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## Canada

### Fresh Deciduous Fruit Annual

**2017**

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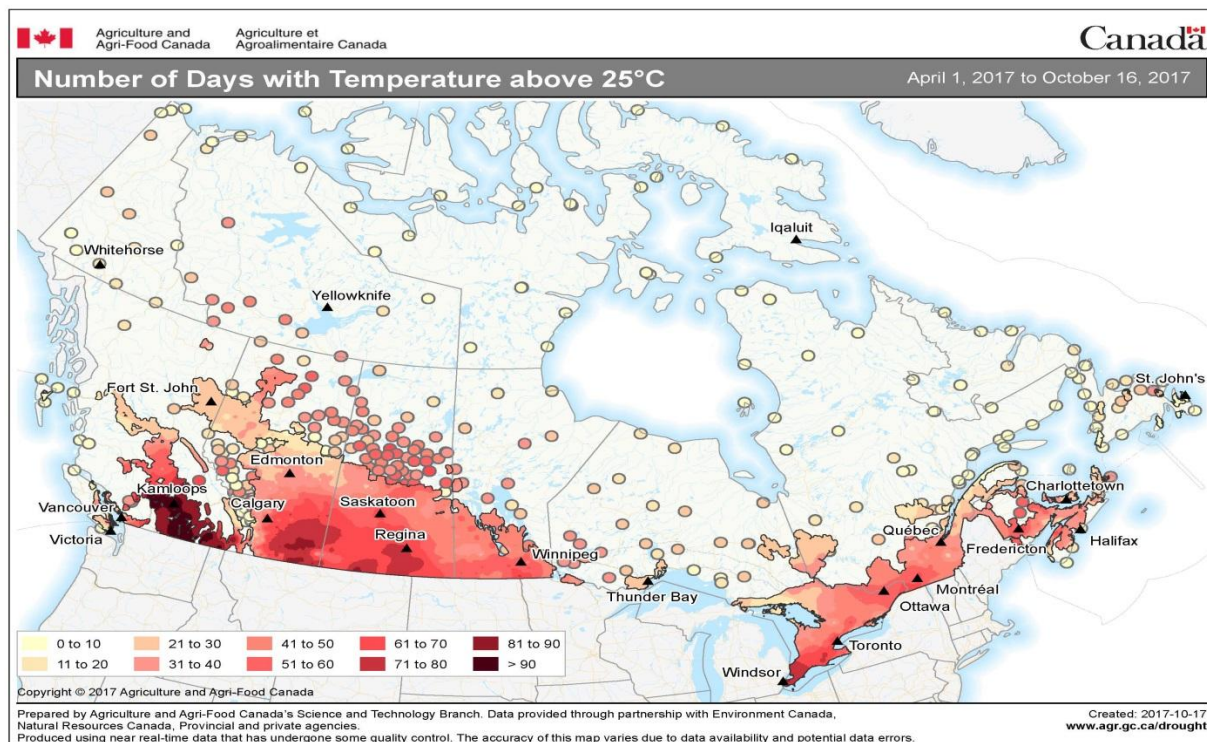
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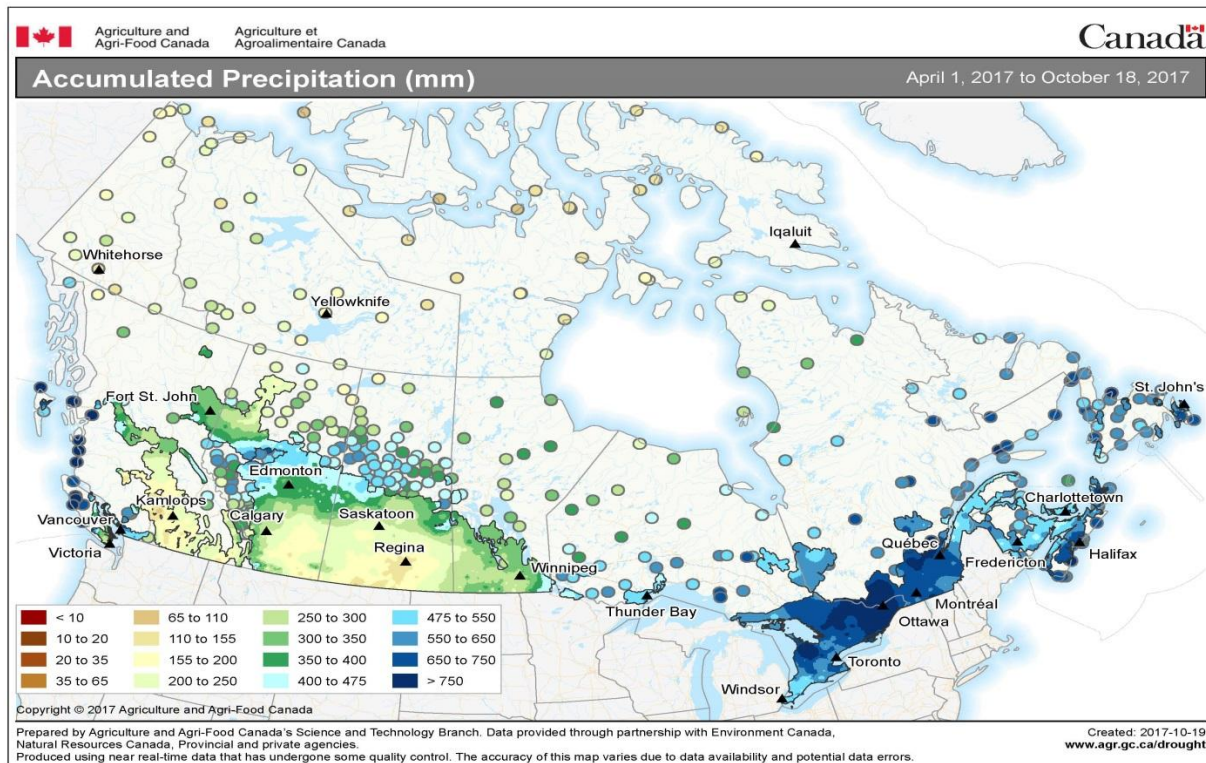
**Report Highlights:**

For marketing year (MY) 2017/18, FAS/Ottawa forecasts an 8 percent decrease in Canadian apple production, resulting from suboptimal growing and harvest seasons. U.S. market share of Canadian imports of fresh apples is estimated to remain at 80 percent. FAS/Ottawa forecasts a decline in Canadian imports of fresh pears and fresh table grapes in MY 2017/18 as a result of production increases on favorable weather conditions. U.S. market share of Canadian imports is estimated to remain at 50 percent for both fresh pears and table grapes.

