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Report Name: Fresh Deciduous Fruit Annual

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Report Highlights:

Canadian apple production is forecast to decline three percent in MY 2023/24 on adverse weather events across the main growing provinces. Pear production is forecast to grow slightly on large volume fruit in Ontario and a good crop in British Columbia. FAS/Ottawa forecasts production of table grapes to grow two percent on increased crop volume in Ontario. Canadian imports of fresh apples and pears are forecast to grow. Imports of fresh table grapes will be reduced, especially from the United States, due to adverse weather impacts to the California table grape crop.

Executive Summary:

- FAS/Ottawa forecasts a three percent reduction in Canadian apple production in MY 2023/24. Frost events impacted across much of Canada, hitting Quebec growers especially hard. Heat negatively impacted yield in British Columbia while timely rains during summer growing improved the Ontario crop.

- Import of fresh apples is forecast to grow in MY 2023/24 on a smaller volume Canadian crop. Exports are forecast to decline seven percent on the smaller volume crop, but as a percentage of production, exports are forecast to remain similar to MY 2021/22 and MY 2022/23. Weather impacts to China and New Zealand and a smaller EU crop could present export advantages for Canada.

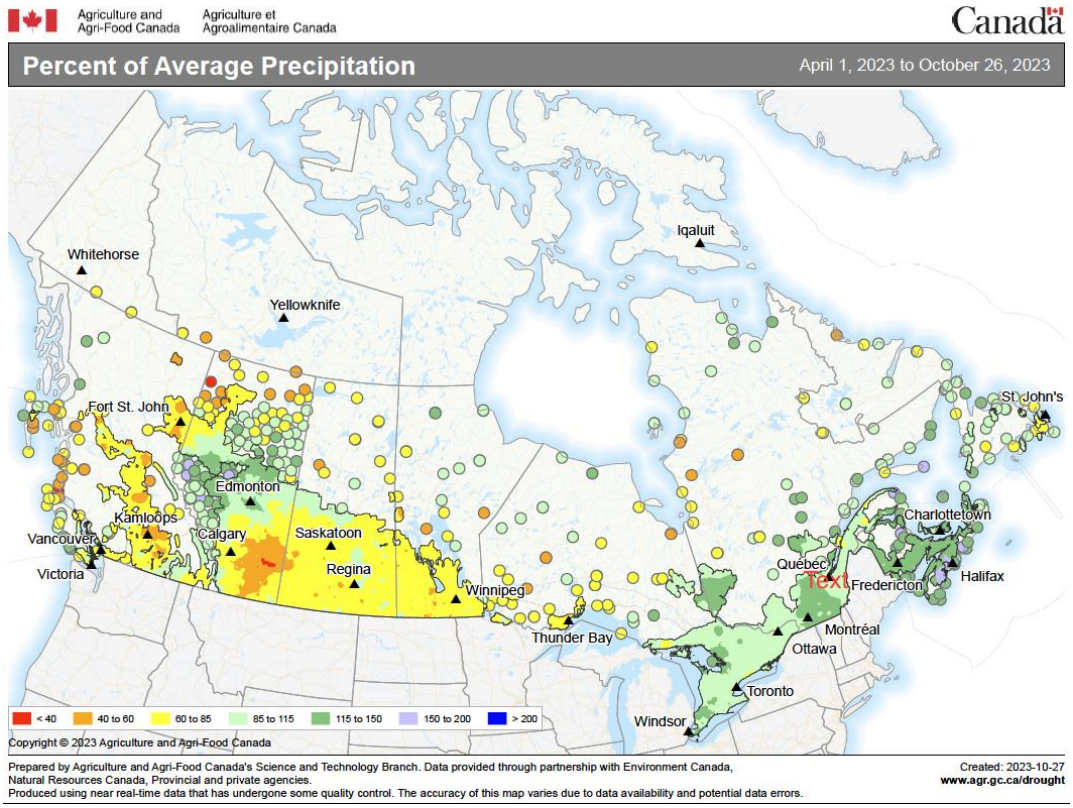
- Pear production for MY 2023/24 is forecast to grow due to good sizing of the Ontario crop as a result of timely rains during growing season and a stable British Columbia despite drought, heat, and wildfires impacting the province.

