



# Agriculture and Agri-food Production in Atlantic Canada

The world's largest fruit farm, the world's largest producer of frozen french fries, the world's largest supplier of frozen wild blueberries, North America's largest carrot processor, the very first candy bar manufacturer, and so on... These are some of the intriguing facts about the agriculture and agri-food industry in Atlantic Canada.

Atlantic Canada is home to a vibrant agriculture and agri-food industry that benefits from the region's strategic location and year-round transportation links to major international markets. Home to manufacturers of everything from maple sugar products and molasses to crystal-clear bottled iceberg water and one of the most popular beers ever to reach United States consumers – Moosehead, the industry is in tune with consumer trends and uses new technologies to achieve its competitive advantage.

The region is also the wild blueberry capital of the world. Processing these blueberries into Kosher-certified wine is just one example of the value-added approach taken by Atlantic Canada's agriculture and agri-food industry.

## ATLANTIC CANADA'S FASTEST GROWING AGRICULTURE AND AGRI-FOOD INDUSTRY

Category	10 yr Growth Rate	2005 Exports (in \$ Millions)
Non-Chocolate Confectionery Manufacturing	3209%	18.8
Snack Food Manufacturing	3042%	16.2
Distilleries	1315%	2.9
Bread and Bakery Product Manufacturing	312%	14.9
Cookie, Cracker and Pasta Manufacturing	265%	6.7
Fruit and Vegetable Canning, Pickling and Drying	196%	16.6
Confectionery Manufacturing from Purchased Chocolate	147%	43.7
Chocolate and Confectionery Manufacturing from Cacao Beans	145%	18.9
Frozen Food Manufacturing	90%	444.8
Breweries	86%	53.6
Agriculture and Agri-Food Industry	73%	922.1

source: Industry Canada, Trade Data Online (2005)

### CHARACTERISTICS

As the region's fifth largest employer, the agriculture and agri-food industry includes some of Canada's largest food manufacturers, with over 530 processing plants. Atlantic Canada has the strategic advantage of having easy access to the world's major markets, supported by a comprehensive transportation infrastructure that includes two major container ports in Halifax, Nova Scotia and Saint John, New Brunswick, four international airports, 29 commercial airports and the world's longest continuous multi span bridge between New Brunswick and Prince Edward Island.

The agriculture and agri-food industry in Atlantic Canada generated approximately \$922 million in exports in 2005 (excluding aquaculture and seafood).

Atlantic Canada's agriculture and agri-food industry is export-orientated. Based on the success of companies such as McCain Foods, Cavendish Farms and Oxford Frozen Foods, exports of frozen foods have increased by 90% in the past 10 years (1996 to 2005).

## AGRICULTURE AND AGRI-FOOD PRODUCTION IN ATLANTIC CANADA

### MARKET CHARACTERISTICS IN ATLANTIC CANADA IN 2005

<b>Farm Cash Receipts</b>	\$1,340 million
<b>Total Crop Farm Cash Receipts</b>	\$524 million
<b>Total Livestock Farm Cash Receipts</b>	\$705 million
<b>Total Agriculture and Agri-food Exports (crops, animals and food manufacturing excluding seafood and aquaculture)</b>	\$922 million
<b>Total Agriculture Employment (excluding aquaculture)</b>	18,000 people
<b>Total Agri-food Industry Employment (excluding seafood)</b>	15,300 people

source: Statistics Canada (2005)

Home to the lowest business cost environment within the G7, excellent transportation infrastructure, advanced research facilities, a skilled and capable workforce, and a strategic location for exporting, Atlantic Canada is enjoying a 'growth' industry in agriculture and agri-food.

Breweries rank among the top 25 exporting industries in Atlantic Canada. In 2005, export sales topped \$52 million, up 53% from more than \$34 million in 2004.

Atlantic Canada's agriculture and agri-food industry is characterized by a broad range of crops and livestock, and an increasing focus on adding value. In 2005, the industry generated approximately \$922 million in exports (excluding aquaculture and seafood), exporting over 200 products to over 120 countries. Exports of agriculture and agri-food products from the region have grown more than 73% in the last 10 years (1996-2005).

### BUSINESS COSTS

In *Competitive Alternatives: KPMG's guide to international business costs, 2006*, Atlantic Canada is shown to have the lowest cost business environment in the G7 countries.

