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Voluntary Public

Date: 2/12/2018

GAIN Report Number: CA18012

Canada

Post: Ottawa

Canadian Processed Cranberry Exports Double in Five Years

Report Categories:

Fresh Fruit

Dried Fruit

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Report Highlights:

Canadian exports of prepared or preserved cranberries have increased by 132 percent since 2012 and Canadian exports of cranberry juice have increased 67 percent. While the United States remained the main export market for Canadian fresh cranberries and cranberry products in 2017, Canadian exports to the European Union have increased. Canadian cranberry production was negatively impacted by weather in 2017 leading to a 21 percent reduction in fresh cranberry exports. The impact of this production decrease on the further processed market could see Canada importing more U.S. cranberry products in 2018.

Key Words: CA18012, Canada, Cranberries, Fruit

Imports

Canadian imports of fresh cranberries are virtually negligible compared to exports, however, the United States is the currently the only source of Canadian imports of fresh cranberries. Canadian imports of prepared or preserved cranberries declined approximately one percent in 2017 compared to 2016. This followed an 18 percent decline in 2016 from the peak imports reached in 2015 off of four years of increased imports. Canada experienced a substantial decline in fresh cranberry production in 2017. With this reduced harvest, imports of prepared or preserved cranberries are likely to increase in 2018 as consumer demand remains strong. The United States remains the main provider of Canadian imports of prepared or preserved cranberries with almost 100 percent of the market share; Canada is currently the 4th largest market for exports of U.S. prepared and preserved cranberries; Canada was the 2nd largest market for U.S. exports from 2012-2014 and 3rd largest from 2015-2016.

Canada: Imports of Prepared or Preserved Cranberries (HS 200893)

Calendar year/ Quantity in metric tons

	2012	2013	2014	2015	2016	2017
World	8,398	8,826	10,097	11,148	9,175	9,080
United States	8,381	8,804	10,076	11,133	9,157	9,074
China	3	6	17	9	2	3
France	0	0	0	0	16	0
All other countries	14	16	4	6	0	3

Source: Global Trade Atlas

Canadian imports of cranberry juice have seen sustained gains since 2013. Imports increased approximately four percent in 2017 over 2016 with 2,483 MT (2.4 million L) of juice imported. Similar to fresh and prepared and preserved cranberries, the United States is the main source of Canadian import with roughly 99 percent of the market share. As with fresh and prepared and preserved cranberries, the production decreases from the 2017 harvest may lead to increased imports of cranberry juice if consumer demand is sustained in 2018.

Canada: Imports of Cranberry Juice (HS 200981)

*Calendar year/ Quantity in metric tons***

	2012	2013	2014	2015	2016	2017
World	1,819	1,400	1,493	2,040	2,387	2,483
United States	1,464	1,348	1,464	2,033	2,340	2,442
Mexico	2	1	1	1	2	2
Netherlands	0	0	0	0	0	1
EU28	59	15	0	2	1	1
All other countries	294	35	28	4	45	37

*Source: Global Trade Atlas **conversion using 1.05 kg/L specific density*

*Under NAFTA the United States does not face tariffs for exports to Canada for fresh cranberries, prepared and preserved cranberries, and cranberry juice.

Exports

Canada: Exports of Fresh Cranberries (HS 08104090)

Calendar year/ Quantity in metric tons

	2012	2013	2014	2015	2016	2017
World	58,764	60,083	59,074	65,131	63,716	50,242
United States	57,918	59,202	57,938	64,486	62,805	48,849
China	18	46	125	0	225	202
France	25	1	1	9	28	48
Germany	89	50	24	90	34	257
Netherlands	28	214	265	44	87	266
EU 28	397	739	747	528	326	1,335
All other countries	686	570	721	502	537	620

Source: Global Trade Atlas

The Canadian export market for fresh cranberries has seen modest growth in recent years but has been subject to volatility. The United States remains the main export market, however, 2017 year to date numbers for the European Union shows Canadian exports to the EU up 286 percent. Despite this,

Canadian exports of fresh cranberries declined by 21 percent in 2017 compared to 2016 trade data. This decline is likely predominately driven by markedly decreased Canadian cranberry production yields due to a poor harvest in 2017. EU exports are anticipated to continue to remain strong in 2018, especially if growing conditions and harvest create a favorable crop in Fall of 2018. Increased trade activity with the EU is likely encouraged by CETA. CETA was signed into force on September 21, 2017 resulting in the termination of tariffs for Canadian fresh cranberries; previously Canada was subject to the MFN tariff of 9.6 percent. Given that CETA implementation was timely for Canadian fresh cranberry exports to the EU, the significance of the trade impact and subsequent pattern of export activity will be clarified in Fall of 2018 as second year of CETA trade data becomes available.

