

**CHAPTER 16**  
**PROCESSED FOODS**

## **CHAPTER 16 - PROCESSED FOODS**

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### **INTRODUCTION**

NAFTA provides opportunities for each of the three member countries to increase their trade with each other in the processed foods sector. Tariffs on most products are phased-out over a ten year period. Also, there is an attempt to harmonise regulations and standards in this sector.

The processed foods industry in Canada produces canned and packaged foods and juices. There are also many value-added items produced, such as relishes, jams, sauces, and other items. Some companies also manufacture frozen prepared meals and canned specialities. There is a consistently greater demand of imports than domestically-produced goods, since consumers buy varieties of processed goods made from produce that cannot be grown in Canada's climate. These goods include produce such as tropical fruits, raisins and nuts. Changing Canadian lifestyles stress less meals eaten at home and more high-value products. Frozen and prepared foods, and high-value grain and feed products, in the ready-to-eat and ready to cook form, are expected to increase in sales as a result.

The Mexican food processing sector is dominated by US and European multinationals. The Mexican industry is weakest in the area of economies of scale, process controls and capability for new product development.

Mexico's demand for imported processed foods is growing, which reflects its lowering of trade barriers, increased urbanisation and higher disposable income. The volume of trade and variety of products offered to consumers is expected to increase as disposable incomes rise and imported food becomes affordable for more people. This projection is contingent on the relative purchasing power of the domestic currency in the short and long term.

The processed foods and beverages industry is the largest manufacturing sector in the US, and it is undergoing through increasing concentration. Most of the industry is located in ten states, whose agricultural and industrial bases supply raw materials to the companies. The market for processed foods is expanding and changing. The increase in middle-age group means more consumers at the peak of their earning power and having more disposable income. This group is often more willing to try new products and tends to purchase higher-priced, value-added products.

The demand for canned foods should decline as consumer preference shifts toward fresh-frozen and frozen convenience foods which emphasise nutrition. The speciality food sector which includes salad dressings and sauces, and speciality preserves (no

preservatives or artificial flavourings) will continue to grow. As in Canada, the trend to eat outside the home and the concurrent popularity of ready-to-eat and ready-to-cook foods mean promising outlooks for these types of product.

## CANADA

### Tariffs (% except where \$/kg)

<u>Items:</u>	<u>MFN</u>	<u>GPT</u>	<u>US/Mexico</u>
Cucumber, gherkins, or onions in vinegar or acetic acid	11.8	X	3.7
Relishes, olives, pickles, or other preserved fruit and nuts	Free	X	3-3.7
Tomatoes, prepared, preserved, or paste	13.3	X	4
Mushrooms, prepared or preserved	19.5	X	6
Vegetables, frozen			
potatoes	9.4	X	3
asparagus	21.2	X	6.7-18
broccoli, cauliflower	19.5	X	6-16
brussels sprouts	19.5	X	6
carrots	14.1-17.1	X	4.5-5.2
spinach	0	X	0
artichokes, bamboo shoots, cactus leaves, cardoons, chickpeas, cilantro, jicama, leaf chervils, malanga, okra, peas (other than "standard"), tamarillos, tarragons, tomatillos, topedos, verdolagas	0	X	0
beans (snap or lima), peas, corn	14.1	X	4.5
Vegetables, prepared, preserved			
homogenised vegetables	11.8	X	3.7
potatoes	9.4	X	3
peas	11.8	X	3.7
beans, baked	9.4	X	3
beans, other	11.8	X	3.7
asparagus	21.2	X	6.7-18
olives in brine	0	X	0
sweet corn	12.2	X	3.7
carrots	12.2-17.1	X	3.7-5.2

artichokes, bamboo shoots, cactus leaves, cardoons, chickpeas, cilantro, jicama, chervils, malanga, okra, peas (other than "standard"), spinach, tamarillos, tarragons, tomatillos, topedos, verdolagas, water chestnuts	0	X	0
Vegetables, in air tight containers: pimento, beets, spinach, carrots, horseradish, mixtures, others	0	X	0
Fruit, preserved by sugar	14.1	X	4.5
Nuts, preserved by sugar	9.4	Free	0-3
Jams and jellies: homogenised, citrus, berry, nut (BPT = 7.5)	9.8	X	3
strawberry	14.6	X	4.5-12
banana puree	0	X	0
Nuts	9.4	0	0-3
...except almond, pistachio	0	0	0
Peanut butter	\$0.0415/kg	0	\$0-0.013/kg
Pineapples	0	X	0
Citrus Fruit	0	X	0
Pears, pulp	9.4	X	3
Pears	14.1	X	4.5
Apricots, pulp	9.4	X	3
Apricots	14.1	X	4.5
Cherries, pulp	9.4	X	3
Cherries	14.6	X	4.5
Peaches, pulp	9.4	X	3
Peaches	12.2	X	3.9
Strawberries, pulp	14.6	X	4.5
Strawberries	9.8	X	3
Palm hearts, in air tight containers	0	X	0
Palm hearts	11.8	X	0-3.7
Mixtures (fruit)	0	X	0
Apples, pulp	9.8	X	3
Apples, applesauce	4.9	X	1.5
Banana chips	0	0	0-4.5
Berry pulp, various	9.4	X	3

