

*Quality*  
is in our nature



# AGRI-FOOD TRADE AT A GLANCE 2009

Our exports reached  
new peaks in 2008



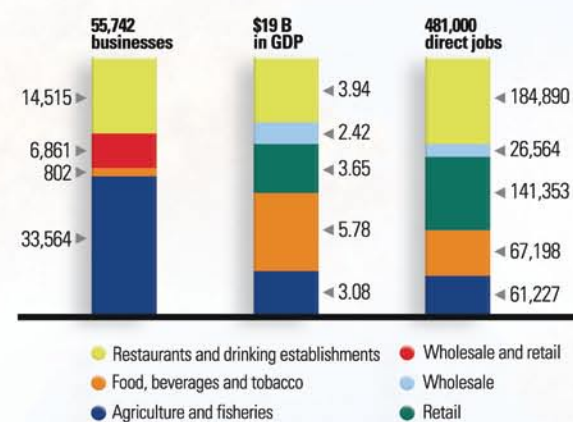
Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

Canada 



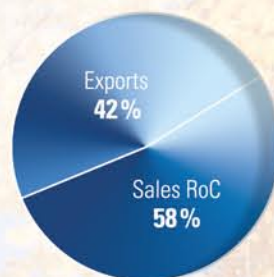
**The Quebec agri-food industry generates 481,000 jobs and injects \$19 billion GDP into the economy**



**In addition to an impressive domestic market, most sales from the Quebec agri-food industry are made outside Quebec\***

**Domestic Market \*\* \$14.2 B**

**Foreign Market \$10 B**



Notes: RoC = Rest of Canada.

\* Approximately \$7.5B in Quebec products are sold exclusively in Quebec. Therefore, sales outside of Quebec (\$10B) amount to 57% of total sales on domestic and foreign markets (\$17.5B).

\*\* Involves the consumer product market. Other interprovincial purchases and intermediate product imports also occur.

Source: Statistics Canada, Agriculture and Agri-Food Canada and MAPAQ, 2007 estimates.

## The agri-food industry is a strong contributor to the Quebec economy . . .

. . . The direct agri-food contribution to Quebec's gross domestic product (GDP) was \$18.9B (2007), attributed as follows: agriculture and fisheries (16%); food, beverages and tobacco (31%); wholesale (13%); retail (19%); restaurants and licensed beverage establishments (21%). Quebec's agri-food share related to GDP (including seafood) represented 22.1% of the overall Canadian GDP.

In addition, the agri-food industry in Quebec generated 481,000 direct jobs. The 29,749 farms and 3,815 fishers employed 62,500 persons. The 802 processing establishments employed more than 67,000 workers. The 6,801 distributors (wholesale and retail) employed 168,000 employees, comparable to the 14,515 restaurants that employ 183,000 workers.

Farming operations in Quebec posted cash receipts (agricultural commodity sales and program payments) of \$6.9B in 2007, an increase of 9.4% over 2006. More than 80% of farm production value originated from collective marketing and 40% was under supply management (dairy, egg and poultry sectors). Quebec processors shipped manufactured goods in the order of \$20.3B (2007).

## Quebec agri-food products represent the primary source of supply on the Quebec market . . .

The Quebec food consumption market represented \$14B (2007). In 53% of the cases, food stores and restaurants purchased from local producers and processors. Remaining food products are purchased from elsewhere in Canada (28%) or imported (19%).

## . . . but are sold, for the most part, outside Quebec.

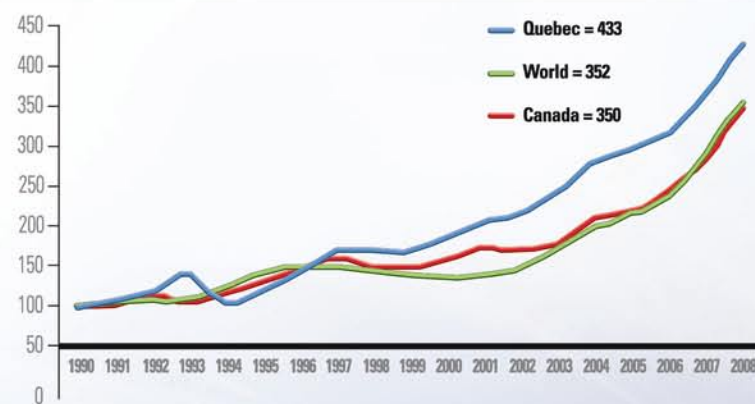
The foreign market in Quebec's agri-food industry was \$10B (2007), of which 58% is destined for the rest of Canada and 42% for the international market. All in all, more than half (57%) of Quebec agri-food products are sold outside Quebec (2007), representing \$10B of \$17.5B.





