



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 10/22/1999

GAIN Report #CA9126

Canada

Fresh Deciduous Fruit

Apple Crop in British Columbia is Sharply Lower 1999

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Report Highlights: A cool, wet spring in British Columbia had adverse impact on the fruit set resulting in a projected decline in the apple crop of 40-50% from the large crop a year earlier . The drop in B.C. production during 1999 will outweigh anticipated production increases in Ontario and Quebec and reduce total Canadian fresh apple production to about 455,000 metric tons, a decline of 8% from a year ago. Current indicators point to above average production levels for Canadian fresh pears.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Ottawa[CA1], CA

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Executive Summary

- * The 1999 Canadian apple crop is forecast at 455,000 metric tons, an 8% decline from a year ago. This year's pear crop is projected to reach about 19,000 metric tons, up 9% from the 1998 level.
- * The average annual growth rate of the Canadian import market for fresh apples in the last ten years is less than 2%, comparing poorly to the robust 7% average annual growth rate for total U.S. agricultural exports to Canada over the same period.
- * The Granny Smith remained the dominant variety of U.S. apple exports to Canada, but Gala made the biggest gain of all varieties during 1998 capturing an additional 5% market share.
- * Canada's per capita consumption level of fresh apples is declining. Traditionally the fruit of choice among Canadians, fresh apples have fallen to number two behind fresh bananas.
- * Canada has imposed anti-dumping duties on imports of U.S. Red Delicious apples since 1989. The Canadian International Trade Tribunal is holding a public hearing relating to a review of the anti-dumping case on November 22, 1999 in Ottawa.
- * The government of British Columbia has made a commitment to extend the Orchard Replant Program for an additional five years beyond its 2000 expiry date. The province announced emergency funds for tree fruit growers who were severely affected by weather losses and low prices in recent years.
- * Canadian apple growers are concerned over the significant increase in imports of cheap apple juice concentrate from China which increased from 398 thousand liters in 1997 to 3.3 million liters in 1998.
- * Exchange rates: Prices and values in this report are expressed in Canadian dollars. Exchange rates are 1996, C\$=US\$.7334; 1997, C\$=US\$.7223; 1998, C\$=.6743; October, 1999, approximately US\$.6750.

Section I. Fresh Apples and Pears

Apple Situation and Outlook: The post estimate of Canada's 1999 fresh apple crop is 455,000 metric tons, a decline of 8% from 1998. The current situation is characterized by the expectation of dramatically lower production in British Columbia and significantly larger output in Ontario and Quebec compared to a year ago. On balance, the projected increase in the East will fail to offset the sharp decline in B.C., resulting in the second successive year of decline for Canadian apple output.

In Quebec, the current crop rebounded from a relatively smaller 1998 crop that was reduced by ice storm damage and an early frost. Quebec production in 1999 is forecast to reach about 105,000 metric tons, more than 50% above a year ago. In Ontario, the 1999 growing season experienced excellent apple growing weather. Rainfall was generally below average but was timely throughout the growing season. Ontario is poised to harvest a 1999 apple crop of about 240,000 metric tons, 22% above a year earlier. In British Columbia, this year's apple crop is only 50-60% of last year's very large crop. Estimated at about 95,000 metric tons, the crop is about 20% below normal. A cool, wet spring affected the fruit set in the province's apple growing regions. Although quantity is down, fall conditions improved overall quality and the B.C. apple harvest reportedly has excellent color. Minor production in the Maritime provinces in 1999 was reduced by drought.

PSD Table						
Country	Canada					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	30000	29989	0	29500	0	29000
Area Harvested	27000	26940	0	26700	0	26300
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	523380	496186	0	455000	0	500000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	523380	496186	0	455000	0	500000
TOTAL Imports	120000	118553	0	120000	0	115000
TOTAL SUPPLY	643380	614739	0	575000	0	615000
Domestic Fresh Consump	368380	351424	0	335000	0	355000
Exports, Fresh Only	80000	68315	0	65000	0	70000
For Processing	195000	195000	0	175000	0	190000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	643380	614739	0	575000	0	615000

Pear Situation and Outlook

Present prospects point to a moderate increase in the 1999 pear crop reflecting higher year-to-year production levels in both British Columbia and Ontario. In B.C., the pear crop yielded close to normal and quality is reported to be good. In Ontario, reports indicated there was a good volume of pears but that undersize was a problem due to extended periods without rain. On balance, the 1999 Canadian pear crop is forecast at 19,000 metric tons, up more than 9% from a year ago.