Juice, citrus	0-2.8	X	0-0.9
Juice, pineapple	0	X	0
Juice, tomato	14.6	X	4.5-12
Juice, grape	14.1	X	4.5
Juice, grape (for wine-making)	0	X	0
Juice, apple	4.9-9.8	X	1.5-3
Juice, passion fruit	0	X	0
Juice, prune	2.8	X	0.9
Juice, vegetable	14.1	X	4.5
Spices (whole)	0	X	0
Spices (crushed or ground)	4.7	0	0-1.5
...except saffron, turmeric, curry	0	X	0
Soya sauce	14.1	X	4.5
	(BPT = 12.5)		
Tomato ketchup	14.6	X	4.5-12
Mixed condiments and seasonings	11.8	8	3.7
	(BPT = 10)		
Sauces based on fish products	14.1	X	4.5
	(BPT = 12.5)		

X - same as MFN tariff

### Standards

According to the Canada Agricultural Products Act, Processed Products Regulations, enforced by Agriculture and Agri-Food Canada's Food Production and Inspection Branch, processed food may only be imported into Canada if it:

- originated in a country that has grade requirements, standards, and food and establishment inspection systems that are equivalent to those set out in the Regulations;
- meets the grade requirements and standards for a similar food produced in Canada;
- has been prepared in equivalent conditions to those required by the Regulations.

Imported processed food must meet the minimum grades, container specifications, and marking requirements prescribed for that product. Grade standards for processed foods are set out in detail in the Regulations; please refer to these, or to Agriculture and Agri-Food Canada, for more details.

Also, food products and their ingredients must be:

- unadulterated;
- uncontaminated;
- sound, wholesome and edible;
- prepared in a sanitary manner (with regard to standards of cleanliness for the establishment, its equipment and personnel, and preparing, handling and storage of the product); and
- irradiated in accordance with the Food and Drug Regulations, if irradiated.

If the food product does not comply with the above requirements, a Canadian inspector may destroy or dispose of the product.

Processed foods are also regulated by the Canadian General Standards Board (CGSB), through voluntary standards. If the manufacturer wishes to be CGSB-accredited, which means that the manufacturer complies with the testing and other requirements of the CGSB and will be on its list (available to consumers), he should contact this organisation, under Section III of this guide.

## **Labelling**

Unlabelled processed food imported to Canada may be imported if the importer provides evidence that the product will be labelled at its destination to comply with the Regulations.

If the processed food is labelled, it must comply with certain requirements:

- name and address of manufacturer or first dealer;
- variety;
- grade name, and size grading, if applicable;
- net quantity by volume, weight or count, as per units set out in Regulations;
- name of product as set out in the standard, if applicable;
- size grading;
- the word “Brand” or “Marque” with the brand or trade name if it is a geographical location or some other descriptive name;
- other specific wording, such as “in water”, “Vitamin C Added”, or others, when applicable;
- code mark indicating establishment where product packed, date of packing; and
- list of ingredients in descending order of proportion.

Please consult Agriculture and Agri-Food Canada or the Regulations for further details on individual product labelling, as well as grade markings for processed foods, which are set out in detail.

The province of Quebec has additional requirements concerning the use of the French language on all products marketed within its jurisdiction. Information on French requirements may be obtained from the Office de la Langue Francaise, found in Section III of this guide.

## **Packaging**

Processed foods may not be imported if the container:

- has not been well sealed;
- has a lid or bottom which has become convex;
- is otherwise defective.

Specifications for size, volume, net and drained weights, minimum fill and maximum head space, percentage of drained solids of containers are set out in detail in the Regulations. Also, they type of packing media (water, syrup, fruit juice, and so on) are also specified by product type in the Regulations.

Pre-packaged food products must be packaged in standard size containers as specified in section 36 of the Consumer Packaging and Labelling Act and Regulations. Contact the Merchandise Standards Division, Industry Canada, in Section III of this guide, for more information.

