing 82% of total food service sales in 2022. Quick service restaurants (QSR) represent 46 percent of the commercial market and continue to be the leading restaurant format in Canada, followed by the full-service (FSR) /family dining format representing 43 percent of the restaurant landscape. Close to 80 percent of QSR sales are driven by national chains, such as Tim Hortons, McDonald’s, Starbucks, and other familiar chain entities. The largest increase of 36.6 percent in sales were observed in FSR units as COVID-19 restrictions were lifted in 2022. Restaurants Canada, an association representing the restaurant sector, forecasts sales are beginning to stabilize and at the end of 2023, sales from all commercial food service establishments will total \$66.7 billion.

**Table 2: Commercial Food Service Sales and Forecast in Canada**

In Millions in U.S. Dollars				
Restaurant Format	2020 USD	2021 USD	2022 USD	2023 USD f.
Quick-service restaurants	\$21,671	\$26,792	\$29,004	\$30,347
Full-service restaurants				

<sup>3</sup> MAP funds are available for other marketing activities in other markets around the globe.

	\$16,262	\$21,207	\$27,656	\$29,512
Caterers	\$2,496	\$3,150	\$4,520	\$4,992
Drinking places	\$1,069	\$1,255	\$1,784	\$1,870
<b>TOTAL COMMERCIAL</b>	<b>\$41,499</b>	<b>\$52,405</b>	<b>\$62,964</b>	<b>\$66,721</b>
<i>Source: Statistics Canada, Restaurants Canada, and UK Exchange; 2022 CAD\$1 = USD.7619 / 2023 F. CAD\$1 = USD\$.7431</i>				

### Non-commercial Food service

In 2022, sales in the non-commercial food sector (e.g., hospitals, tourism travel, learning institutions, and other establishments) grew by 37 percent, reaching \$13.6 billion. Renewed confidence in travel led to an increase not only domestically travel but also in international visitors, with over 2.2 million tourists traveling to Canada in 2022, consequently boosting accommodation food sales by 102 percent over 2021 figures.

**Table 3: Non-commercial Food Service Sales and Forecast in Canada**

In Millions in U.S. Dollars				
Type of Format	2020 USD	2021 USD	2022 USD	2023 USD f.
Accommodation food service	\$1,774.4	\$2,106.0	\$4,429.7	\$5,503.4
Institutional food service	\$3,930.6	\$4,350.0	\$4,580.6	\$4,951.3
Retail food service	\$1,729.6	\$1,993.9	\$2,128.4	\$2,165.0
Other food service	\$1,561.9	\$1,961.4	\$2,459.8	\$2,545.5
<b>TOTAL NON-COMMERCIAL</b>	<b>\$8,996.5</b>	<b>\$10,411.3</b>	<b>\$13,598.5</b>	<b>\$15,165.2 f.</b>
<i>Source: Statistics Canada, Restaurants Canada, and UK Exchange; 2022 CAD\$1 = USD.7619 / 2023 F. CAD\$1 = USD\$.7431</i>				

### II.C. Import Procedures

U.S. exporters are urged to review FAS/Canada [FAIRS Report](#) to better understand the Canadian import regulations and standards that apply to their product(s). The Canadian Food Inspection Agency (CFIA) provides extensive information on the [programs and services](#) it offers for importing commercial foods into Canada, including a [Guide to Importing Food Products Commercially](#). In addition, the CFIA [Automated Import Reference System](#) (AIRS) provides specific import requirements for food items by the Harmonized System (HS) classification, and detailed by place of origin (i.e., a specific U.S. state), along with the end-use of the food item (e.g., for animal feed, for human consumption, etc.).

U.S. exporters should be aware that the [Safe Food for Canadian Regulations](#) (SFCR) have been in effect since January 15, 2019. The SFCR consolidated 14 sets of pre-existing regulations. Many of the regulations will directly impact the Canadian importers and U.S. exporters that serve as an “importer of record”. Both will need to apply for a SFCR license.<sup>4</sup> To get started go to: [Getting started: Toolkit for businesses](#).

