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## Canada

## Strawberries

## Strawberry Annual - Revised

## 2000

Approved by:

**Norval Francis**

**U.S. Embassy**

Prepared by:

George Myles

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**Report Highlights:** Smaller planted area and weather-related production difficulties have reduced Canadian strawberry output in recent years. A favorable outlook exists for increased U.S. exports of fresh strawberries to Canada. U.S. fresh and frozen strawberry exporters are facing gradual, but growing competition from Mexico for Canadian import market share.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
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## Executive Summary

- \* Canada's production of fresh strawberries has remained flat in recent years reflecting a combination of reduced planted area and weather-related production difficulties.
- \* Canada is a net importer of fresh strawberries. Imports in MY1999/00 are expected to reach an estimated 44,000 metric tons, an increase of more than 10% above a year earlier reflecting increased imports from the United States and Mexico. Demand prospects point to increased imports again during MY2000/01.
- \* U.S. market share of Canada's import market for fresh and frozen strawberries remained above 95% and 50% respectively, but competition from Mexican product is increasing. Under NAFTA, fresh strawberries from Mexico enter Canada duty free. The duty on frozen strawberries from Mexico will be eliminated on December 31, 2002. Year-round duty free status has been extended to U.S. fresh and frozen strawberries since January 1, 1998 under NAFTA.
- \* Prospects for rising personal disposable incomes in Canada over the next several years point to a favorable outlook for U.S. exports of fresh strawberries to Canada. In addition, the adverse publicity surrounding the cyclospora scare of the mid-1990s appears to have faded from consumers' memory.
- \* Canada's import market for frozen strawberries grew 40% during the three years ending 1999, reflecting strong demand for product among Canadian food manufacturers and the foodservice sector.
- \* 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; 1999, C\$=US\$.6730; March 2000, approximately US\$ .6850.

## Section I. Fresh Strawberries

## Production Situation and Outlook

Statistics Canada reports total Canadian strawberry production in 1999 at 26,548 metric tons, fractionally lower than a year earlier but the third consecutive year-to-year decline. After peaking at above 35,000 metric tons in 1995, Canadian strawberry production has declined due to successive years of weather-related production problems which have reduced total strawberry area. For 2000, total bearing area (harvested) could slip to about 4,150 hectares, a 15% decline in two years. Given average yields, production in 2000 may reach about 27,000 metric tons. The local marketing year for fresh strawberries is April/March.

PSD Table						
Country	Canada					
Commodity	Fresh Strawberries				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1998		04/1999		04/2000
Area Planted	5800	5951	0	5330	0	5100
Area Harvested	4800	4887	0	4439	0	4150
TOTAL Production	30000	26810	0	26548	0	27000
Imports, Fresh	38500	39332	0	44000	0	45000
TOTAL SUPPLY	68500	66142	0	70548	0	72000
Exports, Fresh	100	70	0	170	0	150
Domestic Fresh Market	62400	62226	0	66628	0	68350
For Processing	6000	3846	0	3750	0	3500
TOTAL UTILIZATION	68500	66142	0	70548	0	72000

## Production by Province

The following table shows Canadian strawberry production, by province, for 1999. Ontario, Quebec, and British Columbia remain the primary production regions.

Canada: Strawberry Production by Province; 1999					
	Cultivated	Bearing	Quantity	Production	Farm Gate
	Area	Area		as %	Value
	(ha.)	(ha.)	MT	total	\$C'000
Newfoundland	63	51	127	0%	380
Prince Edward Is.	101	85	417	-	815
Nova Scotia	364	283	1,814	7%	4,000
New Brunswick	198	194	499	2%	1,200
Quebec	1,781	1,457	9,571	36%	15,950
Ontario	1,740	1,457	8,981	34%	17,360
Manitoba	223	198	687	3%	1,555
Saskatchewan	57	49	125	0%	325
Alberta	180	109	431	2%	1,400
British Columbia	623	556	3,896	15%	7,810
Canada Totals	5,330	4,439	26,548	100%	50,795
Year ago (revised)	5,951	4,887	26,810	-	51,055
Source: Statistics Canada					
prov.wk4; 3/08/00					

## Consumption

Preliminary data suggest that declining per capita consumption of fresh strawberries, evident since 1995 when per capita consumption peaked at 2.18 kg, may have reversed in 1999 reflecting increased imported supplies. The adverse publicity surrounding the cyclospora scare of the mid-1990s appears to have faded contributing to increased fresh strawberry purchases among consumers. Over the short term, prospects for increased strawberry consumption in Canada are favorable. Real disposable incomes in Canada are expected to rise over the next few years reflecting prospects for an expanding economy and lower personal income tax rates. Rising incomes may help offset the perception by the average consumer that fresh strawberries are an expensive fruit. As a net importer of fresh strawberries, Canadian retail strawberry prices generally reflect the relative strength of the Canadian dollar which many independent observers believe will show strength in coming years vis-a-vis the U.S. dollar.

