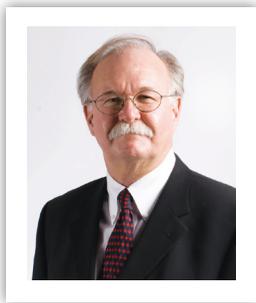


Why don't the Chinese eat Canadian food? *Part II*

Canadian food companies continue to miss the boat to the Chinese market



The big question in the news these days is whether the Chinese will buy part or all of Canada's Potash Corporation. Underlying this is the recognition that China has a huge problem coming at it: how to feed itself. With little arable land and a growing middle class — estimated by

some to be 700 million by 2020 — China must increase crop yields and to do that they need a lot of fertilizer, i.e., Canadian potash. The more interesting question is: why don't the Chinese eat Canadian food?

I set out to answer that question in a column in the June 2007 issue of *Food in Canada*. At that time, Canadian processed food exports to China were minuscule. The release of recent statistics reveals that we are still doing no better.

Raw agricultural commodities have doubled in three years due entirely to increased exports of canola, barley, peas and flaxseed. I was president of the Canadian

Food Inspection Agency when we received the historic breakthrough allowing pork into China, and thanks to Prime Minister Harper's work and announcement of June 24, 2010, we are back selling beef. But you still can't find Canadian food products in China's massive grocery stores.

In the 2007 article I concluded that the main reason Canada had missed the boat to the Chinese food market was because of the "timidity of Canadian companies that have been spoiled by the proximity of the U.S., combined with their lack of leadership and vision." Borrowing heavily on Andrea Mandel-Campbell's analysis in her book *Why Mexicans Don't Drink Molson*, I concluded that we had squandered our early potential to export to China that came from our unprecedented wheat sales in 1960.

Now, 50 years from that historic event and 40 years from our establishing of formal trade relations with China, our finished food exports are still pathetically low.

It would seem that three years later it is still because Canadian food manufacturers just don't even care to try. The only significant food company presence at Prime Minister Martin's trade mission to China in 2005 was some East Coast aquaculture companies. The Canada-China Business Council still estimates that one of the largest untapped sectors that can benefit from the explosion of consumer demand is processed food. Yet, it still doesn't appear that any food companies are on the Board of Directors of the Council and they haven't even bothered to join as members, in spite of the fact that over 100 companies from most other sectors see the potential of this uniquely important business organization.

It's still not easy doing business in China, but the food companies of many other countries have concluded that the risk and work are well worth it considering the unprecedented growth in demand for safe, processed food.

Because Canadians can't eat much more food, growth in the food industry depends almost entirely on producing value-added products for export. As I concluded in 2007, if the Canadian food industry continues to miss the opportunities in China, they will have nobody to blame but themselves. ■

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