

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

### Fresh Deciduous Fruit Annual

**2015**

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**Report Highlights:**

In 2015, the Canadian apple and pear sectors were negatively impacted by various weather conditions resulting in significant declines in production volumes, particularly for apples. Post forecasts a 20 percent increase in apple imports and 2 percent increase in pear imports, with the U.S. share at 80 percent of the total import volume for apples, and at over 50 percent of pear imports. Demand for fresh table grapes remains constant and the market continues to be supplied almost exclusively via imports, over half of which having U.S. origin.

**Executive Summary:**

- Post forecasts a 23 percent decline in fresh apple production for marketing year (MY) 2015/16, down to 290,000 metric tons (MT) from 374,000 MT during MY 2014/15. This decline is attributable to a host of weather related developments such as: a late spring frost followed by a cool and wet summer season in Ontario, a dry and hot growing season in British Columbia, and heavy winter snow and a late spring in Nova Scotia. Production in Quebec is anticipated to exceed last year's level, supported by a very good growing season.
- Post forecasts a 20 percent increase in Canadian imports of fresh apples, estimated at 260,000 MT for MY 2015/16 up from 217,000 MT during MY 2014/15. The United States remains the largest supplier of fresh apples, with a stable market share of about 80 percent.
- Post forecasts a mild 13 percent decline in fresh pear production, down to 6,500 MT during MY 2015/16 from a level of 7,440 MT in 2014/15, as the sector suffered from the same unfavorable weather conditions as the apple sector. At this point, the pear production in Canada seems to have stabilized, after a long term declining trend, due to decreasing profitability in the sector, resulting from the closing of the domestic pear processing industry.
- Post forecasts a 2 percent increase in imports of fresh pears, estimated to be up to 75,000 MT in MY 2015/16, compared to 73,600 MT in MY 2014/15. The recent trend indicates that imports will remain within the 70-75,000 MT annually for the foreseeable future. The disappearance of the canning industry in Canada largely contributed to the decline and stagnation in imports. Ten years ago, close to 15 percent of total imports of fresh pears were destined to processing, a volume that dropped now to zero.
- Post forecasts imports of table grapes for MY 2015/16 to remain stable at 177,500 MT compared to 176,800 MT in 2014/15. Only a small fraction of Canada's grape production consists of fresh table grapes. Based on available data from Statistics Canada and information from provincial authorities, Post estimates that Canada produces about 2,500-3,000 MT of fresh table grapes annually. Domestic consumption is basically satisfied through imports of table grapes, of which more than half have U.S. origin, with annual volumes around 175-185,000 MT.

## APPLES

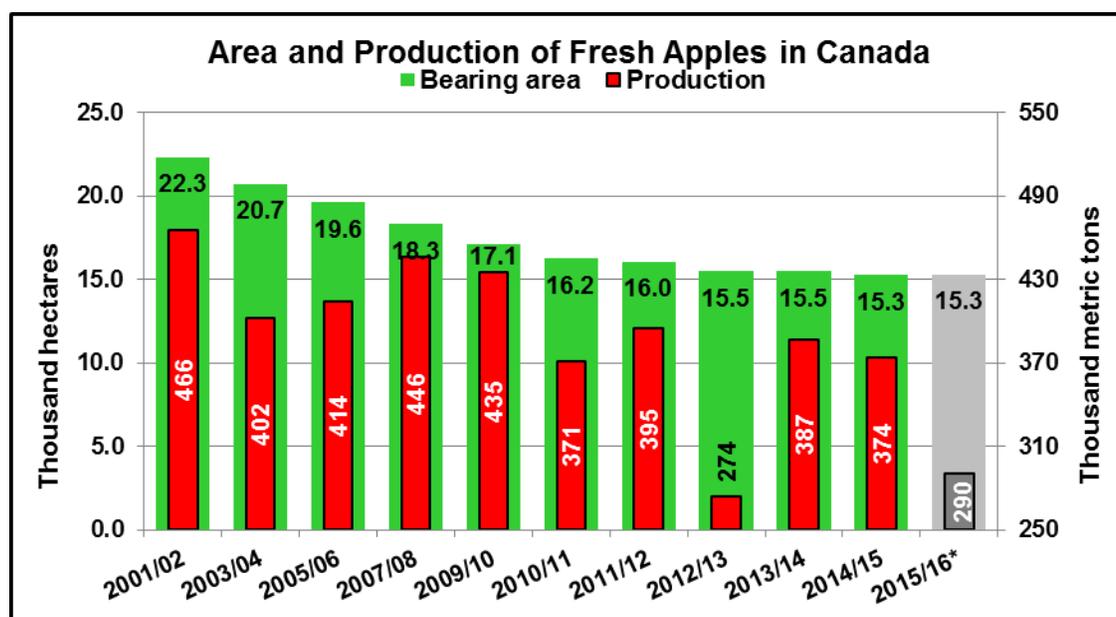
NOTE: "NEW Post" data reflect Post's assessments and are NOT official USDA data

