

Quality
is in our **nature**




Agri-Food Trade
at a glance
June 2010



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Canada



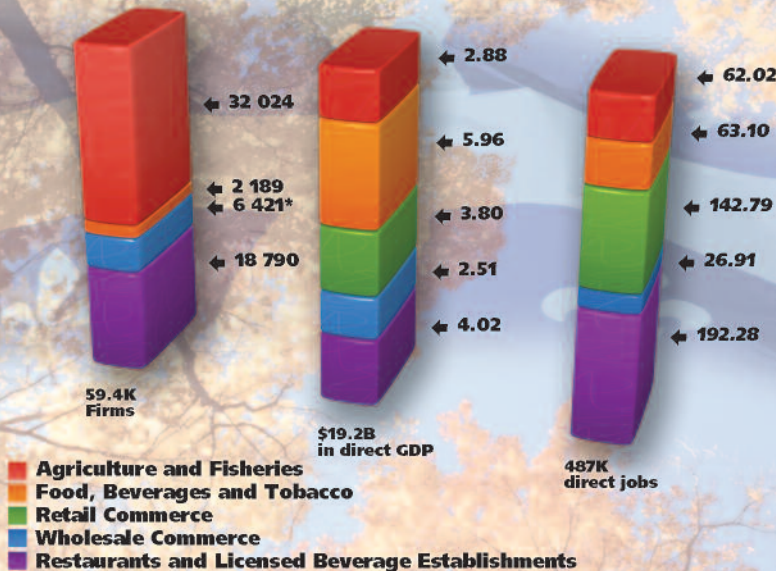
Agri-food industry: important contributor to Quebec economy . . .

- The bio-food industry plays an important role in the economies of Canada and Quebec. In 2008, the industry's GDP was \$91.2B in Canada, \$19.2B (or 21%) of which was in Quebec. The direct GDP of the bio-food industry accounts for 7% of the Canadian economy's GDP and 8% of the Quebec economy's GDP.
- The bio-food industry includes agriculture, fisheries, manufacturing of food, beverages and tobacco, food distribution (retail and wholesale) as well as restaurants and licensed beverage establishments.
- In 2008, the bio-food industry had over 59,000 enterprises and generated 487,000 jobs in Quebec, including 63,000 jobs in the production of food, beverages and tobacco; 62,000 jobs in the agriculture and fisheries sector; 192,000 in the restaurant sector; 27,000 with food wholesalers; and 143,000 in food stores.
- With an 11% increase over 2007, the Quebec agricultural sector generated market receipts of \$6.4B in 2008. Total cash receipts (including market receipts and program payments) were \$7.5B, an increase of 9% over 2007.
- Quebec production sector market receipts are shared as follows (2008): milk (30%), pork (15%), grains and oilseed crops (14%), aviculture (11%), fruits and vegetables (10%), cattle and calves (9%), ornamental horticulture (4%), maple syrup production (3%) and other crops and livestock (4%).

Quebec agri-food products are the main source for the Quebec market . . .

- The Quebec agri-food market was valued at \$31.3B in 2008, \$15.4B of which was in food purchases (fresh and processed products). The domestic food market grew by \$1.2B over 2007, an increase of nearly 8%. This runs counter to the commonly held view that the domestic agri-food market is stagnant.
- The sale of agri-food products produced and consumed in Quebec (fresh and processed) was \$8.4B in 2008. More than 50% of food purchased in Quebec comes from Quebec producers and processors. The rest of the products consumed in Quebec come from imports (22%) and inter-provincial trade (24%).
- Quebec is set apart from the rest of Canada in terms of its offer of value added agri-food products. Quebec's agri-food processing sector generated 25% of Canada's agri-food processing industry's GDP in 2008.
- The value of agri-food processing sector deliveries was more than \$21B (2008). Meat and dairy products are the two main agri-food manufacturing sectors. These sectors generate 19% and 22% of deliveries respectively.