### COMPARATIVE BUSINESS COSTS INDEX\* AGRI-FOOD INDUSTRY

#### FOOD PROCESSING

<b>MINNEAPOLIS, MN</b>	<b>105.3</b>	<b>ATLANTIC CANADA</b>	<b>ST. JOHN'S, NL</b>	<b>102.5</b>
<b>PORTLAND, OR</b>	<b>102.3</b>		<b>HALIFAX, NS</b>	<b>97.2</b>
<b>BOSTON, MA</b>	<b>104.1</b>		<b>SYDNEY, NS</b>	<b>97.6</b>
<b>MILWAUKEE, WI</b>	<b>98.4</b>		<b>MONCTON, NB</b>	<b>96.0</b>
<b>WICHITA, KS</b>	<b>99.9</b>		<b>TRURO, NS</b>	<b>95.8</b>
<b>BOISE, ID</b>	<b>100.8</b>		<b>CHARLOTTETOWN, PE</b>	<b>96.5</b>
<b>TAMPA, FL</b>	<b>98.5</b>		<b>PICTOU, NS</b>	<b>96.1</b>

source: *Competitive Alternatives: KPMG's guide to international business costs, 2006 Edition.*

\* Business costs are expressed as an index, with the United States average being assigned the baseline index of 100. A cost index of less than 100 indicates lower costs than those in the U.S.

### BUSINESS ENVIRONMENT

Atlantic Canada's agriculture and agri-food industry environment is export-orientated. Potatoes, blueberries, apples and maple sugar head up the long list of products exported nationally and internationally from the region.

Atlantic Canada's table and seed potatoes, known throughout the world, are the region's most important cash crop. Millions of bags of seed potatoes are shipped every year to the United States, Europe, Asia-Pacific, Africa, the Middle East and South America. Other vegetable crops exported overseas include carrots, cauliflower and sweet corn.

Atlantic Canada's wide variety of fresh produce is popular in the United States and Europe and is brought directly to market, sold as nursery plants or used for processing.

Cheese production has experienced a 26% increase in exports from 2002 to 2005 and the market for specialty cheese products is expected to continue to grow. Long-life milk products such as ultra-high temperature milk and skim milk powder are major dairy exports from the region.

Atlantic Canadian delicacies such as chanterelle mushrooms and fiddlehead greens – both harvested in the wild and sold fresh, frozen or pickled – are making an impact on global markets.

Producers from Atlantic Canada also manage a thriving livestock industry that includes cattle, hogs and poultry from high quality genetic stock. And as lucrative niche markets are developing, some producers have begun to diversify their livestock to include ostriches, emus, rheas, llamas, alpacas and buffalo. This healthy supply of livestock has spawned a wide assortment of value-added products including numerous varieties of processed

meats, sausages, specialty spreads, and potted and prepared meat products.

### LEADERSHIP

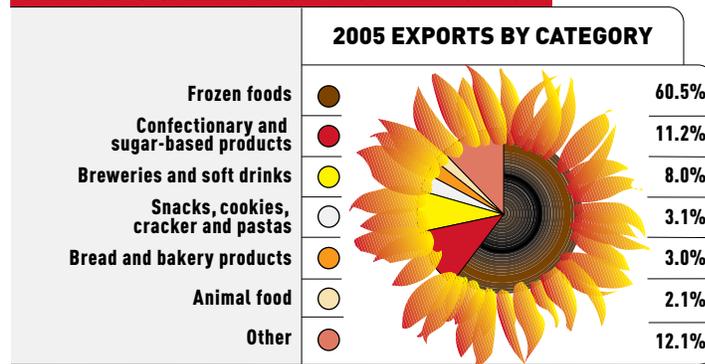
Atlantic Canadian producers and processors are industry leaders in developing new technologies and adopting new methods to improve efficiency and productivity in their operations. They are also savvy in the world of global marketing.

**McCain Foods Limited** (Florenceville, NB) has operations in 14 countries on six continents, with 55 plants employing more than 20,000 people. The total capacity of these plants enables the company to process up to a million pounds of frozen potato products every hour. McCain Foods is now the producer of choice for major french fry vendors such as Wendy's, KFC and McDonald's, and its manufacturing equipment and transportation subsidiaries enable it to offer customers reliable and seamless door-to-door service. McCain Foods is a standard bearer in meeting the needs of specialty and niche markets. For example, the company produces french fries in a uniform length for the Japanese market, where the product is used as a garnish.

Atlantic Canada is the wild blueberry capital of the world and a leader in adding value to this high demand product. The blueberry is recognized today as the "it" food, largely because of its healthful benefits and antioxidant qualities. The global wild blueberry industry is confined to north-eastern North America, where the plant is part of the native vegetation. More than 50 million pounds of wild blueberries are currently harvested annually in Atlantic Canada. The abundance of wild blueberry crops in the region creates increased opportunities for value-added products such as pastries, yogurt, ice cream, juices and wines.

Atlantic Canada is home to the world's largest supplier of frozen wild blueberries, **Oxford Frozen Foods**. This Nova Scotia company also operates the largest fruit farm in the world, farming over 12,000 acres of its own land, while managing equivalent farm acreage for independent growers.