**Development efforts in the agri-food markets have allowed Quebec to leave its mark on the international scene**

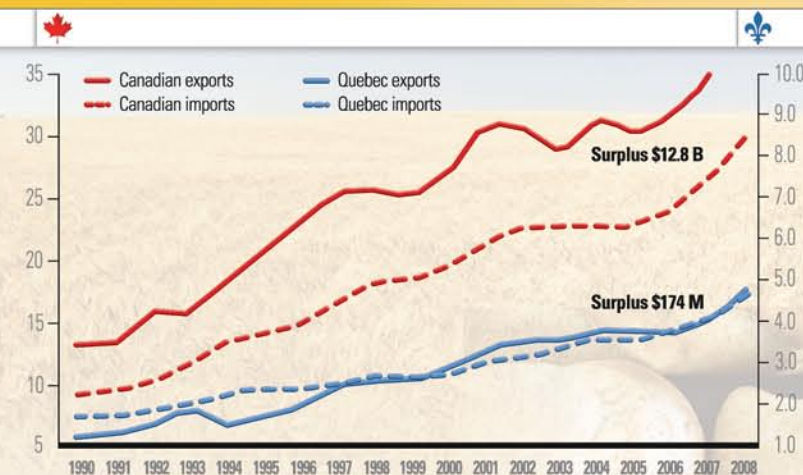
(1990 = 100)



Note: Growth data are based on agri-food exports in U.S. currency for Quebec, Canada and the World, converted to the 1990=100 index.

Source: Agriculture and Agri-Food Canada; Statistics Canada; Global Trade Atlas; WTO, Statistical database –Food, SITC sections 0, 1, 4 and division 22.

**Despite the strong Canadian dollar, an increase in agri-food prices worldwide has led to a rise in export values and trade surplus in 2008**



Note: Increases in the agri-food trade surplus of 49% and 247%, respectively, for Canada and Quebec in 2008 over 2007.

Source: Agriculture and Agri-Food Canada, Statistics Canada. Seafood products are included.

**The U.S.'s relative market share in Quebec agri-food exports is on the decline because of the Canadian currency and the development of other markets**



Source: Agriculture and Agri-Food Canada, Bank of Canada and Statistics Canada.

**The upward trend continued in 2008. Trade surpluses were on the rise in Quebec and Canada, despite the strength of our dollar . . .**

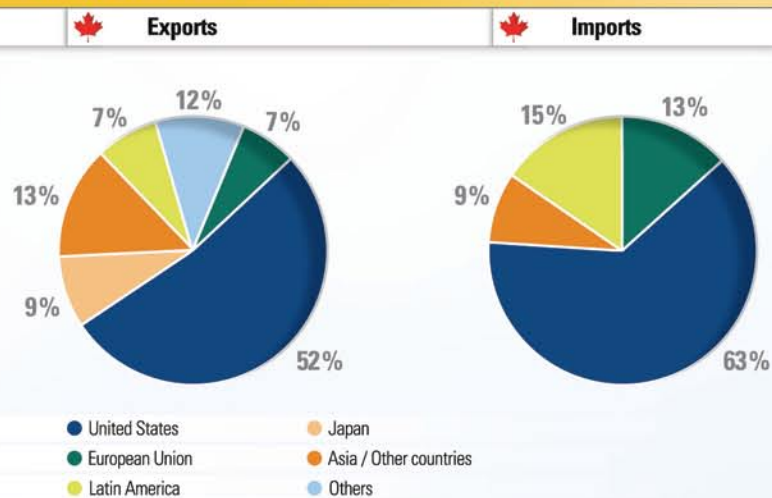
- . . . Current estimates show that world agri-food trade would exceed CDN\$1,100B in 2008, increasing more than 20% from 2007.
- Quebec export growth has exceeded Canadian and world growth for the past 10 years. A comparison of the changes since 1990 in U.S. dollars shows that Quebec exports multiplied by 4.3 while the Canadian and world markets grew by 3.5. As indicated in the chart, market development efforts since 1997 have had a significant impact.
- In Canada, exports increased by nearly \$5B in 2008 with the result that the \$42.8B in exports brought the Canadian trade surplus to \$12.8B over 2007.
- Quebec also performed well in this area. Quebec exports rose by \$713M from 2007 to 2008, to close to \$4.9B, resulting in a trade surplus of 174 million dollars.