## **Marketing and Distribution**

The reduction in meals eaten at home in Canada has resulted in an increase in high-value products to the food service sector.

There is an increasing demand for international foods and calorie-reduced products due to increased awareness of health and nutritional issues. Single-portion prepared foods are also popular. Frozen and prepared foods with short cooking times and microwave-ready items should expect increased sales, as well as high value grain products such as cereals, breads, and biscuits. The fastest growing branded categories include frozen breakfasts and entrees and vegetable and fruit juices. Successful imports in this sector are mostly ready-to-cook and ready-to-eat.

A few supermarket chains dominate the Canadian grocery market. They often buy packaged food products directly from exporters, instead of using intermediaries like brokers or importers.

The latest available data suggests that the import market for processed foods into Canada is US \$869 million.

## **Documentation**

Goods imported into Canada have mandatory documentation requirements. These are:

- Form B3, Canada Customs Coding (two copies required for an automated Customs office, three if not). It is important to fill in this form properly, especially since it is here where the importer shows the tariff treatment for his goods;
- cargo control document - manifest, waybill or other approved document that must be obtained from carrier or forwarder (two copies);
- commercial invoice, indicating the buyer and seller of the goods, price paid or payable, adequate description, including quantity, of goods contained in the shipment, together with a Canada Custom invoice containing the remaining required data (two copies), or a fully completed Canada Customs invoice, or an invoice containing all data listed by Customs.

Revenue Canada requires that certain goods imported into Canada be clearly labelled as to their country of origin, in English or French; this must be clearly located on the product. If the consumer will ultimately buy the good in a container, then it is acceptable that the container only be marked. Canadian importers are responsible for ensuring that the goods they are importing comply with the marking requirements at the time they import the goods. Please verify with a Canada Customs office concerning your product's marking requirements.

Processed foods must be accompanied by the import declaration form in duplicate made by the manufacturer or shipper for clearance by Canadian Customs.

For more information about the documentation requirements and to obtain forms, please contact Agriculture and Agri-Food Canada at the location indicated in the addresses section of this guide.

Some agricultural products are prohibited; for details about products included on the prohibited list, contact Tariff Programs at Revenue Canada, under Part III of this guide.

## **Trade Associations**

BC Food Processors Association  
Vancouver, British Columbia  
Tel. (604) 685-8131  
Fax (604) 685-9623

Canadian Health Food Association  
Markham, Ontario Tel. (905) 479-6939  
Fax (905) 479-1516

Canadian Federation of Independent Grocers  
Willowdale, Ontario Tel. (416) 492-2325  
Fax (416) 492-2347

Canadian Speciality Food Association  
Etobicoke, Ontario Tel. (416) 626-6239  
Fax (416) 620-5392

Food Institute of Canada  
Ottawa, Ontario Tel. (613) 722-1000  
Fax (613) 722-1404

Grocery Products Manufacturers of Canada  
Don Mills, Ontario Tel. (416) 510-8024  
Fax (416) 510-8043

Ontario Food Processors Association  
Mississauga, Ontario Tel. (416) 821-2321  
Fax (416) 821-9702

Quebec Food Processors Association  
Saint-Jean-Sur-Richelieu, Quebec  
Tel. (514) 349-1521  
Fax (514) 349-6923

## **Trade Fairs**

Agriculture & Food Show International  
February  
Montreal

Canadian Fine Food Show

May

Toronto

Canadian Food and Beverage Show

February

Toronto

Canadian Health Food Association Annual Fall Convention; Spring Trade Show

Fall/Spring

Vancouver/Toronto rotation

Food Technology Expo

May

Toronto/Montreal rotation

Grocery Showcase Canada

October

Toronto

## MEXICO

### Tariffs (%)

<u>Items:</u>	<u>General</u>	<u>US/Canada</u>
Cucumber, gherkins, or onions in vinegar or acetic acid	20	B/C
Relishes, olives, pickles, or other preserved fruit and nuts	20	A/1/2
Tomatoes, prepared, preserved, or paste	20	A/3/4
Mushrooms, prepared or preserved	20	C
Vegetables, frozen		
potatoes	20	C/5/6
asparagus	20	A/7
broccoli, cauliflower	20	A/7
brussels sprouts	20	A/7
carrots	20	A/7
spinach	20	A/7
artichokes, bamboo shoots, cactus leaves, cardoons, chickpeas, cilantro, jicama, leaf chervils, malanga, okra, peas (other than "standard"), tamarillos, tarragons, tomatillos, topedos, verdolagas	20	A/7
beans (snap or lima), peas, corn	20	A/7
Vegetables, prepared, preserved		
homogenised vegetables	20	C
potatoes	20	C/5/6
peas	20	B
beans, baked	20	A
beans, other	20	A
asparagus	20	A/8
olives in brine	20	B
sweet corn	20	9
carrots	20	B
pimento	20	10/11