APPLES Fresh Canada	2013/2014		2014/2015		2015/2016*	
	Marketing Year: July to June					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	17,000	17,284	17,000	17,350	0	17,300
Area Harvested	15,500	15,494	15,500	15,265	0	15,300
Production	382,000	386,690	375,000	374,270	0	290,000
Imports	225,000	222,014	220,000	216,862	0	260,000
<b>Total Supply</b>	<b>607,000</b>	<b>608,704</b>	<b>595,000</b>	<b>591,132</b>	<b>0</b>	<b>550,000</b>
Fresh Dom. Consumption	415,300	433,391	392,000	407,840	0	390,000
Exports	26,700	26,383	43,000	42,812	0	25,000
For Processing	165,000	148,930	160,000	140,480	0	135,000
<b>Total Distribution</b>	<b>607,000</b>	<b>608,704</b>	<b>595,000</b>	<b>591,132</b>	<b>0</b>	<b>550,000</b>

Data in hectares or metric tons / \*Post forecast

### Production:

Post forecasts a decline of 23 percent in fresh apple production for marketing year (MY) 2015/16, down to 290,000 metric tons (MT) from 374,270 MT during MY 2014/15. As the planted area remained unchanged from the previous year, this decline is attributable to a host of weather related developments such as: a late spring frost followed by a cool and wet summer season in Ontario, a dry and hot growing season in British Columbia, and heavy winter snow and a late spring in Nova Scotia. However, apple production in Quebec is anticipated to exceed last year's level, supported by a very good growing season.



Source: Statistics Canada / \* Post forecast

In 2015, three of the four the major apple producing provinces – Ontario, British Columbia and Nova Scotia – are expected to experience major declines in production, up to nearly 50 percent in the case of Ontario. Production in Quebec is expected to exceed last year's level by a modest 1 percent, supported by very good growing and harvest seasons.

Over the long term, the decline in fresh apple production in Canada is consistent with reduced planted areas which, in turn, reflected the declining profitability of apple cultivation over the past decade. Data for the recent years seem to indicate that the sector has now stabilized, as growers have learned what production level is most economical and profitable.

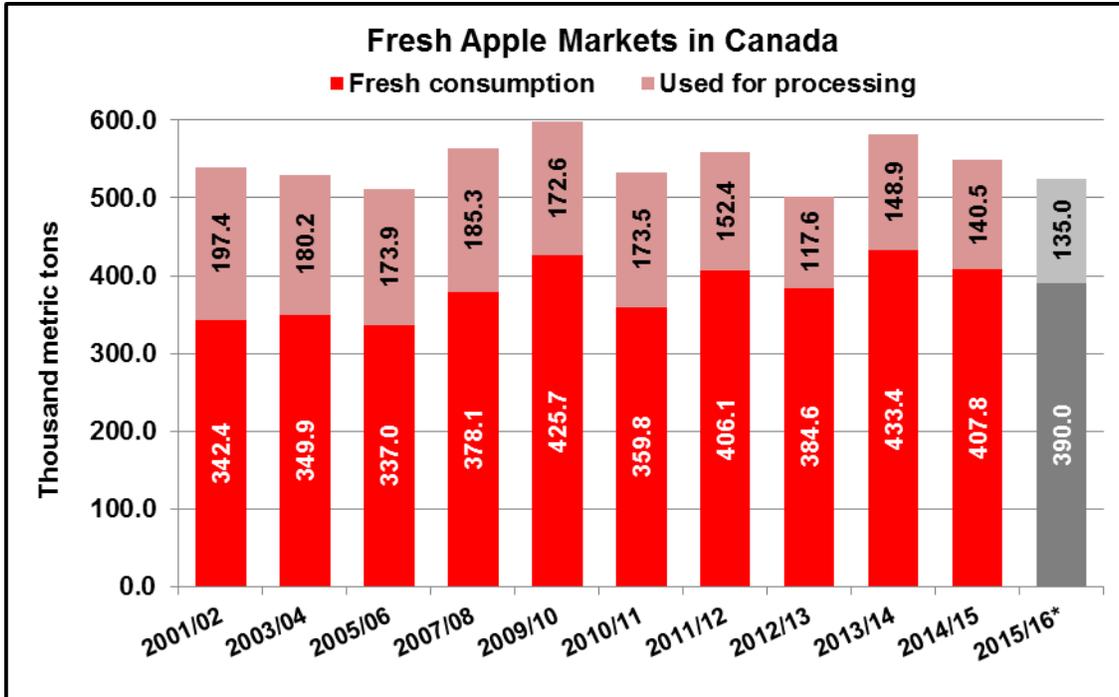
Bearing area for MY 2015/16 is expected to stay flat compared to MY 2014/15, reflecting the stabilized trend in production. Bearing area declined for almost a decade, with a total drop of more than 30 percent since MY 2001/02. Changing agricultural practices, resulting in higher density plantings on smaller areas, and a reduction in the number of small producers who retired as production costs outpaced market returns, are the leading factors underlying this trend.