**Quebec share of exports dropped on the U.S. market because of the Canadian currency and the development of other markets . . .**

- . . . While the U.S. remains the most significant agri-food market for Canada (52%) and Quebec (57%), the high Canadian dollar has had a direct impact on this relative market share.
- A review of the past 10 years clearly shows the inverse relationship between the value of the Canadian dollar and the relative importance of the U.S. market for Quebec. While the U.S. market accounted for 74% of all of Quebec's agri-food exports in 2001, they only represented 57% in 2008.
- However, the U.S. is losing ground in relative terms only, as Quebec exports to the United States (in nominal terms) increased by \$334M, from 2007 to \$2.78B in 2008.

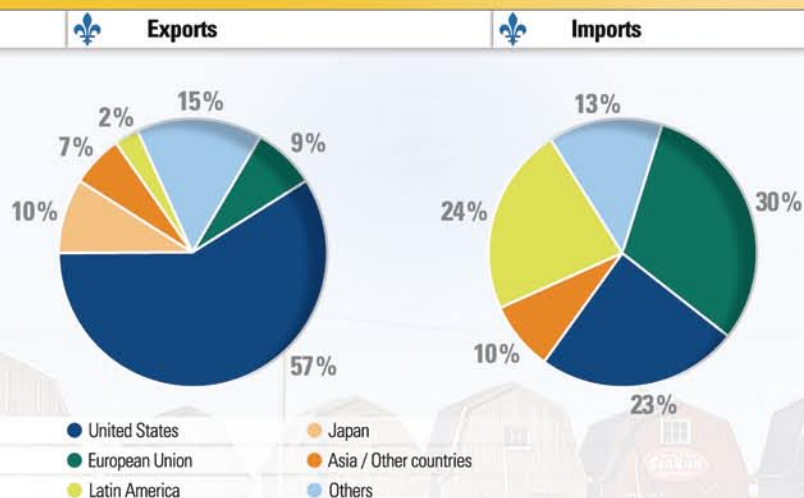


**The United States was still Canada's primary agri-food market and supplier in Canada in 2008**



Source: Agriculture and Agri-Food Canada, Statistics Canada. Seafood is included.

**The U.S. is still the primary destination for agri-food exports from Quebec, but the European Union is still Quebec's largest supplier in 2008**



Source: Agriculture and Agri-Food Canada, Statistics Canada. Seafood is included.

**Higher global prices of certain commodities, including cereals and oilseeds, combined with larger exported amounts in several areas, increased the value of both Canadian and Quebec exports . . .**

- . . . Cereals and oilseeds exports increased by more than 50% in Canada to reach \$14.8B and by 23% in Quebec to reach \$530M. For Canada, we particularly note the \$2.4B increase in wheat exports and a \$1.6B increase for canola.
- In terms of exports, fruits and vegetables and preparations ranked second in Canada, at \$5.0B, up by 17% over 2007 followed by seafood, the pork industry and the beverages industry with \$3.9B, \$3.3B and \$939M, respectively, in 2008.
- Next, we note the importance of Canadian exports in dairy products (\$433M) and maple products (\$234M), up by 12% and 7%, respectively, over 2007.
- Exports in the pork industry rose to \$1.2B, posting a 21% increase. As volume increased in the same proportions, it would appear that the higher prices compensated for the unfavourable exchange rate in the past year.
- Overall, imports increased by 12% and 14% in Canada and in Quebec.



