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Canada

A Snapshot of the Canadian Fruit Industry, 2009

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Overview of the Fruit Sector in Canada

A wide range of fruits are grown commercially in Canada, including apples, tender fruits (peaches, nectarines, pears, plums, prunes and cherries), grapes, blueberries, cranberries, strawberries and raspberries. A number of these fruits are native to Canada such as cranberries, blueberries, blackberries, saskatoons and the labrusca grape. Canada's fruit industry has adapted well to our cold climate and short growing seasons, with Southern Ontario and Southwest British Columbia, which enjoy about 180 frost-free days every year, producing much of the fruit grown in the country, while regions of Quebec and the Maritimes also have significant fruit production, despite having only about 120 frost-free days per year.

Table 1 – Fruit Farm Cash Receipts by Province [1]

Province	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	09/08
	Value ($ Million)										
Newfoundland and Labrador	0.9	0.9	1.1	0.8	0.9	0.7	0.9	1.3	1.3	0.8	-38%
Prince Edward Island	4.9	3.5	3.1	4.5	5.9	6.3	7.6	10.3	9.1	5.8	-36%
Nova Scotia	45.9	30.4	34.7	46.8	45.1	52.8	60.7	47.6	47.0	35.5	-24%
New Brunswick	14.8	12.3	13.0	19.6	21.1	27.5	34.4	29.1	30.0	17.0	-43%
Quebec	95.5	100.2	89.4	97.3	112.3	120.0	179.7	136.1	182.0	156.0	-14%
Ontario	217.7	223.7	194.3	169.3	193.2	162.0	205.5	235.0	233.0	220.0	-6%
Manitoba	2.2	2.9	2.3	1.6	1.6	1.3	1.9	1.8	1.5	1.8	20%
Saskatchewan	1.7	1.7	2.2	1.5	1.3	1.6	1.5	1.3	1.3	1.5	15%
Alberta	2.5	2.5	2.7	2.1	2.5	1.8	1.8	1.8	2.1	2.5	19%
British Columbia	160.6	154.0	166.7	198.7	230.1	223.0	230.0	252.3	240.0	246.0	3%
Canada	547.0	532.0	509.5	542.4	614.1	597.1	724.0	716.5	747.3	686.9	-8%

Source: *Statistics Canada (Publication no. 21-011-X),*

In 2009, the Canadian fruit sector represented $687 million in farm cash receipts (excluding receipts from risk management and disaster programs), with $262 million coming from tree fruits and $424 million coming from small fruits. With $246 million in fruit farm cash receipts (FCR), British Columbia ranks as the number one fruit producing province, followed by Ontario ($220 million), Quebec ($156 million), Nova Scotia ($36 million), New Brunswick ($17 million) and Prince Edward Island ($6 million).

Table 2- Fruit Farm Cash Receipts by Sector [2]