## Executive Summary:

- FAS/Ottawa forecasts an eight percent decline in fresh apple production for marketing year (MY) 2017/18 to 355,000 metric tons (MT) (down from 387,752 MT in MY 2016/17). This decrease is attributable to poor growing conditions in Ontario, Quebec, and British Columbia.
- FAS/Ottawa forecasts a one percent increase in Canadian imports of fresh apples, estimated at 223,500 MT for MY 2017/18 (up from 220,930 MT in MY 2016/17). The United States remains the largest supplier of fresh apples, with a roughly 80 percent market share.
- FAS/Ottawa forecasts fresh pear production rising five percent to 8,000 MT in MY 2017/18 (up from 7,625 MT in 2016/17). Abundant rains in Ontario contributed to a crop increase, driving the forecast production increase. Pear production in Canada has stabilized, after a long term declining trend that followed the closure of the domestic pear processing industry.
- FAS/Ottawa forecasts fresh pear imports falling three percent to 63,000 MT in MY 2017/2018 (down 64,613 MT from MY 2016/17). The United States maintains an import market share of over 50 percent.
- FAS/Ottawa forecasts a 12 percent increase in fresh table grape production for MY 2017/2018 to 2,400 MT (up from 2,143 MT in MY 2016/2017). The majority of fresh table grapes are produced in Ontario and abundant rains resulted in a large crop. Imports are forecast to decline by two percent, on increased Canadian production. The United States maintains an import market share of over 50 percent.





*Source: Agriculture and Agri-Food Canada*

## APPLES

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

APPLES Fresh Canada	2015/2016		2016/2017		2017/2018*	
	Marketing Year: July to June					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	17,491	17,594	17,500	17,377	0	17,350
Area Harvested	15,464	15,497	15,500	15,574	0	15,600
Production	338,160	338,833	375,000	387,752	0	355,000
Imports	229,900	229,926	225,000	220,930	0	223,500
Total Supply	568,060	568,759	600,000	608,682	0	578,500
Fresh Dom. Consumption	392,040	392,914	403,000	392,999	0	389,000
Exports	34,300	34,125	47,000	46,473	0	34,500
For Processing	141,720	141,720	150,000	169,210	0	155,000
Total Distribution	568,060	568,759	600,000	608,682	0	578,500

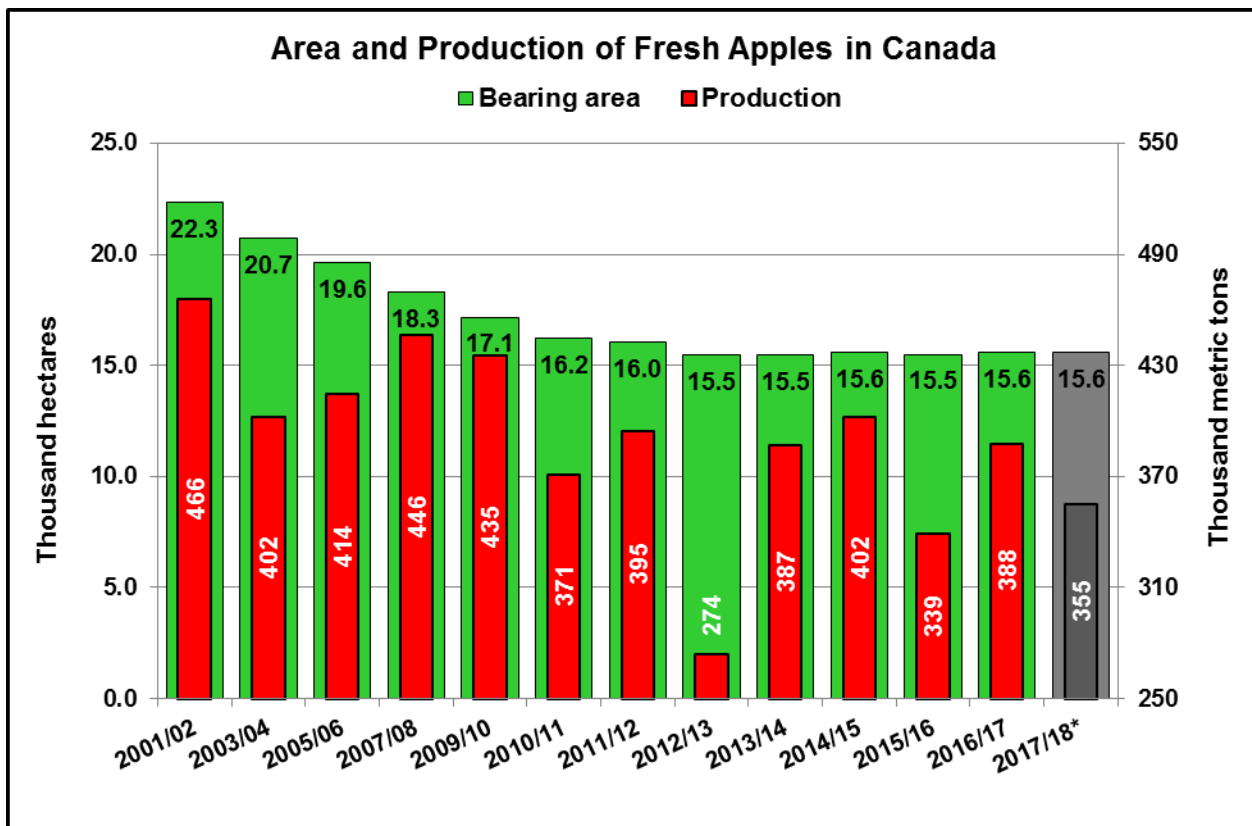
Data in hectares or metric tons / \*Post forecast

### **Production:**

FAS/Ottawa forecasts an 8.4 percent decline in fresh apple production for MY 2017/18, with production falling to 355,000 MT (down from 387,752 MT in MY 2016/2017). While planted area is forecast to decline slightly, there should be a slight increase in harvested area as recently planted acreage transitions from seedlings to fruit bearing acreage.

