



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 9/15/2005

**GAIN Report Number:** CA5063

## Canada

## Fresh Deciduous Fruit

## Annual

## 2005

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**Report Highlights:**

This report summarizes the production prospects for the 2005 Canadian apple and pear crops and highlights trade and policy developments within the tree fruit sector that impact U.S. apple and pear exports to Canada.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Ottawa [CA1]  
[CA]

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## Executive Summary

- The 2005 Canadian apple crop is forecast at 360,000 metric tons, almost 3% lower than the 2004 crop and more than 15% below the 2000-2004 five-year average. According to Statistics Canada, apple bearing area in Canada has declined 16.8% since 2000.
- Fresh apple imports from the United States reached a record 115,002 metric tons during MY2004/05. The U.S. market share of total Canadian fresh apple imports climbed to 79% from 70% the previous year. Imports from Chile, New Zealand, and South Africa were all lower.
- The Canadian Food Inspection Agency revised its plant health directive D-02-07 to allow imports of fresh apples from the province of Shaanxi, China under a two-year trial period.
- Canadian apples have generally failed to remain competitive in the global market. Even with a significant increase in exports in 2004/05, total Canadian apple exports are less than half of their average level during the mid-1990s.
- Industry sources indicate that Canadian apple growers have been pressing the Canadian government for safeguard measures on imports of U.S. fresh apples, predominantly those from Washington State. However, the CBSA, the government agency that is responsible for the administration of the Canada's anti-dumping and countervailing actions, has not disclosed if it has received a formal grower petition.
- For 2005, improved weather conditions during the growing period are expected to boost Canadian fresh pear production close to the 2000-2004 five year average. Total fresh pear output this year is expected to reach about 15,300 metric tons, up almost 6% from a year ago.
- In 2004/05 Canadian fresh pear imports slipped to 70,789 metric tons, down 7.8% from their level a year earlier, but the U.S. remained the top supplier of fresh pears to Canada accounting for 62% of total.
- In early 2005, Canada lifted the suspension on imports of Asian pears (*Pyrus pyrifolia*) from China under Plant Health Directive 94-32 but the import of Ya pears (*Pyrus bretschneideri*) remains prohibited. A workplan to develop a protocol for the import of Chinese Ya pears to Canada was signed as part of a Canada/China bilateral agreement in September 2005.

## Section I. Situation and Outlook

### Apples

Preliminary apple industry estimates indicate that the 2005 Canadian apple crop is expected to reach about 360,000 metric tons, almost 3% lower than the 2004 crop but more than 15% below the 2000-2004 five-year average. Of the five apple producing provinces (listed in order of production ranking), Ontario, British Columbia, Quebec, Nova Scotia, and New Brunswick, only Nova Scotia is anticipating an increase in apple production during 2005 compared to a year ago. Despite the reduced production potential this year, quality is reported to be good. In Ontario, hot dry conditions affected apple orchard yields, but color and flavor are reported to be very good.

### Planting Trends and Varietal Shifts

Statistics Canada reports a 16.8% decline in the apple bearing area between 2000 and 2005 (from 24,973 hectares to 20,766 hectares). Despite cultural practices that include higher density plantings, Canadian apple production in recent years has been in decline. Urban pressure on orchard land, higher costs of production, and lower profitability has resulted in smaller producers leaving the industry and a decline in the area cultivated for apples.

The main varieties (percent of total 2004 crop in parenthesis) basis, are: McIntosh (35%), Red Delicious (11%), Empire (8%), Gala (7%), Spartan (6%), Cortland (5%), and Golden Delicious (4%). Of the main varieties, the production of McIntosh, Gala, Golden Delicious, and Spartan show an increase over the previous five year average. The others are in decline. In the minor variety category, the trend is to Fuji (2%), Ambrosia (0.5%), and Granny Smith (0.4%).