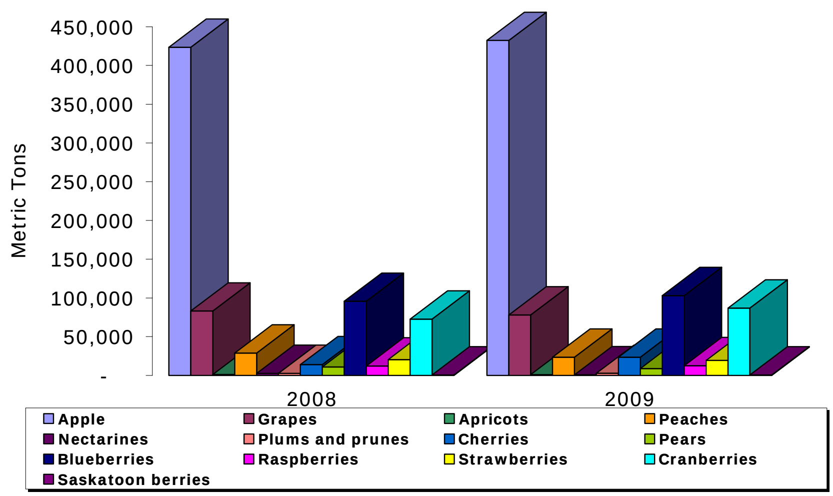
Crop	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	09/08
	Value ($ Million)										
Apples	192.6	181.2	153.1	146.3	148.4	147.2	148.6	166.2	177.2	174.8	-1%
Other tree fruits	67.9	76.8	74.3	86.4	81.2	79.0	92.9	86.6	81.6	87.4	7%
Blueberries	NA	84.2	86.3	116.6	151.3	168.9	224.9	198.4	163.3	112.0	-31%
Grapes	NA	74.7	77.1	55.8	82.4	54.7	94.1	107.5	119.5	115.5	-3%
Strawberries	53.6	55.9	52.4	53.5	56.9	58.7	60.8	60.6	61.3	68.0	11%
Other small fruits	NA	59.2	66.4	83.8	93.9	88.7	102.8	97.3	144.4	128.9	-11%
Total	547.0	532.0	509.5	542.4	614.1	597.1	724.0	716.5	747.3	686.6	-8%

Source*: Statistics Canada (Publication no. 21-011-X),*

[1, 2] *Exclude nuts and melons*

Apples are the number one fruit both in terms of production volume and value, representing 25% of total fruit FCR, followed by grapes and blueberries. Due to a rapid expansion of the blueberry industry in the last ten years, blueberries had taken the top spot in 2004 and continued to be the fruit generating the highest FCR up to 2007. The significant increases in blueberry production area that have occurred not only in North America (for both high bush and low bush blueberries) but also in South America (high-bush blueberries) have put considerable pressure on prices which have fallen sharply since 2007. As a result, blueberry FCR have fallen by more than 50% since 2006, putting an end to the continuous upward trend that the sector had been enjoying. Grapes are the third most important fruit crop in terms of value, followed by cranberries, strawberries and raspberries. British Columbia grows the most high-bush blueberries, sweet cherries and raspberries, while Ontario is the largest producer of apples, grapes and tender fruits and Quebec has the highest production of low-bush blueberries, cranberries and strawberries.

Figure 1. 2008 and 2009 Canadian Total Fruit Production



In 2009 fruit crops accounted for 297,000 acres in planted acreage (an increase of 2.4% from 2008). Approximately 55% of the total acreage was devoted to blueberry production, followed by apples at 17%, grapes at 10%, cranberries at 4.5% and strawberries at 3.7%.

Total fruit production in 2009 reached 793,000 metric tonnes, representing a 3% increase from the previous year. The leading fruit crops, in terms of production volume were **apples** (432,306 MT or 55% of total), **blueberries** (103,110 MT or 13% of total), **cranberries** (86,779 MT or 11% of total), **grapes** (77,941 MT, or 10% of total), **peaches** (23,428 MT, or 3% of total), **strawberries** (19,294 MT, 2.4%), **cherries** (23,446 MT or 3%) and **raspberries** (12,620 MT, 1.6% of total).[3]

Canada is the second largest producer of blueberries and cranberries after the United States and the world's largest producer of low-bush blueberries. Planted acreage for both blueberries and cranberries has increased considerably in the last 5 years due to increased demand for these fruits as a result of strong marketing campaigns and a body of scientific evidence revealing their health benefits which have contributed to growing consumer awareness and interest.

The success of Canadian wineries in the last few years has contributed to building Canada's reputation for producing some internationally recognized wines and has led to an increase in acreage devoted to grape production, which has increased by 33% in the last 5 years. In contrast to the blueberry, cranberry and grape sectors, areas devoted to apple and tender fruit production have both declined with the only exception being cherries, particularly sweet cherries which have benefited from the introduction of new cherry varieties that mature later, produce larger fruit and command higher prices in the market. The sweet cherry breeding program at Agriculture and Agri-Food Canada's research station in Summerland, which is one of the oldest sweet cherry breeding programs in the world and started in 1936, has been instrumental in the success of the BC sweet cherry industry through the ongoing introduction of new varieties with the development of large, firm sweet cherry varieties covering a range of maturities. Late maturing cherry varieties have played a very important role in keeping the BC cherry industry competitive in the American and Japanese markets.