artichokes, bamboo shoots, cactus leaves, cardoons, chickpeas, cilantro, jicama, chervils, malanga, okra, peas (other than “standard”), spinach, tamarillos, tarragons, tomatillos, topedos, verdolagas, water chestnuts	20	B
Vegetables, in air tight containers:		
beets, spinach, carrots, horseradish, mixtures, others	20	B
Fruit, preserved by sugar	20	B
Nuts, preserved by sugar	20	B
Jams and jellies	20	A/C
Nuts	20	C
...except almond	20	A
Peanut butter	20	C
Pineapples	20	C
Citrus Fruit	12-20	A-C/14
Pears, pulp	20	B
Pears	20	B
Apricots, pulp	20	B
Apricots	20	B
Cherries, pulp	20	A
Cherries	20	A
Peaches, pulp	20	9
Peaches	20	9
Strawberries, pulp	20	A
Strawberries	20	A
Palm hearts, in air tight containers	20	A
Palm hearts	20	A
Mixtures (fruit)	20	B
Apples, pulp	20	B
Apples, applesauce	20	B
Banana chips	20	B
Berry pulp, various	20	B
Juice, citrus	17-20	A/C/18-20
Juice, pineapple	19-20	A/C
Juice, tomato	20	A
Juice, grape	20	C
Juice, grape (for wine-making)	20	C
Juice, apple	20	C
Juice, passion fruit	20	B
Juice, prune	20	B
Juice, vegetable	20	B

Spices	10/15/20	A/C
Soya sauce	20	C
Tomato ketchup	20	B
Mixed condiments and seasonings	20	C
Sauces based on fish products	20	C

A - duties fully eliminated on January 1, 1994

B - duties removed in five equal stages of 20% annually to full elimination by 1998

C - duties removed in ten equal stages of 10% annually to full elimination by 2003

### **Standards**

A health certificate is required for processed food to be allowed entry into Mexico. The certificate must state that the product is approved for human consumption. This certificate may be issued in the country of origin by the government body which deals with health. However, always confirm whether or not your country's certification is recognised by the Mexican authorities. All documents have to be in Spanish or translated into Spanish or accompanied by a Spanish translation. The certificate must be an original document; no photocopies or faxes are accepted as substitutes.

There are also voluntary standards applicable to this sector, as found in SECOFI's Catalogue of Official Mexican Standards, Volume II, Classification F. A sampling of the range of standards applicable to this sector include test methods, determination of sediments, net weight determination test methods, additives, and other standards. The exporter is strongly urged to contact the Direccion General de Normas at SECOFI, the relevant Mexican sector association, or a knowledgeable Mexican importer, about the most current standards applicable to his product.

### **Labelling**

According to Mexico's Ley de Proteccion al Consumidor (consumer protection law), all information contained on a product or its labels, containers and packages must be in Spanish. These labelling requirements will be enforced at the border, meaning that compliance is effectively the responsibility of the exporter. Full original Spanish labelling is to be affixed at the point of origin.

Labels must contain specific information such as:

- name of the product or good (including a product description, if not described in the name of the product or good);
- name or trade name and address of the importer and exporter (this information may be displayed on a separate label and may be added after importation);

- country of origin of the product;
- net contents in accordance with Official Mexican Standard NOM 030-SCFI-1993;
- warnings or precautions in the case of dangerous products; and
- instructions for use, handling, and/or preservation of the product.

Along with the above generic labelling requirements, additional requirements have been established for food products by the Department of Health (“Secretaria de Salud”). Food labels must include the following:

- product description;
- date of expiration (if applicable) - listed in order of day/month/year;
- list of ingredients;
- lot number;
- special instructions for preservation; and
- nutritional content (if nutritional quality is claimed).

Outside packages or wrappers must contain all of the required information, or must allow for the visibility of inside labels.

If your product is subject to a prior authorisation requirement by the Department of Health, the label of every registered product must have the legend “Aceptado S.S.A. No. .... ”, followed by the number of the corresponding license. Please confirm with the Department of Health for specific labelling requirements for your product.

### **Packaging**

There are no official packaging requirements for imported products to Mexico. Please check with your Mexican broker or importer for developments in this area.