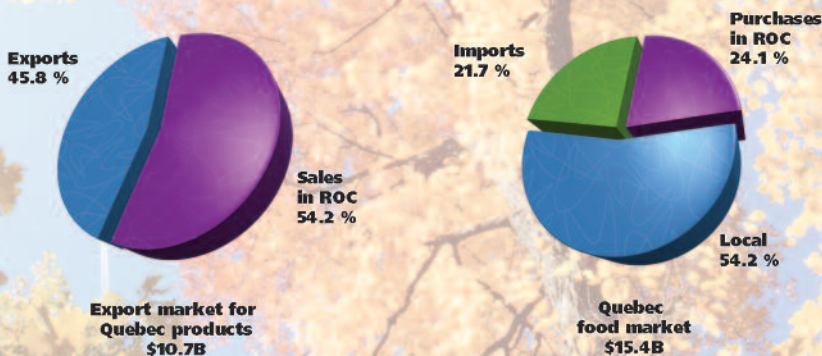
**A significant motor in our economy:
Quebec bio-foods generate 487,000 jobs and close to
\$20G in GDP in the economy (2008)**



* Joined together wholesale and retail commerce.

Source: MAPAQ

**Quebec agri-food products represent the main
source of supply for Quebec markets.
Export markets play a primary role in the growth
of Quebec's agri-food industry.**



Sources: Agriculture and Agri-Food Canada and MAPAQ.

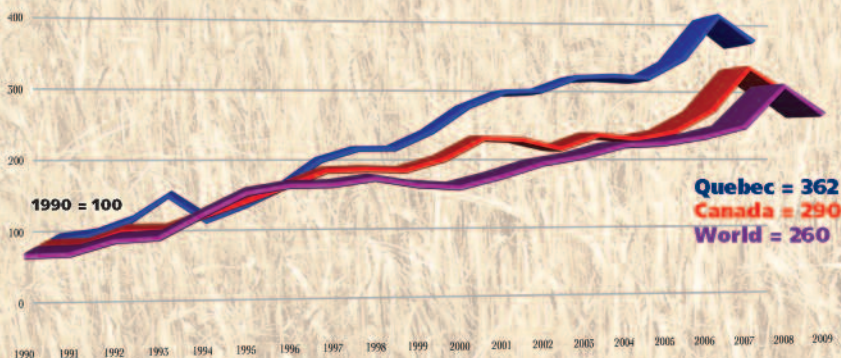
*Approximately \$8.4B and \$10.7B in Quebec products are sold in Quebec and out of the province respectively. Thus, the proportion of sales outside Quebec (\$10.7B) is equal to 56% of the total sales in export and domestic markets (\$8.4B + \$10.7B).

**There are other interprovincial sales and imports of intermediate products; ROC = Rest of Canada.





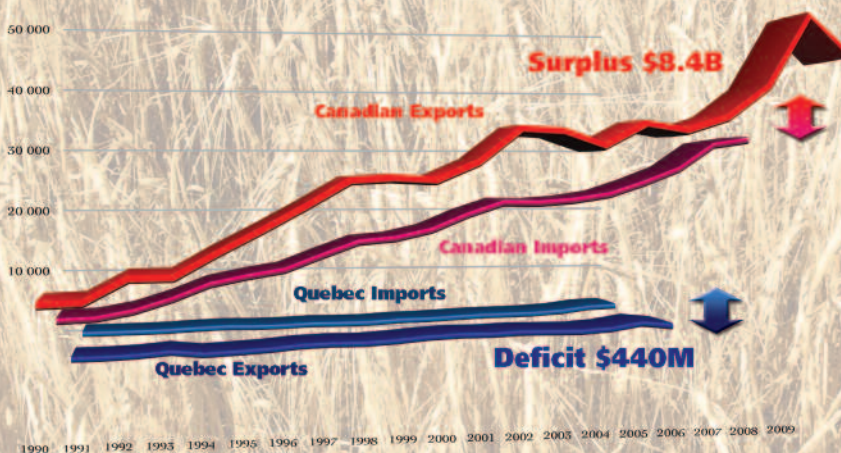
Since 1997, Quebec's rate of growth in world agri-food trade has surpassed that of Canada and the world:



Note: Growth data is based on agri-food exports in Canadian currency, for Quebec, Canada and the world and indexed at 1990=100.

Sources: Agriculture and Agri-Food Canada; Statistics Canada; World Trade Organization, SITC food products database, sections 0, 1, 4, and division 22.