[3] Statistics Canada. Agriculture and Agri-Food Canada Fall Survey (2009).

Table 3- Consumption of Fresh Fruits in Canada [4]

	1981	1986	1991	1996	2001	2005	2006	2007	2008	2009
	kilograms per person									
Apples	8.26	6.93	7.66	7.74	7.39	7.09	7.34	7.06	7.23	7.82
Apricots	0.05	0.07	0.07	0.08	0.11	0.1	0.07	0.11	0.11	0.09
Avocados	0.15	0.12	0.11	0.18	0.2	0.28	0.34	0.36	0.38	0.43
Bananas	4.8	5.27	5.8	6.31	5.98	6.38	6.43	6.55	6.55	6.53
Berries other	0.01	0.04	0.05	0.06	0.15	0.18	0.26	0.36	0.47	0.5
Blueberries	0.2	0.15	0.25	0.16	0.26	0.53	0.51	0.64	0.79	0.78
Cherries	0.25	0.19	0.2	0.18	0.3	0.35	0.44	0.52	0.51	0.68
Other citrus	na	na	0.02	0.01	0.02	0.06	0.05	0.03	0.02	0.02
Coconut	0.19	0.2	0.26	0.2	0.23	0.25	0.26	0.25	0.24	0.21
Cranberries	0.28	0.3	0.43	0.33	0.26	0.48	0.63	0.55	0.71	0.9
Dates	0.94	0.72	0.79	0.57	0.4	0.81	0.95	0.99	0.81	0.75
Figs	0.26	0.25	0.26	0.23	0.26	0.33	0.34	0.26	0.25	0.29
Grapefruits	1.11	1.02	0.97	0.83	0.59	0.48	0.5	0.57	0.53	0.48
Grapes	3.28	3.76	3.71	2.84	2.87	3.53	3.31	3.47	3.57	3.38
Guavas, mangoes	na	na	0.22	0.33	0.46	0.52	0.58	0.64	0.57	0.55
Kiwis	na	na	0.23	0.35	0.28	0.32	0.33	0.36	0.36	0.36
Lemons	0.31	0.36	0.33	0.35	0.43	0.45	0.46	0.44	0.43	0.43
Limes	0.06	0.08	0.11	0.13	0.21	0.25	0.27	0.3	0.31	0.29
Mandarins	na	na	1.06	1.28	1.27	1.57	1.62	1.75	1.74	1.75
Muskmelons, cantaloups	0.43	0.65	0.51	0.82	0.93	1.12	1.09	1.13	1.05	1.07
Other melons	0.06	0.06	0.05	0.12	0.1	0.15	0.19	0.16	0.19	0.14
Melons total	1.57	2.06	1.44	2.78	3.09	3.83	4	4.01	3.78	3.78
Nectarines	0.37	0.42	0.44	0.44	0.49	0.45	0.38	0.41	0.46	0.36
Oranges	6.06	5.48	3.8	4.75	4.47	5.1	4.9	4.43	4.88	4.58
Papayas	na	na	0.04	0.06	0.08	0.16	0.16	0.19	0.17	0.17
Peaches	0.81	0.73	0.75	0.67	0.59	0.54	0.57	0.67	0.62	0.51
Pears	1.24	1.25	1.34	1.4	1.59	1.44	1.57	1.61	1.44	1.42
Pineapples	0.16	0.18	0.21	0.21	0.55	0.9	1.11	1.08	1.08	0.98
Plums	0.79	0.71	0.7	0.64	0.64	0.6	0.53	0.54	0.55	0.49
Quinces	na	na	0	0	0	0	0	0	0	0
Strawberries	0.96	1.1	1.3	1.34	1.33	1.8	1.97	2.02	2.02	2.18
Unspecified fresh fruits	0.22	0.54	0.23	0.28	0.36	0.27	0.29	0.36	0.32	0.38
Watermelons	0.88	1.03	0.56	1.39	1.31	1.93	2.07	2.1	2.01	2.03
Wintermelons	0.21	0.32	0.33	0.45	0.75	0.63	0.64	0.63	0.54	0.54
Total fresh fruits	**32.33**	**31.92**	**31.73**	**33.49**	**33.6**	**37.49**	**38.54**	**38.77**	**39.15**	**39.34**

