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# Canada Gazette, Part I, Volume 153, Number 25: Regulations Amending the Food and Drug Regulations

June 22, 2019

## Statutory authorities

*Food and Drugs Act*

## Sponsoring agency

Canadian Food Inspection Agency

## REGULATORY IMPACT ANALYSIS STATEMENT

*(This statement is not part of the regulations.)*

### Executive summary

**Issues:** Elements of the current regulatory framework for food labelling reflect decades-old food production patterns and supply chains. As a result, current requirements for dealer name and address, wholly imported food, standard container sizes, class names, and date marking formatting, among others, do not reflect current market realities. Internal and external trade patterns have also changed significantly since the regulations regarding food labelling were last amended, and consumers are more aware and knowledgeable about food labels. Consumers increasingly seek more diverse foods and are also looking for information to support their purchasing decisions (e.g. to be better informed about the food they buy). This has created the need for a modernized food labelling regulatory framework that responds to this new environment and is flexible enough to adapt to innovation and future industry and consumer needs.

**Description:** The amendments would simplify and reduce the duplication of labelling requirements by harmonizing certain food commodity-specific requirements and repealing others. Requirements for container sizes and class names, for example, would be found in the applicable document to be incorporated by reference. This streamlined and adaptable framework aims to help foster industry innovation, now and in the future. These amendments would also provide consumers with clearer information to guide their purchasing decisions, including expanding the scope of foods with a declaration of the foreign state from where the imported food comes from, what the food contains, and for how long the food would be of optimum quality.

**Rationale:** The Canadian Food Inspection Agency (CFIA) has been consulting with Canadians on a modernized food labelling framework since 2013 as part of an overall approach to modernizing the Government of Canada's food regulatory framework. Most recently (2017), the CFIA consulted on proposed regulatory approaches. The consultations informed the regulatory amendments.

The amendments would respond to an early action item listed in the 2018 Fall Economic Statement. A key benefit offered by these amendments is strengthened consumer protection by clarifying and standardizing food label requirements. The amendments also consider industry concerns with food label changes, among other things by providing sufficient time for compliance with amendments that relate to label changes and by more closely aligning the coming into force of these requirements with those being pursued by the CFIA and Health Canada on separate labelling initiatives. All of the amendments would further facilitate improved alignment with trading partners and international standard-setting bodies.

The estimated total monetized costs of the proposal have a present value (PV) of \$148.5 million over 10 years. The main drivers for the monetized costs for industry are the purchase of printing plates, the purchase of printing equipment and graphic design. Total monetized benefits are estimated at a PV of \$5 million over 10 years. The main driver for the monetized benefits for industry is avoided application fees due to the reduction in Test Market Authorization (TMA) and Ministerial Exemption (ME) applications. As well, the main driver for the monetized benefits for the CFIA is resource savings associated with processing fewer TMA and ME applications. This results in a net cost (i.e. costs minus benefits) of \$143.5 million (PV) over 10 years.

While the net cost would be significant, it may be offset by the many qualitative benefits stemming from the proposed regulatory amendments, such as an increase in consumers' decision satisfaction (as they will be able to better compare products, better read and understand product labels, and better obtain useful, credible product information). In addition, consumers could use the information that appears on labels to purchase products that better reflect their product preference. Other benefits would include increased flexibility for businesses to innovate and serve new markets, improved consistency and clarity of regulations, and increased alignment with Codex Alimentarius standards and with the labelling requirements of major trading partners.

## Issues

Many food labelling regulations have not changed in decades. At the same time, industry practices, consumer expectations and international standards have evolved, creating a need for changes to Canada's food labelling regulations. Since 2013, the CFIA has conducted three phases of public consultation that identified the following issues in food labelling:

### **(1) Increased consumer demand for information to make purchasing choices**

Consumers are buying more diverse and innovative foods, and are more aware and knowledgeable about food and food labels. They are interested in more information on food labels (e.g. the country from where their food comes from) and they are increasingly concerned about misleading information.

### **(2) The need for streamlined rules**

Prior to the *Safe Food for Canadians Regulations* (SFCR), food labelling provisions were found in multiple regulations, which contained prescriptive rules such as commodity-specific labelling requirements (e.g. having to specify whether canned peaches are "freestone" or "clingstone"). The existing requirements are inconsistent, as some foods are subject to specific prescriptive labelling requirements and others are not. Stakeholders have indicated the need for greater consistency in other areas as well (e.g. storage instructions, legibility). While the SFCR addressed some of these issues, additional work remains to finalize food requirements that are outcome-based and flexible where appropriate, and specific where necessary.

### **(3) The need to support industry innovation and the evolution of regulatory approaches**

Changes in technology and trade patterns have increased the diversity of food and increased the need to differentiate one marketed food commodity from another. In response to these developments,

food businesses develop new recipes or formulations to meet new consumer demands (e.g. for taste, quantity, health and safety). However, some food labelling requirements reflect decades-old consumer demands and supply chains, which can be difficult for new products to comply with. For example, the current requirements that prescribe acceptable container sizes in regulations do not reflect current market realities and might hinder innovation.

By addressing these issues through regulatory amendments, the Government of Canada would support industry innovation while responding to consumers' needs to make informed choices when it comes to making food purchases for themselves and their families in a changing marketplace.

## Background

The food label gives consumers important information that helps them make informed choices about the food they eat. This includes information on a food's name, its quantity, its ingredients, its nutrient information, and various voluntary claims. Food labelling is also an important tool for industry. It allows industry to communicate and promote the content and characteristics of products, and to contrast their products from others on the market.

Food marketing has evolved over time, along with consumer expectations. As a result, current requirements for food company information, wholly imported food, standard container sizes, class names, and date marking and storage instructions, among others, may not reflect current market realities. This illustrates the need for a modern, flexible regulatory framework that can adapt to present and future change.

The CFIA began reviewing its food labelling regime in 2013 with a public consultation to identify issues for resolution. This was followed in 2014–15 with a consultation to seek views on regulatory options, and in 2016–17 with a consultation on specific pre-regulatory proposals. As a result of these efforts, the CFIA is proposing amendments to the *Food and Drug Regulations* (FDR) and the SFCR.

### **Legislative and regulatory context**

The Government of Canada provides regulatory oversight on food labelling, including the establishment of legal requirements, policies, compliance promotion, inspection, laboratory testing, and enforcement. This protects consumers and aims to create a fair marketplace for food businesses. In the federal regime, food labelling matters are within the responsibility of Health Canada and the CFIA.

Health Canada establishes regulations, policies and standards relating to the health, safety, and nutritional quality of food sold in Canada. This includes labelling requirements about the nutrients in food (i.e. the Nutrition Facts table), claims about nutrients, the presence of food allergens, and safety-related expiration dates as set out under the *Food and Drugs Act* (FDA) and the FDR.

The CFIA administers the non-health and safety food labelling regulations (and their governing acts) and policies, including those related to false or misleading labelling and advertising, and food compositional standards under the FDR. The CFIA is also responsible for food-related matters under the FDR relating to company contact information, ingredient labelling, and quality-related best before dates.

As of January 15, 2019, food commodity-specific requirements under different legislation, as well as the food labelling provisions under the *Consumer Packaging and Labelling Act*, have been consolidated under the *Safe Food for Canadians Act* (SFCA) and its Regulations, which fall under the responsibility of the CFIA to administer. This includes regulations pertaining to the representation, labelling, composition, grade, and packaging of food, such as the net quantity (i.e. amount in the package), the country of origin of the imported food, labelling requirements for ready-to-eat products, and prescribed weights and container sizes. The CFIA is responsible for the enforcement of the food labelling provisions under the FDA (section 5), the FDR, the SFCA (section 6), and the SFCR.

Through the 2018 Fall Economic Statement (FES), the federal government proposed to introduce measures that facilitate business growth by modernizing federal regulations and encouraging

consideration of economic competitiveness when designing and implementing regulations. The CFIA's Food Modernization Labelling (FLM) initiative forms part of the 2018 FES, as an early action item under the Agri-Food and Aquaculture Regulatory Review. Both Health Canada and the CFIA are working closely together to modernize food labelling as part of an overall approach to modernize the federal food regulatory framework.

### ***International context***

Canada is a member of Codex Alimentarius (Codex), an intergovernmental body under the World Health Organization and the Food and Agriculture Organization of the United Nations. The 170 member countries in Codex develop international food standards to protect the health of consumers and ensure fair practices in food trade.

This collaborative work is important because the increase in consumer demand in terms of quantity and variety of foods has globalized food trade. Increased consumer demand for information has also created the need for Codex to keep standards, codes of practice, and guidelines around food labelling relevant. Codex has developed standards that have guided many of these proposed amendments.

Some of Canada's trading partners are building their own outcome-based regulatory frameworks that reflect this approach and that balance innovation while maintaining public trust and addressing food safety risks. For example, in Australia and New Zealand, their joint food safety authority recently introduced regulations requiring a percentage declaration of "emphasized" ingredients on the packaging of the food product. It is important that Canada's food labelling system reflects, where appropriate, Codex guidance and the regulatory approach of our trading partners. The FLM proposals were developed with this goal in mind.

## **Objective**

The objective of the CFIA's FLM initiative is to develop a more modern food labelling system that addresses and responds to current and future challenges by

- (1) Enhancing the food label to better protect and inform consumers and to provide clear and accurate information to guide their purchasing decisions, including
  - Expanding the requirement for country of origin labelling,
  - Showing what the food contains (e.g. amendments to provide a percentage of ingredient declaration for characterizing ingredients that are emphasized [i.e. emphasized ingredients]), and
  - Indicating how long the quality of the food will last (i.e. best before date);
- (2) Streamlining the regulatory framework by harmonizing regulations related to food commodity labelling to create consistency across foods, by removing duplication and inconsistencies, and by repealing certain commodity-specific labelling requirements. This is consistent with the approach that was taken with the SFCR; and
- (3) Introducing a more adaptable and responsive framework through the use of incorporation by reference where appropriate (e.g. container sizes, class names). This would support innovation.

## **Description**

Overall, the proposed regulatory amendments would improve food labelling requirements with respect to date marking and storage instructions, food company contact information, foreign state of origin of imported foods, legibility and location, emphasized ingredients, test market foods, standard container sizes, and class names. The proposed regulatory amendments would also harmonize and streamline food commodity-specific labelling requirements.

### ***Date marking and storage instructions***

The proposed amendments would provide consumers with clear and consistent information that declares how long the quality of food products will be maintained under certain conditions. Moreover, the amendments would require any foods declaring a best before date or expiration date to provide storage instructions if needed to support the validity of these date marks. They would also require storage instructions to be provided if required to support the integrity of the prepackaged food on products exempt from date marking.

To achieve this, the requirements for date marking and storage instructions in the FDR would apply to all labels of prepackaged foods, subject to certain exceptions (the current requirements apply only to foods with a durable life of 90 days or less). The list of foods that would not require a best before date would be incorporated by reference, generally consistent with Codex guidance.

The requirements would also be clarified and revised to align with international standards (e.g. definitions of “expiration date” and “best before date”). These amendments would also bring consistency to the requirements to declare storage conditions for specific foods in certain circumstances. Industry would be given the flexibility to use a choice of formats to declare these dates (e.g. the month may be declared by words, bilingual abbreviations, or numbers).

### ***Food company information***

The proposed amendments would require contact information (e.g. telephone, email, postal, or website) of the food business to be indicated on the label for consumers to be able to seek more information about a product or to make a complaint. Currently, industry is required to declare the physical location of the food establishment on labels, but this may not allow a consumer to contact the responsible food business. Industry would be given the flexibility to choose a method of communication suited to their particular business.

This change would facilitate direct buyer–seller communication resulting from increased consumer demand for detailed product information, as well as enable companies to address consumer complaints on matters that do not require government intervention (e.g. taste or other sensory preferences).

### ***Foreign state of origin of imported food***

Currently, mandatory declaration of a country of origin only applies to certain imported food commodities (e.g. meat, dairy, and fish products). Other wholly imported foods may use “imported by” or “imported for” on the label along with the name and address of the Canadian dealer.

Consumers have indicated that this “imported by/for” option with a Canadian address does not provide adequate information about the country of origin of the product. The proposed changes would address this issue by requiring the country of origin to be declared on all “wholly imported foods” (i.e. referring to foods that are not transformed in Canada). This approach would continue to align with the relevant Codex standard (i.e. origin is the country where the food was last substantially transformed in a way that changes its nature) and current Canadian requirements for specific foods.

### ***Legibility and location of information***

The legibility (e.g. location, size, style, colour or contrast of type) of the label information directly affects a consumer’s ability to understand the food label to make purchasing decisions. Currently, legibility and location of information requirements can vary from one commodity to the next and differ between food labelling regulations.

The proposed amendments would improve the legibility of the information on the label for consumers by setting minimum type heights for mandatory labelling information, and would require that information be displayed with uniform colour, adequate contrast, and not be obscured or crowded by other information on the label or packaging. In addition, the regulatory proposal would provide consistent location requirements for certain labelling information: country of origin would have to be grouped with dealer name and address, and storage instructions would have to be on the front of the package or grouped with the list of ingredients.

These changes would complement the general requirement for information to be clearly shown and readily discernible on the label by identifying parameters that are important in ensuring that labelling information is legible. This approach would align with the approach of major trading partners such as the United States and Europe.

