

**Report of the**  
**APPLE SECTION OF THE**  
**APPLE AND FRUIT COMMITTEE**  
**To the 88<sup>th</sup> Annual General Meeting of the**  
**CANADIAN HORTICULTURAL COUNCIL**  
**Fairmont Le Château Frontenac, Quebec City, Quebec**  
**March 5, 2010**

**To the President and Members of the  
Canadian Horticultural Council**

The Apple Working Group (AWG) has undergone a few changes since the last CHC Annual General Meeting held in Calgary. In March 2009 we bid farewell to our Chairman Steve Levasseur as he embarked on an exciting year as CHC President. In the past year we also welcomed the return of Melanie Noel to the AWG following a year of maternity leave. It has been a busy and productive year and a pleasure to Chair such a committed group of apple industry representatives. Together we have continued to work on maintaining and enhancing the competitiveness of the Canadian apple industry.

On July 28-29 the BC Fruit Growers' Association hosted the Mid-Summer Apple Meeting of the AWG in Kelowna, BC. We had a productive day of meetings focussing discussions on the Orchard and Vineyard Transition Program, new variety development efforts, the Pesticide Risk Reduction Program for apples, crop updates, the concept of a National Check off Program and initiating a Canadian apple industry benchmarking study. A local farm tour followed the next day that visited among other stops, the Okanagan's largest vertically integrated cherry operation. An evening social at a local winery, fresh Okanagan cherries and hot summer weather were appreciated by all who attended. My thanks to all participants, volunteers, BCFGA staff and sponsors that made this year's event memorable. Ontario will host the next AWG Mid-Summer Meeting.

It became evident this year that the Orchard and Vine Transition Program providing removal grants and strategic planning funds for the tree fruit and vine sectors, was experiencing significant uptake in participating provinces. Some provinces have exhausted available funding well in advance of the program completion date. The AWG is developing a proposal to the federal government's AgriFlexibility program that would enable the Canadian apple industry to undertake an additional four year program of removal, renewal (replant) and on-farm projects. This will be submitted shortly.

An apple industry benchmarking study to evaluate the performance of Canadian apples among retailers, consumers and competitors in both domestic and export markets has been discussed at length. Further progress will be made by a sub-committee tasked with developing the specific focus areas of the study and the final submission. A similar study undertaken by the potato

industry has provided a valuable template for this work. The Horticulture Value Chain Round Table has been identified as a possible source of funding.

A National Marketing Agency for apples can be established under the Farm Products Marketing Agencies Act (FPMA). With this in mind the AWG has been exploring the legislation that would allow for the establishment of such an agency with the ability to collect levies on domestic and imported apples for promotion and research purposes. This would accommodate both national and regional activities. A few outstanding hurdles remain before the first steps towards implementation can be considered. Provinces or associations must first agree on the concept, have a levy collection system in place, and decide if levies would apply equally to imports. The latter point is the source of greatest debate as import levies would require the cooperation of importers, restrict apple promotion to generic approaches and require a mechanism for levy collection. In 2010, I anticipate that a decision on the feasibility of this initiative will be made by the AWG.

Agriculture and Agri-Food Canada's Growing Forward led to the introduction of new marketing programs. The AgriMarketing Program has replaced previous elements such as CAFI for international market development. The AWG is reviewing various components of a new strategy that would involve international trade shows and other activities. The benchmarking study would also support the development of a Long-Term International Strategy (LTIS) that is now a requirement of the AgriMarketing Program. Completion of an LTIS is a priority for the coming year.

On December 15 and 16, the AWG again met in Ottawa for the Post Harvest Meeting. At that time the group needed to identify top priorities in research for the apple sectors participation in the CHC-led horticulture science cluster initiative. The AWG was able to reference a Canadian apple industry research priority document developed in 2007 to help guide the discussions. "Enhancing Storability of Canadian Fresh Apples" was identified as the top priority with possible research focus in production methods, harvesting, post-harvest management and long-term storage. These priorities have been circulated by CHC to the scientific community to solicit research proposals, and may result in a few targeted projects over the next 3 years.

The post-harvest meetings were again an opportunity to review the apple crop and market status in BC, Ontario, Quebec, New Brunswick and Nova Scotia. Total apple production was near normal in 2009 despite significant weather challenges. From Ontario to NS the growing season was unusually cool and wet resulting in more disease pressure and smaller fruit. Some early season frost and then hail affected Ontario's crop and hail also hit Quebec. The eastern provinces all reported storability concerns due to the wet summer. In BC apple size was better than in 2008 but hail did downsize the volume of the 2009 crop. Most provinces are reporting similar or slightly lower apple returns compared to the 2008 crop. In BC there is greater pressure on prices due to the impact of US imports in Western Canada. Most provinces reported increases in the volume of new apple varieties. Not unlike trends in other agricultural sectors, the economic downturn has put significant pressure on apple prices.

The price and volume of fresh apple imports (especially from Washington State) has received regular attention at the AWG, and at the post-harvest meeting CBSA data was reviewed once again. Based on early data it is difficult to determine if dumping is occurring, as was alleged in 2005, but efforts to monitor the market situation are ongoing.

In November Canadian apples were again featured at the Royal Agricultural Winter Fair in Toronto. After a 40 year hiatus this was the second year in row that the Fair held a national

apple competition. Many producers entered apples from throughout Canada and the event continues to be a success. My thanks to Brian Gilroy, Kelly Ciceran and the many producer participants who have made this a very worthwhile and successful event.

On behalf of the AWG I wish to thank the CHC staff for their support in moving our initiatives forward. Special thanks to Amy Argentino and Farid Makki (AAFC) for your extra effort. To the members of the AWG I thank you for your commitment and wish all of you great crops and even better markets in 2010.

Respectfully submitted,

A handwritten signature in cursive script, reading "Joe Sardinha".

Joe Sardinha  
Chair, Apple and Fruit Committee  
March 5, 2010