Despite the drop in exports, Canada's trade surplus has been maintained and, in Canada as well as Quebec, imports have continued to increase.



Source: Agriculture and Agri-Food Canada and Statistics Canada.

* Estimates for 2009: a \$8.6 billions trade surplus in Canada and a deficit of \$409 millions in Quebec





Export markets play an essential role in the growth of Quebec's agri-food industry . . .

- The export agri-food market, including exports and inter-provincial trade, represented \$10.7B in 2008. Inter-provincial trade alone generated sales of \$5.8B. Quebec exports totalled \$4.9B in 2008 but dropped to \$4.4B in 2009.
- As in 2007, more than half of Quebec's agri-food business sales (56%) were outside Quebec in 2008. Export markets therefore play an essential role in the growth of most Quebec's agri-food industries.

Despite the economic slowdown, Quebec continues to distinguish itself in agri-food trade . . .

- Although agri-food exports have dropped globally, export drops in Quebec (9%) and Canada (9%) were less than the decreases in worldwide exports (11%).
- Over the last ten years, the growth in Quebec exports has exceeded that of Canada and the world. Since 1990, Quebec exports have nearly quadrupled whereas Canadian and international trade have approximately tripled.

Whereas Canadian and Quebec exports dropped in 2009, imports have continued to grow globally . . .

- In Canada, exports have dropped by nearly \$4B whereas imports have increased by \$638M, thereby reducing Canada's trade surplus by \$4.6B over 2008.
- Quebec exports dropped by \$429M over 2008, totalling \$4.4B in 2009 whereas, compared to 2008, imports increased by \$198M, reaching \$4.9B in 2009, thereby creating a deficit of \$440M.



The relative US market share for Quebec exports is very sensitive to fluctuations in the Canadian currency . . .

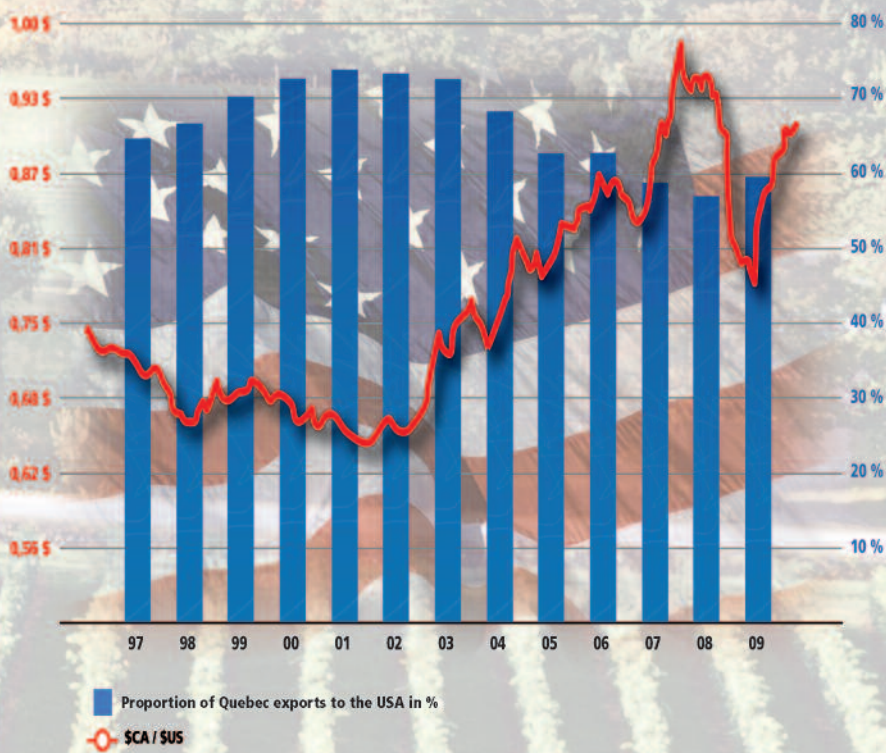
- Although it remains the largest agri-food market for Canada (51%) and Quebec (60%), the increase in the Canadian currency has had a direct impact on the relative share of this market.
- An examination of the last 10 years clearly reveals an inverse relationship between the value of the Canadian dollar and the relative importance of the US market to Quebec. In fact, this particular relationship continued despite the recent economic crisis.
- Whereas the US market accounted for 74% of all Quebec agri-food exports in 2001, its relative share gradually dropped until 2008, coming in at 57%. The share of Quebec exports destined for the US increased to 60% in 2009.

