



VERMONT

AGENCY OF AGRICULTURE, FOOD & MARKETS

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SIAL CANADA 2022

MARKET OVERVIEW

SIAL Canada is the largest food innovation event in North America. It will be taking place April 20th - 22nd, 2022 in Montreal, Quebec. This is a unique opportunity to showcase your products to thousands of international buyers.

In this overview, the following will be outlined to assist you in preparing for and attending SIAL 2022:

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- WHY CANADA: MARKET TRENDS
 - GLOBAL MARKET FOR CHEESE
 - US CHEESE & DAIRY EXPORT TRENDS
 - EUROPEAN & CANADIAN IMPORT TRENDS
 - EXPORT REQUIREMENTS
 - CONCLUSIONS
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WHY CANADA: MARKET TRENDS

Canada is an epicenter of commerce, therefore making it an ideal location for a trade show of this volume. With that being said, Canada is tremendously reliant on the United States for trade. They are eager to maintain current trade patterns while increasing overall international commerce. While being ranked as one of the most peaceful countries, Canada maintains strong relationships with most of the world, specifically the EU where we hope to export much of our Vermont cheese.

The table below shows the strong trade between Canada and the United States, along with other significant trade relations.

CANADIAN IMPORTS AND EXPORTS:

| Major export destinations | 2020 Share (%) | Major import sources | 2020 Share (%) |
|---|----------------|---|----------------|
| Exports (fob) to North America | 73.2 | Imports (cif) from North America | 49.3 |
| Exports (fob) to Asia Pacific | 11.8 | Imports (cif) from Asia Pacific | 23.0 |
| Exports (fob) to Europe | 10.1 | Imports (cif) from Europe | 16.5 |
| Exports (fob) to Latin America | 2.7 | Imports (cif) from Latin America | 8.6 |
| Exports (fob) to Africa and the Middle East | 1.7 | Imports (cif) from Africa and the Middle East | 1.9 |
| Exports (fob) to Australasia | 0.5 | Imports (cif) from Australasia | 0.7 |

Source: Euromonitor International

The combinations of political, environmental, social, and technological factors make Canada a near perfect location to host a trade show of this size with great success. We look forward to seeing you there!

GLOBAL MARKET FOR CHEESE

Overview

Global sales of processed cheese are on the rise and have exceeded pre-covid levels. The compound annual growth rate predictions states that the most potential growth lies in the following categories:

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- **Spreadable Processed Cheese**
 - **Unprocessed Cheese**
 - **Hard Cheese**
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Global sales in all categories are expected to grow > 10% in the next decade, making it the perfect time to expand market share to international destinations.

Market Concentration

The top three companies in the global cheese market have flooded over 80% of the market concentration. However, their performance has been on a decline while the performance of other private labels is drastically increasing.

Private labels have grown their success by offering something new to the consumer. Their products are strongly differentiated through quality, creativity, and marketing.

Vermont cheese is a delicacy to much of the world. Having this label alone creates a positive image for the product which can only be strengthened by other differentiating factors.

US CHEESE & DAIRY EXPORT TRENDS

The volatility in cheese prices due to COVID-19 is slowly returning to a steady level. Throughout the pandemic, excess cheese produced in the states was routinely sold abroad at lower than usual prices to reach a supply/demand equilibrium. The good news is that foreign markets were saturated with US cheese at higher levels than normal. However, many of these sales were from big-name companies such as Kraft. These interactions have opened the supply chain for more US cheese, and drastically increased foreign demand for US cheese. Specialty cheeses coming from Vermont will undoubtedly sell at a higher price, but to find great success in new, unfamiliar markets, differentiation is key.

2020 Statistics

- **US Dairy Exports Totaled \$6.6 Billion**
 - **Six percent of all US Cheese was exported**
 - **US is the 2nd largest exporter of cheese globally, after the EU**
 - **Cheddar exports are currently at all time high levels**
 - **The US accounts for nearly 5% of global cheese exports**
 - **US exported cheese sales have been consistently increasing in past years**
 - **Markets with the most growth in dairy exports include Southeast Asia, China, Canada, Mexico & South America**
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International consumers know what Vermont cheese is. Over decades, we have created a strong brand image that most are willing to invest in, even if it comes at a higher price point.

EUROPEAN & CANADIAN IMPORT TRENDS

Europe

With the highest level of per capita cheese consumption in the world, Europe is a great location for exports. Within the EU, most consumed dairy products are traded internally. This leaves a smaller market for US based dairy. However, that market increases when exclusively specialty products are considered.

Canada

Over the past five years, Canada has consistently imported the most dairy products from the United States. Forecasts predict no change in this trend, leaving the market open for new and existing imports. Canada's market is more open to any type of cheese, whereas Europe is looking for a smaller scale, more specific product.

Pricing

Based on previous trade patterns that are now strengthening once again, there is no doubt that the demand for Vermont cheese will be strong. Pricing will prove to be one of the most substantial factors. [This document](#), published by the European Commission, shows current and past pricing for all dairy products within the EU, and is updated regularly.

Overall

In all, cheddar is the most imported Vermont cheese to both Europe and Canada. Fresh cheese continues to be a steady import to both locations as well. This includes goat cheese, feta, ricotta, cottage cheese and others.

Specialty products incorporating fresh cheese will experience the smallest current market saturation, and therefore the greatest opportunities for growth. If you produce any of these products, it will be beneficial to push buyers to them first as that is what consumers have the highest demand for.

Fresh cheeses and specialty cheese products are predicted to see the greatest success in new exports to Europe and Canada.

EXPORT REQUIREMENTS

Once international buyers have been secured, the logistics of exporting can be the most difficult step. There are many regulations from both the home and destination countries that must be considered.

The most valuable resource to you once this step has been reached is [Food Export Northeast](#). If you are unfamiliar with this organization, it is recommended that you briefly explore their website. This company is a government funded non-profit designed to aid small agricultural businesses in exporting their products from start to finish. Most services are available to you at no cost.

Food Export works to enable new and established suppliers to pursue international market opportunities and fuel long term growth. Ensuring the success of each company they work with is their priority.

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- [Webinars](#)
 - [One-on-one Assistance](#)
 - [Market Promotion](#)
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A great way to familiarize yourself with these programs is through success stories, which can be found [here](#). These are individual stories curated from companies (many of which are Vermont based) who have successfully used Food Export Programs.

Overall, the most valuable resource when looking at export requirements is the [Food Export Helpline](#). Dennis Lynch has worked in international trade for over 40 years and can find current regulations and requirements while offering insightful advice to ensure your success. This is a free service that can be utilized at any time.

With any other questions or concerns about SIAL Canada 2022, please reach out to [Emily Lopuski](#) from the Vermont Agency of Agriculture, Food and Markets.