In contrast to the drought conditions that impacted the MY 2016/2017 crop, significant rain events in Ontario and, to a slightly lesser extent, Quebec negatively improved production in those two provinces while dry, hot conditions reduced production in British Columbia (BC). Though Ontario experienced some hail damage from spring and summer storms, the overall growing conditions were favorable.

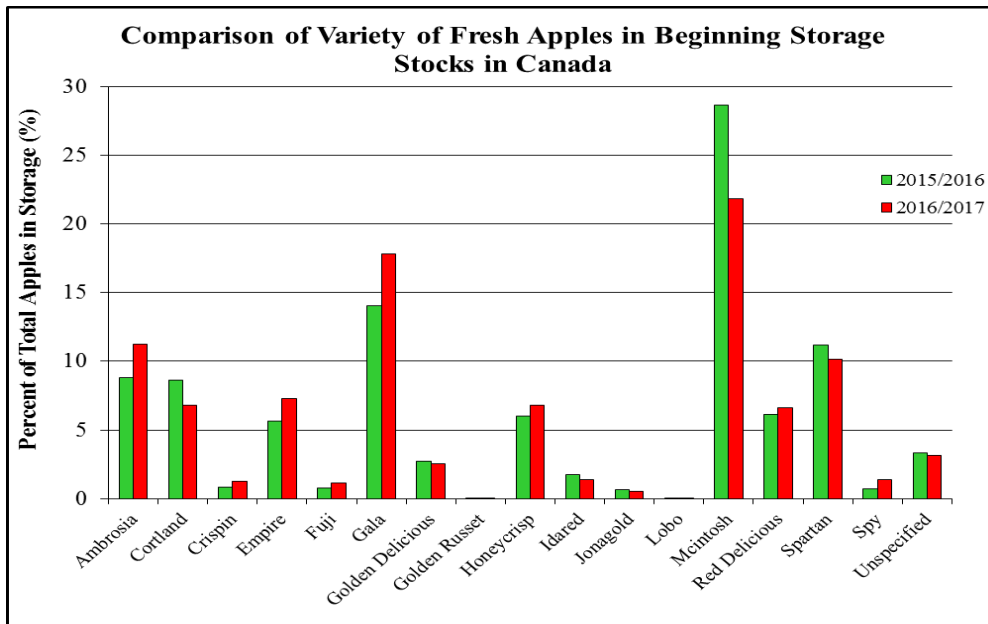
Nationally, the quality of the Gala crop is reportedly decent, but Honeycrisp and Spy crops are reportedly poor. While industry sources are divided on extent of weather-related impacts on the BC crop, sources are unanimous that the size of fruit being harvested is smaller this year. Industry reports also suggest that production was down in New Brunswick, while Prince Edward Island and Nova Scotia experienced an average harvest.



Source: Statistics Canada / \* Post forecast

The trend towards higher density orchards continues as the relationship between bearing area and production tightens to reflect this management change. Following years of decline, the Canadian apple industry seems to be stabilizing and attempting to rebound through more innovative management techniques. Attrition of producers due to retirement and to continued economic viability, largely due to labor challenges, remains an issue, but replanting programs in BC and the Maritimes have facilitated conversions to more profitable high density orchards and to varietal changes, including premium varieties such as Honeycrisp. Orchard conversion has been a slower process for producers in Ontario, the top apple producing province, which lacks a government-facilitated replant program. Sources indicate that there are currently no plans to initiate a replant program in Ontario.

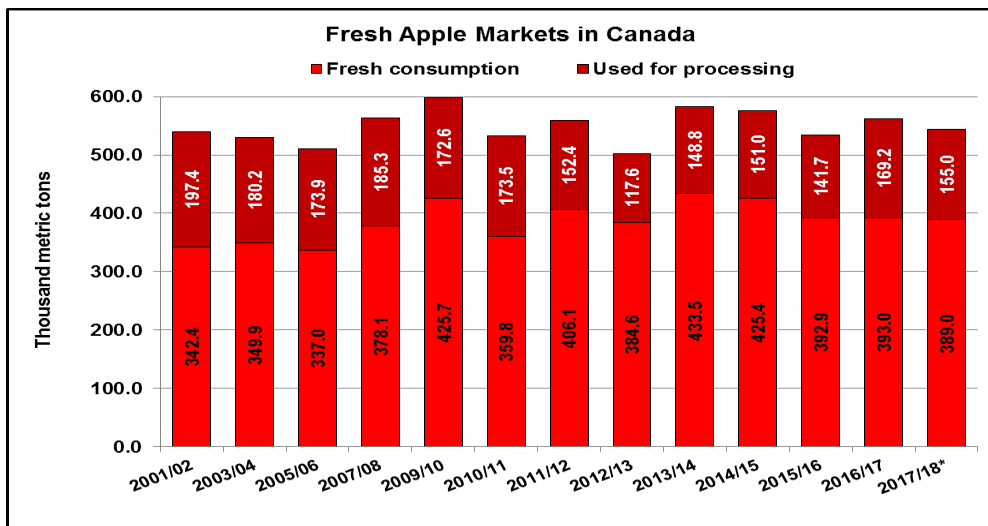
McIntosh continues to be the top variety produced in Canada, but Gala is steadily gaining share, along with higher priced varieties such as Honeycrisp and Ambrosia. Sources indicate that Gala currently represents the variety with the most acreage in Ontario. The majority of these Gala trees have yet to reach fruit bearing maturity, but Gala should emerge as the leading variety in the coming years.