### **Marketing and Distribution**

Since the number of suppliers of imported food products is relatively small in Mexico, prices for imported food products are high compared to those of the US. As more importers are expected to enter the market in the next few years, the volume of trade and diversity of products offered to Mexican consumers is expected to increase as disposable incomes rise and imported food becomes more affordable. Markets for luxury goods in the hotel and restaurant industry are also expanding.

Mexico has about 60,000 restaurants serving 3 million people daily. Moreover, large companies in the Mexico City area offer free or subsidised meals to about 3 million

workers in their cafeteria each day. Even capturing the business represented by only one single serving per week of a portion of these workers means a substantial increase in sales. Niches are available if companies customise products to suit Mexican tastes; success improves if producers can determine what the customer wants and work back to determine the products and services required.

There is a growing market among higher income Mexicans for imported foods that offer qualities not available in local products, such as uniqueness and high quality.

The best way to distribute in Mexico is through the country's major food retailers, although there are many small and medium sized food distributors, many independently operated food outlets and a few large restaurant chains. Producers sell their products through wholesalers and distributors and, in some cases, directly to retailers. A local agent who will distribute and promote the product among Mexico's top retailers and foodservice operators is suggested.

## **Documentation**

Goods imported into Mexico must be accompanied by standard documentation, as follows:

- commercial invoice (in Spanish, if prepared in English, the Spanish translation may follow original text on invoice or translation may accompany invoice), including the original and several copies;
- packing list (if more than one package shipped) with at least four copies;
- bills of lading, with one original for importer and one for customs broker;
- special certificates; and
- import permits.

The invoice must be complete and accurate. It must include:

- place and date of issue;
- complete name and addresses of the buyer or importer in Mexico, and the exporter;
- description of merchandise, including marks, numbers, types, and quantities;
- freight and insurance charges;
- price and total value of shipment;
- signature (manual), name, and title of exporter; and
- shipper's invoice number and customer's order number.

The invoice should be sent ahead to the importer/broker/agent, in order to obtain special permits (if necessary) if shipped by sea or land, or it should accompany goods shipped by air.

The packing list includes:

- number of packages, and detailed list of goods in each package;
- net, gross, and legal weight of each package and total shipment, in metric units, along with volume or measurements of each package and total shipment.

The bill of lading has information such as:

- types of packages in shipment and their weights and measurements;
- names and addresses of the shipper and importer, or customs broker;
- ports of origin and destination;
- description of goods;
- list of charges, including freight;
- number of bills of lading in full set; and
- carrier's official acknowledgement of receipt on board of goods for shipment.

Along with the Certificate of Hygiene and Origin required for importation, a certificate of origin is also needed. The certificate can either be that which is issued to NAFTA countries, WTO countries, or to any other country not encompassed elsewhere. However, the non-NAFTA, non-WTO certificate may mean that the exporter pays a higher rate of duties. This certificate is also issued to those exporters who fail to submit a certificate of origin upon entrance of their product into Mexico. Therefore, if a member of NAFTA or WTO, it is to the exporter's advantage to submit a certificate of origin to Mexican authorities upon arrival.

Import permits may be necessary for some agricultural products vital to Mexico's economy. For further information concerning whether this is applicable to your product, contact your customs broker or the Department of health.

As mentioned above, all documentation which is submitted with the shipment must be in Spanish, and in original form.

## **Trade Associations**

Camara de la Industria Alimenticia de Jalisco  
(Food processors industry of Jalisco chamber)  
Guadalajara Tel. (3) 610-4177, 612-4065  
Fax (3) 610-4179

Camara Nacional de la Industria de Conservas Alimenticias  
(Canned goods industry national chamber)  
Mexico City Tel. (5) 531-5939, 250-0507  
Fax (5) 203-6798

Camara Nacional de la Industria de Restaurantes y Alimentos Condimentados  
(Food and restaurant industry national chamber)  
Mexico City Tel. (5) 604-0418  
Fax (5) 604-4086

Confederacion Nacional de Productores de Coco y Sus Derivados  
(Coconut product manufacturers national federation)  
Mexico City Tel. (5) 546-4831/2  
Fax (5) 546-4830

## **Trade Fairs**

Alimentos y Bebidas (festival of food & beverages)  
September  
Mexico City

Expoalimentos (food & beverage industry exhibition)  
September  
Monterrey

Expo Natura (vegetarian & health products retail show)  
November/December  
Guadalajara

## UNITED STATES

Tariffs (% except where \$/kg and \$/litre)