Canada: Exports of Prepared or Preserved Cranberries (HS 200893)

Calendar year/ Quantity in metric tons

	2012	2013	2014	2015	2016	2017
World	8,487	11,502	13,711	13,348	14,341	19,694
United States	5,147	6,076	6,884	7,652	8,027	9,813
China	85	41	130	72	192	822
France	75	194	258	197	309	563
Germany	719	1,026	652	537	1,004	1,488
Netherlands	776	1,143	2,404	2,456	2,524	2,561
EU 28	2,615	4,198	5,159	4,252	4,972	6,808
All other countries	1,685	3,022	3,383	2,434	2,285	4,447

Source: Global Trade Atlas

Canada has seen steady growth of exports of prepared or preserved cranberries. Gains in this market have been stronger than with fresh cranberries and also subject to less volatility based on annual trade data. The United States remains the main export market, however, market share is less than with fresh cranberries at approximately 50 percent compared to over 98 percent for fresh and has steadily decreased since 2015. Exports to the EU have increased 37 percent in 2017 compared to 2016. In 2017 Canada was second in terms of market share for prepared and preserved cranberries imports in the EU behind the United States; Canadian exports to the EU were approximately one quarter of the volume of U.S. exports of prepared and preserved cranberries. Canadian exports to the EU no longer face a tariff; prior to CETA exports of prepared or preserved cranberries faced an MFN tariff of 17.6 percent or greater depending on the preparation although this tariff has been [waived since 2011 for dried cranberries](#). Unlike the fresh market, Canadian exports of prepared and preserved cranberries are up over 37 percent for 2017 compared to 2016. The impact of reduced Canadian production from the 2017 harvest on prepared and preserved products will not be seen until the 2018 export year.

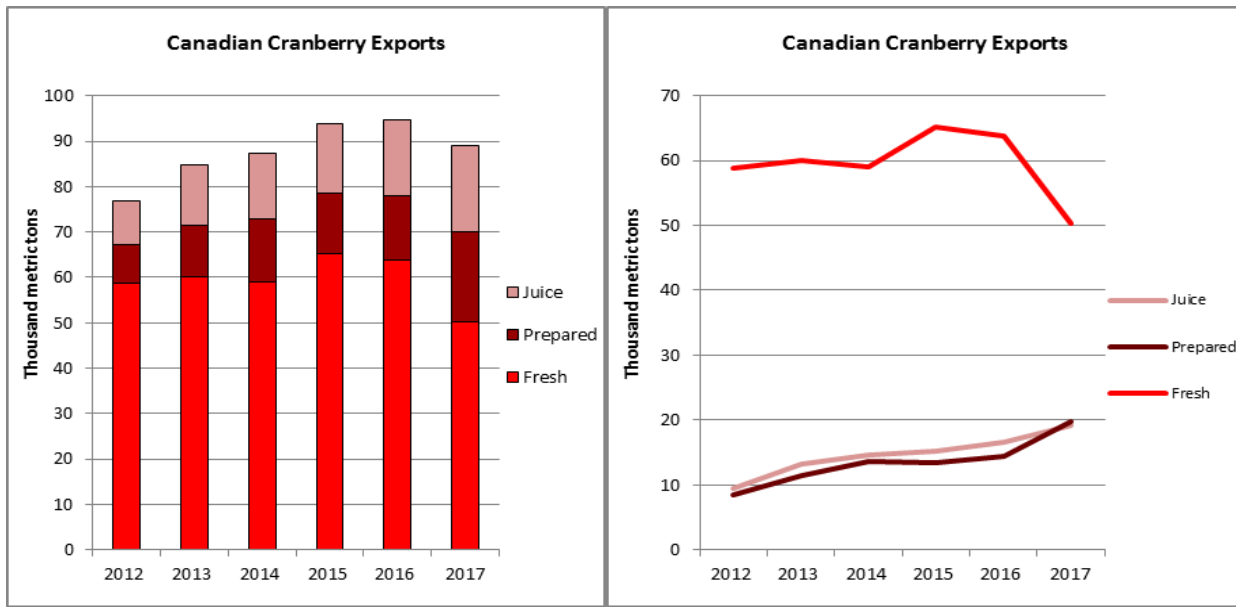
Canada: Exports of Cranberry Juice (HS 200981)