Source: Agriculture and Agri-Food Canada

### Consumption:

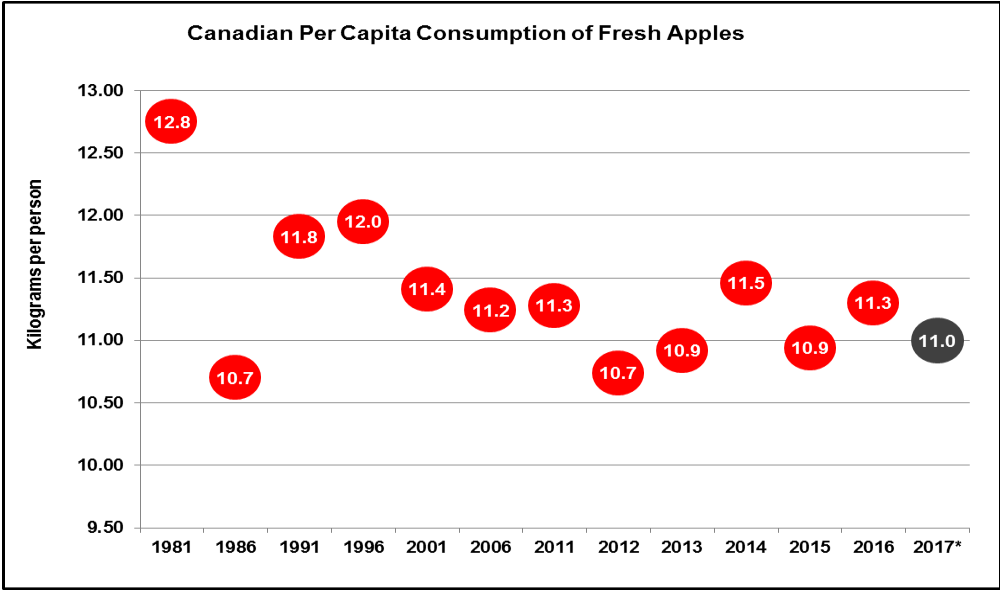
Of all fresh apples available in Canada, approximately 75 percent are consumed fresh with the remainder used in the processing industry (for use in apple juice, pie filling, apple chips, etc.). The share of the fresh apple market in Canada has been on an upward trend over the past decade, reflecting consumer preferences for fresh fruit versus processed products.



Source: Statistics Canada / \*Post forecast

Consumption for MY 2017/2018 is forecast to be down slightly, primarily as a result of a reduced domestic crop and continual competition for consumer dollars from other fruit varieties in grocery stores. Despite this increased competition from more exotic fruit varieties, Canadian consumption of fresh apples is anticipated to remain strong with the apple remaining a stalwart in Canadian diets due to

convenience. Changes to Canada’s Healthy Eating Strategy to promote increased consumption of fruits and vegetables will likely contribute to apples remaining a popular snack option.



Source: Statistics Canada / \*Post forecast

In terms of apple varieties consumed in Canada, the McIntosh remains the dominant variety. However, Canadian producers have slowly been diversifying in order to maintain consumer interest and profit from higher value varieties. McIntosh accounts for 25 percent of Ontario’s apple crop and 58 percent of Quebec’s, Canada’s top and third-highest producing provinces, respectively. However, Gala and Ambrosia are the top varieties in Canada’s second top apple producing province, British Columbia, at 45 and 22 percent of overall provincial production with McIntosh representing only 8 percent of apple production. Nova Scotia’s top two varieties are Honeycrisp and Spy at 25 and 20 percent with McIntosh representing 15 percent of provincial production. Sources from Ontario, British Columbia, and the Maritimes indicate that as orchards undergo replants McIntosh is continuing to lose ground in overall production with other varieties being planted instead.

**Trade:**

The United States remains the main supplier of apples to Canada with close to 80 percent of the import market. Chile has held steady as the second largest supplier for the past seven years. FAS/Ottawa forecasts a one percent decline in imports to Canada for MY 2017/2018 as a result of slightly softer domestic demand.

**Canada: Imports of fresh apples**

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

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17
<b>World</b>	<b>191,387</b>	<b>190,076</b>	<b>249,600</b>	<b>222,014</b>	<b>216,862</b>	<b>229,926</b>	<b>220,930</b>
for processing	48,911	48,709	51,646	54,697	47,746	63,170	63,945
organic	9,741	10,130	11,755	11,866	13,535	9,742	10,810
other	132,735	131,237	186,199	155,451	155,581	157,014	146,175
<b>United States</b>	<b>155,397</b>	<b>150,980</b>	<b>200,964</b>	<b>174,109</b>	<b>182,408</b>	<b>183,023</b>	<b>175,715</b>
for processing	47,233	46,252	51,443	52,043	45,119	56,860	62,250
organic	7,262	7,415	9,175	8,758	10,679	7,013	7,990
other	100,902	97,313	140,346	113,308	126,610	119,150	105,475
Chile	20,630	21,742	29,800	27,825	18,029	23,074	22,474
New Zealand	7,767	7,702	9,208	10,192	8,067	6,645	7,674
Argentina	296	535	1,700	1,486	2,453	4,237	2,991
France	1,241	1,121	363	1,757	2,123	3,852	521
South Africa	3,308	4,075	2,357	2,157	1,539	1,845	2,440
China	2,285	2,855	3,842	4,048	1,372	3,204	3,878
All other countries	463	1,066	1,366	440	871	4,046	5,237
<b>Import Market Shares</b>							
United States	81.2%	79.4%	80.5%	78.4%	84.1%	79.6%	79.5%
Chile	10.8%	11.4%	11.9%	12.5%	8.3%	10.0%	10.2%
New Zealand	4.1%	4.1%	3.7%	4.6%	3.7%	2.9%	3.5%
Argentina	0.2%	0.3%	0.7%	0.7%	1.1%	1.8%	1.4%
France	0.6%	0.6%	0.1%	0.8%	1.0%	1.7%	0.2%
South Africa	1.7%	2.1%	0.9%	1.0%	0.7%	0.8%	1.1%
China	1.2%	1.5%	1.5%	1.8%	0.6%	1.4%	1.8%

*Source: Global Trade Atlas*

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

The United States remains the dominant export destination for fresh Canadian apples with over 70 percent of Canadian apple exports entering the United States. FAS/Ottawa forecasts a 26 percent decline in Canadian apple exports for MY 2017/2018, as a result of a decreased Canadian supply, stronger Canadian dollar, and general crop attributes. Sources have indicated that in certain growing regions the apple crop has been comprised of smaller apples with reduced marketability.