The legibility and location of information amendments would apply to all prepackaged food labels and take into consideration the labelling space associated with various packaging sizes (an industry concern).

### ***Emphasized ingredients***

Consumers may choose to purchase a food product because of a specific ingredient (e.g. olive oil in salad dressing). Similarly, companies often promote or highlight the presence of certain ingredients (e.g. “Made with real olive oil!”) using claims or pictures, but there is no broadly applied requirement for labels to declare the quantity of a characterizing ingredient that is emphasized on the label (i.e. emphasized ingredient). Consumers have expressed concern that the claims regarding the composition of the food and the true content of an emphasized ingredient in a food could be misleading.

The proposed amendments would address this issue by requiring a declaration of the percentage of the emphasized ingredient on the label of the product. Industry would be given the flexibility to determine an appropriate place for the percentage declaration (e.g. in the list of ingredients, as part of the emphasized ingredient claim, or in the common name). Certain exceptions would apply, such as for foods that emphasize an ingredient in their common name (e.g. raisin bread) where there is a prescribed compositional standard.

The proposed amendments would also require, subject to certain exceptions, labels to clearly indicate that the food is “flavoured” when an emphasized ingredient is referred to on the label but that ingredient is not added at all or is added in flavouring amounts. For example, “strawberry” ice cream that contains strawberry flavour rather than real strawberries would have to be called “strawberry flavoured ice cream.”

These proposed amendments would reflect Codex guidance and be consistent with similar rules introduced in other countries (e.g. Australia and New Zealand, the European Union, and the United States).

### ***Standard container sizes***

Currently, standard container sizes are prescribed for a number of foods (e.g. honey, fresh and processed fruits and vegetables, and meat). The original intent was to help consumers compare similar products and to standardize some manufacturing processes. Over time, new practices such as unit pricing and advances in food processing methods have achieved these objectives, and the existence of prescribed container sizes for weight, net quantity, dimensions, and maximum capacity is affecting innovation and consumer offerings.

The regulatory proposal would repeal certain requirements for standard container sizes from the SFCR, and incorporate by reference the remaining list of sizes. The repealed container sizes would be based on those identified in the last round of consultations (2017). <sup>1</sup> Examples of food products that would no longer have prescribed container sizes include prepackaged beets, onions, and parsnips. The overall intent would be to create a more flexible framework that permits industry innovation.

### ***Incorporation by reference of class names***

Certain foods and classes of foods, when used as ingredients, are listed in the FDR by collective names called “class names” (e.g. vegetable oil, seasonings) in the list of ingredients. These class names provide consumers with information about the content of foods while allowing industry some flexibility respecting the size of the list of ingredients and product formulations on the label.

Consumers have indicated that certain class names may not be sufficiently clear in the list of

ingredients, and some industry members have suggested that the current lists of class names need to be updated.

The regulatory proposal would repeal separate lists of mandatory and optional class names for ingredients from the FDR and incorporate them by reference. It would therefore be easier to update these lists to more readily respond to industry innovation and changes in consumer preferences, and to align them with Codex standards and those of trading partners.

### ***Definition of test market food***

Over time, there has been an increase in food businesses seeking test market authorizations (TMAs) as a means to obtain exemptions from prescriptive regulatory requirements such as standard container sizes. This was not the original intent of the TMA (which is to test product viability on the Canadian market) and has resulted in products being sold for years under “test marketing” authorizations. As the SFCR provide a maximum two-year period for TMAs, these must be applied for and regularly re-evaluated, which creates burden for industry and Government.

The regulatory proposal would introduce a definition for “test market food” into the SFCR to clarify the intent of an exception for the purpose of test marketing. This definition would limit the application of test marketing exemptions to foods that differ substantially (e.g. in composition, function, packaging) from others sold in Canada and that were not sold previously in Canada in that form.

The use of incorporation by reference is expected to reduce the need for test marketing exemptions in the future, as permissions granted through widely accepted TMAs would be added to documents incorporated by reference (e.g. new container sizes). Until then, existing test market authorizations would continue until their expiry date. The new definition would strengthen consumer protection and market fairness by providing test market exemptions under certain circumstances.

### ***Streamlining commodity-specific labelling***

Current food labelling regulations include a number of food commodity-specific labelling requirements, which are sometimes inconsistent between foods, and which may limit flexibility in the terms that can be used on labels (e.g. “carbonated” may be permitted but not “sparkling” for carbonated bottled water). The SFCR consolidated 13 food commodity-based regulations into a single framework, but the streamlining of such food labelling requirements was not included at that time.

This proposal would maintain food commodity-specific labelling requirements necessary for health and safety reasons, to protect consumers from false and misleading information, or for trade reasons, while streamlining the rest. This would be achieved by either repealing requirements or introducing a single horizontal requirement to replace multiple commodity-specific ones. For example, a new horizontal provision requiring certain foods to include words that distinguish them from other similar foods, when necessary to avoid purchaser confusion, would replace several existing labelling requirements. In addition, some food descriptors (e.g. “soft,” “semi-soft,” “firm,” and “ripened” terms for cheese) would be incorporated by reference to allow these requirements to change over time in response to marketplace changes or innovation. This outcome-based approach would align Canadian standards with Codex standards and those of Canada’s trading partners.

### ***Transitional provisions and phasing-in of requirements***

Given the FLM objective of providing more information to consumers and of supporting innovation and flexibility, the FLM requirements would come into effect in three phases that reflect the need to inform consumers, the level of industry readiness and the number of label changes required.

A summary table is included in the “Implementation” section indicating the coming-into-force date for each phase. Amendments not requiring a label change would come into force upon registration. After an approximately two-year transition period from final publication, amendments that would require less significant changes to existing labels would come into effect. These changes are targeted to align with labelling changes being made by Health Canada, as well as those being pursued by the

CFIA. After an approximately six-year transition period, amendments requiring new label information or significant label changes would be brought into force.

During each transition period, industry would be entitled to comply with either the current or the new regulations.

## Regulatory development

### **Consultations**

The CFIA has conducted three phases of stakeholder engagement on the FLM since 2013, with the latest round of engagement taking place in 2016–2017. The overall response has been positive, with support from both consumers and industry stakeholders.

Phase I (2013–14) of the engagement was carried out to identify key issues in the food labelling system <sup>2</sup>. Approximately 2 300 external and internal stakeholders participated. The second phase of engagement (2015) proposed options to address the issues identified in Phase I, with the purpose of gathering additional feedback <sup>3</sup>. Nearly 1 600 stakeholders participated.

The third engagement phase sought stakeholder views on proposed regulatory approaches. These approaches reflected feedback from the previous consultation phases. Over 2 500 stakeholders participated in this phase, which consisted of a combination of face-to-face discussions, webinars, and an online questionnaire to seek additional feedback. As part of this round of consultation, the World Trade Organization was notified to solicit additional feedback from trading partners.

During these consultations, consumers and industry indicated general support for changes that increased the usefulness, clarity, and accessibility of food label information. These changes included the following:

- Adding the year to date marking and including date marks on more foods;
- Providing additional contact information for a food product;
- Enhancing legibility of labelling information (with varying views on how to achieve this);
- Expanding the requirements for indicating the country of origin of imported foods; and
- Indicating on the label when flavours are present in addition to the named ingredient.

A detailed summary of this most recent round of consultations, including areas of support and suggestions for changes, can be found in the phase III “[What We Heard Report](http://www.inspection.gc.ca/food/general-food-requirements-and-guidance/labelling/labelling-modernization-initiative/phase-iii/eng/1513957863218/1513957863658) (<http://www.inspection.gc.ca/food/general-food-requirements-and-guidance/labelling/labelling-modernization-initiative/phase-iii/eng/1513957863218/1513957863658>).”

### **Concerns**

This section provides an overview of the areas of stakeholder concern for all of the FLM amendments.

#### **1. Alignment with Health Canada regulatory labelling initiatives**

Stakeholders noted the need for coordination of the CFIA’s FLM labelling changes with those of Health Canada (e.g. the recent changes to nutrition labelling and lists of ingredients, and changes that could result from the healthy eating initiative, such as front-of-package labelling).

#### **CFIA Response**

The CFIA and Health Canada recognize the need to coordinate labelling changes to facilitate implementation. With this goal in mind, the CFIA would endeavour to phase in these FLM requirements in a manner that is aligned with Health Canada’s label changes.

#### **2. Impact on the cost of packaging**

Stakeholders noted that some proposed requirements (e.g. those for legibility and location,



emphasized ingredients, date marking and storage instructions, foreign state of origin of imported foods) could be difficult to include on small labels, and could require the purchasing of new equipment.

#### **CFIA Response**

This regulatory proposal would mitigate the issue around small labels by taking package size into consideration for some requirements. For example, date marks would allow the use of abbreviations and alternative formats on small packages.

The CFIA has noted the potential for added costs associated with some of these requirements and is proposing to phase in certain labelling requirements between two and six years in order to give industry adequate time to make any changes. As noted above, proposed requirements that require the most significant labelling changes would accordingly be phased in over a longer period (e.g. six years for percentage ingredient declaration).

### **3. Requirements that would change labels**

Some stakeholders noted that some of the required information may be difficult to include on existing food labels. For example, stakeholders questioned whether the emphasized ingredient requirement could reveal proprietary product formulations. In addition, it was noted that country of origin requirements may be difficult to include on labels when using suppliers from different countries.

#### **CFIA Response**

These comments were taken into consideration during the development of the proposed requirements. For example, the scope of the emphasized ingredient requirements was limited to ingredients that are highlighted voluntarily by a company, as opposed to all ingredients contained in a food. This would balance the interest of companies to protect proprietary information with the expressed desire of consumers to obtain additional information, which they requested during the FLM consultations. In addition, stakeholders were given flexibility for labelling when a single product is sourced from different locations during the year (e.g. seasonal produce). In these cases, if an imported food has different countries of origin in a 12-month period, it would be possible to indicate all those countries on the label.

### **4. Need for clear requirements and guidance**

Many consumers indicated that there is confusion about the difference between expiry dates and best before dates, and that if dates are shown numerically they should be accompanied by explanatory descriptors such as “dd/mm/yy”. Consumers also mentioned that the legibility and placement of this information should be consistent across more foods to make it easier to find. Industry stakeholders asked for class names to be clearer and in plain language. Consumers sought assurances that specific ingredient names would not be obscured by the use of class names. During consultations, many questions were posed by industry stakeholders in an attempt to clarify how the proposed changes would apply to their products. The need for clear communications and guidance to accompany the regulatory package was highlighted.

#### **CFIA Response**

The information gathered during consultations has informed the development of these amendments, in an effort to produce a regulatory package that is clear for regulated parties. For example, the term “best before date” is defined, and requirements for the use of abbreviations follow international standards. As well, dates other than the expiry date or best before dates must be accompanied by an explanation of the term (e.g. “sell by”). The CFIA will use communications methods (e.g. online platforms) to notify stakeholders and Canadians of proposed changes to the areas of greatest interest.

### ***Modern treaty obligations and Indigenous engagement and consultations***

No impact on Indigenous peoples is expected as a result of this regulatory initiative. In accordance with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*,

a preliminary scan concluded that a strategic environmental assessment is not required.

## ***Instrument choice***

### **1. Status quo**

These regulatory amendments were developed based on broad consultations that began with the identification of issues experienced with the status quo. Through these consultations, examples were provided of situations where the status quo had been questioned, such as the need to modify date marking requirements.

If food labelling requirements remain as is, they would continue to increasingly be viewed as outdated and would likely not respond to changes in industry practices and marketing techniques or to consumer preferences and requests for additional information on a label. For example, with respect to industry, retaining requirements for standard container sizes may affect ability to foster innovation in packaging. With respect to consumers, they would continue to face difficulties in determining whether a food product they would like to purchase would meet their needs (e.g. consumer values, value for money). In addition, current food labelling regulations would not fully align with international standards and the recent food labelling modernization initiatives of trading partners.

### **2. Non-regulatory option**

Non-regulatory options to achieve the FLM objectives were considered, including communications and outreach through different channels (e.g. social media, website, and industry meetings), compliance promotion, and policy updates. While these actions would be expected to have a positive impact on consumer and industry awareness, it would not be possible for these to fully meet the objectives of the FLM. For instance, non-regulatory options would not be enforceable and so would not necessarily achieve a level playing field for industry, nor achieve the intended consumer benefits.

In addition, this option would not increase alignment of Canada's regulatory regime with other jurisdictions. Similarly, a non-regulatory option would maintain prescriptive regulations that may hinder innovation, and would not introduce modern regulatory tools (e.g. incorporation by reference) that enable regulations to keep pace with change. While this option would not meet the need to amend the applicable labelling regulations, these non-regulatory tools are recognized as complimentary to the overall FLM regulatory initiative.

### **3. Regulatory option**

The regulatory option was chosen, as it is the most effective way to simultaneously keep pace with change, address consumers' desires for more and improved information, and harmonize food commodity-based requirements to limit hindrances to industry. The regulatory option has been supported over three phases of public consultation, and the amendments primarily use an outcome-based approach to facilitate compliance and maintain overall trust in the food safety system. An outcome-based approach is pursued in the amendments on legibility and location of information and the replacement of commodity-specific regulations with a streamlined, more horizontal requirement for food.