The economic slowdown, combined with a drop in demand and prices on some foodstuffs, caused a significant decrease in the export of several foodstuffs both for Canada and Quebec . . .

- In 2009, most agricultural sectors suffered a significant decrease in exports, slowing down agricultural and agri-food trade in Canada and Quebec.
- In Quebec, compared to 2008, the export products most affected were in order of importance: beverages, with a 45% decrease totalling \$116M; dairy products with a 31% drop to \$102M; and the pork industry, which suffered a 13% drop, totalling \$1B.
- It should be noted, however, that Quebec exports of maple products and seafood increased by 7% and 4% respectively, totalling \$243M and \$234M.
- In Canada, the most affected exports were dairy products, dropping by 24% for a total of \$330M; grains and oilseed crops (including soy and corn) dropping by 15% for a total of \$12.3B; beverages dipping 10% for a total of \$845M; and lastly pork, dropping by 9.3% for a total of \$2.9B.
- However, exports of maple products and of fruits and vegetables grew by 14% and 4% respectively.
- Overall, imports increased slightly, with a 2% increase in Canada and a 4% increase in Quebec. More specifically for Quebec, fish and seafood as well as meat and meat offal increased the most, by 14% and 11% respectively. In Canada, imports of grain-based preparations in particular, increased significantly (11%).
- It should be noted that dairy product exports and imports, both in Canada and Quebec, dropped by similar proportions (24% for Canada and 31% for Quebec).



The proportion of Quebec exports to the American market is very sensitive to variations in the Canadian currency



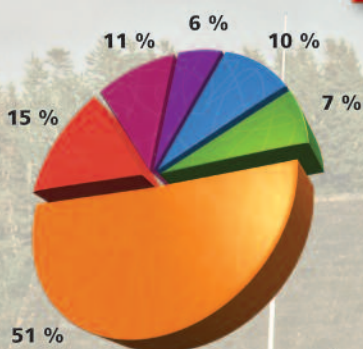
Source: Agriculture and Agri-Food Canada, Bank of Canada and Statistics Canada.



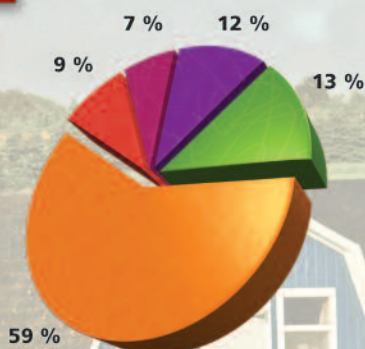


The US: in 2008, still Canada's main agri-food supplier and market.

Exports

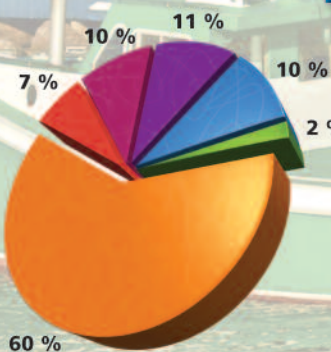


Imports

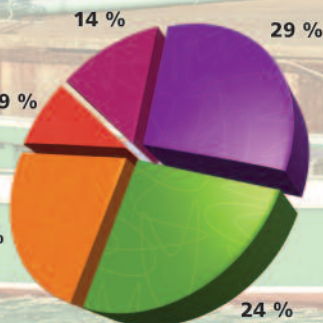


The US also represents the main destination for Quebec agri-food exports but the European Union is the most significant supplier.

Exports



Imports



European Union 27
Japan
Latin America

United States
Asia / other countries
Other

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



Strong trade partners for Canada and Quebec. . .