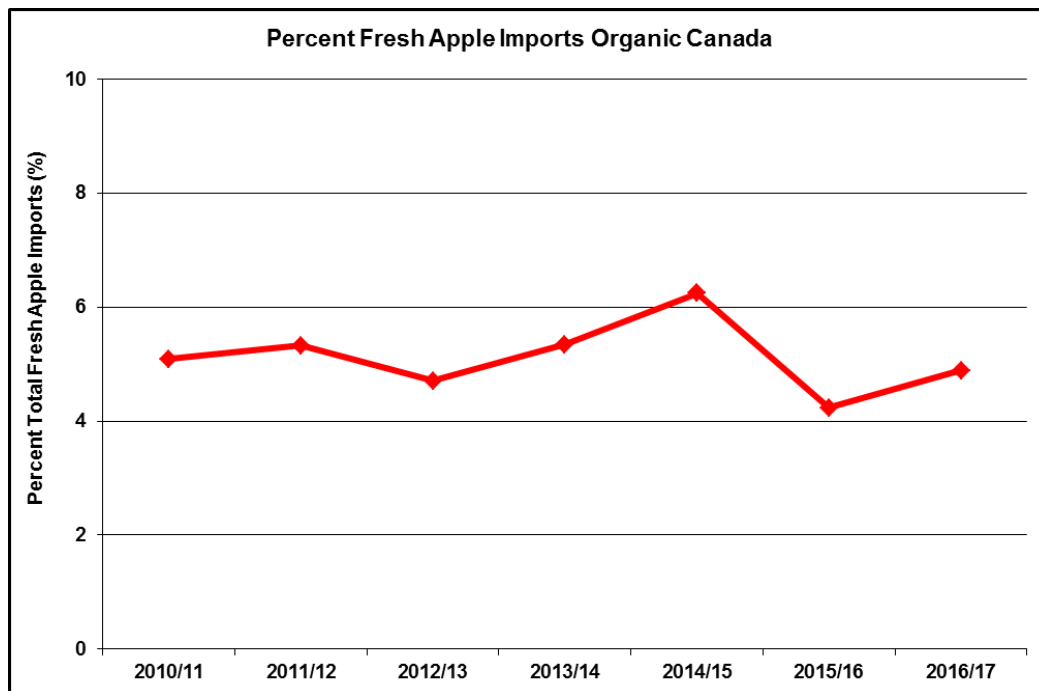
## Canada: Exports of fresh apples

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

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>World</b>	<b>29,029</b>	<b>26,350</b>	<b>21,382</b>	<b>26,383</b>	<b>42,835</b>	<b>34,125</b>	<b>46,473</b>
for processing	5,139	5,583	2,356	5,423	13,530	11,720	19,666
other	23,890	20,767	19,025	20,960	29,305	22,405	26,807
<b>United States</b>	<b>23,128</b>	<b>20,786</b>	<b>18,197</b>	<b>23,339</b>	<b>37,072</b>	<b>25,429</b>	<b>32,775</b>
for processing	3,022	3,918	1,345	4,894	10,526	5,158	10,820
other	20,106	16,867	16,852	18,444	26,546	20,271	21,955
Cuba	35	8	116	458	2,170	5,215	2,805
Mexico	1,872	1,175	986	624	1,168	505	820
All other countries	3,994	4,381	2,083	1,962	2,425	2,976	10,073

*Source: Global Trade Atlas*

The organic fresh apple market remains small with the overall trend from MY 2010/2011 suggesting minor gains in consumption. The United States supplies 72 percent of Canadian imports of fresh organic apples.



*Source: Global Trade Atlas*

## PEARS

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

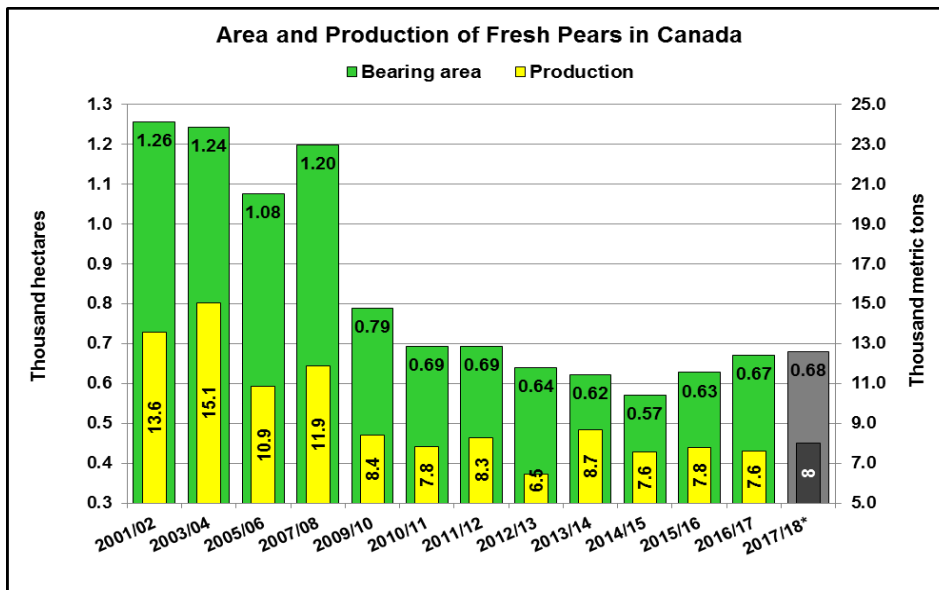
PEARS Fresh Canada	2015/2016		2016/2017		2017/2018*	
	Marketing Year: July to June					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	594	726	600	777	0	780
Area Harvested	522	628	550	671	0	675
Production	8,030	7,768	8,100	7,625	0	8,000
Imports	67,800	67,835	66,000	64,613	0	63,000
Total Supply	75,830	75,603	74,100	72,238	0	71,000
Fresh Dom. Consumption	75,330	75,194	73,600	71,405	0	70,430
Exports	200	229	200	203	0	220
For Processing	300	180	300	630	0	350
Total Distribution	75,830	75,603	74,100	72,238	0	71,000

Data in hectares or metric tons / \* Post forecast

### Production:

FAS/Ottawa forecasts a five percent increase in fresh pear production, increasing to 8,000 MT for MY 2017/2018, up from 7,625 MT in MY 2016/2017. Pear production has slowly been rebounding in Canada following several years of instability due to decreased consumption, closure of processors, and reduced profitability resulting in producer attrition and conversion to more profitable crops. The two dominant provinces for pear production are British Columbia and Ontario. Weather conditions reportedly yielded an average crop in BC, while Ontario production was reportedly higher on increased precipitation.