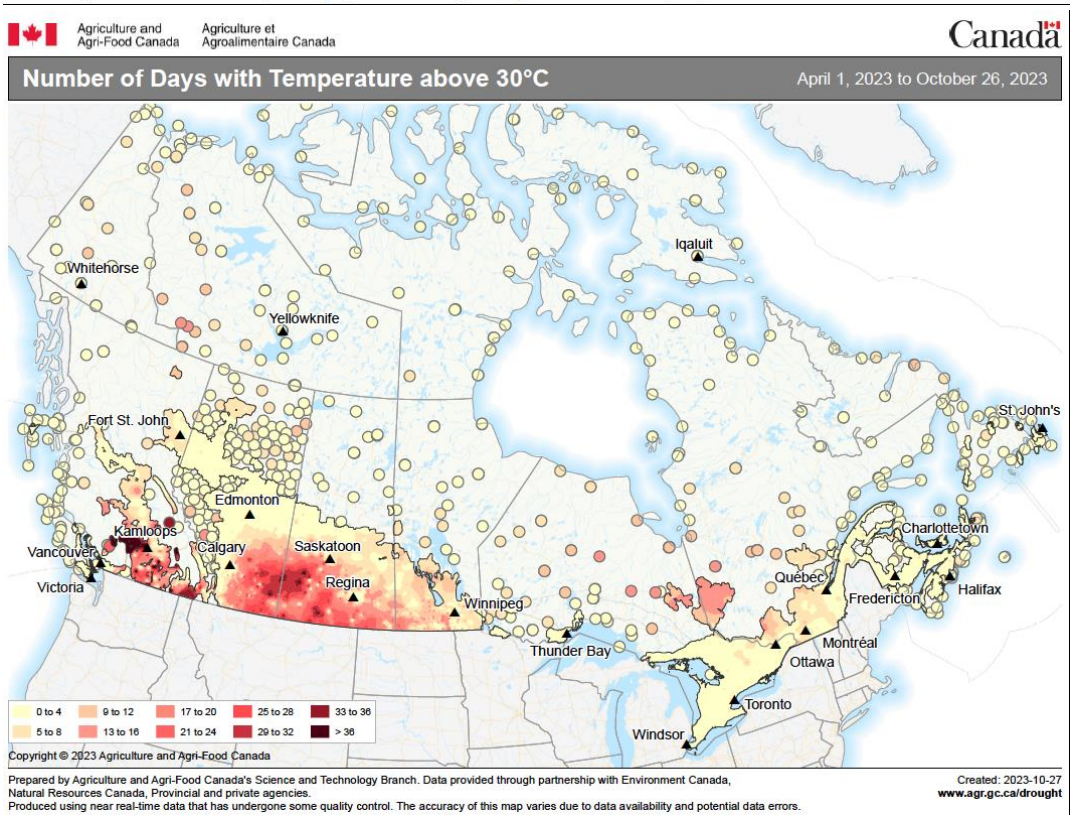
- Imports of fresh pears are forecast to grow as Canadian consumer demand is projected to improve with market promotion activities.

- FAS/Ottawa forecasts a two percent growth in production of Canadian table grapes for MY 2023/24. Timely rains in Ontario will lead to improved yields, although adverse weather impacts will negatively affect production in other provinces.

- Imports of fresh table grapes are forecast to decline two percent on lower U.S. and South American production. Adverse weather impacts to the California crop are expected to reduce U.S. market share yet again.

Figure 1. Precipitation and temperature maps for 2023 growing season Canada.





Source: Agriculture and Agri-Food Canada

Table 1. Production, Supply, and Distribution of fresh apples.