Country Commodity	Canada Apples, Fresh					
	2003		2004		2005	
Market Year Begin	USDA Official	Revised Estimate	USDA Official	Estimate	USDA Official	Forecast
		07/2003		07/2004		07/2005
Area Planted	24522	24522	23804	22887	0	22802
Area Harvested	21600	21600	21800	20813	0	20766
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	379192	379192	382000	370338	0	360000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	379192	379192	382000	370338	0	360000
TOTAL Imports	135934	135920	130000	146320	0	150000
TOTAL SUPPLY	515126	515112	512000	516658	0	510000
Domestic Fresh Consump	313509	367528	302000	373511	0	370000
Exports, Fresh Only	41617	41704	45000	48147	0	45000
For Processing	160000	105880	165000	95000	0	95000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	515126	515112	512000	516658	0	510000

## Pears

For 2005, improved weather conditions during the growing period are expected to raise fresh pear production close to the 2000-2004 five year average. Output is expected to reach about 15,300 metric tons, up almost 6% from a year ago when cool, wet weather conditions reduced the total crop potential in Ontario. Ontario growers reported some tree damage from extreme winter temperatures, but a good bloom under favorable pollination conditions, followed by a sunny, hot summer has increased pear crop prospects.

In Ontario, the top three varieties are Bosc, Bartlett, and Clapp. In British Columbia, the main pear varieties are Bartlett and Anjou. Combined, Ontario and British Columbia account for more than 95% of total Canadian fresh pear production.

Country	Canada					
Commodity	Pears, Fresh					
	(HA)(1000 TREES)(M					
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [	Estimate[1]	USDA Official [	Estimate[1]	USDA Official [	Estimate[1]
Market Year Begin	07/2003		07/2004		07/2005	
Area Planted	1526	1526	1408	1402	0	1352
Area Harvested	1261	1261	1182	1137	0	1125
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	15232	15232	15000	14445	0	15300
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	15232	15232	15000	14445	0	15300
TOTAL Imports	82500	76819	85000	70789	0	72000
TOTAL SUPPLY	97732	92051	100000	85234	0	87300
Domestic Fresh Consump	86567	83027	87800	77189	0	79770
Exports, Fresh Only	165	84	200	45	0	30
For Processing	11000	8940	12000	8000	0	7500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	97732	92051	100000	85234	0	87300

## Section II. Trade

### Apple Imports

Canadian fresh apple imports in MY2004/05 rose almost 8% to 146,297 metric tons from 135,920 metric tons during MY2003/04. Almost all of the increase in fresh apple imports was due to increased imports of U.S. fresh apples. Fresh apple imports from the United States increased sharply to 115,002 metric tons, up more than 20% from the 2003/04 level of 95,306 metric tons.

Bolstered by strong demand for U.S. fresh apples, the U.S. market share of total Canadian fresh apple imports in MY2004/05 climbed to 79% from 70% the previous year. Imports from Chile, New Zealand, and South Africa were all lower. Imports from China were flat.

#### Canadian Fresh Apple Imports

Marketing Year, July/June

Units: metric tons

HS 0808.10

	Jul 02-Jun 03	Jul 03-Jun 04	Jul 04-Jun 05
Imports from...			
The World	144,788	135,920	146,320
United States	112,448	95,306	115,002
Chile	14,686	18,601	15,748
New Zealand	9,796	9,883	7,027
South Africa	5,725	7,412	4,385
China	423	3,298	3,601
France	894	891	163
Argentina	680	186	152
Italy	16	57	61
Switzerland	19	65	27
Poland	-	-	18
Brazil	-	67	12
All Others	101	154	124

Source: World Trade Atlas

**Fresh Apple Imports from the U.S., by State**

The following table shows Canadian apple imports from the United States by major state of origin for the past three marketing years. In MY2004/05 Washington State remained the dominant supplier accounting for almost 89% of total. While most states exported fewer fresh apples to Canada during 2004/2005, exports from Washington State increased more than 30% to 101,836 metric tons.

Fresh Apple Imports from the U.S., by state of origin

Marketing Year, July/June

Units: metric tons

HS 0808.10

Imports from...	Jul 02-Jun 03	Jul 03-Jun 04	Jul 04-Jun 05
From All States	112,448	95,306	115,002
Washington	90,747	78,485	101,861
California	8,861	7,222	5,831
New York	6,877	5,381	5,081
Michigan	4,076	2,518	1,142
Oregon	829	569	372
North Carolina	254	232	122
Massachusetts	131	522	102
Pennsylvania	68	116	96
All Other States	605	261	395

Source: Derived from World Trade Atlas

## Apple Exports

Canadian apple exports rebounded from their dismal export performance during MY2003/04 and rose 15% to 47,842 metric tons in 2004/05. In addition to lower crop outturns in recent years due to lower acreage and weather vagaries, Canadian apple exports have generally failed to remain competitive in the global market. Even with the significant volume increase in exports in 2004/05, total Canadian apple exports are less than half of their average level during the mid-1990s.