*Calendar year/ Quantity in metric tons***

	2012	2013	2014	2015	2016	2017
World	9,520	13,226	14,676	15,304	16,563	15,867
United States	7,885	10,293	11,431	12,575	13,940	12,992
China	0	36	3	2	39	42
France	76	170	139	163	184	137
Germany	99	546	523	501	725	709
Netherlands	680	891	1,458	984	969	1,067
EU 28	1,450	2,579	3,082	2,397	2,300	2,544
All other countries	780	1,289	1,121	1,081	706	920

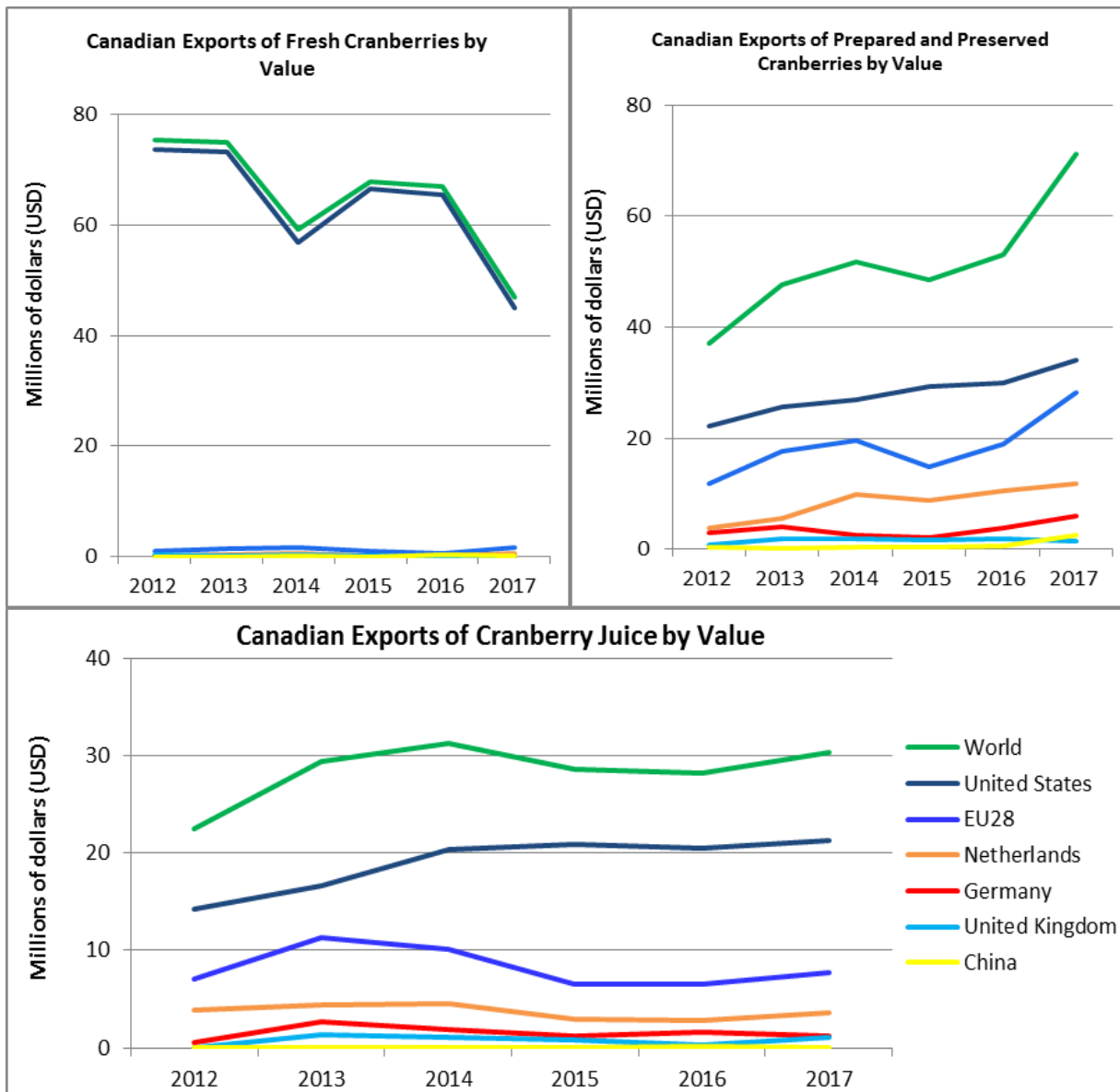
*Source: Global Trade Atlas **conversion using 1.05 kg/L specific density*