Source: Statistics Canada (Publication 21-020-XIE)

[4] Experimental, use with caution. The data have been adjusted for retail, household, cooking and plate loss

Total fresh fruit intake, including citrus, reached a record 39.3 kg per person, up slightly from 2008. Total fresh apples available for consumption increased by 8.2% from 2008, as did strawberries (+7.9%), avocados (+13.2%), cranberries (+26.8%) and cherries (+33.3%).

Declines occurred for fresh grapes (-5.3%), peaches (-17.7%) and nectarines (-21.7%). Intake of blueberries, which had been steadily climbing during the past 10 years, fell 1.3% in 2009. Other berries, including raspberries, saskatoons, loganberries, mulberries, blackberries, currants and gooseberries, rose by 6.4%.

Canadian Fruit Exports and Imports [5]

The Canadian trade deficit in fresh and processed fruits reached $5.8 billion in 2009, following a decade of steady increase in both exports and imports (Table 4). Our trade deficit in fresh and processed fruits, which is primarily due to our short growing seasons and the fact that we do not grow many of the tropical fruits and nuts consumed in Canada, has been widening over the last ten years as a result of a faster growth of our imports compared to our exports.

In 1990, the fruit trade deficit (exports less imports) was only $1.9 billion. After the adoption of the North American Free trade Agreement (NAFTA) in mid-1990s, additional market access was created in both Canadian imports and exports. Between 1990 and 2000, fruit exports grew by 221% (or $327 million), while imports grew by 66%. From 2000 to 2009, the gap between imports and exports widened, rising from over $3 billion to almost $6 billion, with imports increasing significantly from $3.5 billion to $6.5 billion (an increase of 86%), while exports grew from $475 million to $737 million (or an increase of 55%).

In 2009, Canada's main fruit exports were blueberries (75,762 metric tons of fresh and frozen blueberries worth over $236 million), cranberries (41,485 metric tons of cranberries worth almost $67 million) and apples (25,509 metric tons worth over $24 million), while our main fruit imports were grapes, bananas, strawberries and citrus fruit.

Table 4 - Canadian Fruit Trade Highlights, 1990-2009

($ millions)									
Fruit Category	**1990**	**1999**	**2000**	**2005**	**2006**	**2007**	**2008**	**2009**	**% change 1990- 2009**
Imports									
Fresh, Dried, Frozen	1,386.4	2,089.8	2,129.8	2,806.0	2,921.4	3,161.5	3,454.1	3,594.5	159%
Processed	731.6	1,371.2	1,379.9	2,231.1	2,511.8	2,719.4	2,937.9	2,942.6	302%
Total	2,117.9	3,461.0	3,509.7	5,037.1	5,433.2	5,880.8	6,392.0	6,537.1	209%
Exports									
Fresh, Dried, Frozen	119.7	253.4	269.6	400.5	473.9	476.2	479.8	406.9	240%
Processed	28.3	162.7	205.8	275.2	262.9	296.0	336.1	329.9	1066%
Total	148.0	416.0	475.4	675.7	736.9	772.2	815.9	736.7	398%
Net Trade (exports less imports)									
Fresh, Dried, Frozen	(1,266.7)	(1,836.4)	(1,860.2)	(2,405.5)	(2,447.5)	(2,685.3)	(2,974.3)	(3,187.7)	-
Processed	(703.3)	(1,208.5)	(1,174.1)	(1,955.9)	(2,248.8)	(2,423.3)	(2,601.8)	(2,612.7)	-
Total	(1,970.0)	(3,045.0)	(3,034.3)	(4,361.4)	(4,696.3)	(5,108.6)	(5,576.1)	(5,800.4)	-

Source: Statistics Canada (CATS Net, April 26, 2011)

[5] Export and import data includes nuts.