<u>Items:</u>	<u>General</u>	<u>GSP</u>	<u>CBI Canada/Mexico</u>	
Cucumber, gherkins, or onions in vinegar or acetic acid	8-12	0	0	0-4.8
Relishes, olives, pickles, or other preserved fruit and nuts	8-17.5	0-17.5	0	0-15.7
Tomatoes, prepared, preserved, or paste	13.6-14.7	13.6-14.7	0	5.4-13.2
Mushrooms, prepared or preserved	\$0.071/kg +10%	\$0.071kg +10%	0	\$0.028/kg+ 4%-0.063/kg+ 9%
Vegetables, frozen				
potatoes	10	0-10	0	0-8
asparagus	17.5	17.5	0	7-15.7
broccoli, cauliflower	17.5	17.5	0	7-15.7
brussels sprouts	17.5	17.5	0	7-15.7
carrots	17.5	17.5	0	7-15.7
spinach	17.5	17.5	0	7-15.7
artichokes, bamboo shoots, cactus leaves, cardoons, chickpeas, cilantro, jicama, leaf chervils, malanga, okra, peas (other than "standard"), tamarillos, tarragons, tomatillos, topedos, verdolagas	17.5	17.5	0	7-15.7
beans (snap or lima), peas, corn	\$0.033/kg	0	0	\$0-0.013/kg
Vegetables, prepared, preserved				
homogenised vegetables	17.5	0	0	0-7
potatoes	10	0	0	0-4
peas	0	0	0	0
beans, baked	\$0.033/kg	0	0	\$0-0.013/kg
beans, other	\$0.033/kg	0	0	\$0-0.013/kg
asparagus	17.5	17.5	0	7-15.7
olives in brine	\$0.037-0.119/kg	0-\$0.119kg	0	\$0.014- 0.107/kg
sweet corn	12.5	0	0	0-5
carrots	10	0	0	0-4

pimento	9.5-17.5	0-17.5	0	3.8-15.7
artichokes, bamboo shoots, cactus leaves, cardoons, chickpeas, cilantro, jicama, chervils, malanga, okra, peas (other than "standard"), spinach, tamarillos, tarragons, tomatillos, topedos, verdolagas, water chestnuts	0-17.5	0-17.5	0	0-15.7
Vegetables, in air tight containers:				
beets, spinach, carrots, horseradish, mixtures, others	10-17.5	0	0	0-7
Fruit, preserved by sugar	3.4-20	0-20	0	0-16
Nuts, preserved by sugar	10	0	0	0-4
Jams and jellies	0-17.5	0-17.5	0	0-15.7
Nuts	0-28	0-28	0	0-22.4
...except almond	\$0.408/kg	\$0.408/kg	0	\$0-0.163/kg
Peanut butter	\$0.066/kg	\$0.066/kg	0	\$0.026- 0.059/kg
Pineapples	\$0.0055/kg	\$0.0055/kg	0	\$0-0.002/kg
Citrus Fruit	0-17.5	0-17.5	0	0-15.7
Pears, pulp	18	18	0	7.2-14.4
Pears	18	18	0	7.2-14.4
Apricots, pulp	12.5	0	0	5-10
Apricots	3.5	3.5	0	0-14
Cherries, pulp	\$0.154/kg +10%	\$0.154/kg +10%	0	\$0-0.061/kg+ 4%
Cherries	\$0.154/kg +10%	\$0.154/kg +10%	0	\$0-0.061/kg+ 4%
Peaches, pulp	20	20	0	8-13.5
Peaches	20	20	0	8-13.5
Strawberries, pulp	14	14	0	5.6-11.2
Strawberries	14	14	0	5.6-11.2
Palm hearts, in air tight containers	3.4	0	0	0-1.3
Palm hearts	3.4	0	0	0-1.3
Mixtures (fruit)	7-17.5	7-17.5	0	2.8-14
Apples, pulp	\$0.011/kg	\$0.011/kg	0	\$0-0.004/kg
Apples, applesauce	\$0.011/kg	\$0.011/kg	0	\$0-0.004/kg
Banana chips	3	0	0	0-1.2
Berry pulp, various	3.5-7	0-7	0	0-2.8
Juice, citrus	\$0.026-0.0925/ litre	0-\$0.0925/ litre	0	\$0-0.086/ litre

Juice, pineapple	\$0.013-0.053/ litre	\$0.013-0.053/ 0 litre	0	\$0.005- 0.047/litre
Juice, tomato	\$0.003/litre	0	0	\$0-0.001/ litre
Juice, grape	\$0.066/litre	\$0.066/litre	0	\$0.026-0.059/ litre
Juice, grape (for wine-making)	\$0.066/litre	\$0.066/litre	0	\$0.026-0.059/ litre
Juice, apple	0	0	0	0
Juice, passion fruit	\$0.008/litre	0	0	\$0-0.003/ litre
Juice, prune	\$0.01/litre	\$0.01/litre	0	\$0.004- 0.008/litre
Juice, vegetable	\$0.003/litre	0	0	\$0-0.001/ litre
Spices	\$0-0.165/kg	\$0-0.11/kg	0	\$0-0.099/kg
Soya sauce	3	0	0	0-1.2
Tomato ketchup	7.5	0	0	0-3
Mixed condiments and seasonings	7.5	0	0	3
Sauces based on fish products	7	0	0	0-2.8

There are quotas on certain food products. For more information on whether there is a quota on your product, please contact US Customs at the address found in Section III of this guide.