### **IID. Market Access Channels in Canada**

The bulk of Canadian food service products are imported by large importers, brokers, food service distributors, or through intra-company sales among international restaurant chains. Perishable and specialty items, such as fresh meat products and produce, are imported and distributed by food service distributors (e.g., Gordon Food Service, Sysco). Below is a list of established companies distributing products in the Canadian food service sector.

<b>Table 6: National and Regional Food service Distributors</b>	<b>Locations</b>
<a href="#">Altra Foods</a>	Quebec
<a href="#">Beverage World</a>	Eastern Canada
<a href="#">Capital Food Service</a>	New Brunswick
<a href="#">Hardy Sales</a>	Alberta and British Columbia
<a href="#">Colobar Food Service</a>	Quebec and Atlantic Canada
<a href="#">CFI Foods Ltd.</a>	Alberta
<a href="#">Flanagan Food service</a>	Ontario
<a href="#">Findlay Foods Ltd.</a>	Eastern Ontario
<a href="#">F.J. Wadden’s &amp; Sons Ltd.</a>	Newfoundland and Labrador
<a href="#">Gordon Food Service</a>	National
<a href="#">Greenbridge Food service</a>	Ontario
<a href="#">J &amp; F Distributors</a>	British Columbia
<a href="#">J &amp; D Food Services</a>	Alberta and Northern Territories
<a href="#">Morton Food Service</a>	Ontario
<a href="#">Northwest Distributors Ltd.</a>	Northwest Canada
<a href="#">Pratts Food Service</a>	Western and Northern Canada
<a href="#">Sevco Food Service</a>	Western Canada
<a href="#">Stewart Food service Inc.</a>	Ontario
<a href="#">Sysco</a>	National
<a href="#">Wright’s Food service Ltd.</a>	British Columbia
<a href="#">Yen Bros Food service</a>	British Columbia
<i>Source: <a href="https://www.foodcodirectory.com">https://www.foodcodirectory.com</a></i>	

<sup>4</sup> The importer of record is a company that is shipping responsible for shipments either in Canada or is responsible for getting the shipment across the border to a distribution / importer/ wholesaler’s warehouse.

U.S. exporters need to be aware that most food service distributors will seek products that are likely to move in large volumes. For those U.S. companies working with a food service broker, please note they likely will not take title of the goods. Rather, the broker will serve as sales representative to establish a distribution network and identify key food service accounts in the market. Most food service brokers will work on a commission fee based on established sales volumes. These fees may range from four to six percent. Beforehand, some brokers may request a flat retainer fee as they begin to pitch a U.S. company’s line of products.

**Table 4: Top Food Service Restaurant Chains, Hotel Chains, and Distributors**

Top Restaurant Chains	Share of Market	Restaurant Banners
Restaurant Brands International, Inc.	13.5%	Burger Kings, Tim Hortons, Popeyes, Firehouse Subs,
McDonald’s Corporation	8.6%	McDonald’s
Recipe Unlimited Corporation	4.7%	Swiss Chalet, St. Hubert, Montana’s, East Side Mario’s, The Keg, New York Fries, State & Main, The Pickle Barrel, Bier Market, Elephant & Castle, Fresh and more
A & W Food Services	2.8%	A & W
Doctor’s Associates Inc.	2.6%	Subways
Yum! Brands, Inc.	2.4%	KFS, Pizza Hut, Taco Bell, The Habit Burger Grill
The balance of restaurants represented. By other smaller chains & independently owned	65.4%	Boston Pizza, Pizza Pizza (Canadian chain), Domino’s Pizza, Mandarin Restaurants, Papa John’s, Red Lobster, Booster Juice, Edo Japan, Good Earth Cafes Ltd., Denny’s Corporation, many more.
<i>Source: Euromonitor, Consumer Food service in Canada, February 2023</i>		

### **Section III: Competition**

Producers and exporters from the United States have captured a large share of the Canadian prepared foods market, representing approximately 78 percent of total imports. This important category consists of products such as processed fruits and vegetables, food preparations, condiments and sauces, beer, wine, and meat products – all essential products to the food service industry. Much of the competition for U.S. exporters of consumer-oriented food products is from other U.S. and Canadian food companies already established in the market.

