



## A Canadian-Made Solution

*The new Product of Canada labelling rules are a good start, but now let's get to real reform*

It was beginning to look like a perfect recipe for policy confusion. Another unbalanced CBC story, indignant uninformed newspaper editorials, public hearings by the Standing Committee on Agriculture and Agri-Food and “debates” on countless open line radio shows – all the ingredients for utter incoherence. Instead, the “system” worked. Canada now has a modest improvement to a small part of its labelling rules: labels with Product of Canada are now less likely to mislead most consumers.

All the media attention – even if it was remarkably uninformed – combined with the profile provided to the issue by the Standing Committee to bring pressure on the government to act. Without waiting for the Standing Committee, Prime Minister Stephen Harper pre-empted its report and announced new rules on May 21. Wisely avoiding regulatory change, the new policy will be implemented by simply changing a couple of paragraphs in the *Guide to Food Labelling*. Replacing the old 51 per cent Industry Canada rule, the *Guide* now defines and distinguishes two principal claims that were formerly treated as the same:

- **“Product of Canada”** – The new policy shifts the definition of “Product of Canada” from the direct cost or value of a product to focus on the contents and ingredients of a product. The current 51 per cent direct cost threshold for “Product of Canada” claims would be replaced by guidelines ensuring that “all or virtually all” of the contents of a food product are Canadian. This is similar to the approaches used in a number of other countries. Therefore, all significant components, ingredients, processing and labour used to make the product would need to be Canadian. There would be very little or no foreign content, with the exception of minor additives or spices that may not be sourced from Canada.

- **“Made in Canada”** – The term “Made in Canada” with a qualifying statement could apply to virtually every other product as long as the last substantial transformation of the product occurred in Canada. Therefore, if a food product is manufactured or processed in Canada, regardless of the origin of the ingredients, it could use a “Made in Canada” label with the requirement that products must also use one of the two qualifying statements, either “Made in Canada from domestic and imported ingredients” or “Made in Canada from imported ingredients.” This recognizes the importance of the value added by Canadian ingredients and processing,

and also allows the consumer to identify when a product contains some “Canadian ingredients.” So, for example, a Canadian beverage company using some Canadian juice could still distinguish its product from juice wholly processed elsewhere with no Canadian ingredients. A fruit cocktail with Canadian pears and peaches could be distinguished from a foreign product even if it contained pineapples. By all accounts, producers, processors and consumers generally like the new policy.

Insiders confirm that this obscure little area of food law was reformed primarily as a result of top-down political direction. For this, and the government’s other top-down initiative Bill C-51, Prime Minister Harper and Minister Reitz are to be commended. But this is not a model for food law modernization. It could be done in this case because the issue was relatively simple and the solution did not require regulatory change. Unfortunately, most food law reform is diabolically complicated – one of the reasons we continue to suffer from bureaucratic analysis paralysis.

Food modernization is too complex to do all at once, but if the government is really interested in having our food regulatory system promote innovation, investment and competitiveness – something it does not do now – then it should direct senior officials to focus immediately on several urgent policy reforms. Three immediately come to mind: the mess around food-like natural health products must be addressed, as the current regulatory confusion is not sustainable; Health Canada should be asked whatever happened to the new food fortification rules that we were told were imminent three years ago; and Health Canada senior officials should be asked why they are stopping the important proposal to modernize food additive rules considering that everyone else agrees that the current process and time delays are completely unacceptable and that the new approach is long overdue.

Contrary to the thinking of some officials, consumers and the food industry want roughly the same thing. With a little ingenuity, policies can be crafted to satisfy consumers, producers and processors, something the Product of Canada experience amply demonstrates.

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