### Canadian Fresh Apple Exports

Marketing Year, July/June

Units: metric tons

HS 0808.10

Exports to...	Jul 02-Jun 03	Jul 03-Jun 04	Jul 04-Jun 05
The World	61,874	41,704	48,147
United States	45,707	30,836	30,315
United Kingdom	3,864	4,138	5,388
Mexico	7,036	3,717	4,879
Taiwan	214	320	4,281
Costa Rica	1,251	393	669
Spain	-	-	467
Honduras	499	120	419
Iceland	39	1,649	295
Belgium	-	-	292
Dominican Republic	450	114	146
All Others	2,813	416	997

Data Source: World Trade Atlas



## Pears

### Imports

Canadian fresh pear imports during the past two years were lower than the record level imported during 2002/03 when the Canadian fresh pear harvest crop was reduced by unfavorable weather conditions. In 2004/05 Canadian fresh pear imports slipped to 70,789 metric tons, down 7.8% from their level a year earlier, but the U.S. remained the top supplier of fresh pears to Canada accounting for 62% of total. Canada resumed imports of certain Asian varieties of pears (*Pyrus pyrifolia*) from China in January 2005 after the Canadian Food Inspection Agency determined that they represent a low risk for the entry of the fungal disease into Canada, but has not lifted the suspension on Ya pears (*Pyrus bretschneideri*) from Hebei and Shandong provinces in China (see Policy Section for more information on the importation of fresh pears from China).

#### Canadian Fresh Pear Imports

Marketing Year, July/June

Units: metric tons

HS 0808.20

	Jul 02-Jun 03	Jul 03-Jun 04	Jul 04-Jun 05
Imports from...			
-- The World --	80,709	76,819	70,789
United States	45,826	47,436	42,146
Argentina	13,782	9,807	14,322
China	9,617	8,684	3,857
South Africa	2,649	4,034	3,170
Chile	3,039	2,143	2,976
Australia	2,073	2,122	1,746
Italy	988	884	775
Portugal	887	616	748
Korea, South	1,375	622	719
New Zealand	211	291	191
Mexico	80	54	23
All Others	-	-	-

Source: World Trade Atlas

### Exports

Canadian pear exports are insignificant.

### Section III. Consumption

#### Per Capita

Canada: Per Capita Consumption of Fresh Apples and Pears

Units: kg per person (retail weight)

Year	Apples	Pears
2000	10.80	2.42
2001	11.41	2.48
2002	9.84	2.50
2003	10.46	2.55

Statistics Canada; Canada Food Stats, June 2005

#### Prices

Weekly fresh apple and pear prices on major Canadian wholesale markets and daily market prices for Toronto and Montreal are available electronically at Agriculture and Agri-Food Canada's (AAFC) InfoHort website at: [http://www.agr.ca/misb/infhort/infhort\\_e.html](http://www.agr.ca/misb/infhort/infhort_e.html)

#### Apple Storage Holdings

Agriculture and Agri-Food Canada reports that total Canadian apple storage holdings on July 1, 2005 were 28,697 metric tons, 4% above the year earlier level of 27,605 metric tons. Agriculture and Agri-Food Canada reports the quantity and type of apples in storage in Canada, by province. To view this data, visit the following AAFC web link: <http://www.agr.ca/misb/infhort/data/storage/appdistindex.html>

### Section IV. Policy Developments

#### Canadian Growers Want Trade Action Against U.S. Apples

Industry sources indicate that Canadian apple growers have been pressing the Canadian government for safeguard measures on imports of U.S. fresh apples, predominantly those from Washington State. However, the CBSA, the government agency that is responsible for the administration of the Canada's anti-dumping and countervailing actions, has not disclosed if it has received a formal grower petition. Citing low market prices, Canadian growers are allegedly seeking anti-dumping duties under the Special Import Measures Act, the legislation that governs Canada's countervailing and anti-dumping laws. Under the Canadian system, the Canadian Border Services Agency (CBSA) only discloses those petitions that it feels warrant a formal investigation. At the time of writing of this report, the CBSA had not officially launched an anti-dumping investigation into imports of U.S. fresh apples. It may not do so if it determines the growers' case lacks merit.