More affordable imports from the United States, Chile and other low cost countries, combined with high production costs and a strong Canadian dollar forced the apple industry to downsize. Many apple growers responded to the evolving market situation by converting orchards over to new plantings of vinifera grapes (especially in British Columbia and Ontario) and other fruits, as well as by turning land over for new housing development projects.

Growers that intend to remain in the industry are turning to newer, more popular varieties such as Ambrosia and Honeycrisp and new, modern intensive planting systems in an attempt to remain competitive with imports. Through talks with apple growers in Eastern Canada Post learned about a new trend among some producers to diversify into brewing hard cider as a way to increase profitability, a practice that has met success to date. To assist producers facing industry pressures and changing markets, Canada's federal and provincial authorities offered replant programs between 2008 and 2010.

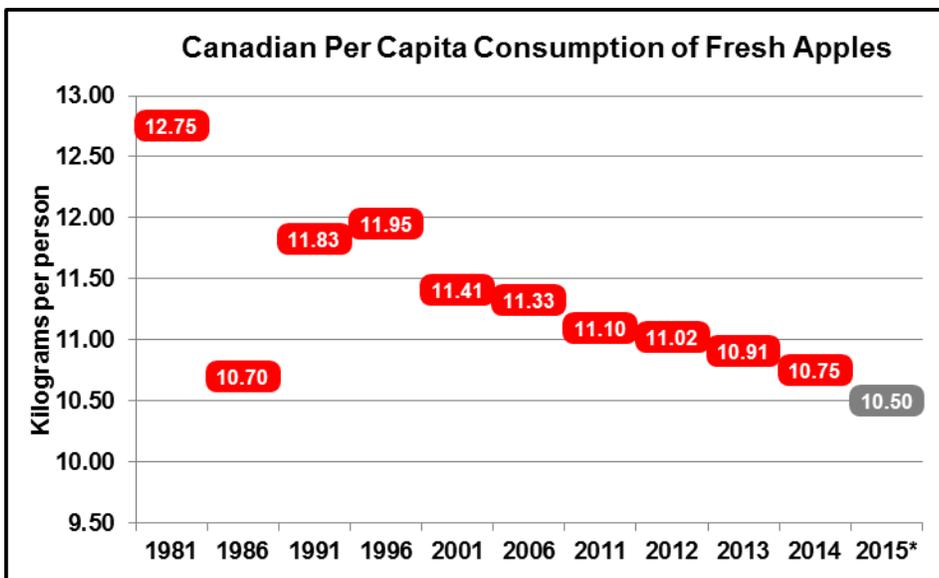
### **Consumption:**

Of all fresh apples available in Canada, about two thirds are consumed fresh and about one third is used in the processing industry (for use in apple juice, pie filling, apple chips, etc.). The share of the fresh apple market in Canada has been on an upward trend over the past decade, reflecting consumer preferences for fresh fruit versus processed products. Between 30 and 40 percent of domestic fresh consumption comes from imports.



Source: Statistics Canada / \*Post forecast

Overall consumption in MY 2015/16 is expected to remain stable. Per capita apple consumption, which is not only a function of market conditions but of total population numbers as well, has remained remarkably stable over the past three decades, ranging between 10.50 and 12.75 kg (kilograms) per person, with an average around 11.5 kg per person. Over the same period, Canada's total population increased by nearly 42 percent, with an increase in ethno-cultural diversification. The consumption trend reflects the popularity of apples as a universal fruit consumed not only across generations, but across various cultures and ethnicities as well.



Source: Statistics Canada / \*Post forecast

Market analysts note a consumption trend away from some of the more traditional varieties, while the Ontario Apple Growers Association reported that "one in every three apples eaten in Ontario is a Gala, most likely grown in Washington state or Chile. In the last decade, Gala apples, firm and crisp with a mild sweetness, cornered a 33 percent market share of the Ontario apple growing industry. The McIntosh: only 12 percent." For decades in a row and for generations of Canadians, McIntosh used to be the most popular variety of apples. But not anymore. It will probably remain, though, "culturally significant, if not gustatorily popular."

Over the past two decades or so there has been an undeniable shift in consumer preference when it comes to apples. As a result, older apple varieties have been replaced with new cultivars, and many growers have adopted a new variety strategy as a way to improve profitability, as new varieties tend to sell at a premium price and have gained significant consumer appeal. For instance, another newspaper article reports that "Honeycrisp apples sell at a 50 percent premium." The same article indicates that "apple consumers can be segmented into different groups: urban, comfortable country, plain rural living and youth 18 and under," and advises that "it is important to align apple varieties with the customer base."