APPLES Fresh Canada	2021/2022		2022/2023		2023/2024*	
	Marketing Year: July-June					
	USDA Official	NEW FAS/Ottawa Data	USDA Official	NEW FAS/Ottawa Data	USDA Official	NEW FAS/Ottawa Estimates
Production	347,125	347,125	360,000	376,023	0	365,000
Imports	205,800	205,852	195,000	184,867	0	190,000
Total Supply	**552,925**	**552,977**	**555,000**	**560,890**	**0**	**555,000**
Domestic Consumption	498,425	498,502	495,000	498,501	0	497,000
Exports	54,500	54,475	60,000	62,389	0	58,000
Total Distribution	**552,925**	**552,977**	**555,000**	**560,890**	**0**	**555,000**

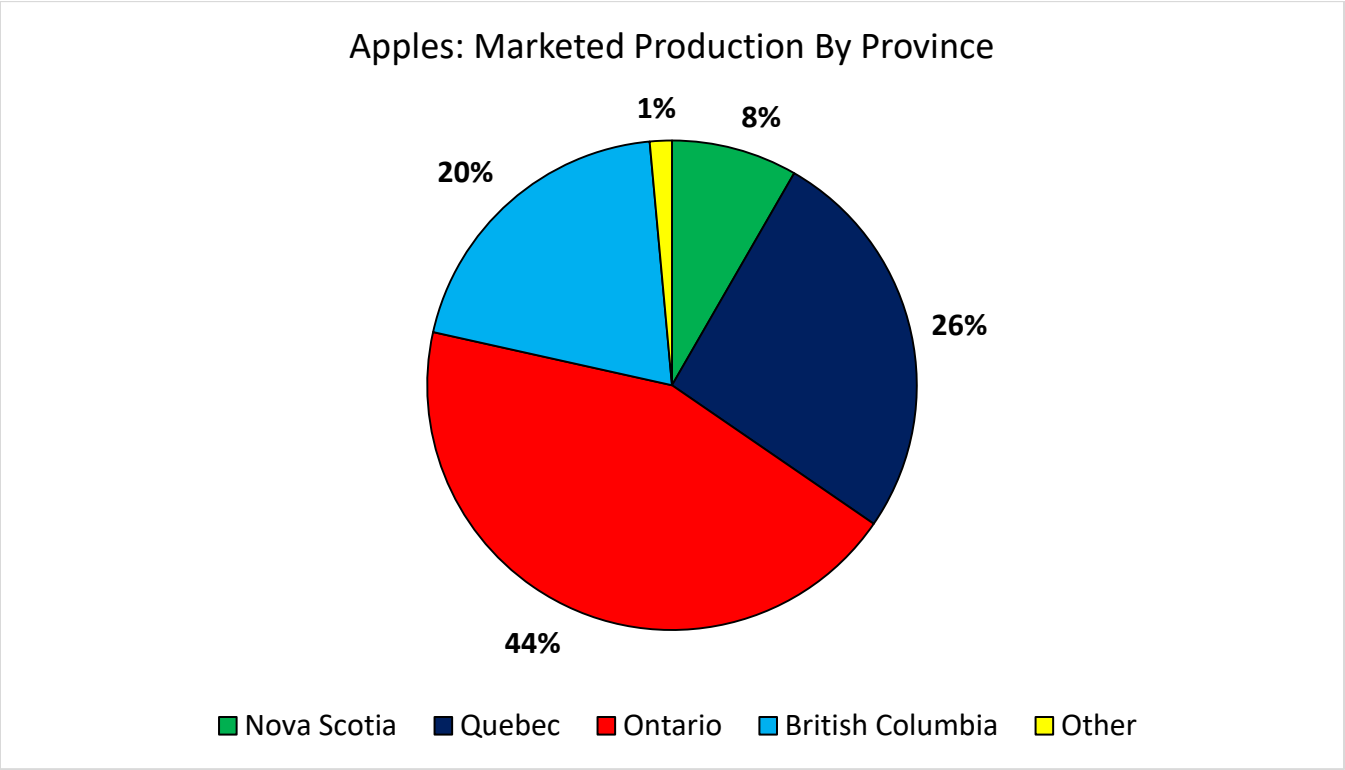
NOTE: "NEW FAS/Ottawa" data reflect FAS/Ottawa's assessments and are NOT official USDA data
*Data in hectares or metric tons / *FAS/Ottawa forecast*

FAS/Ottawa forecasts a three percent decline in Canadian apple production for MY 2023/24 on adverse weather events negatively impacting several growing regions across the country. Imports are forecast up three percent year-over-year to supplement the reduction in production. Exports are forecast down seven percent as a result of reduced Canadian production.