PSD Table						
Country	Canada					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	1850	1773	0	1700	0	1650
Area Harvested	1700	1637	0	1580	0	1525
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	16760	17381	0	19000	0	18000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	16760	17381	0	19000	0	18000
TOTAL Imports	72000	66451	0	70000	0	72000
TOTAL SUPPLY	88760	83832	0	89000	0	90000
Domestic Fresh Consump	82960	78355	0	83700	0	84900
Exports, Fresh Only	900	577	0	600	0	600
For Processing	4900	4900	0	4700	0	4500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	88760	83832	0	89000	0	90000

Section II. Trade: Marketing Year

Apple Imports

Of major supplying countries, only Chile increased fresh apple exports to Canada during MY1998/99. U.S. exports of fresh apples in 1998/99, while above the previous five year average, fell 5% from the year earlier level to 92,034 metric tons. The average annual growth rate of the Canadian import market for fresh apples in the last ten years is less than 2%, comparing poorly to the robust 7% average annual growth rate for total U.S. agricultural exports to Canada over the same period.

Canadian Fresh Apple Imports						
Marketing Year, July/June						
Units: metric tons						
HS 0808.10						
						%change
	1994/95	1995/96	1996/97	1997/98	1998/99	year to year
United States	80,737	78,505	90,630	96,824	92,034	-5%
South Africa	8,650	7,531	6,163	9,046	8,361	-8%
New Zealand	5,938	6,564	5,493	9,026	8,911	-1%
Chile	4,771	7,700	5,104	7,260	7,633	104%
Argentina	768	197	400	135	1,175	872%
Saudi Arabia		21	2	29	177	614%
France		117	9	29	7	-74%
Thailand	11	16	3	21	94	444%
Korea, South		44	14	59		
Switzerland	3			42	19	-54%
Uruguay	16	31	3			
Others	59	13	63	78	141	181%
Total	100,952	100,739	107,884	122,547	118,553	-3%
06-Oct-99						
appim99.wk4-FAS/Ottawa-Source: Tiers; StatCan.						

Apple Imports from the United States, by Variety

Granny Smith remained the dominant variety of U.S. apple exports to Canada, but Gala made the biggest gain of all varieties during 1998 capturing an additional 5% market share. The table below shows fresh apple imports from the U.S., by variety.

Apple Imports from the U.S., by Variety					
(Calendar Years 1994-1998)					
Units: metric tons					
Variety					
	1994	1995	1996	1997	1998
Granny Smith	30,813	23,988	20,855	23,545	22,576
Red Delicious	23,875	21,586	26,271	24,190	20,715
Golden Delicious	13,380	15,579	17,991	19,315	17,732
Gala	na	na	na	1,293	5,791
Empire	739	814	450	840	2,797
MacIntosh	3,401	5,043	2,227	4,982	1,767
Ida Red	219	92	39	131	1,282
Other	11,529	12,981	14,189	19,584	17,958
Totals	83,956	80,083	82,022	93,880	90,618
Source: TIERS; StatCan					

Apple Exports

Despite an exchange rate favoring exporters, Canadian apple exports slipped 8 % in 1998/99 to 68,315 metric tons from the year earlier level of nearly 75,000 MT. Despite some recovery in Asian markets, apple exports to the United States, the number one market for fresh Canadian apple exports, were down sharply in 1998/99 reflecting reduced output in Ontario and Quebec and strong competition from larger U.S northwest crops. Given prospects for a reduced 1999/00 Canadian crop, exports could slip further to about 65,000 metric tons.

Canadian Fresh Apple Exports						
Marketing Year, July/June						
Units: metric tons						
HS 0808.10						
						% change
	1994/95	1995/96	1996/97	1997/98	1998/99	year to year
United States	43,228	71,865	73,059	57,291	38,717	-32%
Philippines	8,196	9,813	12,663	4,877	12,527	256%
United Kingdom	6,083	4,732	5,177	5,619	5,694	1%
Mexico			218	2,068	4,542	219%
Hong Kong	1,618	548	217	191	1,472	770%
Taiwan	1,125	1,483	2,578	523	1,445	275%
Indonesia	4,073	2,533	4,045	1,173	970	-17%
Singapore	1,919	1,682	1,024	555	475	-14%
Thailand	4,472	3,396	3,903	187	441	234%
Trinidad-Tobago	423	373	289	634	295	-53%
Colombia	780	702	494	750	118	-84%
Others	4,845	2,103	1,671	765	1,620	211%
Total	76,762	99,232	105,338	74,634	68,315	-8%
06-Oct-99						
appex99.wk4-FAS/Ottawa-Source: Tiers; StatCan.						