## Standards

The Food and Drug Administration (FDA) regulates the importation of foodstuffs into the US. Imported foods are subject to inspection by the FDA at time of entry into the US.

Food that is unsafe, filthy, or produced under unsanitary conditions will not be permitted entry into the US. Criteria and definitions as to the determination of whether a food meets these sanitary standards, ranging from buildings, personnel, plant and equipment maintenance, cleanliness, and production and process controls are found in the Regulations, as well as from the FDA.

Premarket approval is required for food additives, which involves a review of the additive's safety for its intended use. Information concerning food additives is found in the Regulations, and from the FDA.

## **Labelling**

Labelling, according to the US Fair Packaging and Labelling Act, must be “honest and informative”. There are five pieces of information required on the packaging of a food product:

- common or usual name;
- net quantity in the US measurement system (avoirdupois measure, fluid measure - US fluid ounces, pints, quarts, gallons-, or numerical count);
- name and place of business or distributor;
- list of ingredients, in descending order of predominance by weight; and
- country of origin (requirement of US customs, not FDA).

Hermetically sealed containers of low-acid food must be marked with a code which identifies the establishment where the product is packed, what product is contained, the year and day of packing, and time of day when packed.

Location, size, and spacing of lettering are important for products marketed in the retail market; information may be found from the FDA.

There may also be state or local rules that may affect the product or packaging; please check with Department of Agriculture authorities in relevant states, or your country’s local representative therein, for details.

It is recommended that the importer obtain an informal comment on its product’s conformity to labelling requirements from the FDA. If goods are found in violation of the law, the products may be detained or destroyed.

Most major retail grocers require that products have a Universal Product Code (UPC) symbol. It is therefore recommended that manufacturers obtain UPC numbers for their company and products before exporting to the US. Contact the Uniform Code Council, under Section III of this guide, for more details.

## **Packaging**

According to the US Fair Packaging and Labelling Act, food must be prepared, packaged and held under sanitary conditions, and it must be safe, clean and wholesome.

An important function of packaging is to pack the product in a way to enable US Customs to examine, weigh, measure, and release the goods promptly. Therefore, show the exact quantity of each item of goods in each box or other package, put marks and

numbers on each package, and show those marks on your invoice opposite the itemisation of goods contained in the corresponding package.

Producers of thermally processed low-acid canned foods packaged in hermetically sealed containers, or acidified foods, are required to register each processing plant with the FDA. Each process must be submitted to FDA and accepted for filing before the product can be distributed in interstate commerce. A low acid food is defined as one with a pH greater than 4.6 and water activity greater than 0.85. The only exceptions are tomato products with pH less than 4.7. Acidified foods are those to which acid or acid food is added, so that the product then has a pH of 4.6 or less.

Packaging is also an important way of marketing the product: it may enhance the ways in which consumers think of the product, increase the product's viability, and reinforce the product's image, as examples.

### **Marketing and Distribution**

The food distribution system is not concentrated: regional grocery operations still account for a significant percentage of sales in regional markets. Wholesale retail clubs are gaining power. Normally, grocery products are sold, promoted and serviced by food brokers. With their knowledge of the territory and companies, and their ability to authorise deals and offer a high level of service to the buyer, brokers are regarded by purchasers as more creditable than a direct sales force.

The retail grocery system is the largest market and the most difficult to penetrate. As a potentially costly expense, most chain supermarkets charge a fee for a product to receive shelf space ("slotting allowances"), which may range from \$2 to \$30,000 per stock keeping unit, as well as charging for advertising and promotion. Smaller chains (10 stores or less) and single store independent retailers may not apply some of these costs. The foodservice sector also uses food brokers, who supply foodservice distributors, in turn delivering to the individual foodservice establishments. It is also possible for larger foodservice distributors to be supplied directly by the manufacturer. This sector does not require slotting allowances, advertising allowances, or brand identity. However, consistent quality is demanded, and pricing is the most important competitive factor.