Production:

FAS/Ottawa forecasts Canadian apple production to decline three percent for MY 2023/24. Significant weather events from heat and drought to frost and hail across the country have negatively impacted production, although more favorable growing conditions in summer for some provinces revised earlier crop estimates upwards. Quebec and British Columbia are projected to see the greatest year-over-year decline in production. While Ontario benefitted from timely summer rains, which improved the initial crop outlook. Overall, production is forecast to be four percent below the five-year average.

Figure 2. Canadian marketed apple production by province for 2022.



Source: Statistics Canada

Ontario continues to remain the largest apple producing province and the largest acreage. The province experienced some significant frosts regionally early in the season and a colder start to the growing season. Early estimates had pegged an over eight percent decline in production but later season estimates revised this upward and a two percent decline in production from MY 2022/23 is now expected for MY 2023/24. Frosts did significantly impact some orchards in Eastern Ontario and in the Georgian Bay region but timely summer rains through much of the province and good growing conditions in July and August have seen many orchards reach production levels above earlier estimates. Crop condition is also considered to be of good quality and color. Apples should be able to store well and quality should see a higher percentage of apples remain in the fresh market versus processing. Orchard modernization throughout the province has continued, and most orchards are now high-density plantings. An aging demographic of growers and succession planning will be a factor in industry growth moving forward.

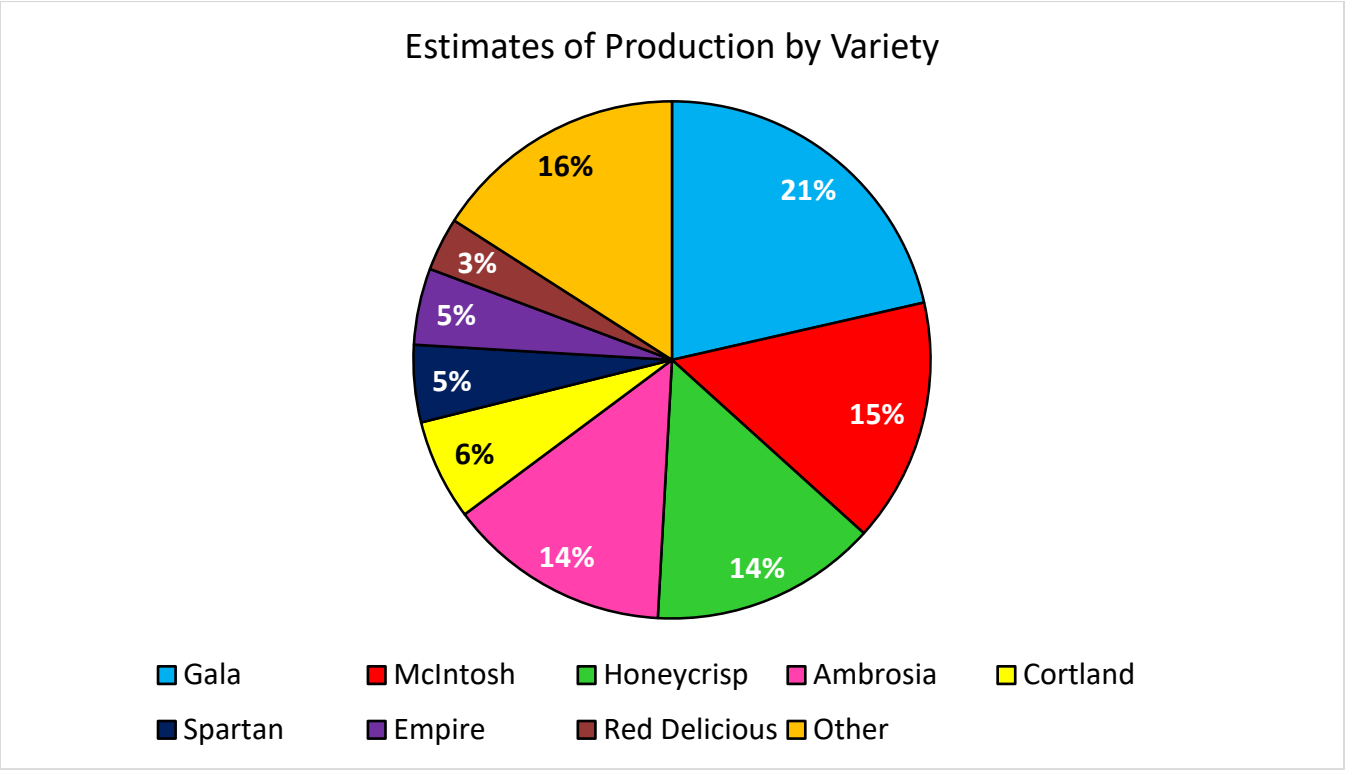
Early estimates placed the forecast at a 20 percent decrease in Quebec production for MY 2023/24 compared to MY 2022/23. Adverse early season growing conditions, including a significant frost event decimate production in some orchards. While the frost led to the outer rows in several orchards losing all yield, early fall estimates place the forecast loss as slightly less but still forecast 17 percent below the five-year average. Quebec should see more apples moving to processing as a result of the challenging growing conditions.

