

Growing Trade & Expanding Markets

Presentation to the Canadian Horticultural Council Trade and Marketing Committee

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Canadian Food
Inspection Agency

Agence canadienne
d'inspection des aliments



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



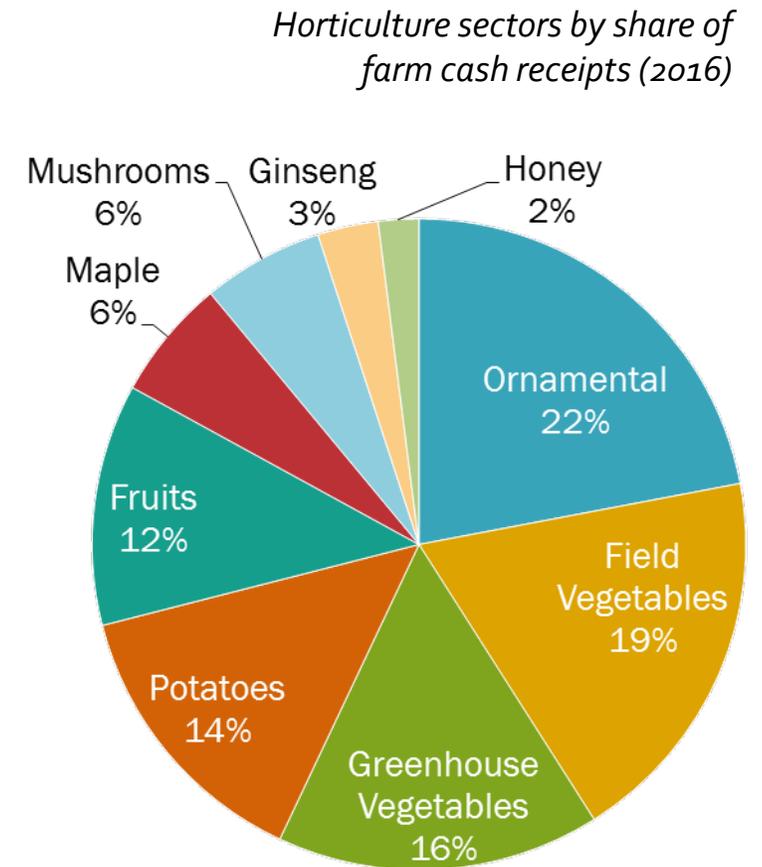
Outline

- Sector Snapshot
- Export Trends & Opportunities
- Trade priorities
- Initiatives for the Future