Speciality/gourmet, gift boutiques and health food stores do not usually require entrance fees, but are very selective. Products must be unique or meet certain criteria, and quantities purchased are usually small.

The size of the import market into the United States for processed foods is approximately US \$2.5 billion.

## **Documentation**

Within five working days of the date of arrival of a shipment at a US port of entry, entry documents must be filed, which consist of:

- a commercial invoice, or pro forma invoice when the commercial invoice cannot be produced;
- packing lists, if appropriate;
- evidence of right to make entry (bill of lading, air waybill, shipping receipt, carrier's certificate); and
- Entry Manifest, Customs Form 7533; or Application and Special Permit for Immediate Delivery, Customs Form 3461; or other form of merchandise release required by the district director.

A requirement of US Customs is that a good entering the United States, or its container (if the good reaches the final purchaser in a container) must be marked with its country of origin. An exception to this rule is an article which is to be processed in the US by the importer and not intended for sale in its imported form, or an article incapable of being marked. The manufacturer should check with US Customs to verify which situation applies to his product.

The FDA is notified of an entry of a regulated food through:

- Importer's Entry Notice (FDA Form FD 700 set) or Land Port Entry Notice (FDA Form FD 701);
- US Customs Form 7501 "Summary Sheet for Consumption Entry";
- copy of commercial invoice; and
- surety to cover potential duties, taxes and penalties.

In order to speed up the import process, the processor may wish to have a private laboratory examine samples of foods to be imported and certify the analysis of the processor, to show that the results are within the guidelines for levels of contaminants and defects in food for human use.

Low-acid or acidified products require the manufacturing facility to be registered and the manufacturing process (FCE number) to be filed with the FDA .

## **Trade Associations**

American Spice Trade Association  
Englewood Cliffs, New Jersey Tel. (201) 568-2163  
Fax (201) 568-7318

Association for Dressings and Sauces, and  
International Jelly and Preserve Association  
Atlanta, Georgia Tel. (404) 252-3663  
Fax (404) 252-0774

Dairy & Food Industries Supply Association  
Rockville, Maryland Tel. (301) 984-1444

National Association of Convenience Stores  
Alexandria, Virginia Tel. (703) 684-3600  
Fax (703) 836-4564

National Association of Fresh Produce Processors  
Alexandria, Virginia Tel. (703) 836-7745  
Fax (703) 836-2865

National Association for the Speciality Food Trade  
New York Tel. (212) 921-1690  
Fax (212) 921-1898

National Food Brokers Association  
Reston, Virginia Tel. (703) 758-7790

National Food Distributors Association  
Chicago Tel. (312) 644-6610  
Fax (312) 321-6869

National Food Processors Association  
Washington Tel. (202) 639-5900  
Fax (202) 639-5932

National Juice Products Association  
Tampa, Florida Tel. (813) 273-6572  
Fax (813) 273-4396

Produce Marketing Association  
Newark, Delaware Tel. (302) 738-7100  
Fax (302) 731-2409

### **Trade Fairs**

Annual Convention & Exposition of the United Fresh Fruit & Vegetable Association  
February  
Various US locations

Food Pack of the Americas  
January  
Miami

Gourmet Products Show  
April  
Las Vegas

International Expo for Food Processors  
Eastern-Western US rotation

MEGA Show  
November  
Chicago

National Association of Convenience Stores  
October  
Various US locations

National Association of Fresh Produce Processors Convention  
March  
Albuquerque, New Mexico

National Food Brokers Association Convention & Marketplace Expo  
December  
San Francisco-New Orleans-Chicago rotation

National Frozen Food Association Convention & Marketplace Expo  
December  
San Francisco-New Orleans-Chicago rotation

Produce Marketing Association Convention & Expo  
October  
Various US locations

Refrigerated Foods Association Convention  
Odd Years  
Atlanta, Georgia

## **SOURCES OF INFORMATION ABOUT THIS SECTOR**

“Canadian Exporters’ Handbook on Doing Business in the US Food and Seafood Market”, Department of Foreign Affairs and International Trade, 1992.

“Encyclopaedia of Associations: National Organisations of the US, Vols. I & II”, Gale Research Inc. (Washington), 1994.

“Industry Profile: Fruit and Vegetable Processing”, Industry Canada, 1990.

“MEXICO Business, The Portable Encyclopaedia for Doing Business with Mexico”, World Trade Press (San Rafael, California), 1994.

“1995 Tradeshow Week Data Book”, Tradeshow Week: New Jersey, 1994.

“North American Free Trade Agreement Opportunities for US Industries: NAFTA Industry Sector Reports”, US Department of Commerce, International Trade Administration, 1993.