British Columbia production is forecast to be up on MY 2022/23. Heat and drought were a factor in MY 2023/24 but irrigation had a mitigating impact against drought loss. Heat did lower yields, with forecast production now lower than earlier estimates which anticipated a significant increase in production over MY 2022/23. Wildfires impacting the province did not cause significant direct damage to orchards. While evacuation orders were lifted by the time of harvest, evacuations did impact orchard maintenance activities. Color on the crop is reported as great.

British Columbia growers face stiff competition for markets with Washington apples just south of the border. Profitability of apple orchards has been a challenge in British Columbia for several years with a number of acres transitioning into other commodities, especially cherries and grapes. British Columbia has a provincial re-plant program and it is anticipated that several more acres of apples will have been removed this year. They will likely not be replanted to apples next year. In an effort to improve price outlook and stability, the industry has initiated exploration into establishing orderly marketing for apples in British Columbia. The province of British Columbia has supplied funding for research to be conducted for the potential establishment of orderly marketing. This research was scheduled to be concluded in Summer 2023 and industry discussions on outcomes are continuing. Reportedly, the initiative has support amongst the B.C. growers but less so for the packers.

The Maritime provinces are generally forecast to see higher production in MY 2023/24, especially New Brunswick and Nova Scotia. While Hurricane Lee’s trajectory made landfall on the southwest side of the provinces and impacted New Brunswick, less of an impact has been reported compared to Hurricane Fiona in 2022.

