

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

### Fresh Deciduous Fruit Annual

**2016**

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**Report Highlights:**

For MY 2016/17, post forecasts an 11 percent increase in Canadian apple production, following an average growing season. The U.S. share is estimated to remain at 80 percent of the total Canadian import volume for apples, and at over 50 percent of pear imports. Demand for fresh table grapes continues to be solid, in a market supplied almost exclusively via imports, over half of which originate from the United States.

**Executive Summary:**

- Post forecasts an 11 percent growth in fresh apple production for marketing year (MY) 2016/17, up to 375,000 metric tons (MT) from 338,000 MT during MY 2015/16. This increase is attributable to a good growing season in Ontario and British Columbia, whereas a dry summer and blight have negatively impacted the production in Eastern Canada, particularly Quebec and Nova Scotia.
- Post forecasts a 2 percent decline in Canadian imports of fresh apples, estimated at 225,000 MT for MY 2016/17 down from 230,000 MT during MY 2015/16. The United States remains the largest supplier of fresh apples, with a stable market share of about 80 percent.
- Post forecasts a modest 1 percent increase in fresh pear production, up to 8,100 MT during MY 2016/17 from a level of 8,030 MT in 2015/16, as the sector benefited from an uneventful growing season. The pear production in Canada has stabilized, after a long term declining trend, due to decreasing profitability in the sector, resulting from the closing of the domestic pear processing industry.
- Post forecasts a 3 percent increase in imports of fresh pears, estimated to be up to 70,000 MT in MY 2016/17, compared to 67,800 MT in MY 2015/16. The recent trend indicates that imports will remain within the 70-75,000 MT annually for the foreseeable future. The disappearance of the canning industry in Canada largely contributed to the decline and stagnation in imports. Ten years ago, close to 15 percent of total imports of fresh pears were destined to processing, a volume that dropped now to zero.
- Post forecasts imports of table grapes for MY 2016/17 to modestly grow to 175,000 MT from 172,500 MT in 2015/16. Only a small fraction of Canada's grape production consists of fresh table grapes. Based on available data from Statistics Canada and information from provincial authorities, Post estimates that Canada produces about 2,500-3,000 MT of fresh table grapes annually. Domestic consumption is basically satisfied through imports of table grapes, of which more than half have U.S. origin

**APPLES**

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

APPLES Fresh Canada	2014/2015		2015/2016		2016/2017*	
	Marketing Year: July to June					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	17,400	17,661	17,300	17,491	0	17,500
Area Harvested	15,300	15,582	15,300	15,464	0	15,500
Production	374,300	402,360	290,000	338,160	0	375,000
Imports	216,900	216,862	215,000	229,906	0	225,000
<b>Total Supply</b>	<b>591,200</b>	<b>619,222</b>	<b>505,000</b>	<b>568,066</b>	<b>0</b>	<b>600,000</b>
Fresh Dom. Consumption	407,900	425,418	332,600	392,051	0	415,000
Exports	42,800	42,834	37,400	34,295	0	35,000
For Processing	140,500	150,970	135,000	141,720	0	150,000
<b>Total Distribution</b>	<b>591,200</b>	<b>619,222</b>	<b>505,000</b>	<b>568,066</b>	<b>0</b>	<b>600,000</b>

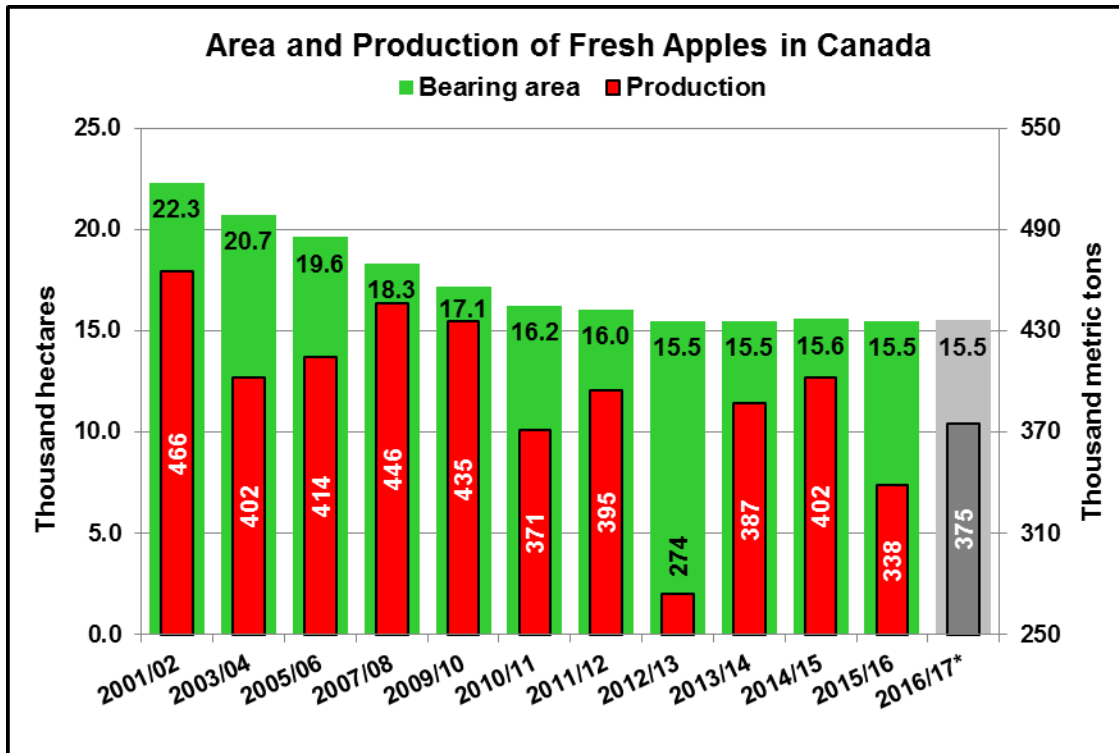
Data in hectares or metric tons / \*Post forecast

