



INTERNATIONAL MAPLE SYRUP INSTITUTE UPDATE

January 2017

Introduction:

The International Maple Syrup Institute held their quarterly Board of Directors meeting on Friday January 6th, 2017 at the Vernon-Sherrill-Verona High School in Verona New York. A Task Team of the IMSI working on a generic slogan and associated messaging for the North American maple syrup industry met at the School in advance of the Board meeting. Very good progress was made in setting the direction for priorities and areas of work emphasis for the Institute in 2017. These include:

- Continuing to work on aspects of the IMSI's generic North American marketing plan for maple syrup with emphasis on slogan development and associated messaging and working on the environmental benefits story;
- Continued input into government regulations /proposed regulations which have potential to negatively impact the maple industry with emphasis on labeling changes which have been announced (FDA) and proposed Health Canada(HC) and the Canadian Food Inspection Agency CFIA) at the federal level in the United States and Canada respectively. Label requirements related to sugar and misrepresentation of pure maple in the marketplace are a primary focus of attention;
- Plan to engage social media to move our core messaging including marketing information and concerns regarding maple misrepresentation out directly to consumers with the assistance of IMSI members while at the same time continuing our work to influence government regulations affecting the maple industry;
- Continuing to support awareness and education programs which are focused on quality assurance in the production of maple products such as the IMSI sponsored grading school and education/training offered by Centre Acer, UVM Procter, Maple Research Centre, Cornell University and others involved in maple awareness and education. Elimination of lead from production and packing process for maple syrup is an important area of emphasis; and,
- Working to facilitate potential development of a standard of identity for maple sap/water taken directly from the tree and to advocate for government adoption of appropriate labeling regulations for these products and other waters which have potential such as RO concentrate and permeate.

Supply, Demand and Pricing for Maple Syrup

The Federation of Quebec Maple Syrup Producers and the Maple Industry Council (CIE) have negotiated a two year Marketing Agreement affecting sales of bulk syrup in Quebec. Agreed upon prices still must be negotiated every year. Before the terms of the agreement are finalized and become official, the agreement must be accepted by the Régie des marchés agricoles et alimentaires du Québec (Administrative Tribunal).

The most important highlight of this agreement is a status quo on prices in accordance with the new classification and grading system for maple syrup:

☐ Golden and Delicate Taste: \$ 2.95

☐ Amber and Rich Taste: \$ 2.94

☐ Dark and Robust Taste: \$ 2.85

☐ Very Dark and Strong Taste: \$ 2.55

☐ Processing Grade: \$ 1.80

This status quo was made necessary due, in particular, to the following considerations:

* High inventories at the Federation warehouse (over 82 million pounds , including 21 million pounds of Processing grade due to a record production year);

*Packers have larger inventories because of the higher production in 2016;

*The packers' margins are under pressure. To illustrate that, the value of Canadian exports went down 0.10\$ a pound between March and October 2016;

* Although exports are on the rise in Europe, statistics shows that they are declining in Japan, due to national economic problems in that country, and are steady in the United States, despite the exchange rate in favor of Canadian exporters;

* Federation Agency sales are up, from 106 Million pounds in 2015/2016 to 111 million pounds for 2016/2017, but this 5% growth is significantly lower than that achieved 3 years ago (15 % in 2014/15);

* US maple syrup exports to Canada rose from 4.4 million pounds to 7 Million pounds in 2016.

Overall, international markets for maple syrup are good, but competition among packers is very strong, which puts pressure on their profit margins. At the same time, producers' revenues are very good and stable as bulk prices are fixed and costs of production might be lower than before. In the end, the price of maple syrup must be accepted by our consumers to support continued expansion of the industry. In North America, current expansion is estimated in the 6 to 7% per year range. The North American market for maple remains very important since it represents about 80% of sales. Efforts continue to market more maple syrup outside of North America, in Japan, the U.K., Germany, Brazil and India. Generally, the development of these markets is slow and expensive so that the North American marketplace will remain dominant and very important in the foreseeable future. The Canada-U.S. exchange rate and pending North American trade negotiations highly unpredictable factors which could have a very significant affect on market performance over the next few years.

Ongoing marketing challenges include maintaining a sufficient supply of certified organic syrup from year-to-year and developing sufficient markets for Processing grade syrup. In Quebec, at present the inventory of certified organic syrup has been exhausted.