The United States remains the main export market for Canadian cranberry juice in 2017 with an approximately 84 percent market share. Canadian exports of cranberry juice are up 16 percent in 2017 compared to 2016. This follows the five year trend of steady gains in export volume. Exports to the EU are up 19 percent in 2017 compared to 2016 data representing a reversal of a recent trend towards decreasing Canadian exports of cranberry juice to the EU which began following a peak in 2014. In 2017 Canada was second in terms of market share for EU imports of cranberry juice behind the United States; Canadian exports to the EU were approximately 70 percent of the volume of U.S. exports of cranberry juice to the EU. With CETA, Canadian exports of cranberry juice to the EU face no tariffs while prior to CETA the MFN tariff was 14% or greater depending on the cranberry juice product. However, similar to dried cranberries, the EU has implemented [duty waivers periodically](#). Exports to China have also seen increased activity in 2016 and 2017 as there are reported efforts to promote cranberry products in the Asian market.



Source: *Global Trade Atlas*

While a reduced harvest in 2017 has negatively impacted 2017 fresh cranberry export numbers, the overall trend for Canadian fresh cranberries and cranberry products has been a steady increase in exports over the past five years. The United States remains the main export market for fresh, processed, and juiced cranberries while CETA appears to be driving a renewed interest in exporting to the EU market.



Source: Global Trade Atlas

*Under NAFTA Canada does not face tariffs for exports to the United States for fresh cranberries, prepared and preserved cranberries, and cranberry juice.