**Production:**

Post forecasts an 11 percent growth in fresh apple production for marketing year (MY) 2016/17, up to 375,000 metric tons (MT) from 338,160 MT during MY 2015/16. As the planted area remained unchanged from the previous year, this production increase is attributable to an overall good growing season in Ontario and British Columbia, two of the major apple producing provinces in Canada. However, a dry summer and blight have negatively impacted the production in Eastern Canada, particularly in Quebec and Nova Scotia.

Over the past fifteen years, fresh apple production in Canada has slowly declined, consistent with reduced planted areas and reduced profitability of apple cultivation. However, data for the recent years seem to indicate that the sector has now stabilized, as growers have learned what production level is most economical and profitable.

Bearing area for MY 2016/17 is expected to stay flat compared to MY 2015/16, reflecting the stabilized trend in production. Bearing area declined for over a decade, with a total drop of more than 30 percent since MY 2001/02. The previous decade saw changing agricultural practices, resulting in higher density plantings on smaller areas. Also, a reduction in the number of small producers who retired as production costs outpaced market returns contributed to reduced bearing area.



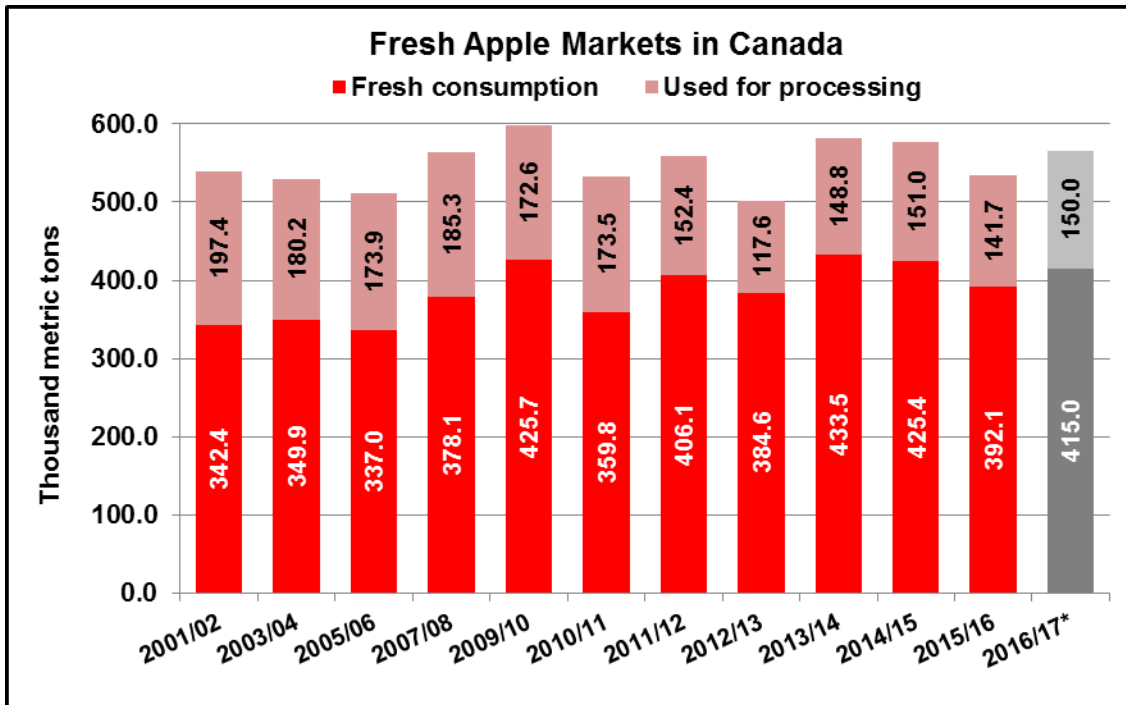
Source: Statistics Canada / \* Post forecast

More affordable imports from the United States, Chile and other low cost countries, combined with high production costs and a strong Canadian dollar forced the apple industry to downsize. Many apple growers responded to the evolving market situation by converting orchards over to new plantings of vinifera grapes (especially in British Columbia and Ontario) and other fruits, as well as by turning land over for new housing development projects.