Except for McIntosh, the Canadian Horticultural Council reports that Red Delicious, Spartan, Idared, Cortland and Empire are the major varieties produced in Eastern Canada. In Ontario, Empire makes up about 20 percent of production, followed by Spy at about 15 percent, Red Delicious, Honeycrisp and Gala at 8-10 percent of production and Idared and Golden Delicious at about 5 percent each. In Quebec, it is Cortland and Spartan that account for about 8-10 percent each of the provincial production, followed by Empire and Paula Red at about 5 percent. In Nova Scotia, Cortland comes first after McIntosh, at about 20 percent of production, followed by Spy and Idared at under 15 percent each, and Honeycrisp at about 8 percent of production.

In British Columbia it is Gala, with over 40 percent of production, which has moved way ahead of Red Delicious (8 percent) and McIntosh (10 percent) as the most popular variety. According to the Canadian Horticulture Council, the introduction of new varieties has been particularly important in British Columbia, where growers have been planting new varieties like Spartan, Gala, Fuji, Braeburn, Jonagold, Honeycrisp and Ambrosia. New plantings of Ambrosia, which apparently commands the highest premium among all apple varieties in British Columbia, have nearly doubled every year in the past five years, and the variety has been so well received by the market that producers cannot keep up with demand. The Ambrosia variety now makes up more than 17 percent of the B.C. production, followed by Spartan (about 12 percent), McIntosh (about 10 percent), and Red Delicious (7-8 percent).

**Trade:**

Post forecasts a 20 percent increase in Canadian imports of fresh apples, estimated at 260,000 MT for MY 2015/16 up from 216,862 MT during MY 2014/15, on the basis of significant reductions in domestic apple production, while demand remains stable. The United States remains the largest supplier of fresh apples, with a stable market share of about 80 percent.

<b>Canada: Imports of fresh apples</b>						
<i>Marketing year: July-June / Quantity in metric tons</i>						
	<b>2009/1</b>	<b>2010/1</b>	<b>2011/1</b>	<b>2012/1</b>	<b>2013/1</b>	<b>2014/1</b>
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>World</b>	<b>184,006</b>	<b>191,387</b>	<b>190,076</b>	<b>249,600</b>	<b>222,014</b>	<b>216,862</b>
for processing	36,504	48,911	48,709	51,646	54,697	47,746
organic	9,477	9,741	10,130	11,755	11,865	13,529
other	138,025	132,735	131,237	186,199	155,452	155,587
<b>United States</b>	<b>144,420</b>	<b>155,397</b>	<b>150,980</b>	<b>200,964</b>	<b>174,110</b>	<b>182,411</b>
for processing	36,155	47,233	46,252	51,443	52,043	45,119
organic	6,506	7,262	7,415	9,175	8,758	10,677
other	101,759	100,902	97,313	140,346	113,309	126,615
Chile	23,933	20,630	21,742	29,800	27,823	18,029
New Zealand	7,333	7,767	7,702	9,208	10,192	8,069
Argentina	534	296	535	1,700	1,486	2,451
France	720	1,241	1,121	363	1,757	2,123
South Africa	1,963	3,308	4,075	2,357	2,157	1,540
China	3,855	2,285	2,855	3,842	4,048	1,372
All other countries	1,248	463	1,066	1,366	441	867
<b>Import Market Shares</b>						
United States	78.5%	81.2%	79.4%	80.5%	78.4%	84.1%
Chile	13.0%	10.8%	11.4%	11.9%	12.5%	8.3%
New Zealand	4.0%	4.1%	4.1%	3.7%	4.6%	3.7%
Argentina	0.3%	0.2%	0.3%	0.7%	0.7%	1.1%
France	0.4%	0.6%	0.6%	0.1%	0.8%	1.0%
South Africa	1.1%	1.7%	2.1%	0.9%	1.0%	0.7%
China	2.1%	1.2%	1.5%	1.5%	1.8%	0.6%

Source: Global Trade Atlas

Note: Tariff lines for organic apples were introduced on January 1, 2007

Since 2000, Canadian total imports of fresh apples increased by nearly 75 percent, while imports from the United States almost doubled. The second largest supplier of apples is Chile, which has a strategy focused on developing export markets. Chile's market share in Canada increased from 7 percent to 12 percent over the decade starting in 1999/2000, with a high of 13 percent in 2009/10, although in recent years it lost some of the market to U.S. imports.

In 2007, Canada was the first country to introduce Harmonized System (HS) customs codes for organic products. Available statistics show that the volume of imports of organic apples more than doubled since 2007. Currently, these represent just over 6 percent of the total volume of apple imports and more than three quarters of these originate in the United States.