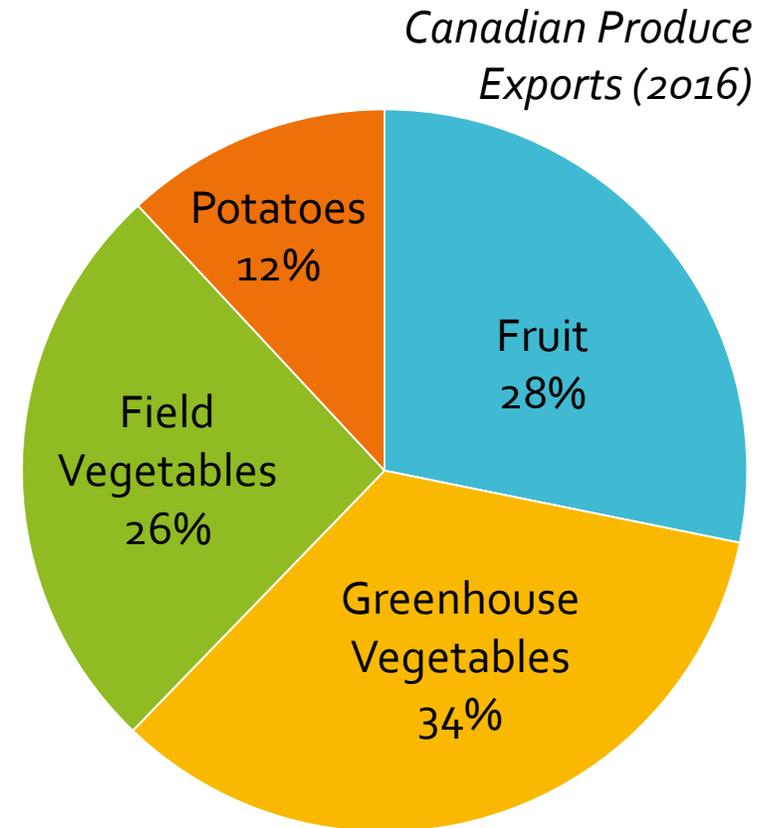
Sector Snapshot

- Canadian horticulture generated farm cash receipts of **\$8.4 billion** in 2016 (15% increase over 5 years).
- Above average growth for:
 - potatoes (+22%)
 - vegetables (+36%)
 - tree fruits (+25%)
- Strong growth in greenhouse sector and some fruits and vegetables (blueberries, cranberries, sweet cherries, lettuce, carrots and “ethnic” or “world” crops).



Exports

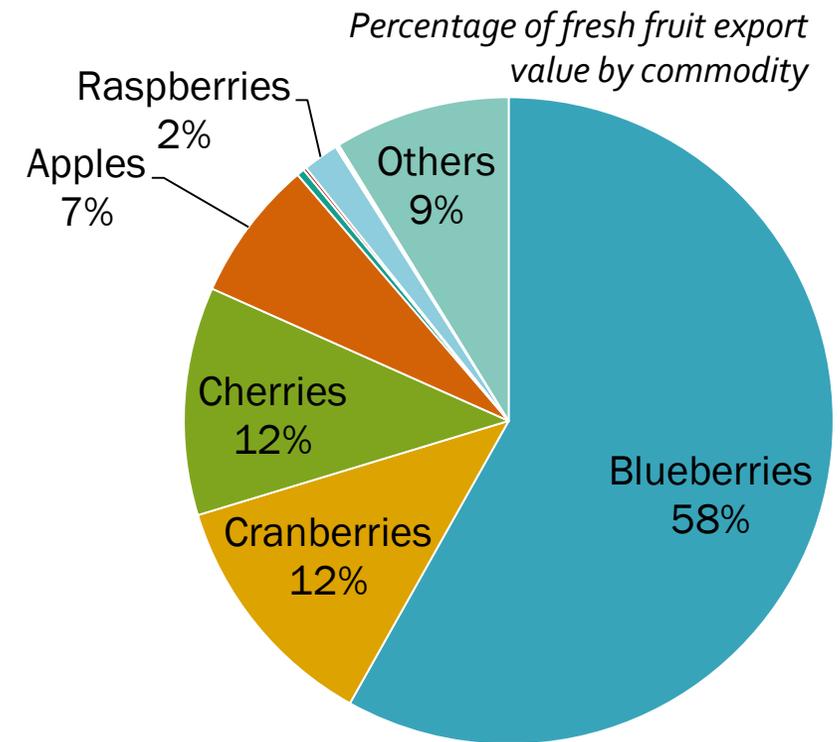
- Overall horticulture exports totaled approximately **\$5 billion** in 2016, a 48% increase over 2012.
- Specifically, Canadian **produce** exports totaled **\$2.5 billion** in 2016.
- Export growth has been particularly strong for **frozen commodities** (such as wild blueberries and potatoes).



Exports

Fruit

- Value of fruit exports have **grown by nearly 20% over the last 5 years**, reaching **\$727 million** in 2016.
- **Blueberries** are Canada's top fruit export, valued at **\$422M** in 2016 (around 70% frozen).
- Followed by:
 - cranberries (\$88M)
 - cherries (\$83M)
 - apples (\$51M)
- The **United States** is Canada's top fruit export destination, valued at over **\$508M** in 2016.
- Followed by **Japan** (\$38M), **Germany** (\$30M), and **China** (\$29M).



Exports

Vegetables

- Canadian vegetable exports totaled **\$1.7 billion** in 2016, an increase of 7% over 2015.
- Top vegetable exports include **tomatoes** (\$373M), **peppers** (\$360M), **cucumbers & gherkins** (\$240M), and **mushrooms** (\$220M).
- ***Greenhouse vegetables*** accounted for **51%** of total vegetable exports in 2016, ***field vegetables*** accounted for 36%, and ***mushrooms*** accounted for 13%.
- The **United States** is Canada's top vegetable export destination, valued at over \$1.6B in 2016. Followed by **Japan** (\$22M), **Netherlands** (\$14M), **China** (\$4.7M), and **France** (\$2.1M).