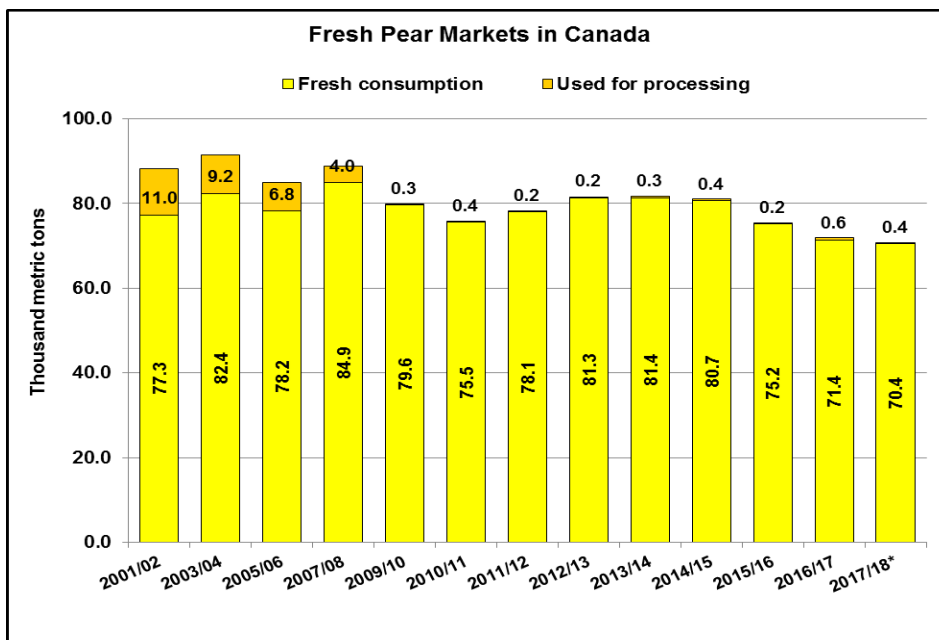
FAS/Ottawa forecasts a very slight increase in bearing area for MY 2017/2018 as a result of new varieties being planted. Sources indicate that high density production practices are more common in pear production, as these management systems have now been tailored to suit the fruit. Subsequently, acreage productivity is forecast to increase as a result of newer technologies and innovations in terms of disease resistant varieties.



Source: Statistics Canada / \* Post forecast

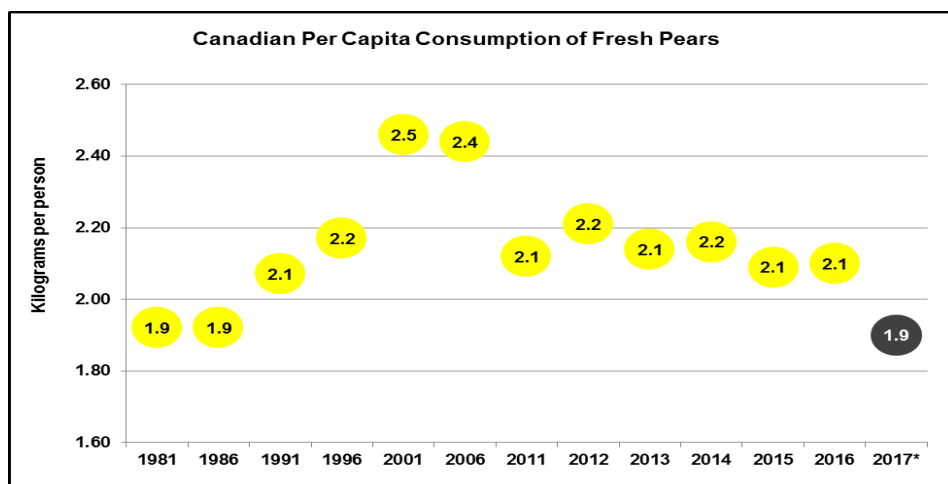
### Consumption:

Large-scale commercial processing of pears is no longer occurring in Canada. As a result, most pear consumption is fresh with only a few hundred metric tons of pears processed in Canada, mainly as artisanal production sold in farmers' markets.



Source: Statistics Canada / \*Post forecast

Per capita consumption of fresh pears has remained relatively stable for the past five years. FAS/Ottawa forecasts a one percent decline in fresh pear consumption for MY 2017/2018. Bosc and Bartlett pears remain the dominant varieties but new varieties such as Cold Snap appear to be gaining popularity both amongst producers and consumers.



Source: Statistics Canada / \*Post forecast

### Trade:

The United States remains the main supplier of fresh pears to Canada with over 50% of the import market. FAS/Ottawa forecasts a modest 2.5 percent decline in Canadian fresh pear imports for MY 2017/2018 as a result of increased production in Canada and static consumer demand. China and Argentina remain the United States' main competitors for access to the Canadian market with China slowly gaining an increased market share.

### Canada: Imports of fresh pears

Marketing year: July-June / Quantity in metric tons

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17
<b>World</b>	<b>68,22</b>	<b>70,04</b>	<b>75,07</b>	<b>73,03</b>	<b>73,62</b>	<b>67,83</b>	<b>64,61</b>
	1	2	5	6	2	5	3
for processing	14	0	24	0	0	86	354
organic	1,427	1,686	2,370	2,646	2,687	3,143	2,803
other	66,78	68,35	72,68	70,39	70,93	64,60	61,45
	0	6	2	0	5	6	6
<b>United States</b>	<b>37,93</b>	<b>39,66</b>	<b>42,67</b>	<b>42,01</b>	<b>40,53</b>	<b>36,81</b>	<b>35,26</b>
	6	8	7	3	4	3	7
for processing	14	0	24	0	0	86	355
organic	820	1,042	1,476	1,296	1,501	1,698	1,686
other	37,10	38,62	41,17	40,71	39,03	35,02	33,22
	3	6	7	6	3	9	6
Argentina	10,59	9,724	12,41	13,18	12,52	9,994	9,350
	8		7	3	5		
China	10,42	10,46	11,43	9,369	11,00	11,14	11,37
	8	0	7		0	2	0
South Africa	4,647	5,469	4,172	3,845	3,835	4,666	4,966
Chile	1,494	1,189	1,353	1,363	1,826	1,642	679
Australia	1,622	1,681	1,392	1,287	1,314	1,000	859
All other countries	1,496	1,851	1,627	1,976	2,588	2,578	2,122