Growers that intend to remain in the industry are turning to newer, more popular varieties such as Ambrosia and Honeycrisp and new, modern intensive planting systems in an attempt to remain competitive with imports. Through talks with apple growers in Eastern Canada Post learned about a new trend among some producers to diversify into brewing hard cider as a way to increase profitability, a practice that has met success to date. To assist producers facing industry pressures and changing markets, Canada’s federal and provincial authorities offered replant programs between 2008 and 2010.

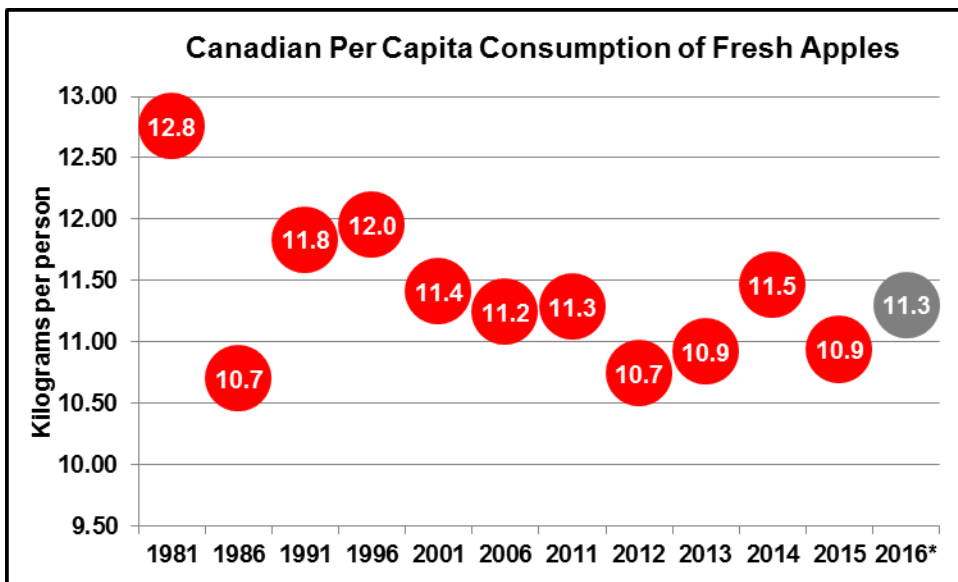
**Consumption:**

Of all fresh apples available in Canada, about two thirds are consumed fresh and about one third is 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. Between 30 and 40 percent of domestic fresh consumption comes from imports.



Source: Statistics Canada / \*Post forecast

Overall consumption in MY 2016/17 is expected to remain stable. Per capita apple consumption, which is not only a function of market conditions but of total population numbers as well, has remained remarkably stable over the past three decades, ranging between 10.7 and 12.8 kg (kilograms) per person, with an average around 11.5 kg per person. Over the same period, Canada's total population increased by nearly 45 percent, with an increase in ethno-cultural diversification. This consumption trend reflects the popularity of apples as a universal fruit consumed not only across generations, but across various cultures and ethnicities as well.



Source: Statistics Canada / \*Post forecast

Market analysts note a consumption trend away from some of the more traditional varieties, while the Ontario Apple Growers Association reported that "one in every three apples eaten in Ontario is a Gala, most likely grown in Washington state or Chile. In the last decade, Gala apples, firm and crisp with a mild sweetness, cornered a 33 percent market share of the Ontario apple growing industry. The McIntosh: only 12 percent." For decades in a row and for generations of Canadians, McIntosh used to be the most popular variety of apples. But not anymore. It will probably remain, though, "culturally significant, if not gustatorily popular."

Over the past two decades there has been an undeniable shift in consumer preference when it comes to apples. As a result, older apple varieties have been replaced with new cultivars, and many growers have adopted a new variety strategy as a way to improve profitability, as new varieties tend to sell at a premium price and have gained significant consumer appeal. For instance, another newspaper article reports that "Honeycrisp apples sell at a 50 percent premium." The same article indicates that "apple consumers can be segmented into different groups: urban, comfortable country, plain rural living and youth 18 and under," and advises that "it is important to align apple varieties with the customer base."