### ATLANTIC CANADA AGRI-FOOD EXPORTS



source: Statistics Canada (2006)

More than 200 acres of cranberries have been planted in the region, growing on what was previously unused bog and marshland. These are used in the production of condiments, juices, and other value-added products.

Grape growing for wine in Atlantic Canada dates back to the 1600s. The climate, particularly during the autumn season, is well suited to grape production. Nova Scotia is prominent in this industry, having produced more than one million pounds of grapes on 300 acres in 2003, supplying nine wineries.

Atlantic Canadian farmers are embracing organic farming techniques. The **Atlantic Canadian Organic Regional Network** (ACORN) has been leading the charge, supporting farmers who want to move into this area. Almost 13 percent of farms in Prince Edward Island are certified organic, well above the national average. Across Atlantic Canada, there are 110 farms that are certified organic.

### RESEARCH AND DEVELOPMENT

The federal department of Agriculture and Agri-food Canada disseminates the latest information on new farming methods and, as well, maintains experimental farms and research stations in all four Atlantic provinces. The region's universities, governments and private sector operate research facilities which provide research and development assistance for agriculture and agri-food production in Atlantic Canada.

Agriculture and agri-food product exports from Atlantic Canada have increased 23% since 2000, topping \$900 million in 2005, after starting the decade at \$750 million. Exports have more than doubled since 1995 (\$437 million).

source: Statistics Canada (2006) – excluding aquaculture and seafood.

**Atlantic Cool Climate Crop Research Centre** (St. John's, NL) develops technologies in support of rural economies that have cool summer agri-ecosystems. The Centre's research encompasses animal feed production, wild small fruit development, vegetable development and non-food crop research.

**Atlantic Food and Horticulture Research Centre** (Kentville, NS) researches and develops technology to increase horticultural productivity, competitiveness and stability while maintaining food quality and safety and protecting the environment.

## AGRICULTURE AND AGRI-FOOD PRODUCTION IN ATLANTIC CANADA



### Crops and Livestock Research Centre

(Charlottetown, PE) develops innovative technologies for integrated crop and livestock systems and provides scientific knowledge while working to enhance and protect the environment.

### Food Research Centre – Université de Moncton

(Moncton, NB) provides a variety of research and product development services to food processors and manufacturers in Atlantic Canada, with particular emphasis on small and medium-sized enterprises.

### Food Technology Centre

(Charlottetown, PE) develops new and improved food products and processes to assist companies in Atlantic Canada. The Centre also provides food safety, nutrition labelling and analytical services to the industry.

### Nova Scotia Agricultural College

(Truro, NS) houses several research centres for the agricultural sector, including the Atlantic Pasture Research Centre, the Atlantic Poultry Research Centre and the Carrot Processing Research Program.

### Pork Production Innovation Group

(Charlottetown, PE) conducts research in the areas of livestock nutrition, behaviour and housing, as well as manure management.

### Potato Research Centre

(Fredericton, NB) develops new cultivars and technologies for the production, handling and management of potatoes. The Centre also maintains a national repository of potato gene resources and conducts research on soil management and conservation.

### PROVINCES AND ABBREVIATIONS

- NB** - NEW BRUNSWICK
- PE** - PRINCE EDWARD ISLAND
- NS** - NOVA SCOTIA
- NL** - NEWFOUNDLAND AND LABRADOR

If you would like more information on this industry, please contact:

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### AGRI-FOOD IN ACTION

**McCain Foods Limited** achieved sales of US\$4.6 billion in 2005, not surprising since nearly one in three french fries consumed on the planet comes from McCain Foods. The company has been in operation since 1956, offering a range of frozen vegetables, entrees, pizzas, cheese products, juices and beverages around the globe. Its recipe for success: quality products coupled with imaginative marketing strategies.

**Cavendish Farms Ltd.** serves markets in North and South America, Europe, the Caribbean and the Far East. In fact, half of its output is marketed outside of Canada. Thanks to its new \$70 million processing plant located on Prince Edward Island, Cavendish Farms can process one billion pounds of potatoes per year. Two Cavendish Farms manufacturing plants received the **2004 Audit Platinum Award** for outstanding commitment to food safety, as presented by Silliker, Inc., a leading worldwide provider of food safety and quality assurance services.

**Hershey Canada** recently expanded its Nova Scotia plant, which has been manufacturing Pot of Gold®, Canada's number-one boxed chocolate brand, since 1928. A \$20 million expansion enabled the company to meet the growing demand for the Moirs family of chocolates. Total annual plant throughput is now in excess of 22 million boxes. More than 60 percent of the plant's production is shipped to the United States.

**Wholesome Dairy Limited** (Stephenville, NL) has been producing Good Natured™ yogurt since 2001 in a variety of flavours including two unique, locally inspired flavours, partridgeberry and bakeapple. The company is planning to diversify its operations into cheese production and is planning to expand into non-traditional markets.



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