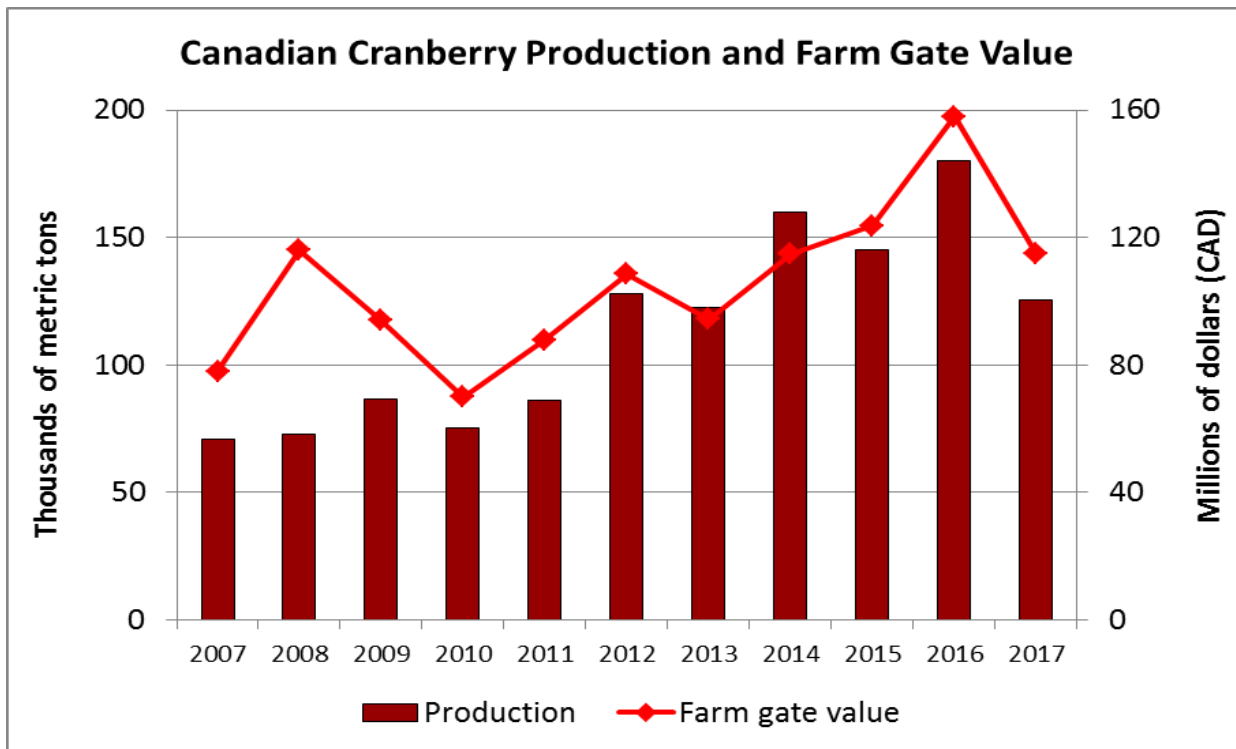
Canadian Production

CANADA: Fresh Cranberries

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Production (metric tons)	70,690	72,688	86,776	75,405	86,380	127,737	122,409	160,046	145,141	180,282	125,56
Area planted (hectares)	4,573	5,026	5,461	5,885	6,108	6,489	7,121	7,143	7,316	7,402	8,189
Area harvested (hectares)	3,944	4,425	4,552	4,676	5,131	5,764	5,928	6,292	6,934	6,509	6,963

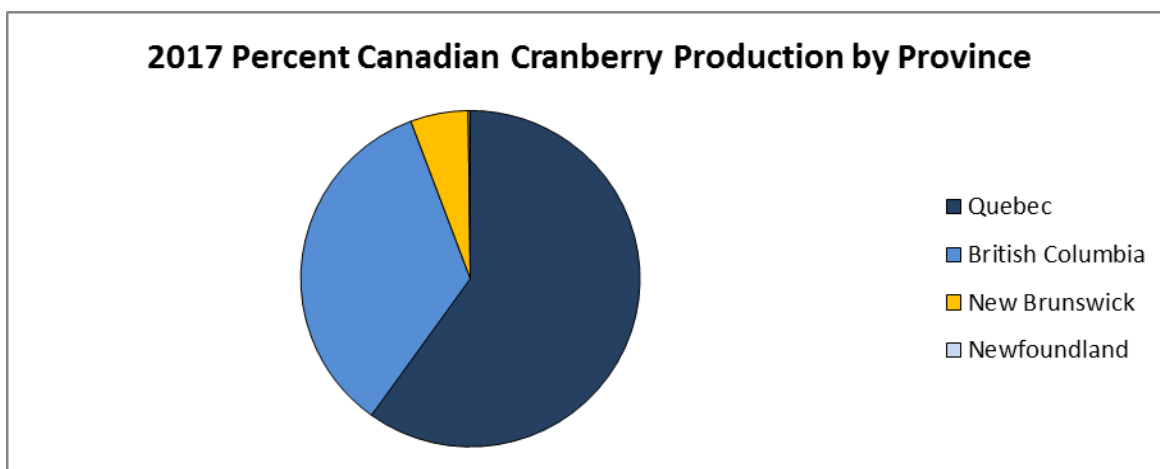
Source: Statistics Canada

The Canadian cranberry industry more than doubled production from 2007 to 2016 according to Statistics Canada data. Coupled with production increases, planted and harvested acres have also increased, albeit at a slower pace owing to increased productivity of existing cultivated acres. The Canadian cranberry industry has continued to see production increases and increased farm gate value of fresh cranberries in spite of diminishing wholesale prices. These farm gate value increases are being driven as a result of increased production trends offsetting the drop in wholesale value as global production of cranberries has increased. In 2007, production and farm gate value data suggest a farm gate price of \$1,106 CAD/MT with 2016 data indicating \$876 CAD/MT. Recently released data from Statistics Canada for 2017 production and farm gate value suggest that producers received slightly higher value per MT in 2017 with farm gate value indicating price averaged \$915 CAD/MT. For the past few years, farm gate value has reportedly been around the cost of production for many producers, which likely influenced the relative stabilization of planted and harvested acreage seen in recent years. Should profitability continue to be adversely impacted by a strong Canadian dollar and low wholesale prices acreage trends may begin to decline. Industry sources report that those growers contracted with large conglomerates experience less price volatility and generally receive higher payments as a result of their fixed pricing contracts. Data released for 2017 indicates that planted area increased 10.6 percent over 2016 numbers representing the largest planted area increase in the last five years. This increase appears to be mainly driven by increased acreage in the province of Quebec.