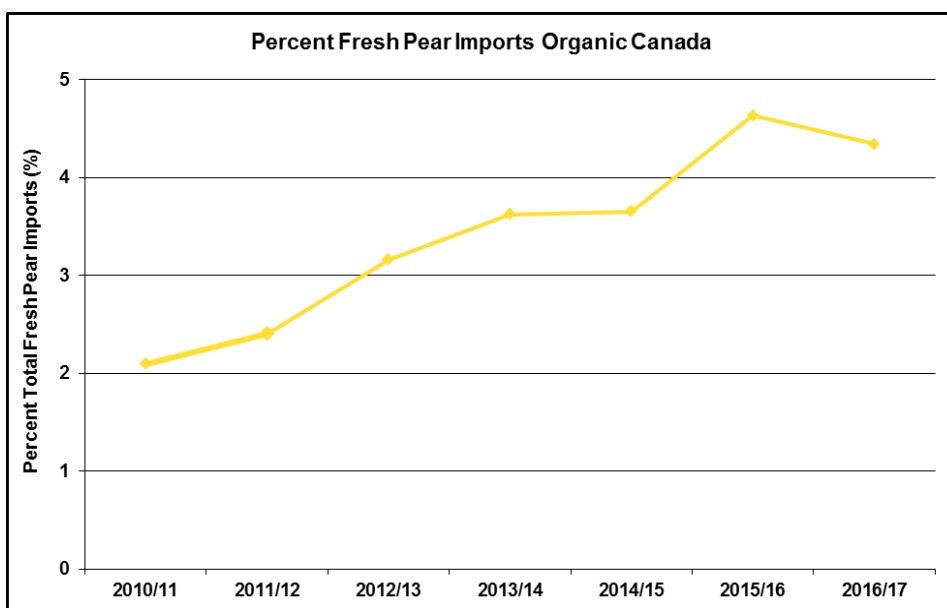
### Import Market Shares

United States	55.6%	56.6%	56.8%	57.5%	55.1%	54.3%	54.6%
Argentina	15.5%	13.9%	16.5%	18.1%	17.0%	14.7%	14.5%
China	15.3%	14.9%	15.2%	12.8%	14.9%	16.4%	17.6%
South Africa	6.8%	7.8%	5.6%	5.3%	5.2%	6.9%	7.7%

Source: Global Trade Atlas

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

The organic fresh pear import market in Canada has seen a two percent increase in the last seven years. The United States supplies over 50% of all Canadian imports of fresh organic pears.



Source: Global Trade Atlas

Compared to imports, Canadian exports of fresh pears are negligible.

### FRESH TABLE GRAPES

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

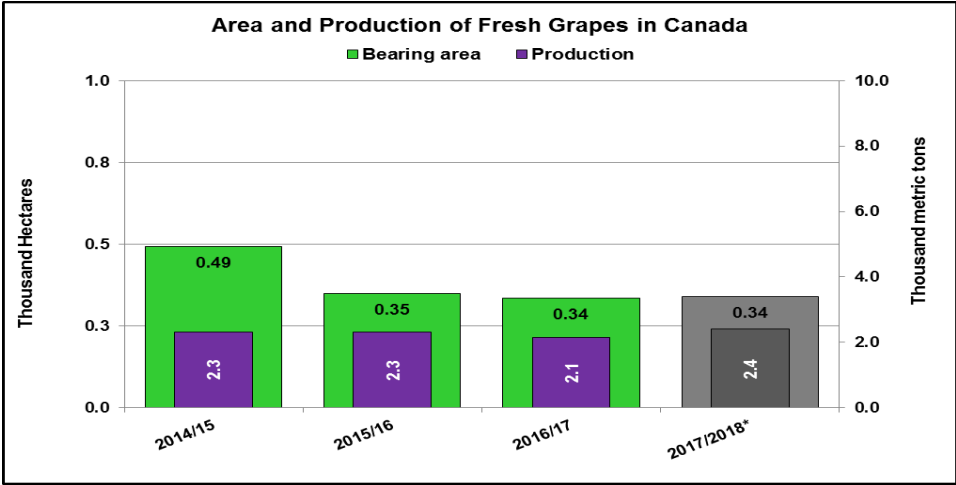
GRAPES Fresh Canada	2015/2016		2016/2017		2017/2018*	
	Marketing Year: June to May					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Production	2,300	2,310	2,500	2,140	0	2,400

Imports	172,600	170,786	180,000	183,096	0	179,500
<b>Total Supply</b>	<b>174,900</b>	<b>173,096</b>	<b>182,500</b>	<b>185,236</b>	<b>0</b>	<b>181,900</b>
Fresh Dom. Consumption	172,800	170,960	180,500	183,157	0	179,700
Exports	2,100	2,136	2,000	2,079	0	2,200
<b>Total Distribution</b>	<b>174,900</b>	<b>173,096</b>	<b>182,500</b>	<b>185,236</b>	<b>0</b>	<b>181,900</b>

All data in metric tons / \*Post forecast

**Production:**

FAS/Ottawa forecasts a 12 percent increase in fresh table grape production for MY 2017/2018 at 2,400 MT (up from 2,143 in MY 2016/2017). The majority of fresh table grapes are produced in the Niagara region of Ontario with a small percentage also being produced in British Columbia. High precipitation levels in Ontario led to disease challenges, but also resulted in a large fresh grape crop.

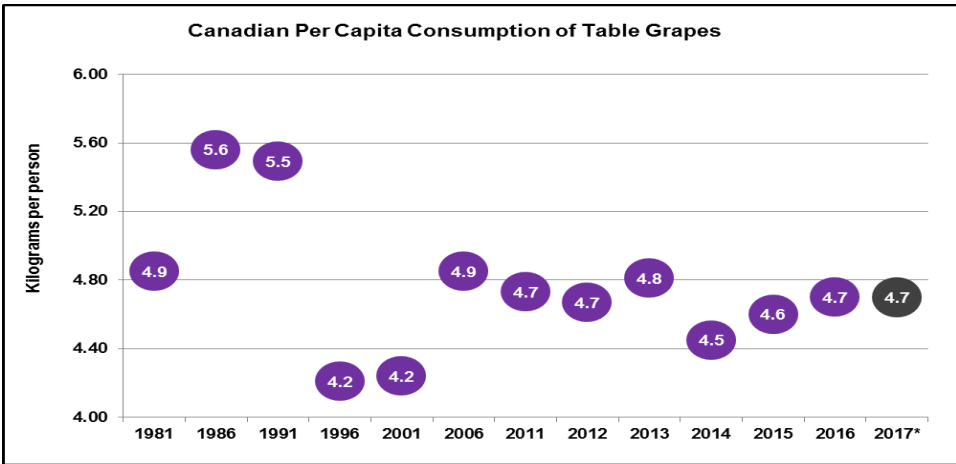


Source: Statistics Canada / \*Post forecast

The majority of acreage for grape growing in Ontario is devoted to wine grapes, with the fresh table grape acreage having been in decline for the past few years. Sources suggest that acreage will remain unchanged for MY 2017/2018. While FAS/Ottawa forecasts no change for bearing area, weather conditions should drive a slight increase in productivity.