## Prices

In late winter 1999/00, offerings of Florida fresh strawberries on the Toronto wholesale market were priced about 15% lower than for comparable offerings a year earlier during that time period. In early 1999, U.S. fob prices were particularly strong due to strong domestic and export demand for U.S. strawberries. In addition, the Canadian dollar was close to a historic low against the U.S. dollar in the first quarter of 1999 making imports of U.S. strawberries more costly for Canadian importers and wholesalers.

Fresh Strawberries				
Wholesale Market Prices in C\$ at Toronto				
Week Ending	Origin	Type	Package/Weight	Price Range
2000				
March 3	Florida	Field	Flat, 12X1 Pint	20.00-25.00
Feb. 25	Florida	Field	Flat, 12X1 Pint	19.00-26.00
Feb. 18	Florida	Field	Flat, 12X1 Pint	19.00-26.00
Feb. 11	Florida	Field	Flat, 12X1 Pint	19.00-30.00
Feb. 4	Florida	Field	Flat, 12X1 Pint	18.50-26.00
Source: AAFC; Infohort				

## Section II. Trade, Marketing Year

## Fresh Strawberry Imports

Canada: Fresh Strawberry Imports						
Marketing Years (April/March)						
Units: metric tons						
HS 0810.10						
						Forecast
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
United States	37,710	39,860	40,760	37,384	37,651	42,250
New Zealand	220	141	236	414	520	500
Mexico	197	279	180	168	895	1,100
Guatemala	0	0	0	0	7	10
Colombia	0	0	9	5	38	45
China, P. Rep.				1	96	10
Jamaica	0	1	1	1	12	41
Belgium					24	0
Chile	4	21	15		11	10
Spain	0				22	0
Others	8	6	15	47	55	34
Total	38,139	40,308	41,216	38,019	39,332	44,000
10-Mar-00						
myimp.wk4FAS/Ottawa-Source: World Trade Atlas.						

Based on preliminary data, Canadian imports of fresh strawberries are forecast to reach about 44,000 metric tons in MY1999/00 (April/March) for an increase of more than 10% above a year ago. Increased imports from the United States and Mexico account for virtually all of the increase. Prospects for relatively flat Canadian fresh strawberry output point to increased demand for imported fresh strawberries in MY2000/01. Imports from the United States, (mostly California, Florida, and Michigan) are expected to account for about 96% of Canadian fresh strawberry imports in MY1999/00.

Exports: As shown below, Canadian exports of fresh strawberries are relatively insignificant.

Canada: Fresh Strawberry Exports						
Marketing Years (April/March)						
Units: metric tons						
HS 0810.10						prelim.
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
United States	55	68	410	0	70	170
Brazil	0	0	1	0	0	0
Total	55	68	412	0	70	170
myexp.wk4FAS/Ottawa-Source: Canadian Trade Analyzer						

### Section III. Calendar Year Trade Data

The following table shows Canadian fresh strawberry imports on a calendar year basis.

Canada: Fresh Strawberry Imports					
1995-1999 Calendar Year Basis					
Units: metric tons					
HS=0810.10					
	1995	1996	1997	1998	1999
United States	37,014	40,287	40,070	36,317	43,955
Mexico	323	158	192	425	1,027
New Zealand	153	226	410	511	495
Australia	0	0	0	0	51
Colombia	0	4	8	16	41
Jamaica	0	0	7	12	41
Malaysia	0	0	0	3	12
China, P. Rep.	0	0	1	96	8
Chile	22	2	15	9	2
Guatemala	1	2	5	5	1
Others	3	14	37	93	45
Total	37,516	40,693	40,745	37,487	45,678
U.S. share of total	99%	99%	98%	97%	96%
freshimp.wk4-FAS/Ottawa-Source: World Trade Atlas					



## Section IV. 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 1999, Ontario was the number one destination for U.S. fresh strawberry exports to Canada accounting for 52% of total (see table below).