Source: Statistics Canada

During the 2016 Census of Agriculture, Canada reported 280 cranberry farms with 65 percent of production occurring in Quebec. British Columbia was previously the largest provincial producer and still maintains the largest number of cranberry farms. However, according to national and provincial agriculture reports, the production shift to Quebec has been predominately due to high land prices in British Columbia and limited land availability. Quebec has seen production increase 237 percent from 2007 to 2016 while British Columbia production has increased 127 percent. Prince Edward Island and Ontario also reported cranberry farms in the 2016 census, but production data has been suppressed by Statistics Canada in recent years for confidentiality purposes; data from these growers should still be captured in aggregate, national level reporting.



Statistics Canada

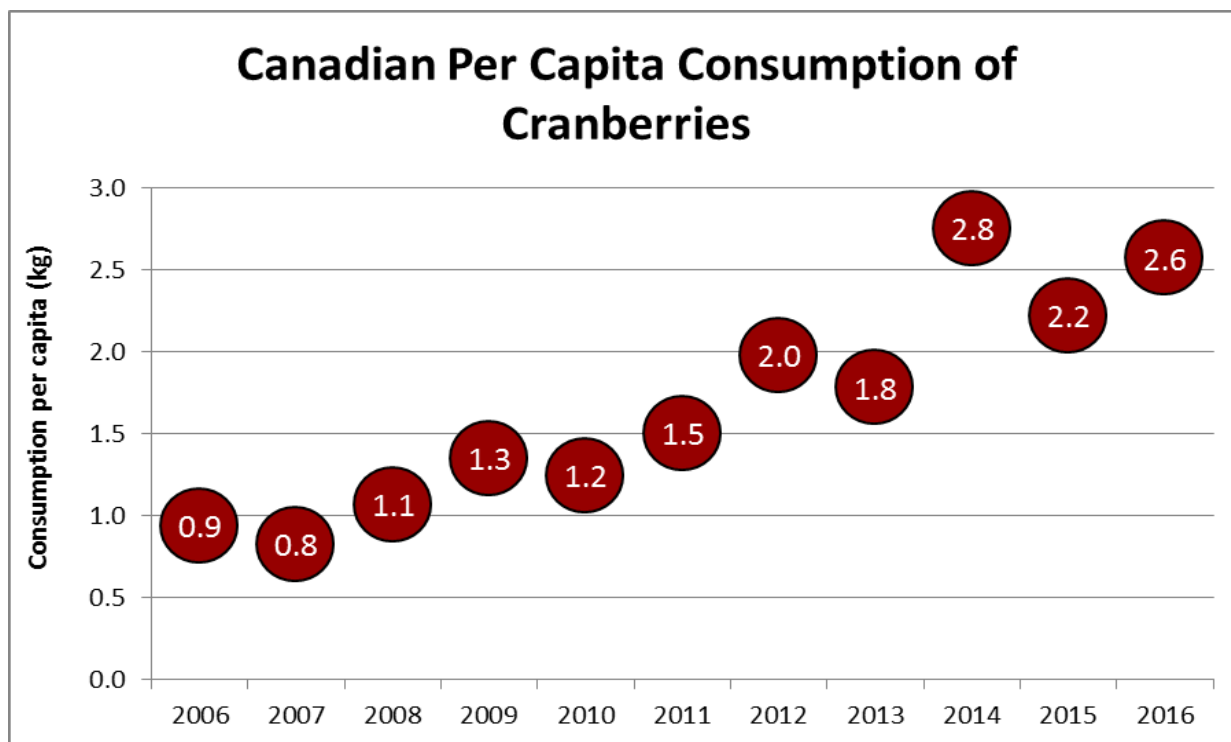
Source:

While data on organic growers is currently not reported, sources indicated that approximately 10-15 percent of Quebec production is organic. This market may continue to expand, especially if demand for organic cranberries increases in the European Union. Quebec producers should be competitively situated to export organic production given their current production levels and access to the market due to the Comprehensive Economic and Trade Agreement (CETA).