Except for McIntosh, the Canadian Horticultural Council reports that Red Delicious, Spartan, Idared, Cortland and Empire are the major varieties produced in Eastern Canada. In Ontario, Empire makes up about 20 percent of production, followed by Spy, Red Delicious, Honeycrisp and Gala at 8-10 percent of production and Idared and Golden Delicious at about 3-5 percent each. In Quebec, it is Cortland and Spartan that account for about 8-10 percent each of the provincial production, followed by Empire and Paula Red at about 4-5 percent. In Nova Scotia, Honeycrisp represents 25 percent of production, followed by Spy at about 20 percent of production, and Cortland and Idared at under 15 percent each of apple production.

In British Columbia it is Gala, with over 40 percent of production, and Ambrosia with 20 percent of production, which have moved way ahead of Red Delicious (8 percent) and McIntosh (10 percent) as the most popular varieties. According to the Canadian Horticulture Council, the introduction of new varieties has been particularly important in British Columbia, where growers have been planting new varieties like Spartan, Gala, Fuji, Braeburn, Jonagold, Honeycrisp and Ambrosia. New plantings of Ambrosia, which apparently commands the highest premium among all apple varieties in British Columbia, have nearly doubled every year in the past five years, and the variety has been so well received by the market that producers cannot keep up with demand.

**Trade:**

Post forecasts a 2 percent decline in Canadian imports of fresh apples, estimated at 225,000 MT for MY 2016/17 down from 229,906 MT during MY 2015/16, on the basis of an adequate domestic apple supply, while demand remains stable. The United States remains the largest supplier of fresh apples, with a stable market share of about 80 percent.

<b>Canada: Imports of fresh apples</b>						
<i>Marketing year: July-June / Quantity in metric tons</i>						
	<b>2010/1</b>	<b>2011/1</b>	<b>2012/1</b>	<b>2013/1</b>	<b>2014/1</b>	<b>2015/1</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>World</b>	<b>191,387</b>	<b>190,076</b>	<b>249,600</b>	<b>222,014</b>	<b>216,862</b>	<b>229,906</b>
for processing	48,911	48,709	51,646	54,697	47,746	63,168
organic	9,741	10,130	11,755	11,866	13,535	9,744
other	132,735	131,237	186,199	155,451	155,581	156,994
<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>183,005</b>
for processing	47,233	46,252	51,443	52,043	45,119	56,860
organic	7,262	7,415	9,175	8,758	10,679	7,012
other	100,902	97,313	140,346	113,308	126,610	119,133
Chile	20,630	21,742	29,800	27,825	18,029	23,075
New Zealand	7,767	7,702	9,208	10,192	8,069	6,645
Argentina	296	535	1,700	1,486	2,454	4,237
France	1,241	1,121	363	1,757	2,123	3,853
South Africa	3,308	4,075	2,357	2,157	1,540	1,846
China	2,285	2,855	3,842	4,048	1,372	3,204
All other countries	463	1,066	1,366	440	867	4,041
<b>Import Market Shares</b>						
United States	81.2%	79.4%	80.5%	78.4%	84.1%	79.6%
Chile	10.8%	11.4%	11.9%	12.5%	8.3%	10.0%
New Zealand	4.1%	4.1%	3.7%	4.6%	3.7%	2.9%
Argentina	0.2%	0.3%	0.7%	0.7%	1.1%	1.8%
France	0.6%	0.6%	0.1%	0.8%	1.0%	1.7%
South Africa	1.7%	2.1%	0.9%	1.0%	0.7%	0.8%
China	1.2%	1.5%	1.5%	1.8%	0.6%	1.4%

Source: Global Trade Atlas

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

Since 2000, Canadian total imports of fresh apples increased by nearly 75 percent, while imports from the United States almost doubled. The second largest supplier of apples is Chile, which has a strategy focused on developing export markets. Chile's market share in Canada increased from 7 percent to 12 percent over the decade starting in 1999/2000, with a high of 13 percent in 2009/10, although in recent years it lost some of the market to imports from competing countries.

In 2007, Canada was the first country to introduce Harmonized System (HS) customs codes for organic products. Available statistics show that the volume of imports of organic apples more than doubled since 2007. Currently, these represent about 4 percent of the total volume of apple imports and about three quarters of these originate in the United States.

<b>Canada: Exports of fresh apples</b>						
<i>Marketing year: July-June / Quantity in metric tons</i>						
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>World</b>	<b>29,029</b>	<b>26,350</b>	<b>21,382</b>	<b>26,383</b>	<b>42,834</b>	<b>34,295</b>
for processing	5,139	5,583	2,356	5,423	13,530	11,908
other	23,890	20,767	19,025	20,960	29,305	22,387
<b>United States</b>	<b>23,128</b>	<b>20,786</b>	<b>18,197</b>	<b>23,339</b>	<b>37,071</b>	<b>25,600</b>
for processing	3,022	3,918	1,345	4,894	10,525	5,347
other	20,106	16,867	16,852	18,444	26,546	20,253
Cuba	35	8	116	458	2,170	5,216
Mexico	1,872	1,175	986	624	1,168	505
All other countries	3,994	4,381	2,083	1,962	2,425	2,974

*Source: Global Trade Atlas*

Post forecasts fresh apple exports to modestly increase by 2 percent, up to 35,000 MT in MY 2016/17, compared to 34,295 MT in 2015/16. The weaker Canadian dollar and an adequate domestic production are the main reasons behind this trend. In general, the export volumes of the past several years represent about one-third of what Canada used to export over a decade ago. Canadian exports of fresh apples have steadily declined over the last 10-15 years, reflecting the overall decline in production and reduced profitability and competitiveness in export markets.



