

UNDERSTANDING THE GREY MARKET IN CANADA

A significant quantity of confectionery and beverage products manufactured in other countries, not authorized for sale in Canada, is entering the marketplace. The distributors and retailers who sell these products, known as grey market goods, are putting Canadian consumers and their businesses at risk. It is important that retailers and manufacturers understand how to prevent grey market goods from being bought and sold in Canada to help reduce the health and safety hazards to consumers, the potential financial losses to businesses and reputational risk for our industry as a whole.

THE RISKS

No credits – If a retailer sells products that are not approved for sale in the Canadian market, they will not be able to receive credit for these products from Canadian manufacturers should they be stale dated or damaged.

Product seizures – Products not authorized for sale in Canada or that do not comply with Canadian food inspection or labelling laws run the risk of being seized by government inspectors.

Potential harm for customers – Grey market products are often not labelled with allergy alerts that Canadian versions of these products bear. For example, Canadian customers have come to trust the brand markings of manufacturers who produce their Canada-sold products in nut-free facilities. However, similarly branded products made in other countries may look like products made for the Canadian market but may not comply with the Canadian production standards.

Lack of product traceability – In order to ensure public safety, Canadian manufacturers can quickly and effectively recall their products and notify Canadian consumers of any issues. Unfortunately, product recalls made in other countries may not reach Canadian consumers or retailers who sell those products on the grey market. Once again, these retailers put their customers at risk, and may be held liable should these products cause harm.

HOW TO IDENTIFY GREY MARKET PRODUCTS

- Canadian products provide 1-800 numbers for customers, which are often not provided on grey market goods.
- Products from other countries do not have the proper Canadian labelling, which includes bilingual labelling with ingredients listed in both English and French.
- Some products like energy drinks have ingredients and warning labels that comply with Canadian regulations. Grey market products may not have such labels.
- If you aren't sure if a product you are being sold is authorized for sale in Canada, ask the company or salesperson that is selling it to you. If a deal seems too good to be true, it often is.

TAKE ACTION

Selling grey market goods not only puts your business at risk but it also puts your customers at risk. As a valued member of the community you serve, it is up to you to ensure you are providing your customers with the products they are expecting to purchase in addition to keeping them safe. For these reasons, the CCSA recommends that you avoid selling any grey market products.