Gagne Report Update (from Quebec):

The Gagne Report was released by the Quebec government in February 2016 outlining 21 recommendations for change potentially affecting the maple syrup industry in Quebec and elsewhere. The report can be accessed at:

www.mapaq.gouv.qc.ca/SiteCollectionDocuments/Publications/RapportErable_ANGLAIS.pdf

In 2016, Quebec maple industry officials met with the officials from the government of Quebec to discuss the recommendations in the report.

There have been no developments since the IMSI's October 2016 report.

Marketing Strategy for Pure Maple Products:

The IMSI continues work towards development of a generic slogan and messaging which is a high priority component of the IMSI's Marketing Implementation Plan which was accepted by both the IMSI and the NAMSC in 2016.

The **IMSI Maple Slogan and Messaging Team** met in Verona New York in advance of the IMSI's Board of Directors meeting. Dr. Michael Farrell from Cornell University shared the findings from consumer research which was conducted to help the Task Team in the development of an appropriate generic slogan and accompanying messaging for the maple industry. Taste was considered to be of paramount importance both to anglophone and francophone consumers. IMSI and NAMSC members may obtain a copy of the survey findings upon request from the IMSI's Executive Director.

As a next step, the IMSI Board of Directors has authorized follow-up consumer research to obtain additional consumer feedback on potential generic slogans for the North American maple industry. Once this research has been completed, the IMSI will be finalizing a draft of potential slogans and associated messaging which will be distributed to IMSI and NAMSC members for comment. The IMSI will then move to finalize the slogan and messaging so that it can be transferred throughout the maple industry and as well as to the media.

The IMSI is also assembling a Task team to assemble and package information intended to point out the green advantage of the maple industry to the public. The Federation of Quebec Maple Syrup Producers has completed some excellent work already which is a very important reference for follow-up.

You may contact the IMSI's Executive Director, Dave Chapeskie, for additional information.

Misrepresentation of Maple in the Marketplace:

The IMSI Board of Directors discussed where energies might best be directed in 2017 to help address the issue of maple misrepresentation in the marketplace. It was agreed that while we need to continue to emphasize our position regarding misrepresentation with regulators at the federal and state/provincial level in the United States and Canada. This includes taking advantage of all opportunities to input our position when regulatory amendments to product labelling provisions are being considered by governments. For example, the federal government in Canada is currently considering amendment to help address the issue.

It was agreed that the IMSI will move to acknowledge and reward through media exposure, companies who have moved or are moving to incorporate more pure maple products into their various recipes and are striving not to misrepresent pure maple products. This can be done through letter communications to companies identified by our members, media exposure and perhaps other methods.

It was also agreed that the IMSI will exert leadership in taking our message directly to consumers using social media such as Facebook and Twitter. The IMSI will be developing a plan outlining how best to approach this with the goal of putting it in place in 2017/18. An important consideration will be to identify appropriate industry partnerships and mechanisms with the IMSI members and others to help make this happen.

Please contact the IMSI's Executive Director and/or an IMSI Director representative if you have suggestions regarding companies which deserve recognition for utilizing pure maple products such as maple syrup and maple sugar in their products and also ideas regarding how we might best utilize social media in helping address the maple misrepresentation question.

Nutritional Labelling – Proposed Harmonization and FDA Definition of “Added Sugar”:

Current nutritional labeling of maple syrup is quite variable so there would be a significant advantage to having harmonized labelling specifications ready for the roll out of the new FDA requirements. Harmonization would set one standard for industry application in the United States, removing inconsistencies and some confusion which is associated with existing labels. In 2016, the IMSI facilitated the work of a team of Maple Quality Assurance Specialists employed by Maple Packers and Maple Researchers from both Canada and the United States with the aim of coming up with standardized nutritional label specifications. A draft harmonized nutritional label for use in the United States and possibly internationally was developed in October. The IMSI forwarded the proposed draft label to both the FDA and Health Canada, requesting comment in October of 2016. No input has been received to date on this proposal from either FDA or Health Canada. Since a harmonized Nutrients Facts Panel should be aligned with government compliance requirements, we remain hopeful that we will receive a response from federal government officials in both countries in the first quarter of 2017.

In 2016, serious concern was expressed by IMSI members regarding the FDA's requirement for "Added Sugar" to be placed on the label of maple syrup in the United States once the new FDA rules are effective. The IMSI established a team, led by Emma Marvin, Co-Owner of Butternut Mountain Farm, to work on addressing this issue. In October, the IMSI Task Team met by teleconference with FDA officials and presented several options which would address concerns regarding the "Added Sugar" line. The IMSI and the National Honey Board (NHB) were advised that the FDA would be offering a resolution to the problem taking into account IMSI and NHB suggestions and that their offering would be introduced officially in 2017 through a public consultation process. The IMSI is preparing for further dialogue with FDA once related public consultation has been announced. There is some informal indication that the deadline for compliance with the FDA's new NFP requirements may be extended to 2019 as part of this process.