Health Canada has concurrently been pursuing regulatory amendments to food labelling for the parts of the food label under its purview. The CFIA intends to coordinate the coming into force of its regulatory amendments for labelling with those being undertaken by Health Canada, as well as those being concurrently pursued by the CFIA in separate amendments. This coordination would help avoid unnecessary costs for industry and, coupled with a phased-in approach of the labelling changes, would help facilitate industry readiness and further reduce implementation costs.

## **Regulatory analysis**

### ***Benefits and costs***

This section assessed the incremental impacts (i.e. benefits and costs) resulting from the difference

between the baseline and regulatory scenarios. The baseline scenario describes the situation under the current regulatory framework and what it would look like in the future if the proposed amendments did not come into force. The regulatory scenario describes the alternate situation should the proposed regulatory amendments come into force. The complete descriptions of the baseline and regulatory scenarios and the methodology used to assess the incremental impacts (including detailed assumptions) are fully documented in a *Cost-Benefit Analysis* (CBA) report, which is available from the CFIA by request.

## I. Affected stakeholders

It is anticipated that the following stakeholders would be affected:

- food manufacturers that are primarily engaged in producing prepackaged food for human consumption;
- beverage manufacturers <sup>4</sup> that are primarily engaged in manufacturing beverage products;
- food and beverage merchant wholesalers that are primarily engaged in wholesaling food and beverage products, including import-export merchants;
- food and beverage store retailers that are primarily engaged in retailing food and beverage products;
- general merchandise stores that are primarily engaged in retailing a wide range of products, including food and beverage products;
- consumers who are engaged in purchasing food and beverage products; and
- the federal government, Health Canada and the CFIA, which provide regulatory oversight of food and beverage products labelling.

## II. Baseline versus regulatory scenario

The key elements of the baseline and regulatory scenarios are described below.

### 1. Incorporation by reference of class names

The current FDR prescribe certain classes of foods when declared in the list of ingredients, such as “vegetable oil”. The proposed regulatory amendments would move the list of class names in the FDR to a document to be incorporated by reference in the FDR.

### 2. Streamlining commodity-specific labelling

Currently, there are a number of prescriptive labelling requirements that apply to specific commodities. For example, wax beans must be labelled with the term “Whole” or “Cut”. In addition, there is some redundancy in labelling requirements for some commodities. For example, marmalade must declare “With Pectin” on the principal display panel of the label and again in the list of ingredients. The proposed regulatory amendments would streamline labelling requirements by replacing individual requirements for specific commodities with one horizontal requirement applicable to various commodities. For example, wax beans and frozen lobster meat would not be subject to prescriptive requirements. Instead, these commodities would be subject to a single outcome-based requirement that would require the description of the “true nature” on the label.

**Table 1: Proposed streamlining food commodity-specific labelling requirements**

Baseline	Regulatory
Individual labelling requirements for each commodity.	One horizontal labelling requirement for all commodities.

### 3. Definition of test market food

Certain foods may be eligible for the purpose of test marketing a product; therefore, businesses can apply for short-term exemptions from prescriptive requirements, such as container sizes. However, there is currently no definition of test market food; the application of exemptions for test market foods is therefore inconsistent across food commodities. The proposed regulatory amendments would introduce a definition of test market food that would facilitate a consistent approach across commodities.

**Table 2: Proposed definition of test market food requirements**

Baseline	Regulatory
No definition of test market food.	New definition of test market food.

#### **4. Date marking and storage instructions**

The current regulations specify requirements for date marking and storage instructions for prepackaged food products. Subject to specified exceptions, the proposed regulatory amendments would require all prepackaged food products to have date marking and storage instructions.

**Table 3: Proposed date marking and storage instructions requirements**

Baseline	Regulatory
Mandatory for products with a durable life of 90 days or less, unless exempt (e.g. prepackaged donuts).	Mandatory for all products, unless specifically excluded (e.g. prepackaged donuts).
Mandatory for some products with special dietary use irrespective of their durable life.	

#### **5. Food company information**

The current regulations require that all prepackaged food products be labelled with the identity and principal place of a business of the person or company. In addition to the current requirements, the proposed regulatory amendments would require that the label of all prepackaged food products include one form of contact information that would enable the purchaser to communicate with the dealer. For example, contact information could be a telephone number, an email address, or any other means of communication.

**Table 4: Proposed food company information requirements**

Baseline	Regulatory
Mandatory to declare the identity and principal place of businesses for all products.	Mandatory to add additional contact information such as an email address for all products.

#### **6. Foreign state of origin of imported food**

The current regulations require that the label of all wholly imported prepackaged food products <sup>5</sup> bear an indication that the product is imported. The proposed regulatory amendments would require that the label of all wholly imported prepackaged food products bear an indication that the product is imported by specifically declaring the foreign state of origin of the imported food.

**Table 5: Proposed foreign state of origin of imported food requirements**

Baseline	Regulatory

Mandatory to declare on the label that the product is imported.	Mandatory to declare on the label that the product is imported by stating the foreign state of origin.
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### 7. Legibility and location of information

The current regulations prescribe the requirements regarding legibility and the location of information appearing on labels of all prepackaged food products. However, these requirements are inconsistent and non-prescribed. The proposed regulatory amendments would provide consistent and/or prescribed requirements for type height, contrast and the location of information across all prepackaged food products.

**Table 6: Proposed legibility and location requirements**

Baseline	Regulatory
Legibility and location of information requirements are inconsistent and/or not prescribed across all prepackaged food products.	Legibility and location of information requirements would be consistent and/or prescribed across all prepackaged food products.

### 8. Emphasized ingredients

The current SFCR only require information about ingredient claims on the label of all prepackaged food products to be truthful and not misleading. There is no prescribed method of making claims. An emphasized ingredient is one that is highlighted on the label as being present in the product. For example, the phrasing “Honey Nut Cereal” may be used when emphasizing honey in a product. However, in general, when an ingredient is emphasized on a product label, the ingredient is likely present in a minor amount in the food, or in an amount that is less than other similar ingredients. Consumers may therefore find these representations misleading. The proposed regulatory amendments would provide prescribed methods to make ingredient claims on the label of prepackaged food products. For example, the phrasing “Honey Nut Cereal” may be used when emphasizing honey in a product. As honey is emphasized on the product label, businesses would have to declare on the label the percentage of honey in the product.

**Table 7: Proposed emphasized ingredients requirements**

Baseline	Regulatory
No prescribed method to make ingredient claim.	Prescribed methods to make ingredient claim.

### 9. Standard container sizes

The current SFCR prescribe standard container sizes for a number of prepackaged food products (e.g. fresh fruits and vegetables). However, businesses can submit applications to receive an exemption from the standard container size requirements. The proposed regulatory amendments would repeal the standard container size requirements for several prepackaged food products (e.g. fresh fruits and vegetables) and incorporate by reference the remaining list of sizes by weight, net quantity, dimensions and capacity, as applicable.

**Table 8: Proposed standard container size requirements**

Baseline	Regulatory
Applies to some prepackaged food products.	Applies to fewer prepackaged food products.

### **III. Description of benefits and costs**

This section provides a description of the benefits and costs. The listing is broken up into categories based on impacts that were monetized and those that were assessed qualitatively.

#### **Monetized benefits**

##### **1. Benefits for industry**

###### **a. Avoided ME application fees under the SFCR**

Some businesses would no longer be required to apply for ME <sup>6</sup> applications to the CFIA, which seek exemptions from the standard container size requirements. These businesses would therefore avoid paying an application fee, which is considered as ongoing cost savings. It is important to note that the SFCR would continue to be applicable to some businesses.

###### **b. Reduced administrative burden associated with TMA and ME applications**

Some businesses would no longer be required to apply for TMA and ME applications to the CFIA. They would therefore avoid spending time to prepare and submit the required documents.

##### **2. Benefits for the CFIA**

###### **a. Resource savings associated with TMA and ME applications under the SFCR**

For applications with fees, CFIA's resource savings were calculated using processing costs minus application fees. <sup>7</sup>

For applications without fees, CFIA's resource savings were calculated using employee's time saved to process fewer applications.

#### **Qualitative benefits**

##### **1. Benefits for consumers**

###### **a. Increased decision satisfaction**

Consumers are buying more diverse and innovative foods, and are more aware and knowledgeable about food. Therefore, there is an increasing demand for information that enables informed purchasing decisions. Ultimately, more informed purchasing decisions as a result of the proposed amendments would increase consumers' decision satisfaction.

The benefits of increased decision satisfaction are estimated by measuring the amount that consumers are willing to pay for additional information to accompany food products. Based on a review of available literature, combined with the wide range and varied types of food products that would be impacted, this benefit was addressed qualitatively. The CBA report contains additional details on this matter.

##### **2. Benefits for industry**

###### **a. Improved international regulatory alignment**

The proposed regulatory amendments would increase regulatory alignment with major trading partners (e.g. the United States, the European Union and Australia) and international standards. This would facilitate market access because Canadian food products would be perceived as more acceptable. For example, the percentage declaration of key emphasized ingredients is based on Codex standards and is similar to requirements in other jurisdictions such as in the United States.

###### **b. Improved market fairness**

The proposed amendments would introduce a definition for "test market food" into the SFCR to clarify the intent of an exemption and limit its application to only certain foods that would be clearly defined. This would ensure all businesses seeking exemptions are subject to the same requirements, thereby

improving market fairness.

#### **c. Increased flexibility**

The proposed regulatory amendments would streamline labelling requirements by replacing individual prescribed requirements for specific commodities with a single outcome-based requirement that would require the description of the “true nature” on the label. Businesses would therefore be able to choose how they want to label products to suit specific situations.

### **3. Benefits for industry and consumers**

#### **a. Improved communication ability**

The current labelling requirement does not prescribe the level of detail necessary on product labels to provide consumers with information such as the principle place of businesses, nor does it state that a complete mailing address is required. Therefore, the direct consumer-business communication ability is limited. The proposed regulatory amendments would require a more modern method of communication (e.g. telephone, email) on the label for consumers to contact businesses, which may facilitate direct consumer-business communication.

### **4. Benefits for industry and the CFIA**

#### **5. Use of incorporation by reference <sup>8</sup>**

Under the proposed regulatory amendments, multiple documents would be incorporated by reference (IBR), such as the list of common names. This would facilitate future review and amendments to make these documents more responsive to foster industry innovation. This is because changes could be incorporated more quickly without further delays inherent in a full regulatory process. Some benefits for the CFIA stemming from the use of incorporation by reference are the reduction in the amount of legislative text that is required to be published, the promotion of harmonization with laws and standards of other jurisdictions or international bodies and the use of documents that are already familiar for regulated parties.

## **Monetized costs**

### **1. Costs for industry**

#### **a. Purchasing printing plates**

Businesses would need to purchase printing plates in order to accommodate all the proposed labelling information.

#### **b. Purchasing new printing equipment**

In order to print newly designed food product labels, some businesses would need to carry the cost of purchasing new equipment as their existing equipment would be incapable of printing certain elements as required by the proposed regulatory amendments.

#### **c. New printing equipment installation**

Some businesses would pay to have the new printing equipment installed on-site.

#### **d. Modifying existing printing equipment**

In order to print the newly designed food product labels, some businesses would need to carry the cost of spending time to modify their existing printing equipment in order to accommodate the proposed requirements.

#### **e. Managing communication with consumers**

Businesses would be required to include one modern form of contact information on the label for direct consumer-business communication. Therefore, some businesses would need to hire additional staff to manage increased communication with consumers (e.g. answering phone calls, replying to

incoming emails).

#### **f. Graphic design**

Labels would need to be designed in order to have all of the required labelling information.

#### **g. Information collection**

Some businesses would have to spend time collecting information related to the foreign state of origin of the imported food and the percentage of key emphasized ingredients.

### **IV. Methodology**

This section briefly describes the model parameters and key assumptions, key data sources and industry survey used to estimate the monetized benefits and costs described above.

#### **1. Model parameters and assumptions**

The basic parameters that were used in this CBA include the following:

- the analysis covered a 10-year time period from 2020 to 2029;
- a discount rate of 7% was used;
- all monetary values are represented using 2017 prices;
- wage rate data was obtained via the Treasury Board of Canada Secretariat (TBS) Regulatory Cost Calculator. Wage rates were increased to account for overhead costs; and
- the Standard Cost Model was used to estimate the monetary value of compliance and administrative impacts related to the time required to perform a task:  $\text{ACTIVITY COST} = \text{PRICE} \times \text{TIME} \times \text{POPULATION} \times \text{FREQUENCY}$ .