## PEARS

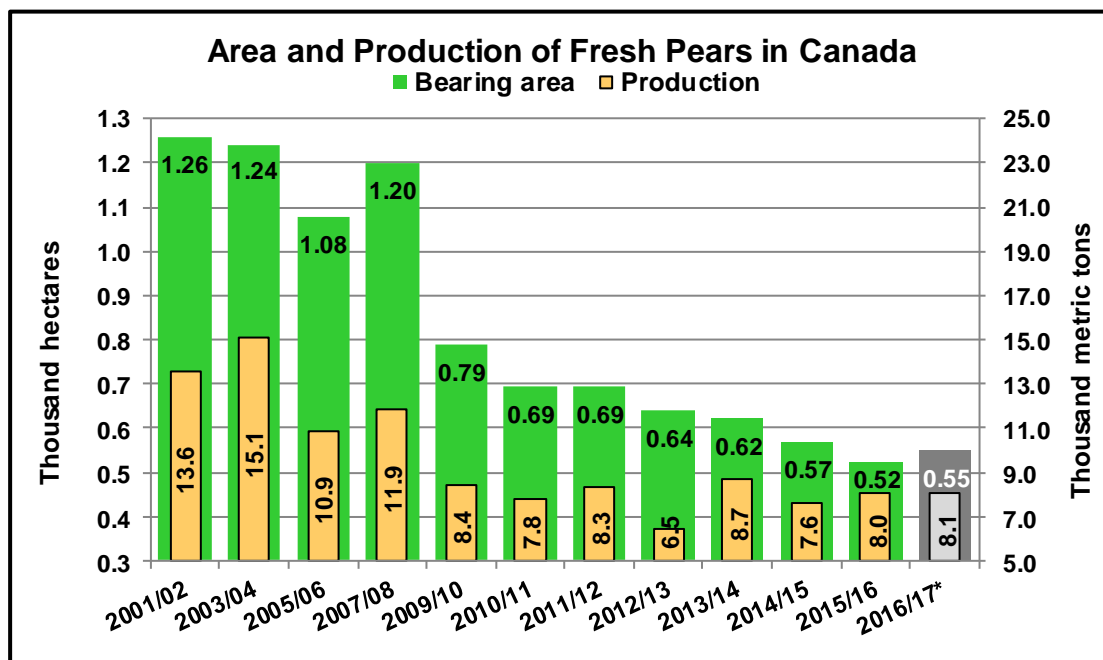
NOTE: "NEW Post" data reflect Post's assessments and are NOT official USDA data

PEARS Fresh Canada	2014/2015		2015/2016		2016/2017*	
	Marketing Year: July to June					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	600	626	600	594	0	600
Area Harvested	600	570	600	522	0	550
Production	7,400	7,570	6,500	8,030	0	8,100
Imports	73,600	73,622	70,000	67,818	0	70,000
<b>Total Supply</b>	<b>81,000</b>	<b>81,192</b>	<b>76,500</b>	<b>75,848</b>	<b>0</b>	<b>78,100</b>
Fresh Dom. Consumption	80,500	80,660	76,000	75,347	0	77,800
Exports	200	172	200	231	0	0
For Processing	300	360	300	270	0	300
<b>Total Distribution</b>	<b>81,000</b>	<b>81,192</b>	<b>76,500</b>	<b>75,848</b>	<b>0</b>	<b>78,100</b>

Data in hectares or metric tons / \* Post forecast

### Production:

Post forecasts a modest 1 percent increase in fresh pear production, up to 8,100 MT during MY 2016/17 from a level of 8,030 MT in 2015/16, as the sector as the sector saw a normal growing season, while the area planted remained stable. Overall, the pear production in Canada has stabilized, after a long term declining trend, manifested in particular through decreasing profitability in the sector, due primarily to the closing of the domestic pear processing industry. In 2008, CanGro closed the St. David pear cannery in Ontario, the last of 32 fruit canning plants that once existed in the province.