## Imports from the United States, by Province

Imports of U.S. Fresh Strawberries, by Province				
Calendar Year 1999				
HS 0810.10				
Province *		Quantity		%Share
		kilograms		1999
	1997	1998	1999	Basis
-All Provinces-	40,745,371	37,487,576	45,678,086	
Ontario	22,839,757	19,208,624	23,951,678	52.4%
Alberta	6,531,028	6,892,692	9,229,317	20.2%
British Columbia	7,419,264	7,809,274	8,271,185	18.1%
Quebec	1,572,404	1,347,010	1,913,319	4.2%
Manitoba	1,385,628	1,580,887	1,857,548	4.1%
New Brunswick	297,090	331,707	246,723	0.5%
Saskatchewan	692,953	315,302	208,316	0.5%
Newfoundland	7,107	807	0	0.0%
Nova Scotia	0	925	0	0.0%
Yukon	140	348	0	0.0%
* not necessarily prov. of consumption				
Source: World Trade Atlas				

## Section V. 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.

The Canada/Chile Free Trade provides free access for fresh strawberries from Chile, while the Canadian tariff on frozen strawberries from Chile will be eliminated by 2003. The current rate on frozen strawberries from Chile (effective January 1, 1998 to December 31, 2002) is 3.5 Canadian cents/kg, but not less than 5%.

Under NAFTA all fresh strawberries from Mexico enter Canada duty free while the current rate for frozen strawberries is 2.6 Canadian cents/kg, not less than 4%, until it is eliminated on December 31, 2002. Canada chose to apply no seasonal tariffs on fresh strawberries from any origin during 1999.

## Section VI. Frozen Strawberries

## Supply and Distribution

PSD Table						
Country	Canada					
Commodity	Frozen Strawberries				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Deliv. To Processors	0	0	0	0	0	0
Beginning Stocks	1000	1100	0	1000	0	1000
Production	2100	3000	0	2900	0	3000
Imports	15000	14075	0	16277	0	17000
TOTAL SUPPLY	18100	18175	0	20177	0	21000
Exports	500	513	0	660	0	550
Domestic Consumption	16600	16662	0	18517	0	19450
Ending Stocks	1000	1000	0	1000	0	1000
TOTAL DISTRIBUTION	18100	18175	0	20177	0	21000

Canada's production of frozen strawberries is small and the market relies on imported supplies to meet the demand of the retail, food manufacturing and foodservice sectors. Consumption of frozen strawberries increased during the late 1990s reflecting their increased use as a food manufacturing ingredient. The Canadian import market for frozen strawberries grew 40% during the three year period ending 1999 (see table on the following page).

## Frozen Strawberry Imports

U.S. exports of frozen strawberries to Canada slipped slightly to 8,417 metric tons in 1999, but captured 52% of the import market. Mexican exports of frozen strawberries to Canada rebounded from lower levels in 1998 to jump by nearly one-third in 1999.

Canadian Frozen Strawberry Imports					
1997-1999 Calendar Years					
Units: kilograms					Country
HS = 0811.10					Share
					1999
Rank	Country	1997	1998	1999	basis
	-- The World ---	11,560,106	14,075,349	16,276,814	
1	United States	5,467,169	8,570,332	8,416,838	52%
2	Mexico	5,745,608	5,111,457	6,770,345	42%
3	China, P. Rep.	25,560	230,016	384,762	2%
4	Spain	0	43,549	149,270	1%
5	Chile	0	0	120,308	1%
6	Poland	150,109	22,000	110,300	1%
7	Morocco	0	21,954	86,439	1%
8	Bosnia'herz.	0	29,479	85,134	1%
9	Turkey	0	0	54,793	0%
10	Netherlands	169,309	6,727	34,318	0%
11	Germany	0	0	21,996	0%
12	Croatia	0	0	18,392	0%
13	Argentina	0	0	18,375	0%
14	Egypt	2,166	3,144	4,073	0%
15	France	171	1,570	980	0%
16	Belgium	0	0	491	0%
17	United Kingdom	0	0	0	0%
18	Denmark	0	0	0	0%
19	Switzerland	0	4	0	0%
20	Former Yugoslavia	14	0	0	0%
21	Philippines	0	0	0	0%
22	Brazil	0	0	0	0%
23	Ecuador	0	0	0	0%
24	Guatemala	0	35,117	0	0%
Source: World Trade Atlas					

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