<b>Canada: Exports of fresh apples</b>						
<i>Marketing year: July-June / Quantity in metric tons</i>						
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>World</b>	<b>21,270</b>	<b>29,029</b>	<b>26,350</b>	<b>21,382</b>	<b>26,383</b>	<b>42,812</b>
for processing	3,776	5,139	5,583	2,356	5,423	13,522
other	17,493	23,890	20,767	19,025	20,960	29,291
<b>United States</b>	<b>17,213</b>	<b>23,128</b>	<b>20,786</b>	<b>18,197</b>	<b>23,339</b>	<b>37,057</b>
for processing	2,746	3,022	3,918	1,345	4,894	10,525
other	14,467	20,106	16,867	16,852	18,444	26,532
Mexico	1,069	1,872	1,175	986	624	1,168
Cuba	25	35	8	116	458	2,170
All other countries	2,963	3,994	4,381	2,083	1,962	2,417

Source: Global Trade Atlas

Post forecasts fresh apple exports to significantly decline by 42 percent, down to 25,000 MT in MY 2015/16, compared to 42,812 MT in 2014/15. Despite the weaker Canadian dollar typically supportive of exports, the expected drop in domestic production is the major reason for the decline in exports. In general, the export volumes of the past several years represent about one-third of what Canada used to export over a decade ago. Canadian exports of fresh apples have steadily declined over the last 10-15 years, reflecting the overall decline in production and reduced profitability and competitiveness in export markets.

## PEARS

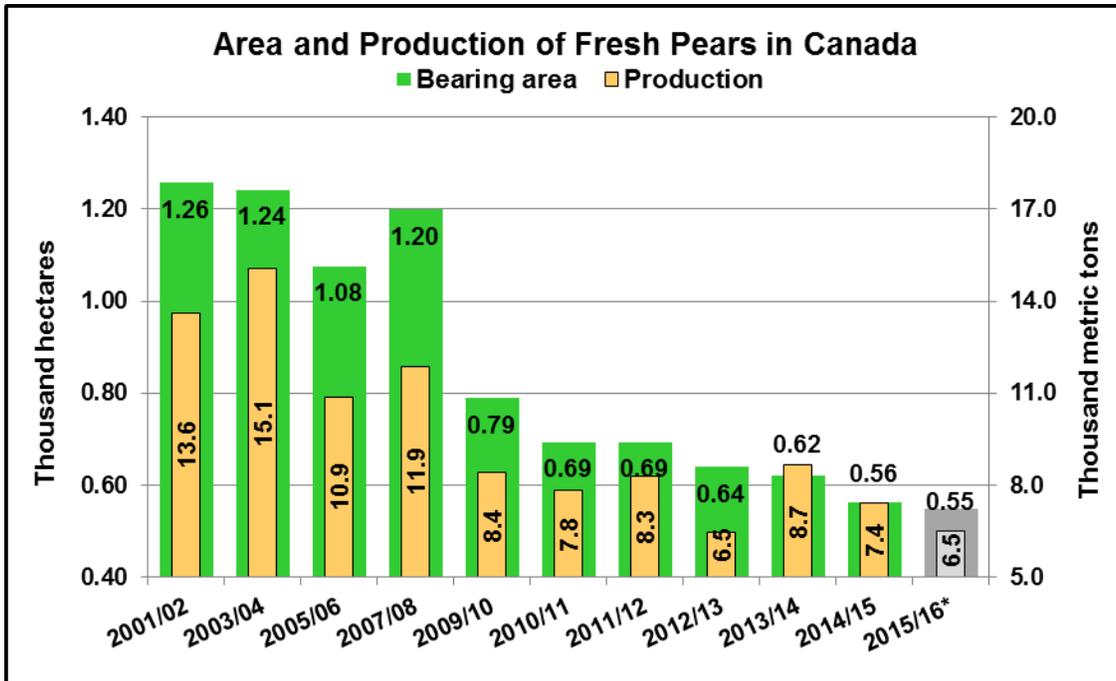
NOTE: "NEW Post" data reflect Post's assessments and are NOT official USDA data

PEARS Fresh Canada	2013/2014		2014/2015		2015/2016*	
	<i>Marketing Year: July to June</i>					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	700	707	700	618	0	600
Area Harvested	600	621	600	563	0	550
Production	6,900	8,670	6,800	7,440	0	6,500
Imports	73,200	73,036	73,300	73,627	0	75,000
<b>Total Supply</b>	<b>80,100</b>	<b>81,706</b>	<b>80,100</b>	<b>81,067</b>	<b>0</b>	<b>81,500</b>
Fresh Dom. Consumption	79,850	81,369	79,850	80,595	0	81,200
Exports	0	37	0	172	0	0
For Processing	250	300	250	300	0	300
<b>Total Distribution</b>	<b>80,100</b>	<b>81,706</b>	<b>80,100</b>	<b>81,067</b>	<b>0</b>	<b>81,500</b>

Data in hectares or metric tons / \* Post forecast

**Production:**

Post forecasts a 13 percent decline in fresh pear production, down to 6,500 MT during MY 2015/16 from a level of 7,440 MT in 2014/15, as the sector was impacted by the same unfavorable weather conditions as the apple sector, all while the area planted remained stable. Overall, the pear production in Canada has stabilized, after a long term declining trend, manifested in particular through decreasing profitability in the sector, due primarily to the closing of the domestic pear processing industry. In 2008, CanGro closed the St. David pear cannery in Ontario, the last of 32 fruit canning plants that once existed in the province.