The key assumptions that were used in this analysis include the following:

- businesses would choose the most efficient (i.e. the least costly) option available to comply with the proposed regulatory amendments;
- businesses would not choose to resize a product package because the proposed regulatory amendments would provide flexibilities, which would make it easier for businesses to incorporate changes without resizing labels (e.g. different type height requirements for small packages compared to large packages);
- the proposed regulatory amendments would not trigger any product reformulation;
- only labelling change impacts for existing products were accounted for. With respect to new products that may come into the market, businesses would have to carry these labelling costs to introduce their product; therefore, these costs are not incremental;
- only labelling change impacts for businesses that are not currently meeting the proposed regulatory requirements on a voluntary basis were accounted for;
- the cost of labelling changes for imported products would be borne by domestic producers; <sup>9</sup>
- some businesses would make some of the proposed labelling changes within their label life cycle. This means that labelling change costs for these businesses would have occurred regardless of the proposed regulatory amendments; they are therefore not considered as incremental costs in the analysis;
- there are 140 000 <sup>10</sup> prepackaged food and non-alcoholic beverage product stock keeping units (SKUs) <sup>11</sup> in Canada. This population will be referred to as Product Group 1;
- there are 78 818 alcoholic beverage product SKUs in Canada. This population will be referred to as Product Group 2; and
- some businesses would make the proposed labelling changes at the same time as the changes to Health Canada's nutrition facts table (NFt) <sup>12</sup> and the CFIA's beer regulatory amendments <sup>13</sup> in order



to reduce costs. Therefore, costs to these businesses were considered differently compared to costs to businesses that cannot align with either of these two regulations, and estimated costs for businesses were based on different transitional periods for the proposed provisions (i.e. two years and six years). Therefore, costs vary year by year.

## 2. Key data sources

Various data sources were used including

- (1) the CFIA's beer regulatory amendments CBA and beer regulatory amendments survey results;
- (2) the CFIA's Centre of Administration's regulatory permissions and registration database;
- (3) Statistics Canada, Value of Sales of Alcoholic Beverages of Liquor Authorities and other Retail Outlets, Table 10-10-0011-01;
- (4) Statistics Canada, Business Counts, Table 33-10-0037-01;
- (5) Statistics Canada, Consumer Price Index, Table 18-10-0005-01;
- (6) Agriculture and Agri-Food Canada's industry profiles and the report *Impact Assessment of Food Labelling Regulatory Changes on the Food Processing Industry*; and
- (7) industry association profiles.

## 3. FLM survey

Despite publicly available information, there was insufficient industry specific data. To address this, an industry survey was conducted by the CFIA to determine the impacts of the regulatory changes. The survey was distributed to 188 associations and 148 individual businesses in June 2018. In total, 75 responses were received.

## V. Monetized benefits and costs

The approach used to monetize the most significant impacts is discussed below. The "One-for-one rule" section contains details on the monetized administrative costs and benefits.

### 1. Benefits for industry

#### a. Avoided ME application fees under the SFCR

The CFIA receives approximately 2 029 ME applications annually requesting exemptions from prescribed standard container size requirements. Based on the proposed regulatory amendments, CFIA subject-matter experts (SMEs) estimated that the number of annual applications would be reduced by 197 per year (i.e. 9.7%). Application fees are \$340 per application.

#### b. Reduced administrative burden associated with TMA and ME applications

According to the CFIA's application database, the CFIA receives approximately 2 311 ME and TMA applications annually related to the standard container size requirements. Based on the proposed regulatory amendments, CFIA SMEs estimated that the number of annual applications would be reduced by 256 per year (i.e. 11%). The reduced administrative burden would be businesses' time to prepare and submit requirement documents for TMA and ME applications to the CFIA (see Table 9).

**Table 9: Survey results on time spent preparing and submitting required documents to the CFIA**

	Time Spent (hours per application)
ME	2.5
TMA	4.0

## 2. Benefits for the CFIA

### a. Resource savings associated with TMA and ME applications under the SFCR

The CFIA would avoid ongoing resource costs associated with processing fewer of these applications.

## 3. Costs for industry

### a. Purchasing printing plates

The following table presents the number of affected SKUs requiring a printing plate change.

**Table 10: Number of affected SKUs requiring printing plate changes**

	Product Group 1	Product Group 2
Number of affected SKUs	32 306	15 860

The printing plate costs were obtained from the FLM and beer regulatory amendments surveys. For Product Group 1, the average cost of a printing plate was estimated at \$1,659 per affected SKU. For Product Group 2, the average cost of a printing plate was estimated at \$3,072 per affected SKU.

### b. Purchasing new printing equipment

The number of affected SKUs requiring new printing equipment is presented in the following table.

**Table 11: Number of affected SKUs requiring new printing equipment**

	Product Group 1	Product Group 2
Number of affected product SKUs	32 466	885

The new printing equipment costs were obtained from the FLM survey. For Product Group 1, the average cost of new printing equipment was estimated at \$1,827 per affected SKU. For Product Group 2, the average cost of new printing equipment was estimated at \$796 per affected SKU.

### c. Graphic design

The following table presents the number of events requiring graphic design. One event is devoted to addressing one proposed labelling requirement, which needs to be addressed individually. Thus, an affected product SKU could require multiple <sup>14</sup> events to address all the labelling requirements.

**Table 12: Number of events requiring graphic design**

	Product Group 1	Product Group 2
Number of events	210 018	38 903

The FLM survey results show the average time needed to design each provision individually (see Table 13). It is important to note that there would be efficiency gains for businesses to design all regulatory requirements at the same time. The efficiency gains were estimated based on FLM survey results, which showed that the total time spent to design all the proposed provisions would be

reduced by 35% for Product Group 1 and by 50% for Product Group 2 if all labelling design were done at the same time.

**Table 13: Average time spent on graphic design**

Proposed provisions	Product	Product
	Group 1 (hours per affected SKU)	Group 2 (hours per affected SKU)
Date marking and storage instructions	1.0	3.9
Food company information	2.0	0.3
Geographic origin	2.0	6.1
Emphasized ingredients	5.1	4.2
Legibility and location	3.5	3.1

## VI. Estimated results

The results below reflect all monetized costs and benefits that would be engaged by industry and the CFIA. All other benefits are presented qualitatively (see Table 14).

The estimated total monetized benefits would be \$5 million (PV) over 10 years. The estimated total monetized costs would be \$148.5 million (PV) over 10 years. The estimated net cost (i.e. costs minus benefits) would be approximately \$143.5 million (PV) over 10 years.

**Table 14: Cost-benefit statement (in Canadian dollars [Can\$], 2017 prices)**

A. Monetized impact		Year 1	Year 3	Year 7	Year 10	Total Present Value *	Annualized Value *
<b>Costs</b>							
<b>Food and non-alcoholic beverage industry</b>	Purchasing new printing equipment	0	59,314,988	0	0	48,418,699	6,893,733
	Purchasing printing plates	0	54,976,981	1,671,118	0	45,918,281	6,537,730
	Graphic design	0	13,900,323	0	0	11,346,804	1,615,530
	Information collection	0	3,851,088	1,136,347	0	4,050,425	576,689
* Values were calculated using 2020 as the base year and a 7% discount rate.							

	New printing equipment installation	0	3,983,509	0	0	3,251,730	462,973
	Modifying existing printing equipment	0	1,289,605	0	0	1,052,702	149,881
	Managing communication with consumers	0	114,948	114,948	114,948	599,520	85,358
	<b>Total costs for the food and non-alcoholic beverage industry</b>	<b>0</b>	<b>137,431,443</b>	<b>2,922,414</b>	<b>114,948</b>	<b>114,638,161</b>	<b>16,321,895</b>
<b>Alcoholic beverage industry</b>	Purchasing printing plates	0	2,679,161	46,041,457	0	30,859,298	4,393,670
	Graphic design	0	992,988	1,464,849	0	1,722,808	245,289
	Purchasing new printing equipment	0	703,344	0	0	574,138	81,744
	Information collection	0	109,194	338,033	0	384,738	54,778
	Modifying existing printing equipment	0	313,286	0	0	255,735	36,411
	New printing equipment installation	0	108,629	0	0	88,674	12,625
	Managing communication with consumers	0	0	0	0	0	0
	<b>Total costs for alcoholic beverage industry</b>	<b>0</b>	<b>4,906,602</b>	<b>47,844,338</b>	<b>0</b>	<b>33,885,391</b>	<b>4,824,517</b>
<b>Total costs</b>	<b>0</b>	<b>142,338,045</b>	<b>50,766,752</b>	<b>114,948</b>	<b>148,523,553</b>	<b>21,146,413</b>	
<b>Benefits</b>							
<hr/> <p>* Values were calculated using 2020 as the base year and a 7% discount rate.</p> <hr/>							

<b>Food and non-alcoholic beverage industry</b>	Avoided application fees	66,916	66,916	66,916	66,916	469,993	66,916
	Reduced administrative burden associated with applications	34,879	34,879	34,879	34,879	244,975	34,879
	<b>Total benefits for the food and non-alcoholic beverage industry</b>	<b>101,795</b>	<b>101,795</b>	<b>101,795</b>	<b>101,795</b>	<b>714,968</b>	<b>101,795</b>
<b>CFIA</b>	Resource savings associated with applications	609,380	609,380	609,380	609,380	4,280,030	609,380
<b>Total benefits</b>		<b>711,175</b>	<b>711,175</b>	<b>711,175</b>	<b>711,175</b>	<b>4,994,998</b>	<b>711,175</b>
<b>Net cost (i.e. costs minus benefits)</b>						<b>143,528,555</b>	<b>20,435,237</b>
<b>B. Qualitative impacts</b>							
Positive impact:							
Consumers:							
<ul style="list-style-type: none"> <li>Increased decision satisfaction</li> </ul>							
Industry:							
<ul style="list-style-type: none"> <li>Improved international regulatory alignment</li> <li>Introducing a definition for "test market food" would improve market fairness</li> <li>Streamlining commodity-specific labelling requirements would increase flexibility for industry</li> </ul>							
Industry and consumers:							
<ul style="list-style-type: none"> <li>Addition of a modern method of communication on product labels would improve communication ability for consumers and businesses</li> </ul>							
Industry and the CFIA:							
<ul style="list-style-type: none"> <li>Use of incorporation by reference would facilitate future review and amendments and foster industry innovation</li> </ul>							
<hr/> <p>* Values were calculated using 2020 as the base year and a 7% discount rate.</p> <hr/>							

Note 1: The analysis covered the period 2020–2029.

Note 2: For small business impacts, see the "Small business lens" section.

The following table reflects all monetized costs and benefits by category.

**Table 15: Monetized costs and benefits by impact (Can\$, 2017 prices)**

Monetized impact	Total Present Value <sup>*</sup>	Annualized Value <sup>*</sup>
Purchasing printing plates	76,777,580	10,931,400
Purchasing new printing equipment	48,992,837	6,975,478
Graphic design	13,069,612	1,860,819
Information collection	4,435,163	631,467
New printing equipment installation	3,340,404	475,598
Modifying existing printing equipment	1,308,437	186,292
Managing communication with consumers	599,520	85,358
<b>Total costs</b>	<b>148,523,553</b>	<b>21,146,413</b>
CFIA resource savings associated with applications	4,280,030	609,380
Avoided application fees	469,993	66,916
Reduced administrative burden associated with applications	244,975	34,879
<b>Total benefits</b>	<b>4,994,998</b>	<b>711,175</b>
<b>Net cost (i.e. costs minus benefits)</b>	<b>143,528,555</b>	<b>20,435,237</b>
<hr/> <p>* Values were calculated using 2020 as the base year and a 7% discount rate.</p> <hr/>		

Note 1: The analysis covered the period 2020–2029.

Note 2: For small business impacts, see the "Small business lens" section.

## VII. Sensitivity analysis

A sensitivity analysis attempts to deal with the uncertainty that is inherent with predicting the future. Sensitivity analysis involves changing key parameters and assumptions to assess how this affects the costs and benefits of a regulatory proposal.

The first approach for the sensitivity analysis was to vary the discount rates used to estimate the annualized values. The medium estimate of 7% used in the analysis was varied to 3% and 10% (see Table 16). This table presents a summary of the estimated results. The annualized costs range from \$20.2 million to \$21.7 million.

**Table 16: Sensitivity analysis — Cost-benefit summary for all industries (Can\$, 2017 prices)**

Discount rates	Annualized Benefits <sup>*</sup>	Annualized Costs <sup>*</sup>	Net Cost (i.e. annualized costs minus annualized benefits)
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<b>Medium (7%)</b>	711,175	21,146,413	20,435,237
<b>Low (3%)</b>	711,175	20,216,968	19,505,793
<b>High (10%)</b>	711,175	21,742,003	21,030,827
<hr/> <p>* Values were calculated using 2020 as the base year.</p> <hr/>			

Note: The analysis covered the period 2020–2029.

The second approach focused specifically on the alcoholic beverage product industry by varying the overlap between the proposed beer regulatory amendments and the proposed FLM regulatory amendments. Specifically, it was assumed that the portion of the beer product SKUs affected by the beer regulatory amendments that can be aligned with the proposed FLM labelling changes would vary. This assumption was derived from the fact that there was no data available regarding the overlap of affected beer product SKUs under both sets of amendments. In addition, the brewery industry was estimated to represent almost 75% of total alcoholic beverage SKUs in Canada, which suggests that variations in this component could result in significant differences in the final cost estimations for the alcoholic beverage product industry. Therefore, the analysis assumed that the overlap of the affected beer product SKUs (used for the CBA) under both sets of amendments would be 50%. The sensitivity analysis then used the following rates of overlap:

- low: 100% of overlap; and
- high: 0% of overlap.

Table 17 presents a summary of the estimated results of the sensitivity analysis. The range of annualized costs is between \$4.2 million and \$6.1 million if the overlap assumptions were varied.