Health Canada is currently seeking input on proposed labeling amendments to the Nutritional Facts Panel as well as a Front-of-Package Proposal intended to red-flag sugar content in food products, including maple syrup and honey. The IMSI will be providing Health Canada with input regarding the Front-of-Package labelling proposal in collaboration with the CIE. Individual Canadian IMSI members will be encouraged to provide input on the proposed Front-of-Package labelling as well. The IMSI will also be providing a position on other Health Canada regulatory amendments pertinent to labelling.

Standard Maple Grades Implementation:

The new standardized grade law is now a mandatory requirement for the export of maple syrup from Canada.

The new grade law is now reflected in regulations at the federal level in both Canada and the United States. It is also in place in all provincial and state jurisdictions with maple regulations with the exception of Wisconsin where state level endorsement of the changes is pending.

Maple Sap Water Update:

In 2016, the IMSI finalized recommendations regarding labelling of maple sap products taken directly from the tree as well as other salable water products such as RO permeate and distributed these recommendations in a letter addressed to federal and state/provincial regulatory authorities in Canada and the United States. In December of 2016, the IMSI received a response from the FDA which outlines their current position regarding labelling of these products. It is evident from the letter that the FDA's current interpretations do not align sufficiently with the recommendations of the IMSI. It was decided at the Board of Directors meeting in Verona, that the IMSI would follow up with a formal request to amend the FDA's regulations in accordance with the industry recommendations.

At their meeting in Verona, the IMSI Board also discussed a research project designed to develop a standard of identity for maple sap taken directly from the tree which was developed

by researchers at Centre Acer and at the University of Rhode Island. This project is supported with a seed funding grant from the North American Maple Syrup Council (NAMSC) but the researchers have been unable to secure the very significant level of funding required for implementation. It was agreed that in 2017, IMSI Board and Consultant representatives from Canada and the United States will assist the research proponents to facilitate potential financing of this project.

IMSI Sponsored Grading School:

The IMSI sponsored grading school and quality assurance training offered by Centre Acer are seen as essential in helping maintain high quality assurance standards. In addition to these excellent training venues, state and provincial associations are encouraged to offer quality assurance workshops tailored to their specific needs. Those who have attended the IMSI sponsored grading school in the past are encouraged to share their knowledge with their peers at the state/provincial level. The IMSI strongly encourages more of this type of local initiative at the state/provincial level.

The organizers of the IMSI sponsored grading school are also exploring opportunities to engage other educators in quality assurance training, including training related to the classification and grading of maple syrup. IMSI sponsored Maple Grading Schools is planned for both Michigan (January) and Nova Scotia (September). IMSI members and others can learn more about the IMSI sponsored Grading School and its upcoming offerings by accessing the University of Maine – Cooperative Extension website at the following link: <http://extension.umaine.edu/maple-grading-school/>. Applicants for the grading school may register on-line.

If additional information regarding the IMSI sponsored grading school is required, please contact Kathy Hopkins at 207-474-9622 or khopkins@maine.edu.

IMSI Annual Awards:

The IMSI continues to administer two Annual Awards recognizing outstanding leadership in the North American or International Maple Syrup Industry. These Awards are the Lynn Reynolds Memorial Leadership Award and the Golden Maple Leaf Award. The 2016 recipients of these awards were announced at the Annual NAMSC-IMSI meeting banquet in Burlington, VT.

Nominations are now open for the 2017 Lynn Reynolds and Golden Maple Leaf Awards and Nominations should be submitted to the IMSI's Executive Director by August 31st, 2017.

In 2017, the IMSI will be considering additional ways of recognizing exemplary service.

Upcoming IMSI Meetings and Annual Meeting in 2017:

Spring IMSI Board of Directors Meeting – Friday, May 12th, 2017 (in advance of the American Maple Hall of Fame Induction Ceremonies which will be held on Saturday, May 13th, 2017)

Summer IMSI Board of Directors Meeting – Friday August 18th, 2017 (in Ottawa Ontario Details to be confirmed)

2017 Annual Meeting and Maple Conference - Monday Oct 23rd to Wednesday Oct 25th, 2017 (at the Four Points Sheraton Hotel in Levis, Quebec)

Report Prepared by:

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January 10th, 2017