Pear Imports

Canada's import market for fresh pears was slightly weaker in MY1998/99. Total fresh pear imports fell 4.5 % from the year earlier level to 66,451 metric tons. The U.S. share of the import market slipped to 62% from 71% the previous year reflecting increased competition from Southern Hemisphere suppliers.

Canadian Fresh Pear Imports					
Marketing Year, July/June					
Units: metric tons					
	1994/95	1995/96	1996/97	1997/98	1998/99
United States	43,441	43,779	38,244	49,582	41,008
Argentina	4,649	3,734	6,769	8,090	14,557
Chile	6,338	7,190	7,503	5,460	5,835
South Africa	2,913	2,502	1,933	3,579	2,276
Korea, South			17	2	646
Italy	214	228	292	265	519
Australia	1,010	465	567	728	502
New Zealand	343	250	737	575	421
China, P. Rep.		77	92	122	389
Portugal	558	349	655	904	43
Switzerland	12		12	79	23
Others	80	67	87	144	232
Total	59,556	58,639	56,909	69,531	66,451
18-Oct-99					
pearimp.wk4-FAS/Ottawa-Source: Tiers; StatCan.					

Pear Exports

Canada is a minor exporter of fresh pears.

Canadian Fresh Pears Exports					
Marketing Year, July/June					
Units: metric tons					
	1994/95	1995/96	1996/97	1997/98	1998/99
United States	68	581	573	771	559
Hong Kong		95	21	79	
Colombia	15	73	41	60	
United Kingdom				20	
Mexico				19	
Taiwan			23	9	
Costa Rica		20			
Korea, South					19
Singapore		39			
Trinidad-Tobago	2				
Total	86	809	658	958	577
pearex.wk4-FAS/Ottawa-Source: Tiers; StatCan.					

Section III. Consumption

Per Capita Consumption

In recent years, Canadian per capita consumption of apples has declined. Traditionally the fruit of choice among Canadians, fresh apples have fallen to number two after fresh bananas. Changing fresh fruit consumption patterns reflect in part a wider availability of fruit choice for Canadian shoppers, changing lifestyles, and changing immigration patterns.

Per Capita Consumption, Apples & Pears			
Units: kilograms, retail weight*			
Year	APPLES	PEARS	
1990	12.73	2.14	
1991	11.91	2.08	
1992	11.45	2.10	
1993	10.69	2.13	
1994	13.93	2.27	
1995	13.25	2.27	
1996	11.92	2.30	
1997	10.22	2.43	
*incl. fresh equivalent of processed			
Source: StatCan; Food Consumption in Canada, PartII			
percap.wk4			

Prices:

Wholesale apple prices are steady to mixed from a year ago according to Agriculture and Agri-Food Canada.

Fresh Apples: Wholesale to Retail Market Prices-TORONTO						
September 24, 1999; Prices in \$C, by origin, variety & weight						
Product	Origin	Variety	Weight	Grade	Low \$C	High \$C
APPLES	BC	Gala	Tray Pack 100'S	XFCY	37.00	38.00
APPLES	BC	Gala	Tray Pack 88'S	XFCY	41.00	42.00
APPLES	ONT	Mac	Cell 96	XFCY	24.00	28.50
APPLES	ONT	Mac	12X3 lbs	-	16.00	16.50
APPLES	U.S./Cal	Gr. Smith	CTN 100'S	XFCY	29.00	35.00
APPLES	U.S./Cal	Royal Gala	CTN 100'S	XFCY	25.00	35.00
APPLES	U.S./Cal	Royal Gala	CTN 113'S	XFCY	28.00	28.00
APPLES	U.S./Wa	Gol.Del	CTN 100'S	XFCY	28.00	30.00
APPLES	U.S./Wa	Gol.Del	CTN 113'S	XFCY	27.00	30.00
APPLES	U.S./Wa	Red Del	CTN 113'S	XFCY	23.00	26.00
Source: AAFC; Infohort						

There were too few comparable offerings of fresh pears to provide precise year to year comparisons, but wholesale pear prices at Toronto during September 1999 were reportedly weaker than a year earlier.