- As is the case for Canada, the US is still Quebec's main agri-food partner, with 60% of its exports going to the US but, unlike Canada, the European Union is Quebec's largest supplier, with 29% of imports.
- This has resulted in a significant trade deficit for Quebec with the European Union: the deficit dropped in 2009 to \$945M, a decrease of \$28M over the previous year.
- Despite the economic slowdown, Quebec still has a trade surplus of \$1.4B with the US. However, the surplus did drop by \$250M compared to 2008. Canada has also seen its trade surplus with the US decrease, i.e. \$2.1B in 2009, \$281M less than in 2008.

To watch for our exporters in 2010 and 2011 . . .

- Increases in energy prices will continue to apply upward pressure on the Canadian dollar and will potentially cause an increase in interest rates.
- Given the inverse relationship between the value of the Canadian dollar and the relative share of the US market for Quebec's exports, the expected increase in the value of the Canadian dollar will likely cause a decrease in the relative share of the US market for Quebec.
- Based on studies conducted by the Organization for economic co-operation and development (OECD) and the Food and Agriculture Organization of the United Nations (FAO), experts expect that, until 2018, average prices for agricultural commodities will continue to reach levels above those observed over the last few years.
- This anticipated increase in international prices could compensate for increases in the Canadian currency.
- In terms of trade policies, despite delays in negotiations at the World Trade Organization, the potential agreement between the European Union and Canada seems promising, for the agri-food industry.

For more information:

Agriculture and Agri-Food Canada

Departmental Regional Office (Quebec)
2001, University, 6th Floor
Montreal, QC H3A 3N2

514.283.8888

International Agri-Food Trade (\$M)

Canada	2005	2006	2007	2008	2009
Exports	30 540	31 932	35 361	42 811	38 796
Imports	22 803	24 175	26 745	29 709	30 347
Trade balance	7 737	7 757	8 616	13 102	8 449

Québec	2005	2006	2007	2008	2009
Exports	3 831	3 826	4 155	4 873	4 444
Imports	3 586	3 840	4 106	4 686	4 884
Trade balance	245	-14	48	187	-440

EXPORTS

Canada	2005	2006	2007	2008	2009
Cereals and oilseeds	5 837	7 357	9 800	14 653	12 384
Fruits, vegetables and preparations	3 654	3 798	4 237	4 975	5 179
Fish and seafood products	4 301	4 082	3 870	3 876	3 627
Pork industry	3 586	3 210	3 116	3 263	2 957
Beverages	1 082	1 071	982	940	845
Dairy products	309	340	386	433	330
Maple products	165	190	218	234	267
Others	11 605	11 883	12 753	14 438	13 207
Total	30 540	31 932	35 361	42 811	38 796

Québec	2005	2006	2007	2008	2009
Pork industry	1 071	986	990	1 202	1 041
Cereals and oilseeds	194	214	432	536	474
Fruits, vegetables and preparations	351	380	405	470	426
Maple products	156	183	208	228	243
Fish and seafood products	196	198	216	225	234
Beverages	180	183	187	212	116
Dairy products	86	110	104	148	102
Others	1 597	1 570	1 612	1 853	1 807
Total	3 831	3 826	4 155	4 873	4 444

IMPORTS

Canada	2005	2006	2007	2008	2009
Fruits, vegetables and preparations	6 137	6 444	6 943	7 525	7 866
Beverages	2 762	3 032	3 648	3 985	3 908
Fish and seafood products	2 063	2 115	2 185	2 219	2 347
Cereal preparations	1 663	1 743	1 857	2 186	2 425
Other food preparations	1 391	1 530	1 615	1 826	1 937
Meats and offals	1 180	1 336	1 608	1 691	1 748
Dairy products	994	924	1 066	1 143	865
Others	6 614	7 050	7 822	9 134	9 250
Total	22 803	24 175	26 745	29 709	30 347

Québec	2005	2006	2007	2008	2009
Fruits, vegetables and preparations	802	844	901	975	964
Beverages	726	770	928	983	1 069
Dairy products	313	320	352	425	295
Fish and seafood products	270	283	286	301	343
Cereal preparation	137	149	162	221	231
Meats and offals	164	121	163	116	129
Other food preparations	81	85	93	105	103
Others	1 092	1 269	1 221	1 560	1 749
Total	3 586	3 840	4 106	4 686	4 884

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