**Table 7: Canadian Imports of Consumer-Oriented (C.O.) Products (in Million U.S. Dollars)**

	Canada's Consumer-Oriented Imports from World	Canada's Consumer-Oriented Imports from U.S.	U.S. Market Share	Total Food Service Sales in Canada
2019	\$28,295	\$16,142	57%	\$71,770
2020	\$29,166	\$16,527	57%	\$50,500
2021	\$31,788	\$17,581	55%	\$62,817
2022	<b>\$34,776</b>	<b>\$19,200</b>	<b>55%</b>	<b>\$76,600</b>

*Source: Trade Data Monitor*

**Table 8: 2022 Imports of Leading Consumer-Oriented Products (in Million U.S. Dollars)**

Description	Canada's Consumer-Oriented Imports from World	Canada's Consumer-Oriented Imports from U.S.	U.S. Market share	Leading Competitors
Bakery Goods, Cereals, & Pasta	3,595	2,622	73%	Italy, China, and Mexico
Fresh Vegetables	3,041	1,838	60%	Mexico, China, and Guatemala
Fresh Fruit	4,355	1,610	37%	Mexico, Guatemala, and Peru
Soup & Other Food Preparations	2,117	1,716	81%	China, Mexico, and Taiwan
Pork & Pork Products	1,081	840	78%	Germany, Italy, and Spain
Chocolate & Cocoa Products	1,599	830	52%	Belgium, Switzerland, and Germany
Beef & Beef Products	1,275	822	65%	Australia, Mexico, and New Zealand
Non-Alcoholic Bev. (ex. juices, coffee, tea)	1,108	732	66%	Switzerland, France, and Italy
Dairy Products	1,443	897	62%	Italy, New Zealand, and France
Tree Nuts	1,033	681	66%	Vietnam, Turkey, and China
Processed Vegetables	1,414	745	53%	China, Italy, and Spain
Condiments & Sauces	973	737	76%	Italy, China, and Thailand
Processed Fruit	1,485	631	42%	China, Mexico, and Chile
Wine & Related Products	2,345	493	21%	France, Italy, and Australia

*Source: Trade Data Monitor*

## Section IV. Best Products

Canada's growing sentiment for maintaining a healthy lifestyle has strengthened following COVID-19. Menu choices reflect a continuing concern for living healthy lives. Many young consumers seek sustainably grown menu items that offer clean ingredients. The interest for plant-based proteins has become a standard offering throughout the food service channels, including non-commercial entities, such as university cafeterias and hospital foods. According to Mintel research, 75 percent of consumers would like to include additional plant-based protein products in their diets. Additionally, select fresh vegetables, like portabella mushrooms have taken center plate being complimented with various garnishes.

Montreal and Toronto<sup>5</sup> are both comprised of many immigrants, establishing the cities as some of the most diverse in the world. Many ethnic restaurants and food outlets cater to the immigrant diaspora. In Toronto, restauranteurs and chefs often fuse ethnic cuisines to create a unique culinary dish, as well as a unique culinary experience.

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<sup>5</sup> In 2021 [World Atlas](#) ranked Toronto as the most diverse city in the world.

## **Section V: Resources**

Please refer to the FAS/Canada [Exporter Guide](#) for links to additional information sources, including Canadian government agencies, Canadian databases, and industry organizations. For further information, please contact the FAS/Canada staff at:

### **Foreign Agricultural Service (FAS) Ottawa**

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