Fresh Pears: Wholesale to Retail Market Prices-TORONTO						
September 24, 1999; Prices in \$C, by origin, variety & weight						
Product	Origin	Variety	Weight	Grade	Low \$C	High \$C
PEARS	US/Wa	Bartlett	CTN 100	Fancy	25.00	32.00
PEARS	US/Wa	Bartlett	CTN 120	Fancy	24.00	25.00
PEARS	US/Wa	Bartlett	CTN 90	Fancy	29.00	36.00
PEARS	Italy	Abbate Fetel	CTN 15 lbs	-	20.00	20.50
PEARS	Italy	Rocha	CTN 10 kg	-	20.00	25.50
Source: AAFC; Infohort						

Apple Storage Holdings

Fresh Apple Storage by Type & Variety - June 1, 1999				
(includes imports in storage)				
Units: '000 lb.				
C.A. = Controlled Atmosphere				
	C.A.	Cold	Common	All Types
Nova Scotia	7,397	0	0	7,397
New Brunswick	118	46	0	164
Quebec	15,654	0	0	15,654
Ontario	20,309	7,554	10	27,873
British Columbia	16,672	9,448	188	26,308
Canada Totals	60,150	17,048	198	77,396
Last Year (6/1/98)	89,264	13,698	500	103,462
% change 99/98	-33%	24%	-60%	-25%
Source: AAFC, Infohort				

Canada: Apple Storage by Type & Variety - June 1		
(includes imports in storage)		
Units: '000 lb.		
Variety	1999	1998
McIntosh	18,180	29,389
Red Delicious	4,931	9,896
Golden Delicious	3,172	1,206
Cortland	238	3,236
Spartan	15,819	12,395
Crispin	218	1,238
Spy	15,900	16,010
Lobo	452	706
Idared	9,799	18,435
Empire	707	3,224
Gravenstein	0	0
Newtown	0	0
Other	7,980	7,727
Total	77,396	103,462
Source: AAFC; Infohort		

Section IV. Policy

Anti-Dumping Case; U.S. Apples

On July 24, 1999 the Canadian International Trade Tribunal (CITT) published a notice in the Canada Gazette, Part I, that it had determined there was sufficient information to warrant a review of Canada's anti-dumping case against U.S. fresh, whole, Delicious and Red Delicious apples. In May 1999 the CITT sought public comments on whether to conduct a review (see CA9057, 5/13/99). Under Canada's Special Import Measures Act, injury findings and the anti-dumping duties associated with those findings, expire automatically after five years unless a review is initiated by the CITT. The current anti-dumping duty on U.S. red delicious apples is scheduled to expire on February 8, 2000. The call for a review means that U.S. exporters must present evidence as to why the anti-dumping duties should not be renewed. Canadian industry supporters of the anti-dumping duty can be expected to press for another five-year renewal of anti-dumping duties.

Background: Canada has imposed anti-dumping duties on imports of U.S. Red Delicious apples since 1989. The initial case was allowed to expire in early 1994 but the GOC responded with a new anti-dumping investigation which resulted in the renewed application of anti-dumping duties. Since February 1995, if U.S. f.o.b. export prices to Canada are below US\$12.99 per 42 lb. box, Revenue Canada applies a dumping duty equal to the difference between the export price and US\$12.99. In its original decision, the CITT found that imports of Golden Delicious apples were not causing injury and they were excluded from anti-dumping duties. Despite the anti-dumping duty, the Red Delicious remains the most popular variety of U.S. fresh apple exports to Canada. The anti-dumping duty, which does not apply to imports between July 1 and September 30 each year, effectively establishes a minimum import price which subsequently increases the cost of all Red Delicious apples to Canadian consumers. According to the CITT, letters have been sent to U.S. parties with a known interest in the review providing them with the schedule for the review. A public hearing relating to the review will be held in the CITT Hearing Room, 18th Floor, Standard Life Centre, 333 Laurier Avenue W., Ottawa, Ontario, commencing on November 22, 1999, at 9:30 a.m., to hear evidence and representations by interested parties.

B.C. Government Commits to Continuing Orchard Replant Program

In 1990, the Okanagan Valley Tree Fruit Authority (OVTFA) was established to assist with the revitalization of the tree fruit industry in British Columbia. A major thrust of the OVTFA was a replant program based on assisting the replanting of older plantings with new high density plantings of new higher value varieties. Since 1991, B.C. Interior growers have been eligible for grants for replanting but the program was due to expire in December 2000. In late September 1999, the B.C. government announced that it will carry out an intensive consultation program to redesign the orchard replant program for an additional five years.

