

ASTA ANNUAL MEETING

MAY 8-11, 2006



CANADIAN SPICE ASSOCIATION

The Canadian Market

HOLLY BUCHANAN, PRESIDENT

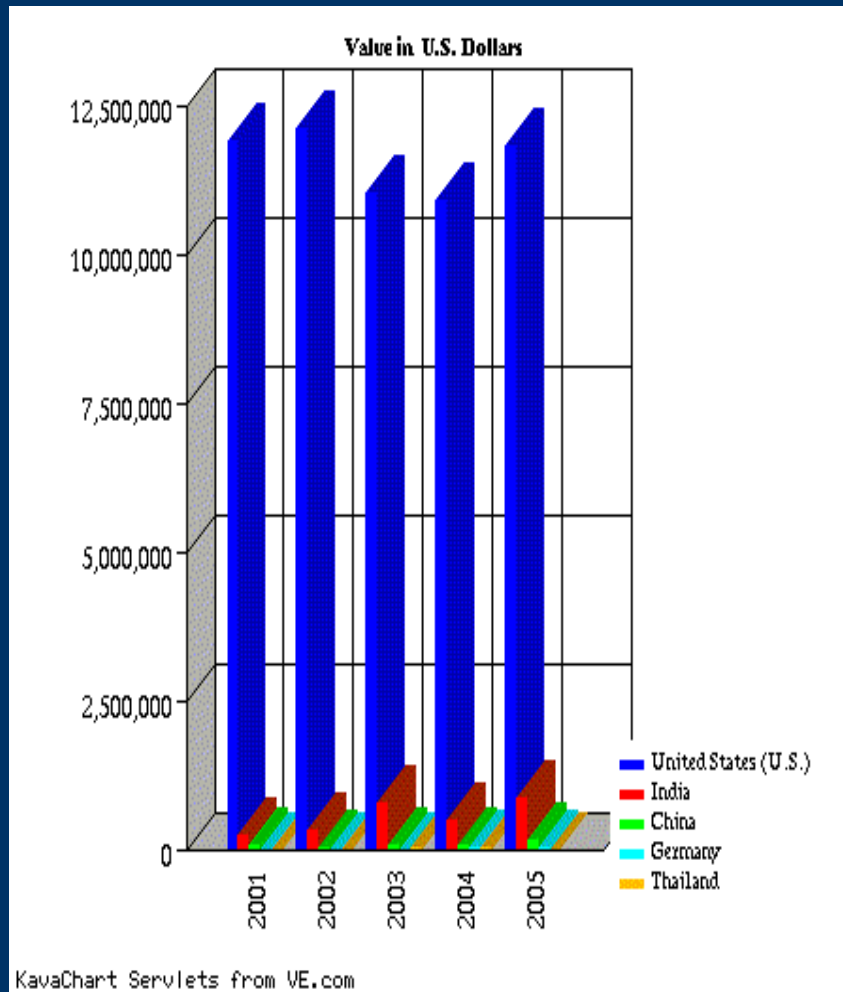
CSA Focus

- Over 50 members representing the majority of brokers, importers, processors and blenders in Canada
- Major issues of 2005-2006:
 - - Allergen legislation still pending, but labelling of allergens is still enforced using other Acts including the Canadian Food and Drugs Act
 - Mandatory Nutrition Labelling Regulations for most foods as of December 2005. Consumer Foods require a nutrition facts panel. Foods for further manufacturing must provide documentation.
- Like ASTA, one of the CSA's strategic objectives is strengthening alliances with other spice and trade associations

Cross Border Business

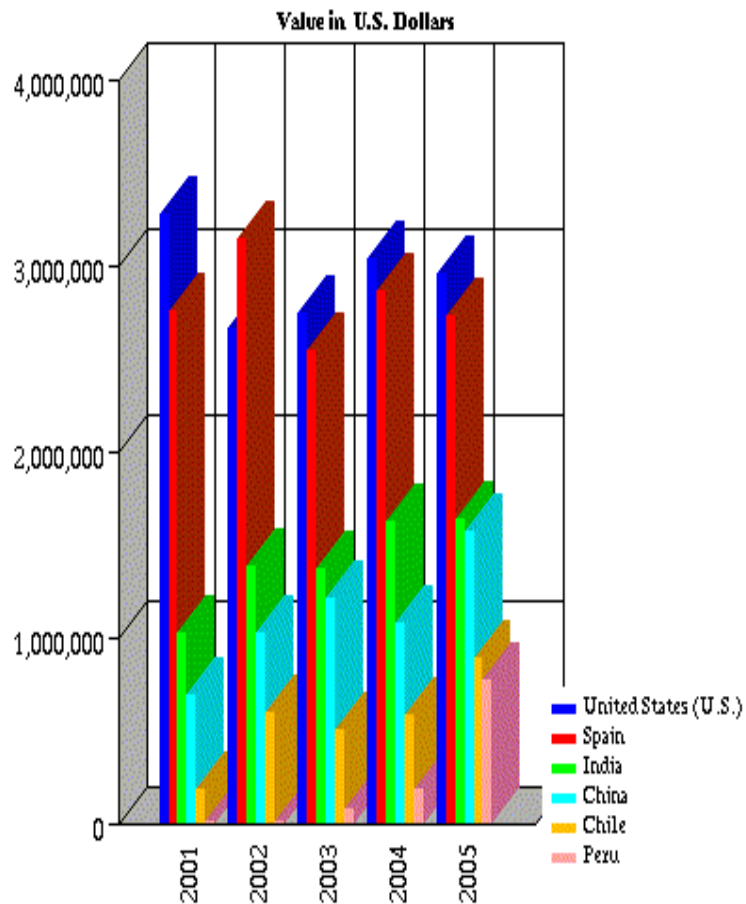
- Canada and the U.S. are important trade partners in the spice industry. The CSA and ASTA help foster this business relationship by staying well informed of the other's industry standards and regulations.
- Legislation such as the change in origin rules of January 1st 2005 exist to benefit cross border trade for North American spice grinders. As of that date the crushing / grinding in NAFTA territory of certain non-originating spices such as pepper, cinnamon, cloves, nutmeg, ginger, turmeric, and dill seeds confer origin.
- Canadian spice companies that export into the U.S. still face significant challenges at the border, with FDA holds that last several weeks and cumbersome legislative requirements such as prior notice for each separate spice item in shipments.