## Historical Summary of Anti-Dumping Cases Against U.S. Apples

Canada initially imposed anti-dumping duties on imports of all U.S. Red Delicious apples in 1989. That initial case expired in February 1994. Another case was launched later that fall (1994) on both Red and Golden Delicious apples but the Canadian International Trade Tribunal only found injury against Red Delicious and applied anti-dumping duties to U.S. Red Delicious apples in January 1995. The anti-dumping duty did not apply to imports between July 1 and September 30 each year. Following a review of the (second) case, the CITT rescinded the anti-dumping duties on February 8, 2000. Generally, the way the anti-dumping duty worked was that if U.S. f.o.b. export prices to Canada were below a certain calculated price per 42 lb. box, Canada applied a dumping duty equal to the difference between the export price and the calculated price.

## Suspension Lifted On Imports Of Chinese Apples

During the fall of 2004, the Canadian Food Inspection Agency (CFIA) revised its plant health directive #D 02-07 to allow the importation of fresh apples from the province of Shaanxi, China under a two year trial period following a successful on-site CFIA audit inspection of their Quality Management System. Importation of fresh apples from Shaanxi province were previously suspended due to interceptions of quarantine pests.

## Resumption Of Fresh Pear Trade From China

In January 2005, The Canadian Food Inspection Agency (CFIA) removed the suspension on Asian pears from China under Plant Health Directive 94-32. Early last year the CFIA suspended the importation of all pears (*Pyrus pyrifolia*) from the provinces of Hebei and Shandong, respectively, due to interceptions of an exotic fungal disease (*Alternaria* sp.). In early September 2004, a delegation from CFIA travelled to China to exchange scientific information on this organism. Based on the observations of the CFIA delegation in China and additional information provided by the Chinese government, the CFIA concluded that the importation of Asian variety of pears (*P. pyrifolia*) represent a low risk for the entry of the fungal disease into Canada. Only Asian pears (*P. pyrifolia*) from approved orchards in Hebei and Shandong provinces are permitted entry. Only Fragrant pears (*Pyrus* sp. nr. *communis*) from approved orchards near the city of Korla in the Xinjiang province are permitted entry. The importation of *P. bretschneideri*, Ya pears, is currently suspended (see Ya Pears, below).

## Ya Pear Workplan Announced

As part of a multi-sector bilateral agreement between Canada and China, the Canadian Food Inspection Agency and the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China have agreed on a workplan to establish phytosanitary requirements for the export of Ya Pears from China. According to the CFIA, a Quality Management System will be developed and an on-site audit of Chinese Ya pear operations will be undertaken to ensure the safeness of Ya pears exported to Canada.

## Replant Programs

### Nova Scotia

In April 2005, the provincial government of Nova Scotia announced C\$235,000 in funding for an orchard renewal program to assist the province's apple growers in replacing older apple trees with new ones.

### **B.C. Orchard Replant Program To Continue**

In early 2005, the province of British Columbia reaffirmed its commitment to the Provincial Orchard Replant Program by providing C\$4.65 million to fund it. Originally introduced in 1990, the replant program is designed to assist the B.C. tree fruit industry with the removal of older plantings and replacement with new high-density plantings of higher value varieties. The program, which was scheduled to expire this year, has been highly successful for B.C.'s tree fruit industry. It is estimated that government assistance will have resulted in 10,625 acres replanted with new varieties by the end of 2005. According to provincial authorities, new varieties now account for more than 50 per cent of grower returns, especially for Gala apple and late season cherries.

### **Growers Push for National Replant Program**

Fruit growers, particularly those in Ontario and Quebec, are pushing for a replant program of national scope. Their proposed plan urges governments to develop a National Revitalization Plan for the Canadian apple, grape and tender fruit industries that would assist in the removal of unwanted varieties and replace them with the varieties in demand by the marketplace. The industries envision a plan that would be equally cost shared among producers, participating provinces, and the federal government.

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