Support for B.C. Tree Fruit Industry for Low Prices & Bad Weather

In May 1999, B.C. orchardists lobbied the provincial government for emergency funds and adjustments to provincial and federal support programs. The province responded with a broad-based response to the concerns of tree-fruit growers and other farmers to help them bridge a difficult time. Crop insurance premiums were reduced for one year for all B.C. farmers, letting them maximize their insurance protection as they recover from losses due to bad weather and low market prices. Up to \$4 million in farm operating loans was guaranteed by the provincial government to help

farmers in the Okanagan and Creston areas keep farming in 1999.

The province earlier made a number of changes to the province's Whole Farm Insurance Program at the request of industry leaders and with the approval of the B.C. agriculture safety net advisory committee. Some of the changes included an adjustment to the way farmers report the value of apple and pear inventories, which will increase the amount of disaster funding farmers can receive. Growers whose claims do not result in disaster funding will be refunded the \$100 claim application fee.

According to the province, 45 tree-fruit growers have been paid a total of \$948,000, for an average payment of \$21,000. More than 200 tree-fruit claims are being processed with an estimated total value of more than C\$3.4 million.

Disaster Assistance Program for Nova Scotia

In early October 1999, the Nova Scotia government announced \$C10 million in assistance to that province's farmers under the Weather Related Relief Program. Primary agriculture suffered crop losses and feed shortages in 1999, the third successive year of a prolonged dry period during the growing season. Tree fruit growers will be eligible for a portion of the funds under the relief program but livestock and grain farmers were expected to account for the major share of the relief package funding.

Imports of Apple Juice Concentrate

Similar to U.S. industry concerns, Canada's apple growers are closely monitoring imports of apple juice concentrate (AJC) from China but have yet to make formal representation to government for import relief measures. Canadian apple growers are concerned over the significant increase in imports of cheap AJC from China which increased from 398 thousand liters in 1997 to 3.3 million liters in 1998. In addition, imports of AJC from the United States rose sharply in 1998 and 1999. The recent increase in AJC imports has reportedly weakened juice apple prices for local growers.

Canadian Apple Juice Concentrate Imports					
1995-1998 Calendar Years; 1999 data is January to July					
'000 liters					
HS=200970					
					7 mos.
	1995	1996	1997	1998	1999
United States	3,318	2,812	2,182	5,927	3,338
China, P. Rep.	106	167	398	3,338	1,945
New Zealand	62	216	514	1,495	57
Germany	2,651	1,547	1,004	889	99
Argentina	1,119	1,512	988	607	780
South Africa	2,466	1,136	1,511	595	2,133
Chile	100	639	279	574	638
Hungary	937	749	749	541	70
Brazil	802	1,165	1,616	143	105
Turkey	91	523	372	61	
Moldova		2,142	1,248	15	176
Others	654	604	792	563	970
Total	12,305	13,213	11,654	14,748	10,310
04-Oct-99					
ajcim99.wk4-FAS/Ottawa-Source: Tiers; StatCan.					

Section VI. Marketing

Marketing

Most U.S. exports of fresh apples and pears to Canada are destined to major fruit wholesalers, distributors, and retailers in or near major Canadian population centers. A free tariff rate applies to imports of fresh apples from the United States. More than 90 percent of U.S. exports of fresh apples and pears during calendar year MY1998/99 reached markets surrounding the major metropolitan areas of Canada's three most populous provinces, Ontario, Quebec, and British Columbia.

Interested U.S. fresh fruit exporters may obtain a listing of major Canadian fruit wholesalers and distributors licenced by Agriculture and Agri-Food Canada by contacting Marilyn Bailey at the Office of Agricultural Affairs, U.S. Embassy, Ottawa, telephone (613) 238-4470, ext. 267; fax (613) 233-8511. In addition, the Canadian Produce Marketing Association (CPMA) holds an annual trade show and convention attended by major Canadian wholesalers and numerous U.S. produce suppliers and shippers. A significant number of U.S. produce exporters are members of the CPMA. The CPMA Internet web site is <http://www.cpma.ca/>

Web Sites

AAFC Inforhort: http://www.agr.ca/misb/infohort/infohort_e.html

Canadian Produce Marketing Association: <http://www.cpma.ca/>

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