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Canada

Strawberries

Market Update

2005

Approved by:

Gary C. Groves
U.S. Embassy

Prepared by:

George Myles

Report Highlights:

U.S. fresh strawberry exports to Canada are increasing. During 2005, sales to the northern neighbor are expected to exceed 70,000 metric tons for the first time, reaching a value of more than \$150 million. In the Canadian import market for frozen strawberries, competition from processed product from Mexico, China, and Chile is increasing rapidly.

Includes PSD Changes: No
Includes Trade Matrix: No
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Section I. Fresh Strawberries

Production

According to Statistics Canada, total bearing area for strawberries in Canada fell to 4,016 hectares in 2005, a 5% decline from 4,237 hectares a year ago. In recent years, low profitability and variable spring weather conditions have resulted in a steady decline in the total Canadian bearing area for strawberries. Production during 2005 is presently estimated at 23,500 metric tons, down about 5.5% from the 2004 revised level of 24,619 metric tons. For 2006, the Canadian strawberry crop potential is about 24,000-25,000 metric tons given normal weather conditions during the growing period.

Canada: Fresh Strawberries; Supply and Distribution

Units: hectares / metric tons

	Revised 2004	Estimated 2005	Forecast 2006
Area Planted	5,279	5,000	4,800
Bearing Area	4,237	4,016	3,950
Total Production	24,619	23,000	24,000
Imports, Fresh	64,353	71,000	75,000
TOTAL SUPPLY	88,972	94,000	99,000
Exports, Fresh	213	167	200
Domestic Fresh Market	85,729	90,833	95,300
For Processing	3,030	3,000	3,500
TOTAL UTILIZATION	88,972	94,000	99,000

Source: Statistics Canada and Post Forecasts

Consumption

In recent years, the Canadian consumption level of fresh strawberries has trended upward. Statistics Canada's most recent consumption data for fresh strawberries is for 2004. Per capita consumption that year rose to 2.47 kg, 5.5% above 2.34 kg in 2003.

Prices

Wholesale market prices for U.S. fresh strawberries during the week ending December 16, 2005 were sharply higher than a year earlier. Flats of 12 X 1 pint from California were typically selling for C\$36.50-48.50 in Toronto compared to C\$34.50-38.00 for the same offering one year ago.

Trade

Import demand for fresh strawberries in Canada remained strong during the first ten months of 2005. Imports from the United States were up 16% in the January-October period of 2005 compared to that period a year ago. For the year, they are expected to exceed 70,000 metric tons for the first time. The value of U.S. fresh strawberry sales to Canada, which reached \$134.4 million during 2004, is expected to exceed \$150 million during 2005. Canada is the No. 1 export market for U.S. fresh strawberries.

Canadian Imports of Fresh Strawberries
 Calendar Years 2002-2004 and year to date comparisons
 HS 0810.10
 Units: metric tons

Country	2002	2003	2004	% change		
				2004	2005	
-- The World --	56,479	59,323	64,353	61,474	70,930	15%
United States	55,303	57,749	62,037	59,264	69,022	16%
Mexico	609	1,112	2,160	2,124	1,873	-12%
New Zealand	426	353	75	12	7	-40%
Chile	4	7	54	51	5	-90%
Costa Rica	19	12	17	15	20	28%
Ecuador	-	24	2	2	-	-100%
Guatemala	1	5	2	1	1	-29%
All Others	117	62	7 #	5	3	-38%

Source: Derived from World Trade Atlas

Marketing

The peak marketing period for U.S. fresh strawberries in the Canadian market is March through June, the months immediately preceding the peak marketing period of the Canadian domestic crop (June & July). In 2005, the province of Ontario was the number one destination for fresh strawberry imports accounting for over 60% of the total. British Columbia and Alberta accounted for another 35% of fresh strawberry imports.

Tariffs

Under the FTA/NAFTA all import duties on U.S. fresh and frozen strawberries, including any seasonal duties, were reduced to zero on January 1, 1998. Beginning January 1, 2003 all duties on imports of fresh or frozen strawberries from Chile and Mexico were reduced to zero under the tariff provisions of the Canada/Chile Free Trade Agreement and under the NAFTA. The MFN rate for fresh strawberries for table use is free.

Section II. Frozen Strawberries

Canada: Frozen Strawberries; Supply & Distribution

Units: metric tons

	Revised 2004	Estimate 2005	Forecast 2006
TOTAL Production	2,700	2,900	2,800
Imports	17,051	18,500	20,000
TOTAL SUPPLY	19,751	21,400	22,800
Exports	315	400	500
Domestic Consumption	19,436	21,000	22,300
TOTAL UTILIZATION	19,751	21,400	22,800

Source: Statistics Canada & Post Estimates

Frozen Strawberry Imports

Canadian imports of frozen strawberries in the first ten months of 2005 rose 11% from the level during the same period last year. Total imports in the January to October period of 2005 reached 16,538 metric tons. Both Mexico and China increased their market share while imports from the United States were 14% below their year earlier pace.

Canadian Imports of Frozen Strawberries
Calendar Years 2002-2004 and year to date comparisons
HS 0811.10
Units: metric tons

Country	2002	2003	2004	January to October		% change
				2004	2005	
-- The World --	18,485	20,215	17,051	14,938	16,538	11%
United States	8,147	8,513	7,159	6,355	5,448	-14%
Mexico	5,698	6,418	5,185	4,479	5,853	31%
China	1,654	2,871	2,576	2,219	2,915	31%
Chile	1,081	1,176	1,322	1,175	1,775	51%
Argentina	189	468	464	367	232	-37%
Yugoslavia	28	94	136	136	131	-4%
Egypt	114	319	79	77	9	-89%
Morocco	19	4	69	77	9	-89%
All Others	1,554	353	62	53	166	213%

Source: World Trade Atlas

Importers

According to Industry Canada, the companies listed in the following table accounted for more than 80% of total Canadian frozen strawberry imports during 2004.

LEADING REGISTERED IMPORTERS OF FROZEN STRAWBERRIES		
Company Name (alphabetical order)	City	Province or State
ALIMENTS CONGELES ALASKO INC	Montréal	Quebec
BIG VALLEY MARKETING CORPORATION	Atwater	California
E.D. SMITH & SONS LIMITED/E.D. SMITH & FILS LIMITEE	Winona	Ontario
FRUITRADE INTERNATIONAL INC	Toronto	Ontario
J M SMUCKER (CANADA) INC	Sainte-Marie	Quebec
KRAFT CANADA DON MILLS	Toronto	Ontario
LES ALIMENTS BRECON INC	Pointe-Claire	Quebec
MARTIN-BROWER OF CANADA CO/CIE MARTIN BROWER DU CANADA	Mississauga	Ontario
MILLER & SMITH FOODS INCORPORATED	Mississauga	Ontario
PACIFIC COAST FRUIT PRODUCTS LTD.	Abbotsford	British Columbia
RELIANCE FOODS INTERNATIONAL INC	L'Île-Perrot	Quebec

Exchange Rates

Where prices and values in this report are expressed in Canadian dollars, the exchange rates are: 2000, C\$=US\$.6733; 2001, C\$=US\$.6458; 2002, C\$=US\$.6368; 2003, C\$=US\$.7135; 2004, C\$=US\$.7683; December 2005, C\$= approximately US\$.8525.

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