Exports

In 2009, Canadian fruit exports reached over 100 countries. Figure (2) shows the ten top fruit export destinations and their percentage share of our fruit exports based on value. The US is the number one export destination absorbing 75% of Canada's fruit exports, followed by Germany (4%), Japan (3%), Netherlands (3%), the United Kingdom (2%), China and Taiwan (each absorbing 2% of our exports), France, Saudi Arabia and Hong Kong (each 1%).

Table 5 - Canada's top 10 Fruit Export Destinations [6]

	1990	2009	Leading product exports
	($ millions)		
United States	87.5	555.1	Cranberries, Blueberries (frozen, fresh), Jams, fruit jellies, Peanut butter, Apples.
Germany	17.1	31.6	Blueberries (frozen, fresh).
Japan	4.9	22.8	Blueberries (frozen, fresh), Fruits and edible nuts.
Netherlands	7.0	19.6	Blueberries (frozen), Cherries (fresh), Fruits and edible nuts, Dried Fruits.
United Kingdom	10.5	17.8	Blueberries (frozen), Apples, Cherries, Fruits and edible nuts, Grape Juice.
China	0.0	14.3	Blueberries (frozen), Fruits and edible nuts, Ice wine, Grape wine, Grape juice.
Taiwan	1.3	11.8	Cherries (fresh), Fruits and edible nuts, Peanut butter, Ice wine.
France	4.1	10.1	Blueberries (frozen), Cranberries (fresh), Cherries (fresh), Fruits and edible nuts, Fruit juice.
Saudi Arabia	0.6	7.7	Peanut butter, Orange juice.
Hong Kong	2.1	6.2	Cherries (fresh), Peanut butter, Ice wine, Orange juice, Apples.

Source: Statistics Canada (CATS Net, April 26, 2011)

After the adoption of NAFTA in 1994, Canada's exports of fruits to the United States and Mexico have significantly increased. The value of Canadian fruits to the US has increased from $184 million in 1994 to $555 million in 2009. Similarly fruit exports to Mexico have also increased from $836,927 in 1994 to over $1 million in 2009.

[6] Includes fresh, dried, frozen and processed

Imports

Table 6 breaks down Canada's fruit imports from the top ten supplying countries. In descending order (by the share of total import value in 2009), these were the United States (44 %), Chile (7%), France (7%), Italy (6%), Mexico (5%), Australia (4%), China (3%), Costa Rica, Argentina and Ecuador (each 2%).

Table 6 – Top 10 Suppliers of Canada's Fruit Imports [7]

	1990	2009	Leading product Imports
	($ millions)		
United States	1,038.7	2,743.7	Strawberries (fresh), Orange Juice, Grapes, Orange (fresh), Cherries, Almonds, Grape wine (red).
Chile	114.8	452.7	Grapes, Grape Wine (red), Blueberries (fresh), Raspberries (frozen), Grapes (organic), Apples (gala), Grape wine (white).
France	225.9	452.0	Grape Wine (red, white), Sparkling wine, Spirits.
Italy	62.5	376.6	Grape Wine (red, white), Sparkling wine, Kiwi.
Mexico	49.9	327.6	Avocados, Grapes, Raspberries and loganberries, Guavas, mangoes and mangosteens, Watermelon, Tequila, Strawberries, Limes.
Australia	54.3	268.0	Grape Wine (red, white).
China	17.9	198.8	Mandarins, clementines, Apple juice, Peaches, Pears, Nuts edible (shelled), Oranges, Citrus fruits.
Costa Rica	32.4	161.5	Pineapples, Bananas, Cantaloupes and muskmelons.
Argentina	25.9	156.6	Grape Wine (red), Pears, Grape Wine (white), Blueberries, Grape juice, Lemon juice.
Ecuador	110.9	155.2	Bananas (including plantain), Bananas (organic), Passion fruit juice, Guavas, mangoes and mangosteens.