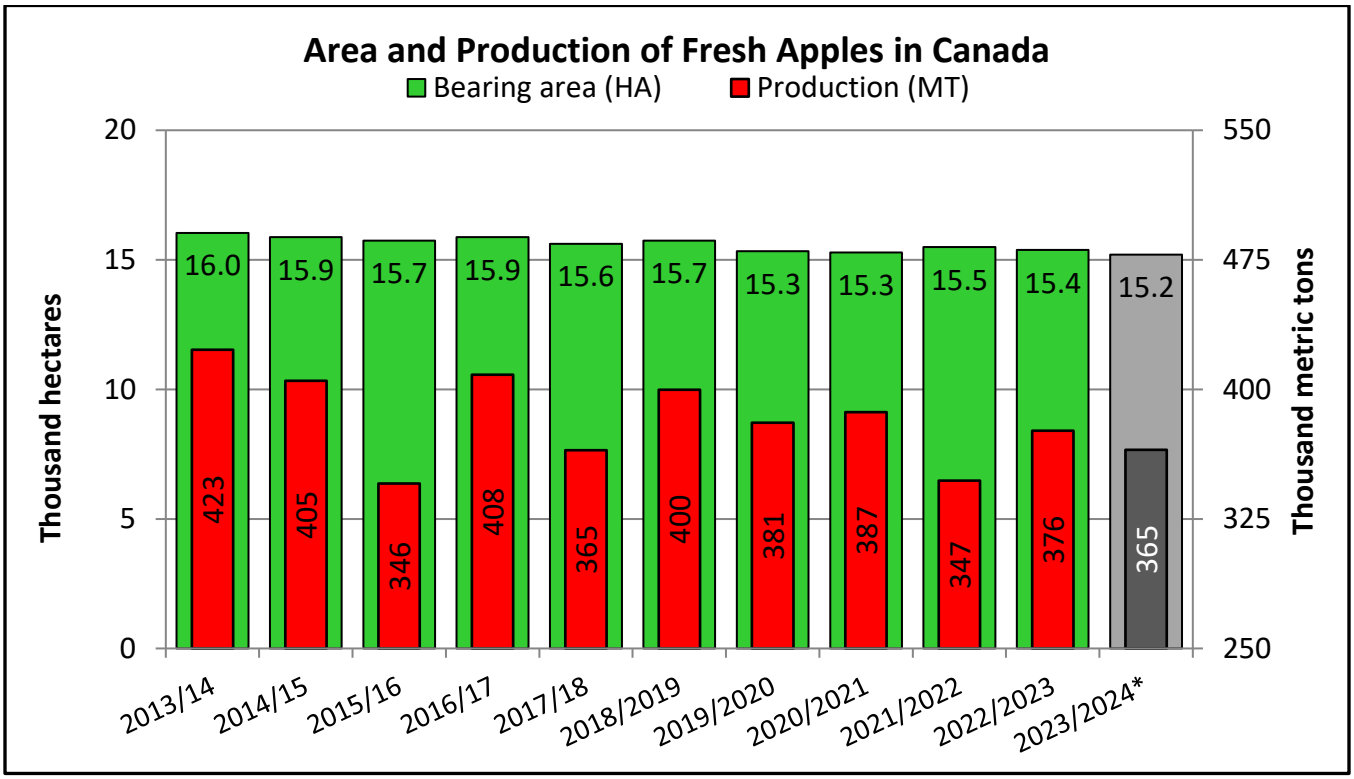
Figure 3. Estimates of Canadian apple production by variety for 2023.



Source: Early Crop Estimates Survey, Canada/Fruit and Vegetable Growers of Canada

Variety-wise, Ontario's top varieties are Gala, Honeycrisp, Ambrosia, and McIntosh. McIntosh acres continue to decline as growers select newer, more profitable varieties when re-planting. Quebec continues to lead the country in the production of McIntosh, which remains the province's top variety. British Columbia remains the largest producing province for Ambrosia, with Gala the second largest variety produced in the province. The climate conditions within the Annapolis Valley in Nova Scotia are conducive to Honeycrisp production, with almost half of the province's production being dedicated to that variety. Despite a smaller acreage relative to the larger producing provinces like Ontario, Quebec, and British Columbia, Nova Scotia is the second largest producer of Honeycrisp in Canada.

Figure 4. Area (hectares) and production (metric tons) of fresh apples in Canada. Marketing year for fresh apples in Canada is July to June of following year.