Quebec should continue to see growth in production and processing of cranberries as a result of investments. Fruit d'Or, a fruit processor and exporter in Quebec, received \$9.3 million CAD through the Canadian Government's AgriInnovation Program and Growing Forward 2 Agreement to build a [state of the art processing facility](#) for cranberries. This investment will enable an increase in processing capacity of 3,630 MT of cranberries and 6,800 MT of organic cranberries over a three year time period and situate the company favorably to supply a high end processed product to the European market. Additionally, [media reports](#) suggest that OceanSpray is seeking to increase investment in cranberry production in the Maritimes in anticipation of growth in overseas markets. The company has reportedly recently established a 125 acre cooperative in New Brunswick and is in the process of acquiring Atoka Cranberries, a Quebec processor.

Reports on the 2017 Canadian cranberry harvest had indicated that production would be down for 2017 compared to 2016. Weather was cited as the main antagonist to production and harvest as drought impacted the Maritimes; temperatures were higher than previous years well into autumn in Quebec and Ontario following a wet summer; and spring time temperatures were colder than normal for much of British Columbia followed by a hot and dry summer. These conditions resulted in a 31 percent production decline for Canadian cranberries in 2017 according to current data releases. This will likely have a beneficial impact on prices as consumer demand reportedly remains high for cranberries; especially for dried cranberries and juice products.

According to per capita consumption data derived from Statistics Canada data on domestic disappearance, Canada has seen relatively steady growth in consumption over the past ten years with consumption currently around 2.6kg per person. A breakout of how cranberries are being consumed is currently not available although anecdotal data would indicate a shift towards juices and prepared products such as dried cranberries. With a short harvest in 2017, it is possible that Canada will see increased imports of cranberry products in 2017 to offset the lack of domestic (Canadian) production. Consequently, Canadian exports of further processed cranberry products such as juices and dried cranberries are likely to be mitigated in 2018; currently Canada does not release production data from further processing.



Source: Statistics Canada

Policy

CETA

The Canadian-European Union Comprehensive Economic and Trade Agreement (CETA) entered into force on September 21, 2017. This agreement virtually eliminated tariffs for Canadian produce exports to the EU, cranberries being one commodity benefiting from tariffs reducing to zero. Prior to CETA, Canadian cranberry exports were subject to the MFN tariff which ranged from 9.6 percent for fresh cranberries to over 30 percent for certain prepared products. With CETA in place, Canadian cranberry exports are assured duty free access to the EU regardless of whether a duty waiver is in place for certain products. Along with Chile, which is the third largest producer of cranberries and has a free trade agreement with the EU, this situates Canada well for exports to the EU. Should the EU elect to dismiss the duty waiver for cranberries, Canada and Chile would be at an advantage over the United States in exporting cranberries and cranberry products to the EU.

CPTPP

Canada and Australia, Brunei, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam concluded negotiations on January 23, 2018 for the revised Trans Pacific Partnership renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) following the withdrawal of the United States in January 2017. The agreement will reportedly remain much the same as the original TPP text for agriculture and is expected to be signed in March 2018. This will provide Canada with preferential access for [agriculture and agri-food products](#) to CPTPP markets especially for certain commodities in Japan, Malaysia, and Vietnam where Canada faces average agricultural tariffs of 17.3, 10.9, and 17 percent respectively. Specific text outlining horticulture and impact on cranberries and cranberry products has not been released at this time.

BC Cranberry Marketing Commission

The province of British Columbia imposes production controls for cranberry growers within the province. These controls are regulated through the [British Columbia Farm Industry Review Board](#) and BC cranberry growers must be licensed to market cranberries. The [BC Cranberry Marketing Commission](#) oversees transportation, processing, packing, storage, and marketing of cranberries in the province and exercises authority over interprovincial trade and international trade through authorization from the federal government under the [British Columbia Cranberry Order](#). The BC Cranberry Marketing Commission administers quotas to commercial growers and regulates the provincial industry according to the [BC Cranberry Marketing Scheme](#). The [Natural Products Marketing \(BC\) Act](#) governs the regulated marketing system in British Columbia.