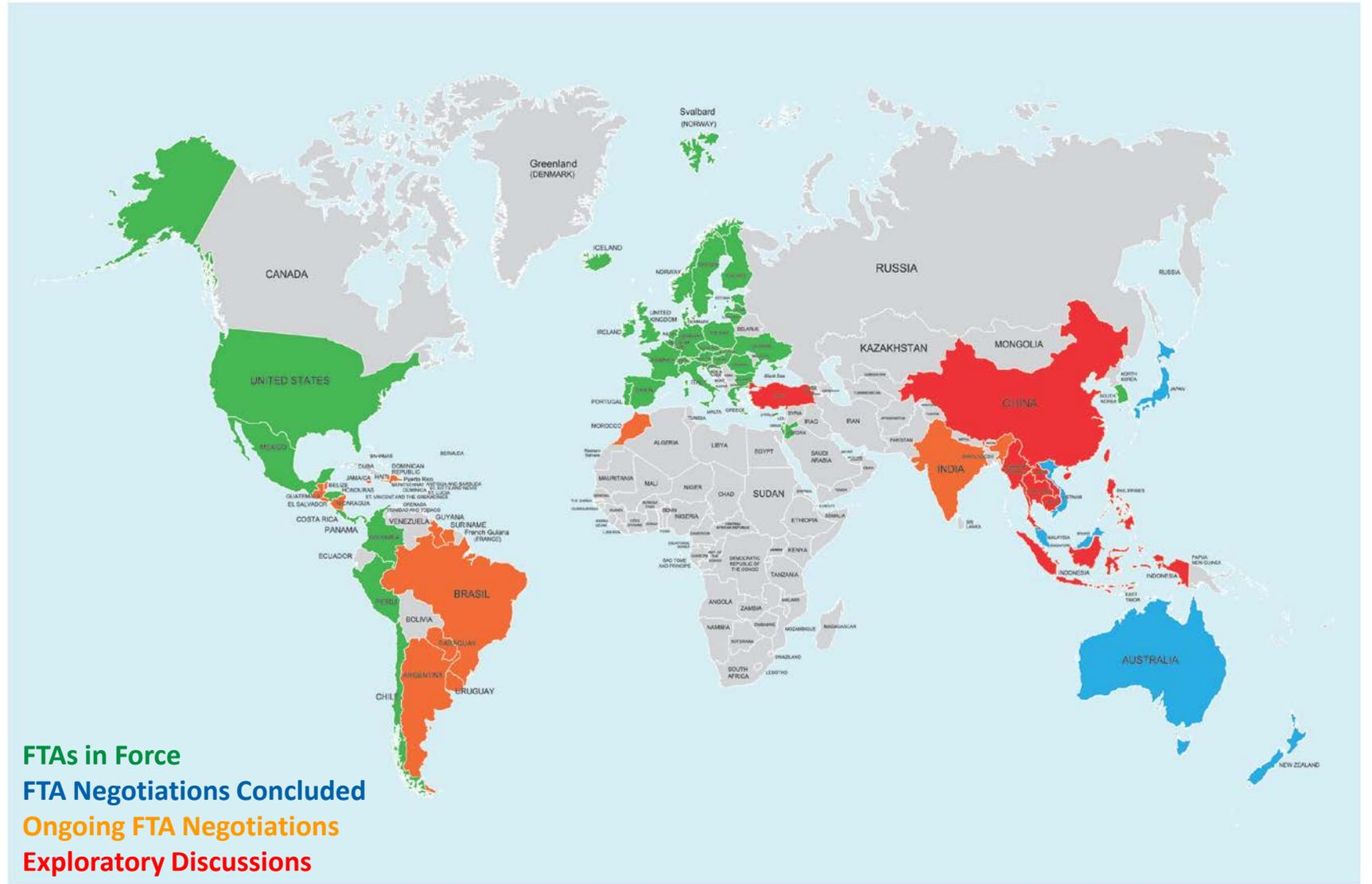
Exports

Potatoes

- In the 2015–2016 crop year, total exports of Canadian potatoes and potato products were **\$1.6 billion**, an increase of over 14% from the previous crop year and 40.9% over the last five years.
- Canada exported **\$274 million in fresh potatoes** (table stock and seed potatoes) and **\$1.32 billion in processed potatoes** (frozen and other).
- The **United States** is Canada's largest export destination for potatoes and potato products, valued at **\$1.4B** in 2016 (86% of exports).
- Followed by **Japan** (\$29M) and **Mexico** (\$28M).



Trade Focus



North America

United States



- The United States continues to be Canada's top export destination for all horticulture products

2012-2016 Trends

- Fresh mushrooms (up 16%)
- Table Potatoes (up 21%) & french fries (up 9.3%)
- Cucumbers (up 17%)



North America

NAFTA



- Seven rounds of NAFTA renegotiations have taken place since talks began in August 2017.
- Canada's trade negotiators continue to work with industry to advocate for a fair outcome for Canada's agricultural producers.
- The outcome of the renegotiations will be far reaching and have a large impact on Canadians, but we have the opportunity to align the agreement to new realities.



Asia

- **Increased market access** in high-growth South East Asian countries will increase exports of certain crops such as **sweet cherries** and **high-bush blueberries**.
- Efforts currently underway to obtain market access for B.C. sweet cherries to South Korea, Japan and India.

Comprehensive & Progressive Agreement for Trans-Pacific Partnership(CPTPP)

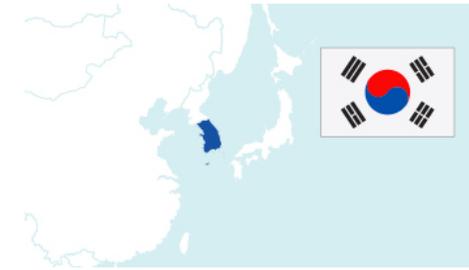
- Preferential market access to all CPTPP countries.
- Significant for exports to **Japan**, Malaysia and Vietnam.
- New market access opportunities including for fruits and vegetables such as blueberries, cherries, cranberries, apples, and potato products.



Asia

South Korea