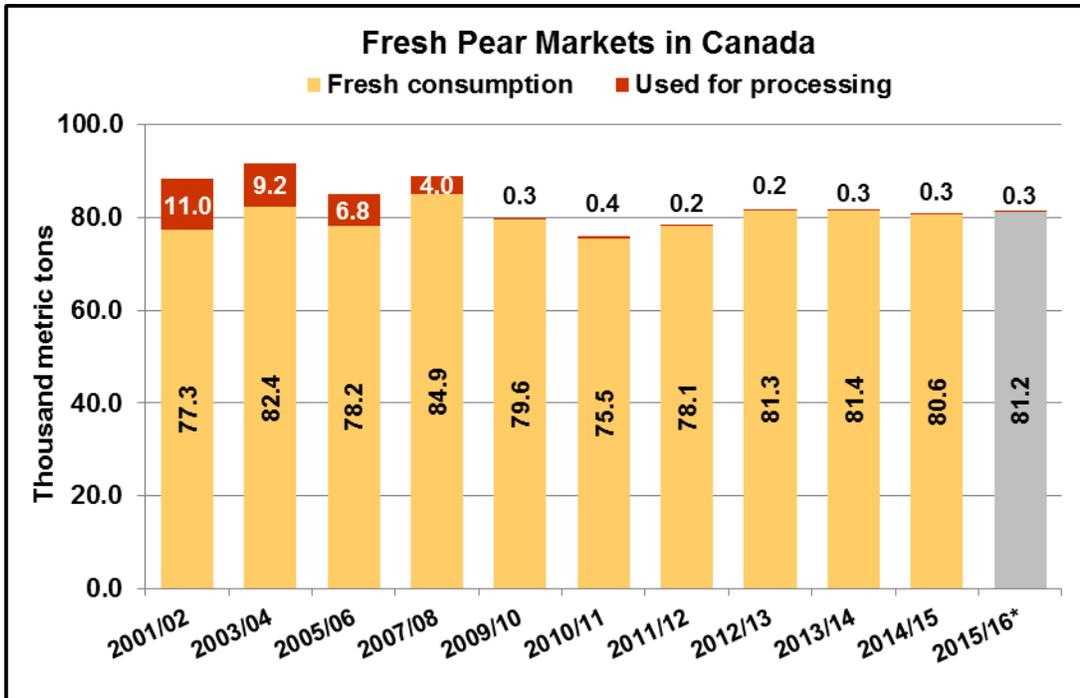


Source: Statistics Canada / \* Post forecast

Bearing area seems to have stabilized around 600 hectares, whereas overall pear planted area declined by nearly 50 percent over the past decade. Pear production is also down by the same percentage since MY 2001/02.

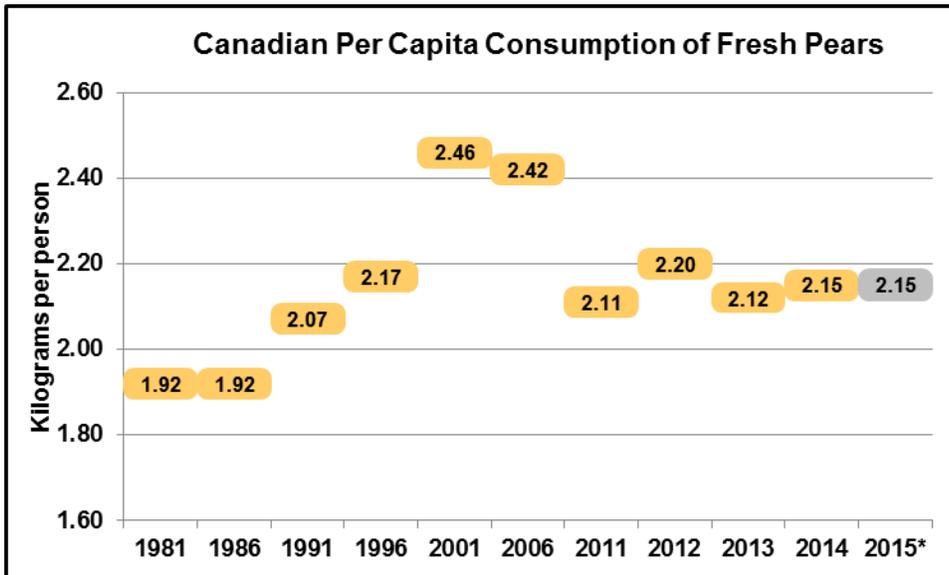
**Consumption:**

Since the closure of the last pear canning plant in Ontario back in 2008, basically all pears available in Canada are consumed fresh. One decade ago, approximately 10 to 15 percent of available fresh pears were used in the processing sector. In the last couple of years, only a few hundred metric tons of fresh pears are processed in Canada, mainly as artisanal production sold in farmers' markets. About 90 percent of domestic fresh pear consumption comes from imports.