**Table 17: Sensitivity analysis — Cost summary for the alcoholic beverage product industry (Can\$, 2017 prices)**

	<b>Annualized Costs *</b>
<b>Medium (50% overlap)</b>	4,824,517
<b>Low (100% overlap)</b>	4,248,694
<b>High (0% overlap)</b>	6,069,426
<hr/> <p>* Values were calculated using 2020 as the base year and a 7% discount rate.</p> <hr/>	

Note: The analysis covered the period 2020–2029.

### ***Small business lens***

The small business lens would apply as there are impacts on small businesses associated with the regulatory proposal.

#### **a. Identification of affected parties**

In order to determine the portion of small businesses in the food industry, the analysis used FLM survey results to estimate the share of total reported SKUs held by small businesses. The FLM survey results showed that for Product Group 1 (i.e. prepackaged food products excluding alcoholic beverages), 6.2% of total reported SKUs in Canada are held by small businesses, while 93.8% of reported SKUs are held by medium to large businesses. Accordingly, these percentages were applied to the FLM cost estimates for Product Group 1 in order to determine the small business impact.

For Product Group 2 (i.e. alcoholic beverage products), the FLM survey results showed that 88.9% of total SKUs in Canada are held by small businesses, while 11.1% of SKUs are held by medium to large businesses. Accordingly, these percentages were applied to the FLM cost estimates for Product Group 2 in order to determine the small business impact.

#### **b. Considering flexibility for small businesses and accounting for small business needs**

The CFIA would offer flexibilities to all businesses. However, measures such as alternative approaches in meeting the proposed requirements, a transitional period, and compliance promotion would support small businesses in particular. In addition, during pre-regulatory consultations, the CFIA engaged with industry, including small businesses, on the FLM regulatory amendments. Their comments were taken into consideration in the development of the regulatory proposal to minimize impacts related to the proposed regulatory amendments.

The following would be the main flexibilities provided for small businesses:

- an outcome-based approach would be permitted in meeting the proposed requirements. For example, businesses would be able to use a number of options for additional food contact information, including the use of complete postal address;
- a transitional period would also be included in this regulatory package, which takes into account typical frequencies that businesses voluntarily reprint labels, enabling companies to integrate these label changes into their business processes; and
- the CFIA would develop compliance promotion materials to support businesses.

#### **c. Administrative and compliance impacts**

The calculation of the administrative and compliance impact on small businesses is presented in Table 18. The estimated total present value of benefits would be \$0.04 million (PV) over 10 years. The estimated total present value of costs would be \$37.2 million (PV) over 10 years. The estimated net costs (i.e. costs minus benefits) would be \$37.2 million (PV) over 10 years. This would equate to an estimated average annualized net cost per impacted small business of \$251.

**Table 18: Small business lens summary (Can\$, 2017 prices)**

<b>Number of small businesses impacted</b>	<b>21 117</b>
<b>Number of years</b>	<b>10</b>
<b>Base year for costing</b>	<b>2020</b>



<b>Compliance costs</b>	<b>Present Value *</b>	<b>Annualized Value *</b>
Purchasing printing plates	30,266,765	4,309,306
Purchasing new printing equipment	3,507,576	499,400
Graphic design	2,233,455	317,994
Information collection	592,652	84,380
Modifying existing printing equipment	292,435	41,636
New printing equipment installation costs	280,101	39,880
Managing communication with consumers	37,113	5,284
<b>Total monetized costs</b>	<b>37,210,097</b>	<b>5,297,881</b>
<b>Compliance benefit</b>	<b>Present Value *</b>	<b>Annualized Value *</b>
Avoided ME application fees	29,095	4,142
<b>Administrative benefit</b>	<b>Present Value †</b>	<b>Annualized Value †</b>
Reduced administrative burden associated with TMA and ME applications	15,165	2,159
<b>Total monetized benefits</b>	<b>44,260</b>	<b>6,302</b>
<b>Net monetized cost (i.e. costs minus benefits)</b>	<b>37,165,837</b>	<b>5,291,579</b>
<b>Net cost per impacted small business</b>	<b>1,760</b>	<b>251</b>
* Values were calculated using 2020 as the base year and a 7% discount rate.		

Note: The analysis covered the period 2020–2029.

### ***One-for-one rule***

The one-for-one rule would apply to the regulatory proposal. The impacted businesses would experience an incremental decrease in administrative burden from preparing and submitting the required documents, since there would be fewer TMA and ME applications. Therefore, the regulatory proposal is considered an “out” under the rule.

The estimated total for the annualized decrease in administrative burden would be \$18,946. This would equate to an average annualized decrease in administrative burden per impacted business of \$74 (see Table 19).

**Table 19: Estimated administrative impacts under the one-for-one rule (Can\$, 2012 prices)**

	Annualized Value <sup>*</sup>
<b>Decrease in administrative burden associated with TMA and ME applications</b>	18,946
<b>Estimated number of impacted businesses</b>	256 <sup>**</sup>
<b>Annualized decrease in administrative burden per impacted businesses</b>	74
<hr/> <p>* Values were calculated using 2020 as the base year and a 7% discount rate.</p> <p>** Total number of application reduction was estimated to be 256. It was assumed that one application equates to one business.</p> <hr/>	

The estimated decrease in administrative burden was based on information gathered from the FLM survey, reasonable assumptions and consultation with CFIA SMEs. Below are the assumptions used to estimate the administrative impacts <sup>15</sup>:

- the number of annual applications is expected to reduce by approximately 256 applications, which represents 11% of the total annual applications received by the CFIA;
- a manager (paid at \$46 per hour in 2012 prices) would be responsible for preparing and submitting the required documents for TMA and ME applications; and
- the time spent on submitting and preparing required documents for TMA and ME applications was estimated based on FLM survey results. It was estimated that on average, a business would need 4 hours per TMA application and 2.5 hours per ME application.

### ***Regulatory cooperation and alignment***

The CFIA notified the World Trade Organization (WTO) of its proposals for modernizing Canadian food labelling requirements in 2017 by means of a notification to WTO bodies responsible for technical barriers to trade and sanitary and phytosanitary measures. This provided an opportunity for Canada's trading partners to provide comments and feedback. Only one member responded to the notification and indicated general support to the proposal, in particular those elements that would enhance harmonization internationally and further facilitate trade (e.g. streamlining of commodity-specific labelling and container size requirements).

As described below, these proposed amendments are consistent with Codex standards and minimize regulatory differences with the provisions of the United States and other major trading partners (e.g. Australia and the European Union) where appropriate to do so.

#### ***United States***

Canada and the United States are generally aligned in terms of adherence to overarching principles underpinning the provision of basic food labelling for consumer protection. There are some areas where FLM requirements would increase alignment with similar U.S. rules. As it relates to common names, the proposed amendments contain new outcome-based rules for describing the true nature of food that would replace many prescriptive commodity-specific labelling requirements. This would align with general requirements in the United States that describe the true nature of food. In addition, the proposed minimum type size for mandatory information on a food label in the United States is aligned with these proposed amendments (i.e. 1/16th inch).

Some differences may exist between the FLM requirements and similar American requirements due

to differences in national government versus subnational government mandates and the legislative and regulatory processes in both countries. For example, the United States does not have a federal requirement for best before dates. Requirements in this area are set by individual States and these may be more prescriptive than the proposed amendments, which represent a balance of outcome-based rules and specific requirements where appropriate. In contrast, the CFIA is proposing to use the day/month/year scheme that is aligned with Codex guidance. Both sets of requirements are Codex-based.

The percentage declaration of emphasized characterizing ingredients is similar to the U.S. approach. The American declaration of an emphasized ingredient is required when no declaration could cause a label to be misleading or to impair consumer decision-making. The Canadian approach is consistent with Codex standards and the requirements in Australia, the European Union, and New Zealand. Moreover, percentage ingredient declaration was identified by consumers and the general public as a tool to help them avoid deception and make informed purchasing decisions.

In spite of the increased harmonization that would result from the FLM amendments, some differences would continue to remain. The amendment to declare the foreign state of origin of all wholly imported foods would be different from the requirements in the United States, which still only require this information for specific products rather than all foods. The approach described in these amendments is aligned with Codex and also addresses consumer concerns that an “imported by” label with Canadian contact information creates a misleading impression on the origin of the food.

### ***Codex and other trading partners***

As noted above, the proposed date marking requirement for prepackaged foods is generally consistent with Codex guidance and the regulations of some key trading partners. The Canadian approach offers some additional flexibility to industry by permitting abbreviations to be used in certain cases (i.e. small packages). In Australia and New Zealand, only the term “best before” may be used. Some of the proposed changes (e.g. additional contact information) are already being implemented, on a voluntary basis, by certain domestic and international companies selling food in Canada.

As for the foreign state of origin of wholly imported food, Codex standards state that the country of origin be declared if omitting the information could mislead or deceive the consumer. The amendments relating to foreign state of origin of imported food are aligned with Codex, as well as with requirements in the European Union and Australia and New Zealand. The proposed amendments for percentage ingredient declarations are also closely aligned with Codex, as well as with food safety authorities in the European Union, Australia, New Zealand, and the United Kingdom.

### ***Strategic environmental assessment***

In accordance with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, a preliminary scan concluded that a strategic environmental assessment is not required.

### ***Gender-based analysis plus (GBA+)***

Consumers are becoming more aware and knowledgeable about food labels and are seeking reassurances that the products they buy meet their needs (e.g. consumer preferences). On the other hand, food labelling is an important tool for industry as it allows it to communicate and promote the content and characteristics of its products. Therefore, there is a need for a modernized food labelling system that is flexible and can keep pace with consumer needs and industry innovation.

The objective of the CFIA's proposed FLM initiative is to develop a more modern food labelling system within the CFIA mandate that responds to current and future challenges. Accordingly, the proposed regulatory amendments would meet the needs of Canadians in general. In addition, they also more adequately meet the needs of older consumers, parents and women. This is because based on research studies, <sup>16</sup> these groups generally tend to use product labels more often than other groups.

The analysis also considered impacts due to the proposed regulatory amendments on stakeholders who are grouped into subcategories, including product categorization, provincial/territorial location and business size.

#### a. By product categorization

Product categorization is considered to be a relevant factor to consider when examining the distributional impacts on different parts of the manufacturing sector for various reasons. For example, certain regulatory provisions could be affecting some products more than others. Therefore, the analysis broke the costs by two types of product categories, namely prepackaged food and non-alcoholic beverage products (i.e. Product Group 1) and alcoholic beverage products (i.e. Product Group 2). Table 20 shows that businesses with prepackaged food <sup>17</sup> and non-alcoholic beverage product SKUs would carry 77.2% of the total annualized costs while businesses with alcoholic beverage product SKUs would carry 22.8% of the total annualized costs.

**Table 20: Annualized total industry costs distribution by product categories (Can\$, 2017 prices)**

Affected Stakeholders	Annualized Costs <sup>*</sup>	Share of the Total Annualized Costs (%)
Prepackaged food and non-alcoholic beverage product businesses	16,321,895	77.2
Alcoholic beverage product businesses	4,824,517	22.8
<b>Total annualized costs</b>	<b>21,146,413</b>	<b>100.0</b>

<sup>\*</sup> Values were calculated using 2020 as the base year and a 7% discount rate.

Note: The analysis covered the period 2020–2029.

#### b. By provincial or territorial location

The analysis also identified the provincial or territorial locations of the affected businesses to understand how the regulatory impacts are distributed across the country. Applying the share of the establishments by province to the total industry costs, the annualized value is shown in Table 21. Businesses in Ontario, British Columbia and Quebec would likely experience the largest impacts.

**Table 21: Annualized total industry costs distributed by provincial or territorial locations (Can\$, 2017 price)**

Affected Stakeholders	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan
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<sup>^</sup> Territories include the Northwest Territories, Yukon and Nunavut.

<b>Prepackaged food and non-alcoholic beverage product businesses</b>	293,130	123,949	512,831	374,784	4,263,607	5,602,960	535,154	459,375
<b>Alcoholic beverage product businesses</b>	99,017	23,901	201,448	88,774	737,506	1,703,775	54,630	58,044
<b>Total</b>	<b>392,147</b>	<b>147,850</b>	<b>714,280</b>	<b>463,558</b>	<b>5,001,113</b>	<b>7,306,735</b>	<b>589,784</b>	<b>517,419</b>

^ Territories include the Northwest Territories, Yukon and Nunavut.

Note 1: The analysis covered the period 2020–2029.

Note 2: Values were calculated using 2020 as the base year and a 7% discount rate.

### c. By business size

The analysis also identified the impact by business size (i.e. small <sup>18</sup> and medium-to-large) to understand how the regulatory impacts are distributed among businesses. Table 22 shows that medium-to-large businesses of prepackaged food and non-alcoholic beverage products would carry more costs than the smaller businesses, accounting for 94% of the total costs, whereas only 6% of the total costs would be borne by small businesses. However, small businesses would carry the bulk of the costs among the alcoholic beverage product businesses. Roughly 89% of the total costs would be borne by small businesses while 11% of the impact would be borne by medium-to-large business.

**Table 22: Annualized total industry costs distribution by business size (Can\$, 2017 prices)**

<b>Affected Stakeholders</b>	<b>Small Businesses</b>	<b>Medium-to-Large Businesses</b>
<b>Prepackaged food and non-alcoholic beverage product businesses</b>	1,010,403	15,311,492
<b>Share (%)</b>	6	94
<b>Alcoholic beverage product businesses</b>	4,287,478	537,040
<b>Share (%)</b>	89	11
<b>Total annualized costs</b>	<b>5,297,881</b>	<b>15,848,532</b>

Note 1: The analysis covered the period 2020–2029.