**Consumption:**

Canadian fresh table grape consumption has remained relatively stable over the past three years and FAS/Ottawa forecasts no change in per capita consumption for MY 2017/2018. Reportedly, research is underway to investigate new varieties to grow consumer interest and improve production practices, but these varieties are not being marketed yet.



Source: Statistics Canada / \*Post forecast

**Trade:**

The United States remains the main supplier of fresh table grapes to Canada with over 50 percent of the import market. Chile and Mexico are the second and third largest suppliers of grape imports to Canada. FAS/Ottawa forecasts a moderate three percent decline in Canadian imports of fresh table grapes for MY 2017/2018 as a result of an increased Canadian crop. The majority of fresh grape consumption in Canada is imported, as Canadian production falls short of total consumption. Compared to imports, Canadian exports of fresh table grapes are negligible.

### Canada: Imports of fresh grapes

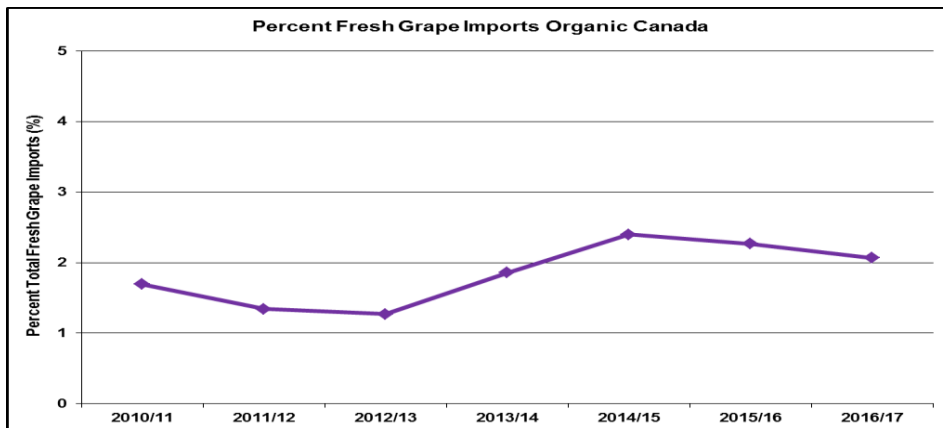
*Marketing year: June-May / Quantity in metric tons*

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17
<b>World</b>	<b>188,899</b>	<b>172,544</b>	<b>176,048</b>	<b>182,204</b>	<b>177,436</b>	<b>170,786</b>	<b>183,096</b>
organic	3,197	2,318	2,237	3,385	4,258	3,874	3,785
other	183,448	170,195	173,757	178,722	173,178	166,912	179,311
<b>United States</b>	<b>96,384</b>	<b>91,529</b>	<b>95,457</b>	<b>101,971</b>	<b>97,875</b>	<b>97,934</b>	<b>96,668</b>
organic	1,763	1,742	1,598	2,413	3,118	2,944	2,596
other	94,505	89,759	93,803	99,461	94,757	94,990	94,072
Chile	61,866	53,887	54,220	44,629	47,241	36,652	40,295
Mexico	22,870	17,263	17,045	22,324	18,151	17,377	22,770
Peru	3,587	5,389	4,649	8,664	10,733	12,078	11,066
All other countries	4,192	4,476	4,677	4,616	3,436	6,745	12,297
<b>Import Market Shares</b>							
United States	51.0%	53.0%	54.2%	56.0%	55.2%	57.3%	52.8%
Chile	32.8%	31.2%	30.8%	24.5%	26.6%	21.5%	22.0%
Mexico	12.1%	10.0%	9.7%	12.3%	10.2%	10.2%	12.4%
Peru	1.9%	3.1%	2.6%	4.8%	6.0%	7.1%	6.0%

*Source: Global Trade Atlas*

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

Organic fresh table grape imports remain relatively small. The United States supplies approximately 70 percent of all Canadian imports of organic fresh grapes.



Source: *Global Trade Atlas*

## **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 wholesale prices are available electronically at the AAFC [InfoHort website](#).

### **Labor Issues:**

As with many agricultural sectors, sourcing laborers has been an ongoing issue. As British Columbia and Ontario are set to introduce minimum wage increases in the next two years, financing labor may soon add to the challenges for growers. British Columbia will see a slight minimum wage increase to \$11.35 CAD per hour, while Ontario will experience a significant minimum wage increase to \$15.00 CAD per hour by 2019. Sources have indicated that smaller-scale growers in Ontario may leave the industry as a result of this wage increase. It is also likely that growers will continue to source more mechanization options to offset increasing labor costs.

### **Policy:**

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

The Canadian apple industry has been discussing the idea of establishing a national marketing agency to promote the consumption of apples and conduct various research projects for several years. This discussion is still occurring although no formal proposals have been put forth at this time. Such an agency would collect levies on both the domestic production and on imports of apples to fund its activities.

### **CETA**

The Comprehensive Economic Trade Agreement (CETA) largely entered into force by Canada and the European Union (EU) on September 21, 2017. As a result, tariff lines were eliminated for 98 percent of Canadian exports. Overall, the EU is Canada's fourth largest agricultural export market. To date in 2017, the EU ranks 19<sup>th</sup> for Canadian exports of fresh apples with no trade in fresh pears or fresh table grapes.

In previous years, the EU market share for Canadian fresh apple imports was approximately three percent, for fresh pear imports approximately three percent, and for fresh grape imports approximately

one percent. With CETA in effect, MFN duty rates of up to 14.5 percent on edible fruits are essentially eliminated on imports from the EU.