Source: Statistics Canada / \*Post forecast

Per capita consumption of fresh pears has been on a constant decline over the past decade, reflecting the diminished appeal of this fruit among consumers. While the Canadian population increased by almost 15 percent since year 2000, the overall consumption of fresh pears has remained relatively stable, explaining the declining trend on a per capita basis.



Source: Statistics Canada / \*Post forecast

**Trade:**

Post forecasts a 2 percent increase in imports of fresh pears, estimated to be up to 75,000 MT in MY 2015/16, compared to 73,627 MT in MY 2014/15. As domestic production and demand remains relatively flat, imports seems to have stabilized in recent years around 70-75,000 MT annually. A factor that has been affecting pear trade over the past decade has been the disappearance of the canning plants; ten years ago 13 percent of total imports of fresh pears were destined to processing. This has dropped to zero today contributing to the slowdown in import growth.

### Canada: Imports of fresh pears

<i>Marketing year: July-June / Quantity in metric tons</i>						
	2009/1	2010/1	2011/1	2012/1	2013/1	2014/1
	0	1	2	3	4	5
<b>World</b>	<b>71,511</b>	<b>68,221</b>	<b>70,042</b>	<b>75,075</b>	<b>73,036</b>	<b>73,627</b>
for processing	205	14	0	24	0	0
organic	1,578	1,427	1,686	2,370	2,646	2,699
other	69,729	66,780	68,356	72,682	70,387	70,929
<b>United States</b>	<b>42,277</b>	<b>37,936</b>	<b>39,668</b>	<b>42,677</b>	<b>42,013</b>	<b>40,530</b>
for processing	205	14	0	24	0	0
organic	1,245	820	1,042	1,476	1,296	1,500
other	40,827	37,103	38,626	41,177	40,716	39,031
Argentina	9,757	10,598	9,724	12,417	13,183	12,535
China	10,931	10,428	10,460	11,437	9,369	11,001
South Africa	3,526	4,647	5,469	4,172	3,845	3,836
Chile	1,343	1,494	1,189	1,353	1,363	1,826
Australia	1,951	1,622	1,681	1,392	1,287	1,314
All other countries	1,726	1,496	1,851	1,627	1,976	2,585
<b>Import Market Shares</b>						
United States	59.1%	55.6%	56.6%	56.8%	57.5%	55.0%
Argentina	13.6%	15.5%	13.9%	16.5%	18.1%	17.0%
China	15.3%	15.3%	14.9%	15.2%	12.8%	14.9%
South Africa	4.9%	6.8%	7.8%	5.6%	5.3%	5.2%

Source: Global Trade Atlas

Note: Tariff lines for organic pears were introduced on January 1, 2007

The United States is the main supplier of fresh pears, with China and Argentina as major competitors. Organic HS codes were introduced in 2007. The import volume of organic pears has recently increased to and stabilized around 2,700 MT (about 3-4 percent of total imports), after remaining stable at around 1,500 MT for five years. Typically, the United States has supplied about three quarters of organic imports.

Canada has an insignificant volume of exports of fresh pears.

**FRESH TABLE GRAPES**

*NOTE: "NEW Post" data reflect Post's assessments and are NOT official USDA data*

GRAPES Fresh Canada	2013/2014		2014/2015		2015/2016*	
	Marketing Year: June to May					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Production	3,000	3,110	3,000	2,540	0	2,500
Imports	182,000	182,204	180,000	176,783	0	177,500
<b>Total Supply</b>	<b>185,000</b>	<b>185,314</b>	<b>183,000</b>	<b>179,323</b>	<b>0</b>	<b>180,000</b>
Fresh Dom. Consumption	182,600	182,956	181,000	177,532	0	178,000
Exports	2,400	2,358	2,000	1,791	0	2,000
<b>Total Distribution</b>	<b>185,000</b>	<b>185,314</b>	<b>183,000</b>	<b>179,323</b>	<b>0</b>	<b>180,000</b>

