



The Strength of the Canada United States Horticultural Supply Chain



The trading relationship between the US and Canada is one of the closest and most extensive in the world. The introduction of free trade agreements between Canada and the US has led to our economies operating more as a shared economy. This increased economic cooperation has resulted in a mutually beneficial expansion in cross-border activity and a larger consumer base for both the Canadian and American agriculture and agri-food industry. In fact, what many Americans may not realize is that Canadians are the largest purchasers of US agricultural exports in the world. With imports over \$14 billion in 2007, Canada is the largest single market for US agri-food products. That translates to the average Canadian consuming roughly \$427 of US agricultural products that year, more than any country that the US supplies.

The benefits of this partnership are particularly apparent in both countries' horticultural industries. With a history of working together on mutual challenges affecting the horticultural industry such as border security and phytosanitary regulations, this relationship allows for horticultural products to move easily across our border.

In the area of food safety, Canada has taken a proactive approach to developing credible food safety programs for the Canadian industry. The national program for the Canadian horticultural sector was developed in the context of internationally recognized standards. The On-Farm Food Safety Program was designed for Canadian producers and packers. The owner of the standard, the Canadian Horticultural Council, has completed a study comparing its requirements with other international programs. Based on the successful results of that initiative, the Council plans to benchmark its program in 2009 to other global standards, including Global-GAP and the Global Food Safety Initiative (GFSI). This will move the Canadian and US supply chains towards improved integration and standardization of food safety requirements. The Council welcomes the opportunity to share its program and collaborate with its counterpart industry groups in the US, in order to establish common food safety requirements and facilitate cross-border trade.

A Crucial Export Market

- A short growing season makes Canada a major purchaser of fresh horticultural products and indeed the US' most important market for these goods. More than 60% of fresh Canadian horticultural imports are supplied by the US each year.
- Canadian demand for fresh, high quality fruits and vegetables has a significant economic impact on the horticulture industry. From California, for example, Canadians imported roughly \$2.7 billion in horticultural products in 2007, playing an important role in supporting the state's 567,000 jobs that are directly or indirectly related to the horticultural industry.
- Canada also imports US produce that cannot be grown due to Canadian climate such as citrus fruit—an industry that employs 90,000 people in Florida alone.

The Dramatic Growth of Bilateral Trade

- Since the North American Free Trade Agreement (NAFTA) was implemented in 1994, the growth of horticultural trade between Canada and the US has been explosive. In 2007, it reached a total value of \$5.7 billion — the US exported approximately \$3.4 billion in horticultural products to Canada, while \$2.3 billion worth of Canadian horticultural products were exported to the US market.
- In many cases—as with fresh produce such as tomatoes, bell peppers, apples and berries—cross-border trade in both directions has increased simultaneously. Trade is complementary and allows US and Canadian horticultural sectors to focus production on areas of competitive advantage. For example, due to the colder Canadian weather, Canada specializes in greenhouse tomatoes and peppers whereas the US specializes in field tomatoes and peppers.

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All figures are in US dollars. Canadian export figures to the US do not include re-export values

Data source: Statistics Canada, May 2008

Additional source: USDA, The Canadian Horticultural Council





Trade Benefits Producers and Consumers in Both Countries

- Increased trade flows help producers sell goods to a large North American consumer base. It also provides the consumer with a year-round extensive range of products from which to choose.
- For example, market integration has allowed U.S. and Canadian producers of greenhouse campari tomatoes to significantly reduce their costs by pooling their resources to market the product. Similarly, potato farmers of both countries are working together to address the excess potato supply in the North American market to ensure that potato growers on both sides of the border obtain a fair price for their product.

Total Canada and United States Horticultural Trade