**Strong trade partners for Canada and Quebec . . .**

- . . . Although the U.S. has been an even more important agri-food partner and market for Canada in the past, it remains Canada's primary agri-food partner with 52% of exports destined for the U.S. and 63% of imports coming from there.
- The U.S. is still the primary destination for Quebec exports with 57%. Quebec, however, is different from Canada with regards to its suppliers because the European Union is its main supplier with 30% of Quebec imports coming from the EU, while the U.S. supplies 23%.
- This results in a significant Quebec trade deficit with the European Union, which rose to \$975M in 2008. This represents an opportunity in the trade discussions initiated with the European Union.
- Finally, Quebec has a trade surplus of more than \$1.7B with the U.S., an increase of \$146M from 2007. At the same time, Canada's trade surplus of \$4.8B with the U.S. is up by \$522M compared to 2007.





### For our exporters to watch in 2009–2010 . . .


- Following a strong price increase for certain commodities in the past three years, the worldwide economic slowdown, a drop in the demand for agricultural products, high stock levels given price increases in recent years and the fall in oil prices have explained the drop in prices in 2009. This drop is expected to continue on into 2010.
- According to experts, this drop will be short lived. An increasing demand for human consumption, animal feeding and oil will push up prices for agricultural products. Also, minimum biofuel content levels applied by certain countries will also lead to an increase in prices.
- However, experts expect renewed economic growth in 2010 and prices should return to historically high levels for the rest of the decade.
- Following a predicted growth in 2009, the value of the U.S. dollar should depreciate in real terms for the remainder of the decade against currencies for most of the U.S. trading partners, with the exception of Brazil.

For more information:


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## International Agri-Food Trade (\$M)




Canada - Exports	2004	2005	2006	2007	2008
Cereals and oilseeds	6,707	5,837	7,356	9,783	14,750
Fruits, vegetables and preparations	3,573	3,654	3,798	4,237	4,975
Fish and seafood products	4,450	4,301	4,082	3,862	3,869
Pork industry	3,357	3,586	3,210	3,116	3,263
Beverages	1,256	1,082	1,071	982	939
Dairy industry	311	309	340	386	433
Maple products	154	165	190	218	234
Others	11,590	11,605	11,884	12,778	14,323
<b>Total</b>	<b>31,398</b>	<b>30,540</b>	<b>31,932</b>	<b>35,361</b>	<b>42,786</b>



Canada - Imports	2004	2005	2006	2007	2008
Fruits, vegetables and preparations	5,800	6,137	6,426	6,944	7,534
Beverages	2,540	2,762	3,031	3,639	3,974
Fish and seafood products	2,046	2,063	2,115	2,186	2,222
Cereal preparations	1,596	1,663	1,743	1,857	2,186
Other food preparations	1,230	1,391	1,530	1,615	1,826
Meats and offals	1,057	1,180	1,337	1,608	1,691
Dairy products	978	994	924	1,066	1,090
Others	7,716	6,614	7,056	7,826	9,451
<b>Total</b>	<b>22,964</b>	<b>22,803</b>	<b>24,163</b>	<b>26,741</b>	<b>29,975</b>
<b>Trade Balance</b>	<b>8,434</b>	<b>7,737</b>	<b>7,768</b>	<b>8,620</b>	<b>12,811</b>



Quebec - Exports	2004	2005	2006	2007	2008
Pork industry	1,065	1,071	986	990	1,202
Cereals and oilseeds	180	194	214	432	530
Fruits, vegetables and preparations	338	351	380	406	471
Maple products	143	156	183	208	228
Fish and seafood products	214	196	198	216	225
Beverages	169	180	183	187	213
Dairy industry	112	86	110	104	148
Others	1,618	1,597	1,570	1,612	1,853
<b>Total</b>	<b>3,839</b>	<b>3,831</b>	<b>3,826</b>	<b>4,156</b>	<b>4,869</b>



Quebec - Imports	2004	2005	2006	2007	2008
Fruits, vegetables and preparations	766	802	826	901	975
Beverages	656	726	770	928	983
Dairy products	293	313	320	352	394
Fish and seafood products	233	270	283	286	302
Cereal preparations	126	137	149	162	221
Meats and offals	170	164	121	163	116
Other food preparations	86	81	85	93	105
Others	1,270	1,092	1,269	1,222	1,599
<b>Total</b>	<b>3,599</b>	<b>3,586</b>	<b>3,822</b>	<b>4,107</b>	<b>4,695</b>
<b>Trade Balance</b>	<b>240</b>	<b>245</b>	<b>3</b>	<b>49</b>	<b>174</b>

Source: Agriculture and Agri-Food Canada, Statistics Canada (seafood is included)