Note 2: Values were calculated using 2020 as the base year and a 7% discount rate.

### **Rationale**

Overall, Canada's regulatory framework and system for food labelling is working well and is regarded as one of the best in the world. At the same time, this system must adapt to change and improve. It must also evolve along with the systems of other countries and align with advances in international standards.

Consumers increasingly seek more information about the food they buy and food companies introduce new products and marketing as consumer demands and technology change. In response to this, the FLM amendments attempt to balance these interests to ensure continued market fairness, consumer protection, competitiveness and innovation, and food safety.

The proposed FLM amendments would successfully achieve this balance and help to fulfill the Government of Canada's commitment to modernizing the food regulatory framework. Consumers would benefit from improved overall label legibility and more information about a food product would appear on its label. Industry would benefit from reduced compliance costs in some areas, and the removal of prescriptive requirements that may hinder innovation. Indeed these amendments form part of the federal government's Fall Economic Statement (2018) and its interest to make it easier for businesses to grow by modernizing federal regulations.

Industry and consumers would both benefit from the CFIA's coordination of the FLM label changes with other CFIA labelling initiatives, and labelling changes being introduced by Health Canada. Furthermore, the increased alignment with international standards that the FLM achieves is expected to have a positive impact on Canadian trade, which would benefit both consumers and industry.

## Implementation, compliance and enforcement, and service standards

As described, the CFIA is proposing a phased-in transition period for the regulatory proposal that is based on industry readiness and other food labelling initiatives being pursued by the CFIA and Health Canada. Table 23 below presents the FLM elements and corresponding transition period.

**Table 23: Coming into force of FLM amendments**

FLM Element	Transitional Period (Assume Final Publication in 2020)
Incorporation by reference of class names Standard container sizes Definition of test market food Streamlining commodity-specific labelling (no change to label)	Immediate
Foreign state of origin of imported food Food company information Date marking and storage instruction Streamlining commodity-specific labelling (changes to label)	Two years (anticipated 2022)
Emphasized ingredient Legibility and location	Six years (anticipated 2026)

At this time, implementation of the regulatory proposal that would require a label change on the part of industry would include plain language guidance documents (to facilitate understanding of requirements, continued communication and engagement with stakeholders, and continued

coordination with other government departments to limit unnecessary impacts on industry). The CFIA would continue to maintain open and transparent communication with stakeholders to facilitate the transition and implementation period for the amendments to the regulations through the CFIA website, and through Ask CFIA.

As it relates to compliance verification, the CFIA uses a range of tools. When non-compliance is determined, the CFIA normally takes enforcement actions commensurate with the seriousness of the non-compliance. In particular, under the SFCR, the Minister may suspend or cancel a licence if a non-compliant activity by a regulated party risks an injury to human health. This enforcement tool would be in addition to other compliance and enforcement tools and measures available to inspectors, including food product seizure and detention, an order to remove an imported food product from Canada, and/or penalties such as the issuance of an administrative monetary penalty under the *Agriculture and Agri-Food Administrative Monetary Penalties Act*.

## Contact

Kathy Twardek  
 Director  
 Consumer Protection and Market Fairness Division  
 Canadian Food Inspection Agency  
 1400 Merivale Road, Tower 1  
 Ottawa, Ontario  
 K1A 0Y9  
 Telephone: 613-773-5489  
 Email: [cfia.labellingmodernization-modernisationetiquetage.acia@canada.ca](mailto:cfia.labellingmodernization-modernisationetiquetage.acia@canada.ca)  
 (<mailto:cfia.labellingmodernization-modernisationetiquetage.acia@canada.ca>)

## PROPOSED REGULATORY TEXT

Notice is given that the Governor in Council, pursuant to subsection 30(1) <sup>a</sup> of the *Food and Drugs Act* <sup>b</sup>, proposes to make the annexed *Regulations Amending the Food and Drug Regulations*.

Interested persons may make representations concerning the proposed Regulations within 75 days after the date of publication of this notice. All such representations must cite the *Canada Gazette*, Part I, and the date of publication of this notice, and be addressed to Kathy Twardek, Director, Food Safety and Consumer Protection Directorate, Policy and Programs Branch, Canadian Food Inspection Agency (email: [cfia.labellingmodernization-modernisationetiquetage.acia@canada.ca](mailto:cfia.labellingmodernization-modernisationetiquetage.acia@canada.ca) (<mailto:cfia.labellingmodernization-modernisationetiquetage.acia@canada.ca>)).

Ottawa, June 6, 2019

Julie Adair  
 Assistant Clerk of the Privy Council

## Regulations Amending the Food and Drug Regulations

### Amendments

**1 Paragraph A.01.016(a) of the French version of the *Food and Drug Regulations* <sup>19</sup> is replaced by the following:**

- a) être clairement présenté et placé bien en vue;

**2 (1) The definitions *durable life* and *durable life date* in subsection B.01.001(1) of the Regulations are repealed.**

**(2) Paragraph (c) of the definition *common name* in subsection B.01.001(1) of the Regulations is replaced by the following:**

(c) if the name of the food is not so printed or prescribed, the name by which the food is generally known or a name that is not generic and that describes the food; (*nom usuel*)

**(3) The definitions *close proximity* and *overage* in subsection B.01.001(1) of the Regulations are replaced by the following:**

***close proximity*** in respect of information that is shown on a label, means immediately adjacent to the information and without any intervening printed, written or graphic material; (*à proximité*)

***overage*** means the amount of a vitamin or mineral nutrient that is, within the limits of good manufacturing practice, added to a food in excess of the amount declared on the label, in order to ensure that the amount of the vitamin or mineral nutrient declared on the label is maintained up to the best before date of the food; (*surtirage*)

**(4) Subsection B.01.001(1) of the Regulations is amended by adding the following in alphabetical order:**

***best before date*** means the date up to and including which an unopened and properly stored prepackaged product will remain marketable, without any appreciable deterioration, and will retain any qualities for which representations, express or implied, have been made; (*date « meilleur avant »*)

***Common Names for Ingredients and Components Document*** means the document entitled *Common Names for Ingredients and Components*, prepared by the Canadian Food Inspection Agency and published on its website, as amended from time to time; (*Document sur les noms usuels d'ingrédients et de constituants*)

**3 The portion of subsection B.01.003(1) of the Regulations before paragraph (a) is replaced by the following:**

**B.01.003 (1)** The following foods must carry a label if sold:

**4 Subsection B.01.005(4) of the Regulations is replaced by the following:**

**(4)** Despite subsection (2), the information required by subsection B.01.007(1) or paragraph B.24.103(g), B.24.202(d), B.24.304(h) or B.25.057(1)(f) or (2)(f) may be shown on that part of the label that is applied to the bottom of the package if a reference to where that information is located on the label appears elsewhere on the label.

**5 The Regulations are amended by adding the following after section B.01.005:**

**B.01.005.1 (1)** Except as otherwise required in these Regulations, each item of information that is required under this Part to be shown on the label of a prepackaged product must be easily legible, including

(a) in a manner that it is not obscured or crowded by the packaging or any printed, written or graphic material on the package or label;

(b) in a uniform colour contrasting with the background of the label so that the information is readily discernible;

(c) in a manner that the characters never touch each other;

(d) in characters that are in regular or bold type that is not condensed and not scaled horizontally or vertically; and

(e) in characters

(i) that are at least 1.6 mm in height, if the item of information is shown in lower case or in both upper and lower case letters, or

(ii) that are at least 2.4 mm in height, if the item of information is shown only in upper case letters or only in numerals.

**(2)** Despite paragraph (1)(e), if the *principal display surface*, as defined in section 1 of the *Safe Food for Canadians Regulations*, of a package is 10 cm<sup>2</sup> or less, the character height in subparagraph



(1)(e)(i) must be at least 0.8 mm and the character height in subparagraph (1)(e)(ii) must be at least 1.2 mm.

(3) Despite subparagraph (1)(e)(ii), in the case of prepackaged wine, the percentage of alcohol by volume statement required under section B.02.003 may be shown in a minimum type height that is not less than 2 mm.

(4) Paragraphs (1)(b), (d) and (e) and subsection (3) do not apply to prepackaged products that are not intended for sale to a consumer.

**B.01.005.2** Except as otherwise required in these Regulations, the height of characters in an item of information required under this Part is determined by measuring

- (a) the height of the lower case letter “x” in the font used, if the item of information is shown in lower case or in both upper and lower case letters;
- (b) the height of the upper case letter “H” in the font used, if the item of information is shown in upper case letters only; and
- (c) the height of the numeral, if the item of information is shown in numbers without letters.

**6 Section B.01.006 of the Regulations is amended by adding the following after subsection (2):**

(3) The common name on the principal display panel of a prepackaged product must be in a single font, in bold type and on a background that results in equal prominence of all words and numbers in the common name.

(4) All words and numbers that form part of the common name must be grouped together without any intervening printed, written or graphic material.

(5) The common name must, for the area of the *principal display surface* that is set out in column 1 of Schedule 6 to the *Safe Food for Canadians Regulations*, be shown

- (a) if the words that form part of the common name are shown in lower case letters or in both lower and upper case letters, in characters that are at least the minimum character height that is set out in column 2 of that Schedule; and
- (b) if the words that form part of the common name are shown only in upper case letters, the minimum character height that is set out in column 2 of that Schedule must be multiplied by 1.5.

(6) For the purpose of subsection (5), in the case of a container that is mounted on a display card, the heading “Area of Principal Display Surface” in column 1 of Schedule 6 to the *Safe Food for Canadians Regulations* is to be read as “Total Area of the Surface of the Display Card that is Displayed or Visible under Customary Conditions of Sale or Use”, if the common name is shown on a label that is applied to all or part of that surface.

(7) Despite subsection (5), in the case of prepackaged wine, the common name may be shown in characters that are at least

- (a) 1.6 mm in height for containers of 187 ml or less; and
- (b) 2 mm in height for containers of more than 187 ml.

(8) Subsections (3) and (5) to (7) do not apply to prepackaged products that are not intended for sale to a consumer.

**7 The Regulations are amended by adding the following after section B.01.006:**

**B.01.006.1** Except as otherwise provided in these Regulations or in the *Safe Food for Canadians Regulations*, if a prepackaged product is likely to be mistaken for another food, words describing the true nature of the prepackaged product so as to distinguish it from the other food must appear on the principal display panel and may be in regard to

- (a) its type of liquid packaging medium, including brine, vegetable oil or syrup;
- (b) its style or form, including firm, extra firm, whole, sliced or diced; and

(c) its condition, including frozen, dried, concentrated, reconstituted, carbonated or smoked, which, if shown, must form part of the common name.

**8 Section B.01.007 of the Regulations is replaced by the following:**

**B.01.007 (1)** The following information must be shown on any part of the label of a prepackaged product:

- (a) the expiration date, if required by these Regulations; and
- (b) in any other case, except in the case of a prepackaged product referred to in the document entitled *Prepackaged Products which do not Require a Best Before Date*, prepared by the Canadian Food Inspection Agency and published on its website, as amended from time to time, the best before date.

**(2)** Any expiration date or best before date that is shown on a label must be shown in the following manner:

- (a) if it is not more than three months from the date on which it was applied to the label, it must
  - (i) consist of the day and the month, and may include the year, or a reference to where that information is located on the label, and
  - (ii) be grouped together with one of the expressions set out in column 1 and, if any, its corresponding expression set out in column 2 of one of the following tables:

(A) in the case of an expiration date,

**TABLE**

Item	Column 1	Column 2
1	"expiration"	
2	"expiration date"	"date d'expiration" or "date de péremption"
3	"use by" or "use-by"	"date limite d'utilisation"
4	"EXP" displayed in upper case letters if the available display surface of a prepackaged product intended for sale to a consumer is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer	

(B) in the case of a best before date,

**TABLE**

Item	Column 1	Column 2
1	"best before" or "best quality before"	"meilleur avant" or "à consommer de préférence avant le" or "date limite d'utilisation optimale"
2	"BB" displayed in upper case letters if the available display surface of a prepackaged product intended for sale to a consumer is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer	"MA" displayed in upper case letters if the available display surface of a prepackaged product intended for sale to a consumer is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer

- (b)** if it is more than three months from the date on which it was applied to the label, it must
- (i)** consist of the day, the month and the year or a reference to where that information is located on the label, in which case it must grouped together with the expressions referred to and in the manner set out in subparagraph (a)(ii), or
  - (ii)** consist of the month and the year or a reference to where that information is located on the label, in which case it must grouped together with one of the expressions set out in column 1 and its corresponding expression set out in column 2 of one of the following tables:
- (A)** in the case of an expiration date,

**TABLE**

Item	Column 1	Column 2
1	"expiration end" or "expiration date end"	"expiration fin", "date d'expiration fin" or "date de péremption fin"
2	"use by end" or "use-by end"	"date limite d'utilisation avant fin"
3	"EXP end", EXP being abbreviated in upper case letters if the available display surface of a prepackaged product intended for sale to a consumer is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer	"EXP fin", EXP being abbreviated in upper case letters if the available display surface of a prepackaged product intended for sale to consumers is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer

- (B)** in the case of a best before date,

**TABLE**

Item	Column 1	Column 2
1	"best before end" or "best quality before end"	"meilleur avant fin" or "à consommer de préférence avant fin" or "date limite d'utilisation optimale avant fin"
2	"BB end", BB being abbreviated in upper case letters if the available display surface of a prepackaged product intended for sale to a consumer is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer	"MA fin", MA being abbreviated in upper case letters if the available display surface of a prepackaged product intended for sale to a consumer is less than 100 cm <sup>2</sup> or if it is a prepackaged product not intended for sale to a consumer

- (c)** the day and the year must be expressed in numbers and the year must be expressed by its last two or all of its four numbers;

- (d)** the month must be

- (i)** expressed in numbers, unless the day or the year is not shown in the date, in which case it must be expressed in accordance with subparagraph (ii), or
- (ii)** shown in words or abbreviated as follows, with only one such abbreviation being used for the English language and the French language:

JA for JANUARY

FE for FEBRUARY

MR for MARCH

AL for APRIL

MA for MAY

JN for JUNE

JL for JULY

AU for AUGUST

SE for SEPTEMBER

OC for OCTOBER

NO for NOVEMBER

DE for DECEMBER

(e) the day, the month and the year may be shown in any order, unless the month is shown in words or abbreviated, then it is preceded by the year, if shown, and followed by the day of the month, if shown;

(f) if the date is expressed only in numbers or if the year is expressed by the last two numbers of the year, the following abbreviations must accompany the date, in English and in French, taking into account the order of presentation of the day, the month and the year and of the language of presentation of the expressions referred to in subparagraphs (2)(a)(ii) and (b)(ii) with which they are grouped

(i) for the day, “dd” and “jj” or “DD” and “JJ”,

(ii) for the month, “mm” or “MM”, and

(iii) for the year, “yy” and “aa”, “YY” and “AA”, “yyyy” and “aaaa” or “YYYY” and “AAAA”, as the case may be; and

(g) the day, the month, the year and the abbreviations referred to in paragraph (f) must be separated using a space or symbol, including a hyphen or a slash, that is readily legible.

(3) Paragraphs (2)(c) to (g) do not apply to the label of a prepackaged product that is not intended for sale to a consumer if the date is indicated in a manner that is identifiable to the purchaser.

(4) Except as otherwise provided in these Regulations, no person shall use an expiration date or a best before date marking system on the label of a prepackaged product or in advertising a prepackaged product other than the marking system set out in this section.

(5) Any date, other than an expiration date or a best before date, that is shown on the label or in the advertisement of a prepackaged product intended for sale to a consumer, must be accompanied by a description of the significance of that date.

(6) Conditions for the storage of a prepackaged product must be shown on the label on the principal display panel or grouped with the list of ingredients if

(a) the conditions are required to support the integrity of the food; or

(b) the validity of the expiration date or best before date depends on those conditions.

**B.01.007.1** The name and address of the principal place of business of the person by or for whom the food was manufactured or produced must be shown on the label of a food referred to in paragraphs B.01.003(1)(b) to (f).

**9 (1) Paragraph B.01.008(1)(a) of the Regulations is replaced by the following:**

(a) any information required by these Regulations, other than the information required to appear on the principal display panel or the nutrition facts table and the information required by subsection B.01.007(1) and subsection B.01.007(6), when the information required by that subsection is shown on the principal display panel, sections B.01.007.1, B.01.301, B.01.305,

B.01.311, B.01.503, B.01.513, B.01.601 and paragraphs B.24.103(g), B.24.202(d), B.24.304(h) and B.25.057(1)(f) and (2)(f); and

**(2) Paragraph B.01.008(2)(b) of the Regulations is replaced by the following:**

(b) prepackaged individual portions of food that are intended solely to be served by a restaurant or other commercial enterprise with meals or snacks;

**(3) Subsection B.01.008(3) of the Regulations is amended by striking out “and” at the end of paragraph (c), by adding “and” at the end of paragraph (d) and by adding the following after paragraph (d):**

(e) added water that has been removed during the manufacture of the prepackaged product.

**10 The portion of subsection B.01.008.1(1) of the Regulations before paragraph (a) is replaced by the following:**

**B.01.008.1 (1)** Information appearing on the label of a prepackaged product according to section B.01.008.2 to paragraph B.01.008.4(6)(b) and sections B.01.009 to B.01.010.4 must be shown

**11 (1) Paragraph B.01.008.2(2)(b) of the Regulations is replaced by the following:**

(b) a background colour that creates a contrast between the background colour of the list and the background colour used on the adjacent area of the label, other than the area used to display a food allergen source, gluten source and added sulphites statement, as defined in subsection B.01.010.1(1), a declaration referred to in subsection B.01.010.4(1), the percentage of a characterizing ingredient required to be shown under subsection B.01.008.4(2) and a nutrition facts table.

**(2) Paragraph B.01.008.2(3)(a) of the Regulations is replaced by the following:**

(a) in descending order of their proportion by weight in the prepackaged product, before they are combined to form the prepackaged product;

**(3) Paragraph B.01.008.2(4)(a) of the Regulations is replaced by the following:**

(a) spices, herbs and other seasonings, other than salt added separately, if the total weight of those other seasonings is no more than two per cent of the total weight of ingredients used in the manufacture of the prepackaged product;

**12 (1) Paragraph B.01.008.3(2)(a) of the Regulations is replaced by the following:**

(a) in descending order of the proportion by weight of all the sugars-based ingredients in the prepackaged product, before they are combined to form the product; and

**(2) Subparagraph B.01.008.3(3)(b)(i) of the Regulations is replaced by the following:**

(i) in descending order of its proportion by weight in the prepackaged product as prescribed by subsection B.01.008.2(3), and

**13 The Regulations are amended by adding the following after section B.01.008.3:**

**B.01.008.4 (1)** The following definitions apply in this section.

**characterizing flavour** means a flavour that is expressly or implicitly represented by words or a depiction on the label or in the advertisement of a prepackaged product, other than through the list of ingredients. (*arôme caractéristique*)

**characterizing ingredient** means an ingredient, component or class of ingredients, other than a flavouring preparation, that is emphasized by words or a depiction on the label of a prepackaged product. (*ingrédient caractéristique*)

**(2)** Subject to subsections (3) and (4), the percentage of any characterizing ingredient in a prepackaged product must be shown on the label of a prepackaged product in accordance with subsections (6) and (7).

**(3)** Subsection (2) does not apply to a characterizing ingredient if

- (a)** it is a food additive, a flavour enhancer, a vitamin, a mineral nutrient, salt, a salt substitute, a casing or an edible coating;
- (b)** it is not a spice or an herb, is added to the food in small quantities for the purpose of flavouring and its addition as flavouring is prominently displayed on its principal display panel in accordance with subsection (8);
- (c)** it is a spice or an herb, added for the purpose of flavouring the food, and the food is not a mixture of spices, herbs or seasonings, an herbal tea or a food comprising spices and herbs as predominant ingredients;
- (d)** it forms part of the common name of the food
  - (i)** as defined in paragraph (a) of the definition *common name* in subsection B.01.001(1) or in paragraph (a) or (b) of the definition *common name* in section 1 of the *Safe Food for Canadians Regulations*, or
  - (ii)** as that term is defined under any Act of Parliament, other than as defined in subparagraph (i), and the variation in the quantity of the characterizing ingredient does not distinguish the food from similar foods;
- (e)** it is a nutrient that has the same name as the characterizing ingredient and a declaration of the amount of the nutrient in the food is shown on the label in accordance with these Regulations;
- (f)** it forms part of a health statement or claim, other than a statement or claim set out in column 1 of the Table following section B.01.603, and its amount in the food is shown in a statement per serving of stated size; or
- (g)** its amount in the food is provided by a declaration of net quantity.

**(4)** Subsection (2) does not apply to a prepackaged product if

- (a)** it is a human milk substitute or a food represented for use in a very low energy diet;
- (b)** it is an individual portion of food that is solely intended to be served by a restaurant or other commercial enterprise with meals or snacks;
- (c)** it is a confection that is sold individually, commonly known as a one bite confection; or
- (d)** it is a food colour preparation, a flavouring preparation, an artificial flavouring preparation, a vitamin preparation, a mineral preparation, a food additive preparation, a rennet preparation, a food flavour-enhancer preparation, a compressed, dry, active or instant yeast preparation, a bacterial culture, a mould culture, salt, a salt substitute, baking powder, a chewing gumbase, gelatin, a casing or an edible coating.

**(5)** In the case of a concentrated or dehydrated characterizing ingredient that is reconstituted with added water, the percentage of the characterizing ingredient may take into account the weight of added water that has not been removed during the manufacture of the prepackaged product, if the percentage is accompanied by an indication that it represents that of the reconstituted characterizing ingredient.

**(6)** The percentage of a characterizing ingredient must be shown

- (a)** in the list of ingredients, immediately preceding or following the common name of the ingredient, component or class of ingredients, as the case may be, except in the case referred to in subsection (5);
- (b)** immediately after the list of ingredients, the statement referred to in subsection B.01.010.3(1) or the declaration referred to in subsection B.01.010.4(1), whichever of those items of information comes last, and in the following manner:
  - (i)** on the same continuous surface as that item of information, without any intervening printed, written or graphic material,

- (ii) against the same background colour as that item of information,
  - (iii) if the item of information is differentiated by means of a solid-line border or solid lines in accordance with paragraph B.01.008.2(2)(a) or B.01.010.3(1)(a.2) or subparagraph B.01.010.4(1)a(ii), within the border or the lines, and
  - (iv) on a different line than that on which the statement referred to in subsection B.01.010.3(1) or the declaration referred to in subsection B.01.010.4(1) appears, as the case may be;
- (c) as part of the common name of the food or in a statement in close proximity to the common name of the food; or
- (d) if the characterizing ingredient is not shown as part of the common name of the food but is shown in words on the principal display panel, in the most prominent claim, in words, in which it is shown in type of equal prominence.
- (7) The percentage of a characterizing ingredient must be expressed in numbers and, in the circumstances described in subsection B.01.011(2), as the minimum percentage immediately preceded or followed by an indication that it is a minimum percentage.
- (8) The addition of a characterizing flavour or a characterizing ingredient as flavouring to a prepackaged product must be prominently displayed on the principal display panel and be clearly and conspicuously communicated in the advertisement of the prepackaged product, if the prepackaged product
- (a) does not contain a characterizing ingredient which provides the characterizing flavour and contains a flavouring preparation or other ingredient which provides the characterizing flavour;
  - (b) in the case where the characterizing ingredient is not a spice or an herb, contains the characterizing ingredient in small quantities for the purpose of flavouring the food and the percentage of the characterizing ingredient is not shown on the label; or
  - (c) in the case where the characterizing ingredient is a spice or an herb added for the purpose of flavouring the food, is not a mixture of spices, herbs or seasonings, an herbal tea or a food comprising spices and herbs as predominant ingredients and contains a flavouring preparation or other ingredient which simulates, resembles or reinforces the characterizing flavour of the characterizing ingredient.
- (9) The requirements of subsection (8) do not apply if
- (a) the prepackaged product
    - (i) is a human milk substitute or a food represented for use in a very low energy diet, or
    - (ii) is a confection that is sold individually, commonly known as a one bite confection; or
  - (b) these Regulations or the *Safe Food for Canadians Regulations* prescribe another manner in which the characterizing flavour of the food must be indicated on the label or in the advertisement of the prepackaged product.

**14 Items 4 and 5 of the Table to subsection B.01.009(2) of the Regulations are replaced by the following:**

Item	Preparation/Mixture
4	spice or herb mixtures
5	seasoning mixtures, other than those set out in item 4 and salt added separately, if the total weight of those seasoning ingredients is no more than 2% of the total weight of ingredients used in the manufacture of the prepackaged product

**15 (1) Subsection B.01.010(1) of the Regulations is replaced by the following:**

**B.01.010 (1)** In this section, *common name* includes a name set out in column 2 of the Tables of the Common Names for Ingredients and Components Document.

**(2) Paragraphs B.01.010(3)(a) to (b) of the Regulations are replaced by the following:**

(a) the ingredient or component set out in column 1 of an item of Table 1 of the Common Names for Ingredients and Components Document must be shown in the list of ingredients by the common name set out in column 2 of that item for the type of prepackaged product set out in column 3 of that item; and

(b) except if one of the ingredients or components set out in column 1 of Table 2 of the Common Names for Ingredients and Components Document is shown separately in the list of ingredients by its common name, all of the ingredients or components present in a food set out in column 1 of an item of that table may be shown collectively in the list of ingredients by the common name set out in column 2 of that item for the type of prepackaged product set out in column 3 of that item.

**(3) Subparagraph B.01.010(4)(b)(ii) of the Regulations is replaced by the following:**

(ii) in descending order of their collective proportion by weight of those ingredients.

**16 Paragraph B.01.010.1(6)(e) of the Regulations is replaced by the following:**

(e) for a food allergen from a food referred to in one of paragraphs (h) to (j) of the definition *food allergen* in subsection (1) or derived from that food, by the common name of the food referred to in column 2 of item 6, 23 or 24 of Table 1 of the Common Names for Ingredients and Components Document; and

**17 (1) Subsection B.01.010.2(1) of the Regulations is replaced by the following:**

**B.01.010.2 (1)** In this section and in sections B.01.010.3 and B.01.010.4, *sulphites* means one or more food additives that are listed exclusively in column 1 of item 21 of Table 2 of the Common Names for Ingredients and Components Document and are present in a prepackaged product.