Source: Statistics Canada (CATS Net, April 26, 2011)

After the adoption of NAFTA in 1994, the value of Canadian fruits imports from United States and Mexico have increased significantly. In terms of value, Canadian imports of fruits from the United States had increased by 118% (from $1,259 million in 1994 to almost $2,744 million in 2009), while Canadian imports from Mexico have also increased significantly by 358% (from $71.5 million to $327.6 million) in the same period.

Since the Canada-Chile FTA entered into force in 1997, imports of Chilean fruits have shown continued growth. In terms of value, import increased by 140% from 1997 to 2009 (from $188.6 million to $452.7 million).

[7] Includes fresh, dried, frozen and processed

Industry Challenges and Opportunities

The Canadian fruit industry, like many other sectors within the horticultural sector is faced with an increasingly competitive environment where it must continue to change and adapt in order to be sustainable. Over 80% of fruit consumption in Canada is in the fresh form. Although overall consumption of fresh and processed fruit has increased by 24% since 1991, an increasing share of the consumption is being supplied by imports. Major challenges facing the sector include increasing competition from low-cost producing countries, appreciation of the Canadian dollar, increasing production costs and greater retailer consolidation and expectations.

Many factors are shaping the current competitive market and trade conditions globally which impact Canadian agricultural trade. Some of those factors are listed below:

1. Canadian consumers are expecting year round availability for many fruits and demanding an ever increasing variety of high quality fruit at very reasonable prices which provides opportunities for counter-seasonal supplies Health conscious consumers are also increasing demand for organic fruits.

2. A relatively open domestic import regime and lower average import tariffs in Canada, with products from most leading suppliers entering Canada duty free or at preferential duty rates.

3. Increased competition from low cost producing countries

4. Non-tariff trade barriers such as imports inspection requirements for some countries, technical product standards and sanitary and phytosanitary requirements.

5. Higher global average import tariff for fruit and vegetables (in some countries tariff on imported fruit is 50% of the total import value).