All data in metric tons / \*Post forecast

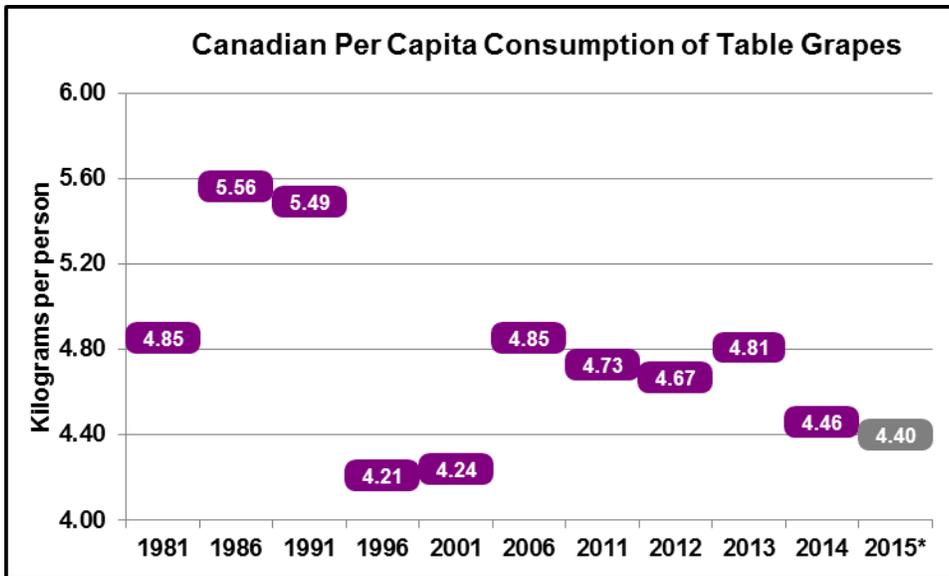
**Production:**

Only a small fraction of Canada's grape production consists of fresh table grapes. Based on available data from Statistics Canada and information from provincial authorities, Post estimates that Canada produces around 2,500 MT of fresh table grapes annually. Domestically produced table grapes, with few exceptions, are only marketed to the immediate surrounding population centers in the province where grown. Hence, domestic consumption of table grapes is basically satisfied through imports, with recent annual volumes in the 175-185,000 MT range. Over half of Canada's table grape imports originate in the United States.

Canada has systematically developed its wine industry over the past two decades. In recent years, over 90,000 MT of grapes are produced annually and used for producing wine and other processed products (such a grape juice). The two provinces that supply Canadian grapes are Ontario, with a market share of roughly 75 percent, and British Columbia accounting for the balance.

**Consumption:**

As with apples, per capita table grapes consumption, which is not only a function of market conditions, but also of total population numbers, has remained remarkably stable over the past three decades. Per capita consumption ranged between 4.2 and 5.5 kg (kilograms) per person, with an average around 5 kg per person. Over the same period, Canada's total population increased by almost 40 percent, and became extremely diversified from an ethno-cultural point of view. The consumption trend reflects the popularity of grapes as a fruit consumed not only across generations, but by Canadians with various ethnic backgrounds as well.



Source: Statistics Canada / \*Post forecast

**Trade:**

Post forecasts imports of table grapes to remain stable for MY 2015/16, at 177,500 MT compared to 176,783 MT in 2014/15, reflective of an unchanged demand. As indicated earlier, Canada imports over 95 percent of its fresh table grapes. Domestic grape production is primarily used in wine making.

The United States is the main supplier of fresh table grapes, with a market share of just above 50 percent, while Chile and, to a lesser extent Mexico, are the major competitors. In 2009, Canada introduced organic HS codes for grapes. After few years of decline, organic imports have pick up again reaching about 4,000 MT in MY 2014/15.

### Canada: Imports of fresh grapes

*Marketing year: June-May / Quantity in metric tons*

	2009/1 0	2010/1 1	2011/1 2	2012/1 3	2013/1 4	2014/1 5
<b>World</b>	<b>182,813</b>	<b>188,899</b>	<b>172,544</b>	<b>176,048</b>	<b>182,204</b>	<b>176,783</b>
organic	4,784	3,197	2,318	2,237	3,385	4,127
other	177,575	183,448	170,195	173,757	178,722	172,557
<b>United States</b>	<b>96,928</b>	<b>96,384</b>	<b>91,529</b>	<b>95,457</b>	<b>101,971</b>	<b>98,866</b>
organic	2,505	1,763	1,742	1,598	2,413	3,150
other	94,059	94,505	89,759	93,803	99,461	95,633
Chile	64,347	61,866	53,887	54,220	44,629	47,315
Mexico	16,251	22,870	17,263	17,045	22,324	16,429
Peru	1,444	3,587	5,389	4,649	8,664	10,752
All other countries	3,843	4,192	4,476	4,677	4,616	3,421
<b>Import Market Shares</b>						
United States	53.0%	51.0%	53.0%	54.2%	56.0%	55.9%
Chile	35.2%	32.8%	31.2%	30.8%	24.5%	26.8%
Mexico	8.9%	12.1%	10.0%	9.7%	12.3%	9.3%
Peru	0.8%	1.9%	3.1%	2.6%	4.8%	6.1%

*Source: Global Trade Atlas*

*Note: Tariff lines for organic grapes were introduced on January 1, 2009*

Compared to the size of its imports, Canadian exports of fresh table grapes are not significant.

## **ADDITIONAL INFORMATION**

### **Prices:**

Agriculture and Agri-Food Canada (AAFC) monitors fresh apple, pear and grape prices in the major Canadian wholesale markets. The daily and weekly market prices are available electronically at the Agriculture and Agri-Food Canada's (AAFC) [InfoHort website](#).

### **Policy:**

#### **Promotion and Research Agency**

The Canadian apple industry continues to discuss the idea of establishing a national marketing agency to promote the consumption of apples and conduct various research projects. Such an agency would collect levies on both the domestic production and on imports of apples to fund its activities.