Dried Onion Imports into Canada



- Duties into Canada for non American Onion range from 5 – 6%, much smaller than duties leveraged in the U.S.
- Despite relatively low duties into Canada, American Onion continues to enjoy the lion's share of business.
- The Canadian market is very important to both the U.S. Onion and Garlic industry.

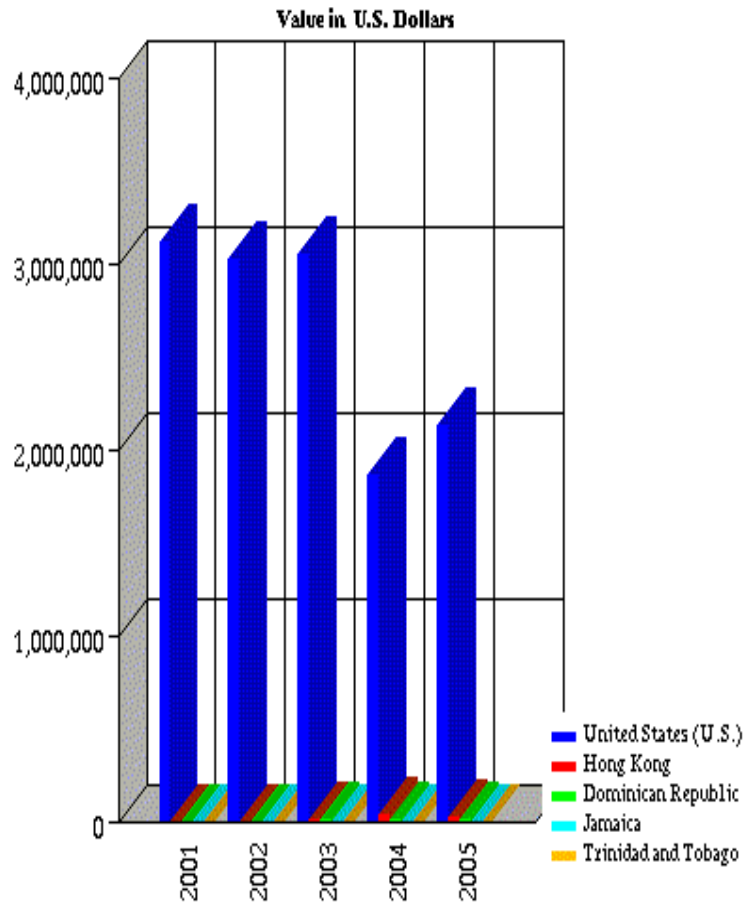
Dried Capsicum Imports into Canada



KavaChart Servlets from VE.com

- Statistics Canada import data is collected by HS Code, so figures include both Chilies and Paprika
- Unlike into the U.S., Canada has no duties on Paprika Powder and Chilies. With this even playing field, the U.S. vies with Spain for the #1 position.

Ground and Cracked Pepper Exports out of Canada



KavaChart Servlets from VE.com

- Sales of Ground and Cracked Pepper into the U.S. were steady in 2001, 2002 and 2003.
- In 2004, there was an over 40% drop in export figures. This coincides with the December 2003 implementation of the U.S. Bioterrorism Act.
- In 2005, U.S. exports of Ground /Cracked Pepper to Canada quadrupled. Despite the same benefits of the change in origin ruling, Canadian exports into the U.S. grew only very slightly.

Future Issues

- ❑ New legislation: Good Importing Practices
 - Voluntary guideline for now
 - CFIA monitored
 - CSA position: There should be differentiation in legislation between products that are imported as consumer ready vs. products imported for further manufacturing
 - To stay informed, visit the Canadian Food Inspection Agency website: www.inspection.gc.ca
- ❑ Growing awareness and concern about pesticides in all foods including spices
- ❑ Concerns for future adulteration of spices

The CSA Welcomes You

- The CSA welcomes international membership

- 2006 Annual Convention Date:

June 9th- 11th, 2006

Toronto, Canada

- Please visit our website for more information:

www.canadianspiceassociation.com

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THANK YOU!

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