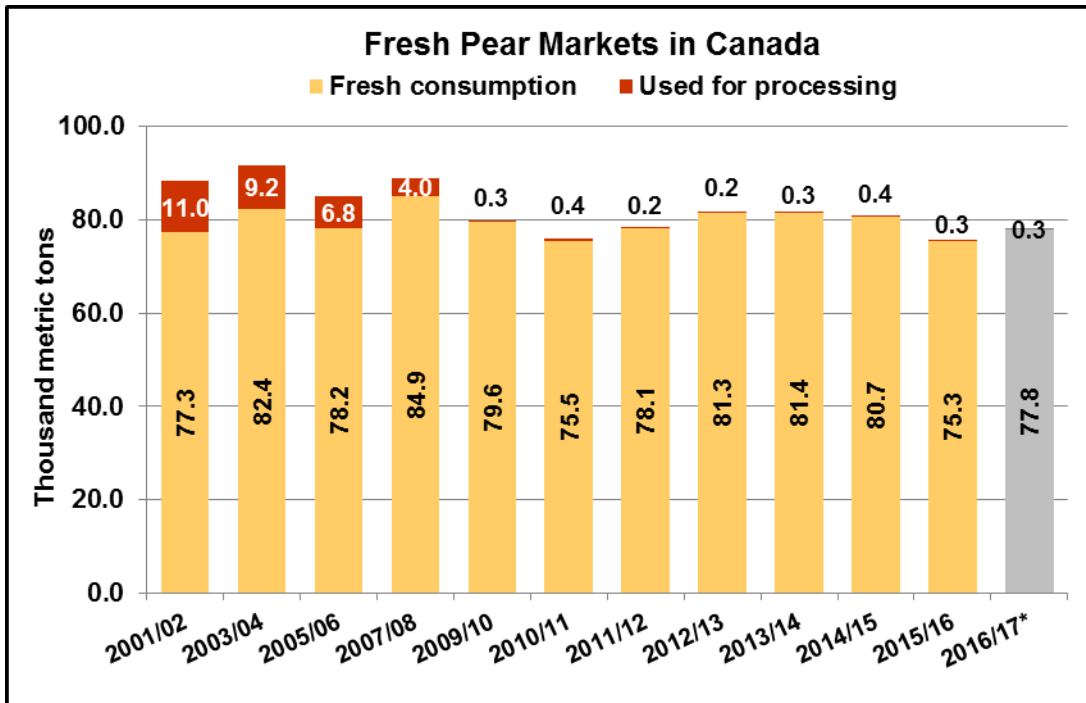


Source: Statistics Canada / \* Post forecast

Bearing area seems to have stabilized around 600 hectares, whereas overall pear planted area declined by nearly 50 percent over the past decade. Pear production is also down by the same percentage since MY 2003/04.

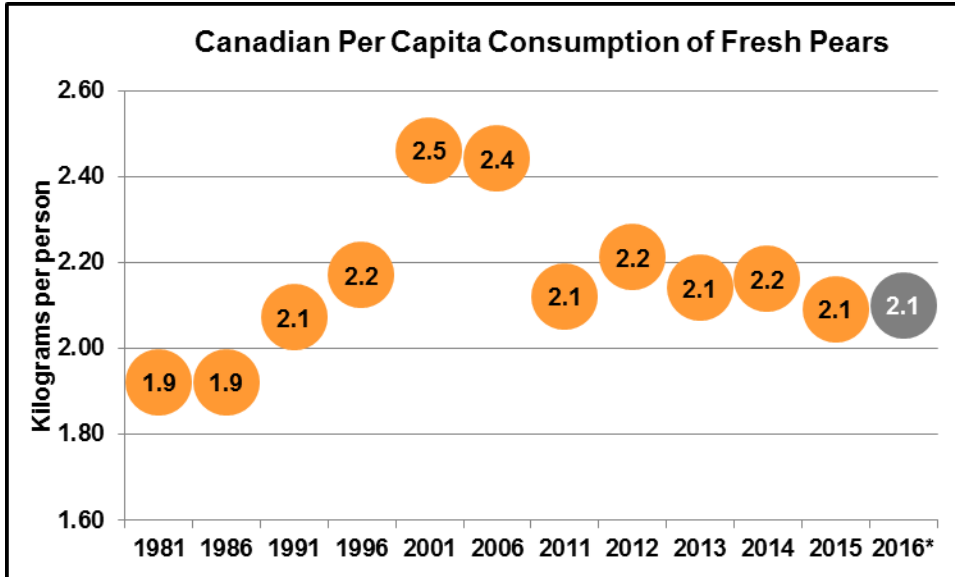
**Consumption:**

Since the closure of the last pear canning plant in Ontario back in 2008, basically all pears available in Canada are consumed fresh. Fifteen ago, approximately 10 to 15 percent of available fresh pears were used in the processing sector. In the last couple of years, only a few hundred metric tons of fresh pears are processed in Canada, mainly as artisanal production sold in farmers' markets. About 90 percent of domestic fresh pear consumption comes from imports.