- **Canada-Korea Free Trade Agreement (CKFTA)** will continue to provide new opportunities for Canadian agricultural products, including fruits and vegetables.
- Tariff elimination on over 97% of Canadian agricultural and agri-food exports
- Preferential access will create a level playing field with EU & US



Asia

China

- Market access to China for fresh **sweet cherries** (2014) and **high-bush blueberries** (2015) from B.C.
- Opportunity for differentiated, high-value, niche products, leverage the “Canada” brand (cranberries, and blueberries).



2012-2016 Trends

Fresh Cherries (up 37%)



Europe

European Union

- Provisional application of CETA came into effect as of September 21, 2017.
- With CETA now implemented, EU tariffs on all fresh, frozen and processed fruits and vegetables have been eliminated (with few exceptions).
- Canada will continue to encourage the EU to base measures on scientific risk assessments, including for setting import tolerances for plant protection products of importance to Canadian horticultural exporters.



2012-2016 Trends

Berries (up 24%)



Challenges

- Protectionism
- Support for Rules-based Trading System
- Harmonization of Regulations
- Time Required to Resolve Market Access / Trade Barriers
- Competitiveness
- Geo-politics
- Labour



Initiatives

Export Growth is a Priority

- The Government of Canada has set an ambitious target to **grow Canada's agri-food exports to at least \$75 billion annually by 2025.**
- Agri-Food Economic Strategy Table
- Canadian Agricultural Partnership



CFIA-AAFC Alignment

International Affairs Branch



- A new partnership for Agriculture and Agri-food Canada (AAFC) and the Canadian Food Inspection Agency (CFIA)
- The new branch is composed of:
 - AAFC's Market Access Secretariat, and
 - CFIA's International Affairs and Market Access Directorate and the Food Import/Export Directorate in Policy and Programs Branch
- Ensure better synergies to better support trade and market access agenda and industry in advancing new markets
- Positions abroad reporting



Questions

