

**Serious Risks from Overseas Food Imports:  
Urgent Need for Stronger Labeling on Food,  
Better Laws against Counterfeit and Substandard Products**

**BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in the  
Financial Post for Publication July 16, 2007**



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## 1.0 Introduction

In the wake of news reports about health and safety risks from imported dog food, counterfeit toothpaste, and imported fish products, the COMPAS panel of CEOs and business leaders were asked about the magnitude of the risk and what government should do.

With rare exceptions, panelists see serious risks to Canadians from

- Counterfeit food and over-the-counter products;
- Fish from China and south-east Asia; and
- North American food products with ingredients imported from Asia.

Panelists are far less concerned about non-digestible items, notably hardware products.

Panelists feel that the Canadian legal system is far too weak in its ability to allow Canadian firms to take action in the event of counterfeit or substandard imports.

As for food imports, panelists call for stronger efforts to protect consumers, notably by requirements for labeling the origins of the ingredients in a food product and not just its place of manufacture.

These are the key findings from the past week's web survey of the COMPAS CEO and business leader panel undertaken for *The Financial Post* under sponsorship of BDO Dunwoody LLP.

## 2.0 Serious Threats to Health and Safety

By overwhelming margins, panelists see counterfeit food-related products, fish from China and south-east Asia, and North American food products with



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imported ingredients as involving high risks to Canadians and requiring more active monitoring by the federal government, as shown in table 2.

In volunteered comments, they note that many imported products are of inferior quality and even counterfeit. Food is a major source of worry but non-food imports are seen as far less of risk and justification for government action.

*Table 2: Degree of Risk and  
Need for More Active Government Monitoring<sup>1</sup>  
(7=serious risk requiring more active government monitoring)*

Counterfeit toothpaste and other counterfeit food or over-the-counter products								
Mean	7	6	5	4	3	2	1	DNK
6.1	54	23	10	7	2	2	0	1
Imports from China and south-east Asia of entire fish items such as shrimp								
Mean	7	6	5	4	3	2	1	DNK
5.9	44	26	14	4	7	3	1	2
North American food products that contain ingredients manufactured in Asia or elsewhere overseas								
Mean	7	6	5	4	3	2	1	DNK
5.8	37	27	20	6	6	2	1	2
Overseas imports of hardware products (e.g., door locking mechanisms)								
Mean	7	6	5	4	3	2	1	DNK
3.9	7	10	27	16	15	15	9	2

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<sup>1</sup> (Q1) The rise of manufacturing overseas has produced benefits for Canadian consumers as well as risks. On the positive side, the rise of overseas manufacturers has cut the prices of some food, consumer, and other products, making them available to more people. On the negative side, the discovery of dangerous imported ingredients in dog food and counterfeit toothpaste have raised safety issues. Meanwhile the U.S. government banned the import of some fish from China for health reasons. On a 7 point risk scale where 7 means a serious risk requiring more active government monitoring and 1, the opposite, what risk score would you give for... RANDOMIZE



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In their volunteered comments, panelists expressed serious concern about health and safety issues alone or in combination with wistfulness about the decline of manufacturing in Canada. On the matter of health and safety, the following were some comments:

Having spent a great deal of time in China, I am not surprised that we have experienced bad products in our food. The use of substandard materials and counterfeit goods is widespread.

Food and other products coming from other countries...should receive the same response as when a case of mad cow disease in Canada is discovered.

International pressure should be brought to ensure Asian countries use International Standards (ISO) that can be monitored. This will provide added protection for North American consumers.

Legislation should be regulated towards all food imports for health and safety reasons.

One shouldn't hold its breath that our government will become pro-active on the food and counterfeit issue. Until there are large scale sicknesses or death, we [are] stuck with what we have. It appears the government has done a risk analysis and determined the costs of higher scrutiny outweigh the downside of a few people or animals fatalities.

The real issue that the 'rule book' is just different in China---same for pollution, safety, etc. We want low cost goods--this is the price.

[How] about the lead in the children's costume jewellery? China in particular is presenting a major challenge. As long as we allow importers to bring products into Canada, without any safety checks or due diligence, we are going to have serious problems.



Several CEOs and panelists went farther afield in their observations, linking safety aspects of imports to our own domestic manufacturing practices and strategies:

[It's not just a health and safety issue; it's a] jobs issue. Manufacturing is being ruined. Why do we just watch? Canadians are being harmed, our very way of life is at risk. Do we really want to end up like China?

North American labour has ignored reality and not been a reliable player in the competitive game, leaving the door open to so many cheap imports. It is not [that labour needs to work ] cheaper—just more effectively, and they should be encouraged by labour leaders as much as management to produce with their heads as well as their hands.

This food safety issue is serious but I think a large part of the responsibility and accountability on safety of food imports should rest with the Canadian importer. Canadians have and should rely on the importer to be able to certify the safety of what they sell to the public.

### **3.0. State of Legal Protection for Canadian Business—Too Weak**

Panelists feel that the legal system impedes the ability of Canadian businesses to take legal action in the event that they are beset with counterfeit or substandard imported components, as shown in table 3. “Suing the Canadian distributor of a counterfeit product is about all one can do,” observes one panelist. “Trying to sue the Asian manufacturer is almost impossible as, not only do the Asian governments 'turn a blind eye' to the practice, the culture tends to feel it to be very 'smart and cunning' to be able to counterfeit products.”



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*Table 3: (Q2) From the point of view of Canadian businesses  
defending themselves against counterfeit or inferior component  
imports, do you feel that our current legal system... ROTATES  
POLES*

	%
Makes it far too difficult to take legal action	36
Makes it too difficult	28
Is about right	16
Makes it too easy	3
Makes it far too easy to take legal action	1
Don't know or no opinion	16

## **4.0. Labeling Origins of Food Ingredients—Overwhelming Support**

CEOs and business leaders on the COMPAS panel believe overwhelmingly that food labels must be required to name the origins of ingredients and not just the place of manufacture, as shown in table 4.

*Table 4: Should Provenance of Food Ingredients Be Labeled<sup>2</sup>*

	%
Definitely	57
Probably	28
Probably not	10
Definitely not	4
Don't know or no opinion	1

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<sup>2</sup> (Q3) From the point of view of consumer health and safety, do you think federal regulations should require labelling for the origin of the ingredients in a food product and not just the place of manufacturing? ROTATE POLES



## **5.0. Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted July 11 – 13, 2007. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 138 are deemed accurate to within approximate 8.4 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