Source: Statistics Canada / \*Post forecast

Per capita consumption of fresh pears has stabilized over the past five years, reflecting the stable appeal of this fruit among consumers. Pear growers in Ontario are now trying to revitalize this market, with the introduction of new varieties, developed at a research center in the province. Cold Snap, Canada’s newest pear variety was introduced in 2015 and small volumes of the fruit have reached the Ontario markets in 2016. It is a late variety, more suitable for a colder climate and meant to ripen very late in the season. Several other new varieties are currently under research and expected to hit the market in the coming years. These new pears will initially replace older varieties; therefore, the overall area planted to pears is not expected to grow in the near future.



Source: Statistics Canada / \*Post forecast

**Trade:**

Post forecasts a 3 percent increase in imports of fresh pears, estimated to be up to 70,000 MT in MY 2016/17, compared to 67,818 MT in MY 2014/15. As domestic production and demand remains relatively flat, imports seems to have stabilized in recent years around 70-75,000 MT annually. A factor that has been affecting pear trade over the past decade has been the disappearance of the canning plants; fifteen years ago 13 percent of total imports of fresh pears were destined to processing. This has dropped to zero today contributing to the slowdown in import growth.

## Canada: Imports of fresh pears

Marketing year: July-June / Quantity in metric tons

	2010/1	2011/1	2012/1	2013/1	2014/1	2015/1
	1	2	3	4	5	6
<b>World</b>	<b>68,221</b>	<b>70,042</b>	<b>75,075</b>	<b>73,036</b>	<b>73,622</b>	<b>67,818</b>
for processing	14	0	24	0	0	86
organic	1,427	1,686	2,370	2,646	2,687	3,144
other	66,780	68,356	72,682	70,390	70,935	64,587
<b>United States</b>	<b>37,936</b>	<b>39,668</b>	<b>42,677</b>	<b>42,013</b>	<b>40,534</b>	<b>36,797</b>
for processing	14	0	24	0	0	86
organic	820	1,042	1,476	1,296	1,501	1,698
other	37,103	38,626	41,177	40,716	39,033	35,012
Argentina	10,598	9,724	12,417	13,183	12,526	9,996
China	10,428	10,460	11,437	9,369	11,001	11,142
South Africa	4,647	5,469	4,172	3,845	3,836	4,666
Chile	1,494	1,189	1,353	1,363	1,826	1,642
Australia	1,622	1,681	1,392	1,287	1,314	1,000
All other countries	1,496	1,851	1,627	1,976	2,585	2,575
<b>Import Market Shares</b>						
United States	55.6%	56.6%	56.8%	57.5%	55.1%	54.3%
Argentina	15.5%	13.9%	16.5%	18.1%	17.0%	14.7%
China	15.3%	14.9%	15.2%	12.8%	14.9%	16.4%
South Africa	6.8%	7.8%	5.6%	5.3%	5.2%	6.9%

Source: Global Trade Atlas

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

The United States is the main supplier of fresh pears, with China and Argentina as major competitors. Organic HS codes were introduced in 2007. The import volume of organic pears has recently increased to 3,000 MT (about 3-4 percent of total imports, and more than half originating in the United States), after a steady growth over the past five years. Typically, the United States has supplied about three quarters of organic imports.

Canada has an insignificant volume of exports of fresh pears.

**FRESH TABLE GRAPES**

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

GRAPES Fresh Canada	2014/2015		2015/2016		2016/2017*	
	Marketing Year: June to May					
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Production	2,500	2,250	2,500	2,300	0	2,500
Imports	176,800	176,797	173,000	172,556	0	175,000
<b>Total Supply</b>	<b>179,300</b>	<b>179,047</b>	<b>175,500</b>	<b>174,856</b>	<b>0</b>	<b>177,500</b>
Fresh Dom. Consumption	177,500	177,256	173,500	172,719	0	175,500
Exports	1,800	1,791	2,000	2,137	0	2,000
<b>Total Distribution</b>	<b>179,300</b>	<b>179,047</b>	<b>175,500</b>	<b>174,856</b>	<b>0</b>	<b>177,500</b>