6. Impact of volatility of the Canadian dollar on traded commodities.

7. Higher input costs such as fertilizer, labour and fuel.

8. Agricultural and other policies implemented by other countries.

Figure 2: Canada's Top 10 Fruit Export Destinations

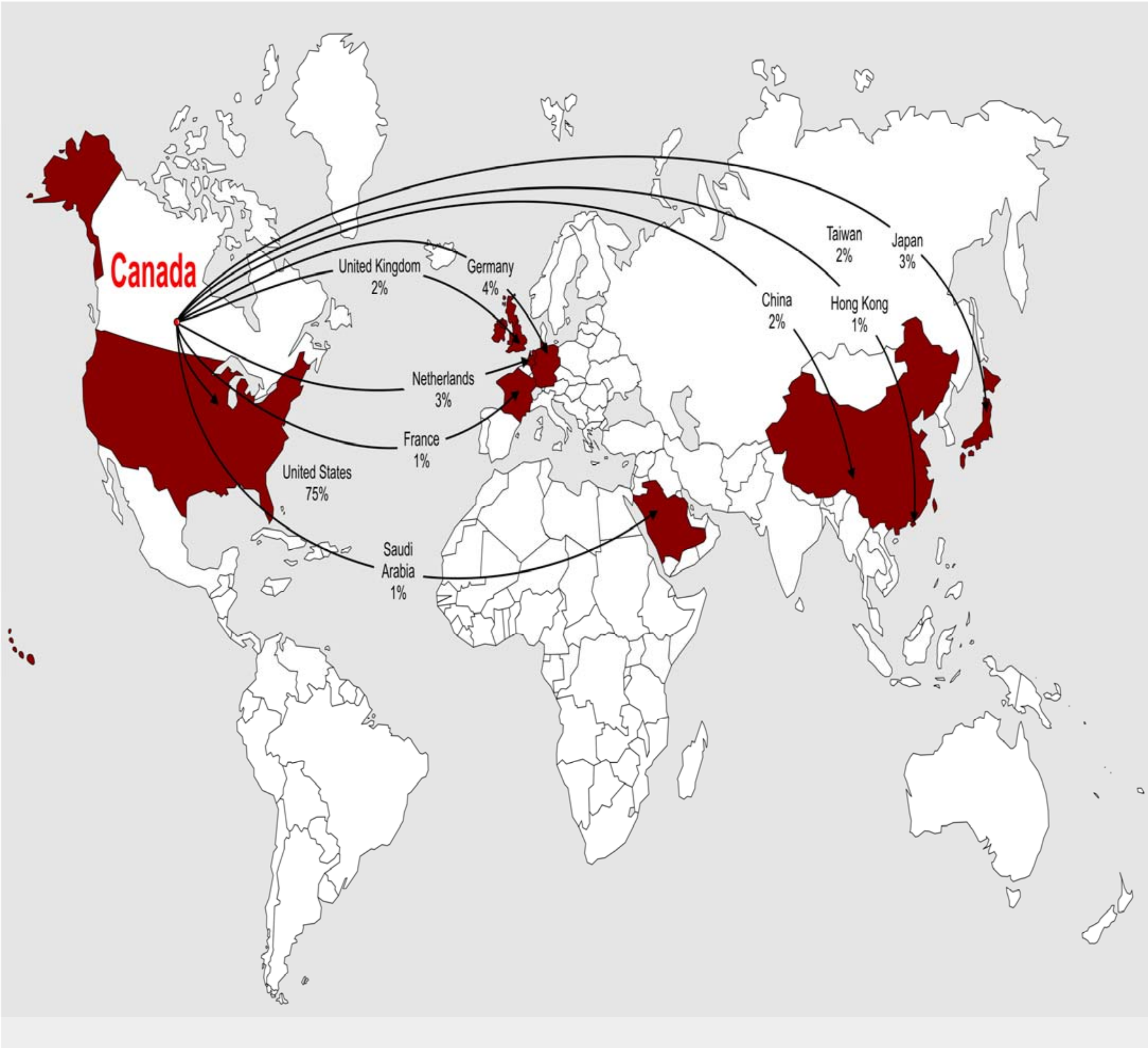


Figure 3: Top 10 Suppliers of Canada's Fruit Imports

Key Resources

Statstics Canada. Publication 21-011-X “Farm Cash Receipts”

Statistics Canada. Agriculture and Agri-Food Canada Fall Survey (2009).

Statstics Canada. Publication 21-020-XIE

Statistics Canada CATS database. Canadian Export and Import Data (April 2011).

Import and export data is based on the following Harmonized System Codes (H.S. Codes):

Processed Fruit and Fruit-based Beverages: Processed: Includes fruit that are canned, and are pulp, pastes, purée, sauces, juices and alcohol. These processed fruit fall under the following H.S. Code headings for imports: 2001.90.90.10, 20060010, 20060020, 2007, 2008, 2009.11 to 2009.49, 2009.61 to 2009.80.19, 2009.90.10 to 2009.90.30, 2204, 2205, 2206.00.11 to 2206.00.49, 2208.20, 2208.90.41, 2208.90.49 and 2208.90.92. For exports, processed fruit fall under the following H.S. Code headings: 2006, 2007, 2008, 2009.11 to 2009.49, 2009.61 to 2009.79, 2009.80.40, 2009.90.00, 2204, 2205, 2206 and 2208.20.