**(2) Subparagraph B.01.010.2(6)(a)(ii) of the Regulations is replaced by the following:**

(ii) individually by the applicable name set out in column 1 of item 21 of Table 2 of the Common Names for Ingredients and Components Document, except that the name “sodium dithionite”, “sulphur dioxide” or “sulphurous acid” must be followed, in parentheses, by one of the common names “sulfites”, “sulfiting agents”, “sulphites” or “sulphiting agents”; or

**18 (1) Paragraph B.01.011(1)(e) of the Regulations is replaced by the following:**

(e) the foods that may be omitted or substituted are grouped with the same class of foods that are used as ingredients or components and the foods within each such group are listed in descending order of the proportion by weight in which they will probably be used during the 12-month period.

**(2) Paragraph B.01.011(2)(b) of the Regulations is replaced by the following:**

(b) the ingredients or components are listed in descending order of the proportion by weight in which they will probably be used during the 12-month period.

**19 Subsection B.01.012(9) of the Regulations is replaced by the following:**

(9) Subsection (2) does not apply to the name and address of the principal place of business of the person by or for whom the food was manufactured or produced if this information is shown in one of the official languages.

**20 Paragraph B.01.080(2)(c) of the English version of the Regulations is replaced by the following:**

(c) on a sign displayed adjacent to the food in letters that are readily legible and conspicuous to a



prospective purchaser.

**21 Subsection B.01.090(2) of the Regulations is replaced by the following:**

(2) The label referred to in subsection (1) must contain a statement of the minimum percentage of meat protein as part of the common name of the product on the principal display panel of the package in type that is as legible and conspicuous as any other type on that display panel, and in letters that are at least one half of the size of the letters used in the common name of the product but that are not less than the minimum type height set out in paragraph B.01.005.1(1)(e) or subsection B.01.005.1(2).

**22 Paragraph B.01.101(4)(a) of the Regulations is replaced by the following:**

(a) in descending order of their proportion by weight of the meat product extender or poultry product extender; and

**23 Paragraph B.01.102(3)(a) of the Regulations is replaced by the following:**

(a) in descending order of their proportion by weight of that product; and

**24 Subsection B.01.103(1) of the Regulations is repealed.**

**25 Paragraph B.01.305(3)(e) of the Regulations is replaced by the following:**

(e) the common names set out in column 2 of items 7 to 9 of Table 1 of the Common Names for Ingredients and Components Document, if shown in the list of ingredients in accordance with paragraph B.01.010(3)(a);

**26 Subparagraph B.01.401(2)(b)(vii) of the English version of the Regulations is replaced by the following:**

(vii) an individual serving that is sold for immediate consumption and that has not been subjected to a process to extend its shelf life, including special packaging, or

**27 Section B.09.010 of the Regulations is replaced by the following:**

**B.09.010** Despite item 1 of Table 2 of the Common Names for Ingredients and Components Document, if a vegetable fat or oil is an ingredient of any cooking oil, salad oil or table oil, the fat or oil must be shown in the list of ingredients by its common name.

**28 Section B.11.204 of the Regulations is repealed.**

**29 Subparagraph B.12.001(d)(ii) of the Regulations is replaced by the following:**

(ii) added fluoride, if its total fluoride ion content does not exceed one milligram per litre, and

**30 The portion of section B.12.002 of the Regulations before paragraph (a) is replaced by the following:**

**B.12.002** The label on a container of water represented as mineral water or spring water must carry a statement

**31 Paragraphs B.12.002(b) to (d) of the Regulations are replaced by the following:**

(b) of the total dissolved mineral salt content expressed in milligrams per litre; and

(c) of the total fluoride ion content expressed in milligrams per litre.

**32 Section B.12.003 of the Regulations is repealed.**

**33 Paragraph B.12.004(d) of the Regulations is replaced by the following:**

(d) added fluoride in such an amount that its total amount of added and naturally occurring fluoride ion exceeds one milligram per litre.

**34 (1) Paragraph B.12.005(1)(c) of the Regulations is replaced by the following:**

(c) added fluoride in such an amount that its total amount of added and naturally occurring fluoride ion exceeds one milligram per litre.

**(2) Paragraph B.12.005(2)(c) of the Regulations is replaced by the following:**

(c) added fluoride in such an amount that its total amount of added and naturally occurring fluoride ion exceeds one milligram per litre.

**35 Section B.12.006 of the Regulations is repealed.**

**36 Section B.12.008 of the Regulations is replaced by the following:**

**B.12.008** A statement of the total fluoride ion content expressed in milligrams per litre must appear on the label on a sealed container of water, other than water represented as mineral water or spring water, and on the label on a container of prepackaged ice.

**37 Section B.12.009 of the Regulations is repealed.**

**38 Section B.14.039 of the Regulations is repealed.**

**39 Section B.22.024 of the Regulations is repealed.**

## **Transitional Provisions**

**40** In section 41, *former Regulations* means the *Food and Drug Regulations* as they read immediately before the coming into force of subsection 42(1) of these Regulations.

**41 (1)** During the period beginning on the day on which subsection 42(1) of these Regulations comes into force and ending on December 13, 2022, a person may comply with the former Regulations, except in respect of the following provisions of these Regulations:

- (a) section 1;
- (b) the definition *close proximity* in subsection 2(3);
- (c) the definition *Common Names for Ingredients and Components Document* in subsection 2(4);
- (d) section 3;
- (e) section B.01.007.1 of the *Food and Drug Regulations*, as enacted by section 8;
- (f) subsections 9(2) and (3);
- (g) subsection 12(2);
- (h) sections 15 to 19;
- (i) sections 22 and 23;
- (j) section 25; and
- (k) sections 27 and 28.

**(2)** During the period beginning on the day on which subsection 42(1) of these Regulations comes into force and ending on December 13, 2026, a person is not required to comply with the requirements set out in sections 5, 6 and 10, subsection 11(1), sections 13, 20 and 21 of these Regulations.

**(3)** Subsection (2) applies in respect of the requirements set out in sections 6 and 10, subsection 11(1) and sections 20 and 21 of these Regulations, as the case may be, to the extent that the labelling of a food is conducted in accordance with the provisions enacted by those sections and subsection, as those provisions read immediately before the coming into force of subsection 42(1) of these Regulations.

## **Coming into Force**

**42 (1)** Subject to subsection (2), these Regulations come into force on the day on which they are registered.

**(2) Sections 32, 35 and 37 to 39 come into force on December 14, 2022.**

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## Footnotes

- 1 Consultation document: [http://www.inspection.gc.ca/DAM/DAM-food-aliments/STAGING/text-texte/survey\\_food-labeling-modernization\\_1479501771195\\_eng.pdf](http://www.inspection.gc.ca/DAM/DAM-food-aliments/STAGING/text-texte/survey_food-labeling-modernization_1479501771195_eng.pdf) (PDF) ([http://www.inspection.gc.ca/DAM/DAM-food-aliments/STAGING/text-texte/survey\\_food-labeling-modernization\\_1479501771195\\_eng.pdf](http://www.inspection.gc.ca/DAM/DAM-food-aliments/STAGING/text-texte/survey_food-labeling-modernization_1479501771195_eng.pdf))
- 2 The phase I “What we Heard Report” is available at: <http://www.inspection.gc.ca/food/requirements/labelling/labelling-modernization-initiative/summary-report/eng/1414508724315/1414509010201> (<http://www.inspection.gc.ca/food/requirements/labelling/labelling-modernization-initiative/summary-report/eng/1414508724315/1414509010201>).
- 3 The phase II “What we Heard Report” is available at: <http://www.inspection.gc.ca/food/labelling/labelling-modernization-initiative/summary-report-phase-ii/eng/1475868232673/1475868233456> (<http://www.inspection.gc.ca/food/labelling/labelling-modernization-initiative/summary-report-phase-ii/eng/1475868232673/1475868233456>).
- 4 The separation of food and beverages is done for the purposes of the cost-benefit analysis.
- 5 Wholly imported prepackaged food products are those that come from outside of Canada (e.g. candies made in another country) and include imported prepackaged food products that are repackaged in Canada.
- 6 Ministerial Exemption (ME) and Test Market Authorization (TMA) applications can be submitted by businesses to seek an exemption from the standard container size requirements either to test market a food product or to alleviate a shortage in Canada in the available supply of a domestically manufactured, processed, and produced food.
- 7 The CFIA is currently reviewing its user fees and cost recovery program. The CFIA consulted on a proposed restructuring of its cost recovery regime in 2017. During this consultation, it was noted that CFIA fees are currently well below the cost to deliver services. The CFIA is continuing to examine its cost recovery structure and will consult stakeholders again before any restructuring takes place. For the purpose of this cost-benefit analysis, the fees charged are assumed to reflect 10% of the costs of providing the service.
- 8 Changes to documents controlled by the CFIA will only be made following a thorough assessment, and approval of the change by the appropriate level within the CFIA. Domestic and international stakeholders will be notified of all proposed amendments and provided with an opportunity to comment. Changes to third-party documents are managed by the external authority; however, the CFIA will work with the authority so that the CFIA is aware of any upcoming changes, and then can provide an opportunity for stakeholders to comment. The CFIA would then endeavour to communicate those changes to stakeholders prior to the changes being made. Note, though, that changes to incorporated documents do not travel through the *Canada Gazette* process, but may, if required, be subject to the World Trade Organization notification process.
- 9 This is due to data limitations and for the purpose of being conservative in estimates. In reality, some costs stemming from the proposed regulatory amendments for imported products would be borne by foreign producers.

- 10 Source: Agriculture and Agri-Food Canada, *Impact Assessment of Food Labelling Regulatory Changes on the Food Processing Industry*, March 2017. The 140 000 product SKUs are based on the total number of food and non-alcoholic beverage products sold with a Universal Product Code in grocery stores, mass merchandise stores, warehouse club stores, pharmacies, and convenience and gas stores.
- 11 Each distinct product for sale is associated with a SKU. This means that a product with one unique recipe may have multiple SKUs as it may be marketed in different types of packaging (e.g. bottle and can), size, and/or brands.
- 12 *Regulations Amending the Food and Drug Relations (Nutrition Labelling, Other Labelling Provisions and Food Colours)*, *Canada Gazette*, Part II, Vol. 150 (2016), December 14, 2016, <http://gazette.gc.ca/rp-pr/p2/2016/2016-12-14/html/sor-dors305-eng.html> ([/rp-pr/p2/2016/2016-12-14/html/sor-dors305-eng.html](http://rp-pr/p2/2016/2016-12-14/html/sor-dors305-eng.html))
- 13 *Regulations Amending the Food and Drug Regulations (Beer)*, *Canada Gazette*, Part I, Vol. 152, No. 24, June 16, 2018, <http://www.gazette.gc.ca/rp-pr/p1/2018/2018-06-16/html/reg1-eng.html> ([/rp-pr/p1/2018/2018-06-16/html/reg1-eng.html](http://rp-pr/p1/2018/2018-06-16/html/reg1-eng.html))
- 14 Multiple events for an affected product SKU could occur simultaneously.
- 15 For further details, please review the “Methodology” section.
- 16 Source: The Food Journal and Food, Nutrition & Science, Consumer Use of Food Labels, Part I, 2018.
- 17 Separation of food and beverages is done for the purposes of the cost-benefit analysis.
- 18 Small business is defined as “any business, including its affiliates, which has fewer than 100 employees or generates between \$30,000 and \$5 million in annual gross revenue.”
- 19 C.R.C., c. 870
- a S.C. 2016, c. 9, s. 8
- b R.S., c. F-27

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## Government of Canada activities and initiatives

### **#YourBudget2018 – Advancement**



([https://www.budget.gc.ca/2018/docs/themes/advancement-advancement-en.html?utm\\_source=CanCa&utm\\_medium=Activities\\_e&utm\\_content=Advancement&utm\\_campaign=CAbdgt18](https://www.budget.gc.ca/2018/docs/themes/advancement-advancement-en.html?utm_source=CanCa&utm_medium=Activities_e&utm_content=Advancement&utm_campaign=CAbdgt18))

Advancing our shared values

### **#YourBudget2018 – Reconciliation**



[https://www.budget.gc.ca/2018/docs/themes/reconciliation-reconciliation-en.html?utm\\_source=CanCa&utm\\_medium=%20Activities\\_e&utm\\_content=Reconciliation&utm\\_campaign=CAbdgt18](https://www.budget.gc.ca/2018/docs/themes/reconciliation-reconciliation-en.html?utm_source=CanCa&utm_medium=%20Activities_e&utm_content=Reconciliation&utm_campaign=CAbdgt18)

Advancing reconciliation with Indigenous Peoples

### **#YourBudget2018 – Progress**



[https://www.budget.gc.ca/2018/docs/themes/progress-progres-en.html?utm\\_source=CanCa&utm\\_medium=Activities\\_e&utm\\_content=Progress&utm\\_campaign=CAbdgt18](https://www.budget.gc.ca/2018/docs/themes/progress-progres-en.html?utm_source=CanCa&utm_medium=Activities_e&utm_content=Progress&utm_campaign=CAbdgt18)

Supporting Canada's researchers to build a more innovative economy