All data in metric tons / \*Post forecast

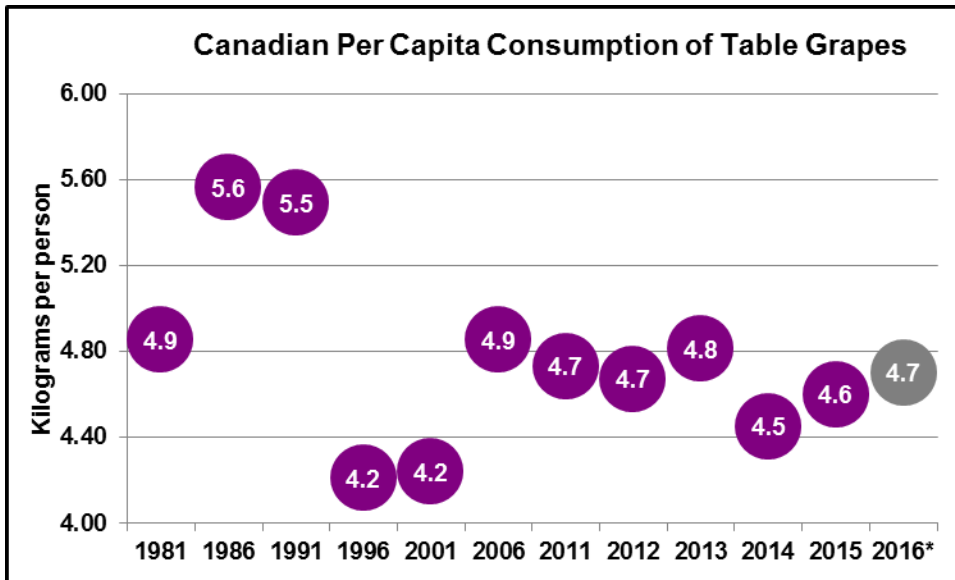
**Production:**

Only a small fraction of Canada's grape production consists of fresh table grapes. Based on available data from Statistics Canada and information from provincial authorities, Post estimates that Canada produces around 2,500 MT of fresh table grapes annually. Domestically produced table grapes, with few exceptions, are only marketed to the immediate surrounding population centers in the province where grown. Hence, domestic consumption of table grapes is basically satisfied through imports, with recent annual volumes in the 175-180,000 MT range. Nearly 60 percent of Canada's table grape imports originate in the United States.

Canada has systematically developed its wine industry over the past two decades. In recent years, 80-100,000 MT of grapes are produced annually and used for producing wine and other processed products (such as grape juice). The two provinces that supply Canadian grapes are Ontario, with a market share of roughly 75 percent, and British Columbia accounting for the balance.

**Consumption:**

As with apples, per capita table grapes consumption, which is not only a function of market conditions but also of total population numbers, has remained remarkably stable over the past decade. Per capita consumption ranged between 4.5 and 4.9 kg (kilograms) per person. Over the same period, Canada's total population increased by over 10 percent, and is extremely diversified from an ethno-cultural point of view. The consumption trend reflects the popularity of grapes as a fruit consumed not only across generations, but by Canadians with various ethnic backgrounds as well.



Source: Statistics Canada / \*Post forecast

**Trade:**

Post forecasts imports of table grapes to remain stable for MY 2016/17, with a 1.5 percent growth to 175,000 MT, compared to 172,556 MT in 2015/16, reflective of an unchanged demand. As indicated earlier, Canada imports over 95 percent of its fresh table grapes. Domestic grape production is primarily used in wine making.

The United States is the main supplier of fresh table grapes, with a market share of nearly 60 percent, while Chile and Mexico are the major competitors. In 2009, Canada introduced organic HS codes for grapes. Organic imports have remained in the 4,000 MT range over the past couple of years.

**Canada: Imports of fresh grapes***Marketing year: June-May / Quantity in metric tons*

	2010/1 1	2011/1 2	2012/1 3	2013/1 4	2014/1 5	2015/1 6
<b>World</b>	<b>188,899</b>	<b>172,544</b>	<b>176,048</b>	<b>182,204</b>	<b>176,797</b>	<b>172,556</b>
organic	3,197	2,318	2,237	3,385	4,126	3,891
other	183,448	170,195	173,757	178,722	172,588	168,656
<b>United States</b>	<b>96,384</b>	<b>91,529</b>	<b>95,457</b>	<b>101,971</b>	<b>98,865</b>	<b>97,954</b>
organic	1,763	1,742	1,598	2,413	3,150	2,910
other	94,505	89,759	93,803	99,461	95,633	95,037
Chile	61,866	53,887	54,220	44,629	47,331	36,542
Mexico	22,870	17,263	17,045	22,324	16,428	18,976
Peru	3,587	5,389	4,649	8,664	10,752	12,054
All other countries	4,192	4,476	4,677	4,616	3,421	7,030

**Import Market Shares**

United States	51.0%	53.0%	54.2%	56.0%	55.9%	56.8%
Chile	32.8%	31.2%	30.8%	24.5%	26.8%	21.2%
Mexico	12.1%	10.0%	9.7%	12.3%	9.3%	11.0%
Peru	1.9%	3.1%	2.6%	4.8%	6.1%	7.0%

*Source: Global Trade Atlas**Note: Tariff lines for organic grapes were introduced on January 1, 2009*

Compared to the size of its imports, Canadian exports of fresh table grapes are not significant.

**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 prices are available electronically at the Agriculture and Agri-Food Canada's (AAFC) [InfoHort website](#).

**Policy:****Promotion and Research Agency**

The Canadian apple industry continues to discuss the idea of establishing a national marketing agency to promote the consumption of apples and conduct various research projects. Such an agency would collect levies on both the domestic production and on imports of apples to fund its activities.