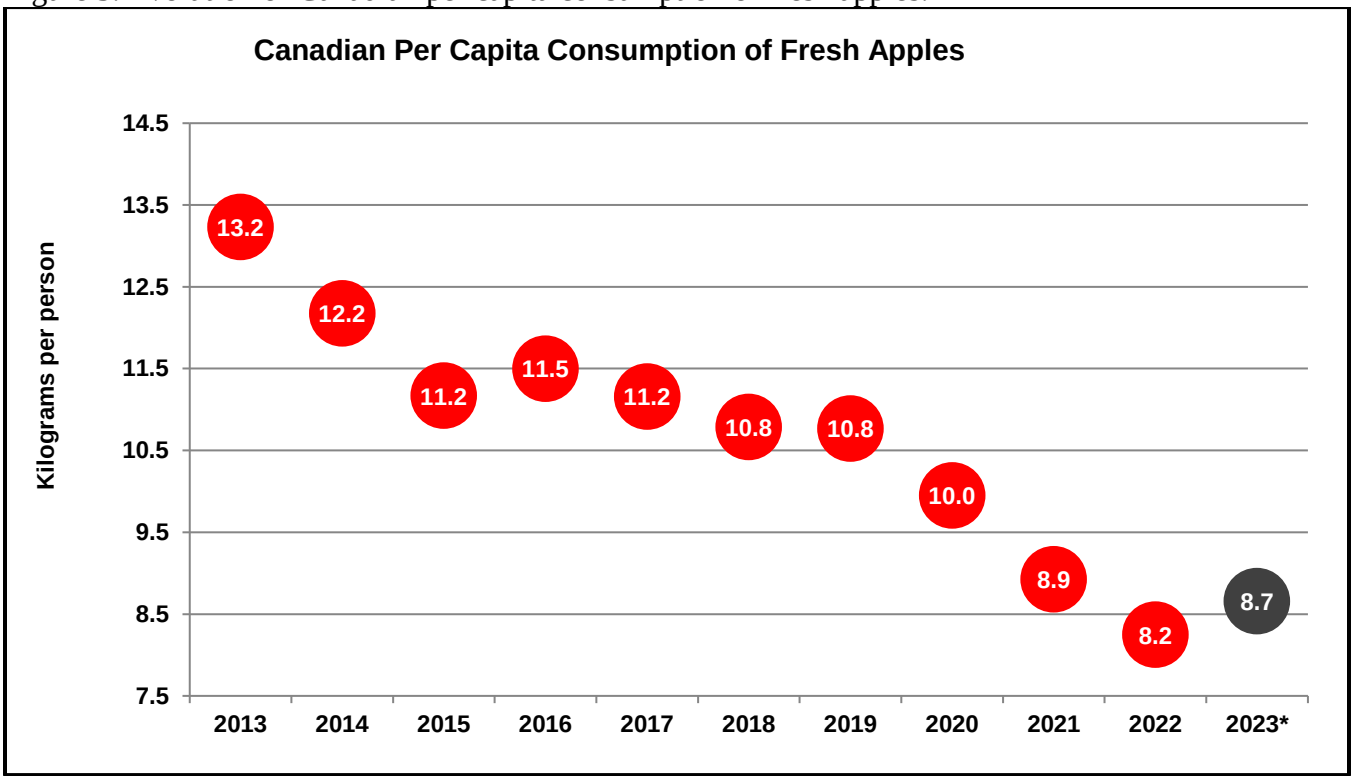
*Source: Statistics Canada / *FAS/Ottawa forecast*

FAS/Ottawa forecasts a slight decline in acres for MY 2023/24. This decrease is anticipated as a result of continual loss of apple acres in British Columbia and continued conversion to high density plantings during orchard replants. Harvested acres for MY 2023/24 are also forecast to decline over one percent from MY 2022/23, staying below the five-year average. Frosts which damaged buds and lowered yields will mean fewer acres harvested.

Labor availability continues to be a challenge for industry. Labor costs continue to rise as both Ontario and British Columbia increased their minimum wage rates, October 2023 and July 2023 respectively. This pushed up grower costs for portions of the MY 2023/24 season and will continue to do so moving forward. Growers also continue to face increased costs for inputs. Simultaneously, there is a significant focus on the cost of food prices in Canada and calls for grocery price stabilization amongst the larger national retailers. Growers are facing pressure to keep costs low for consumers but amidst higher growing costs, growers will either need to find ways to improve efficiencies or potentially face lower earnings against these cost of production increases.

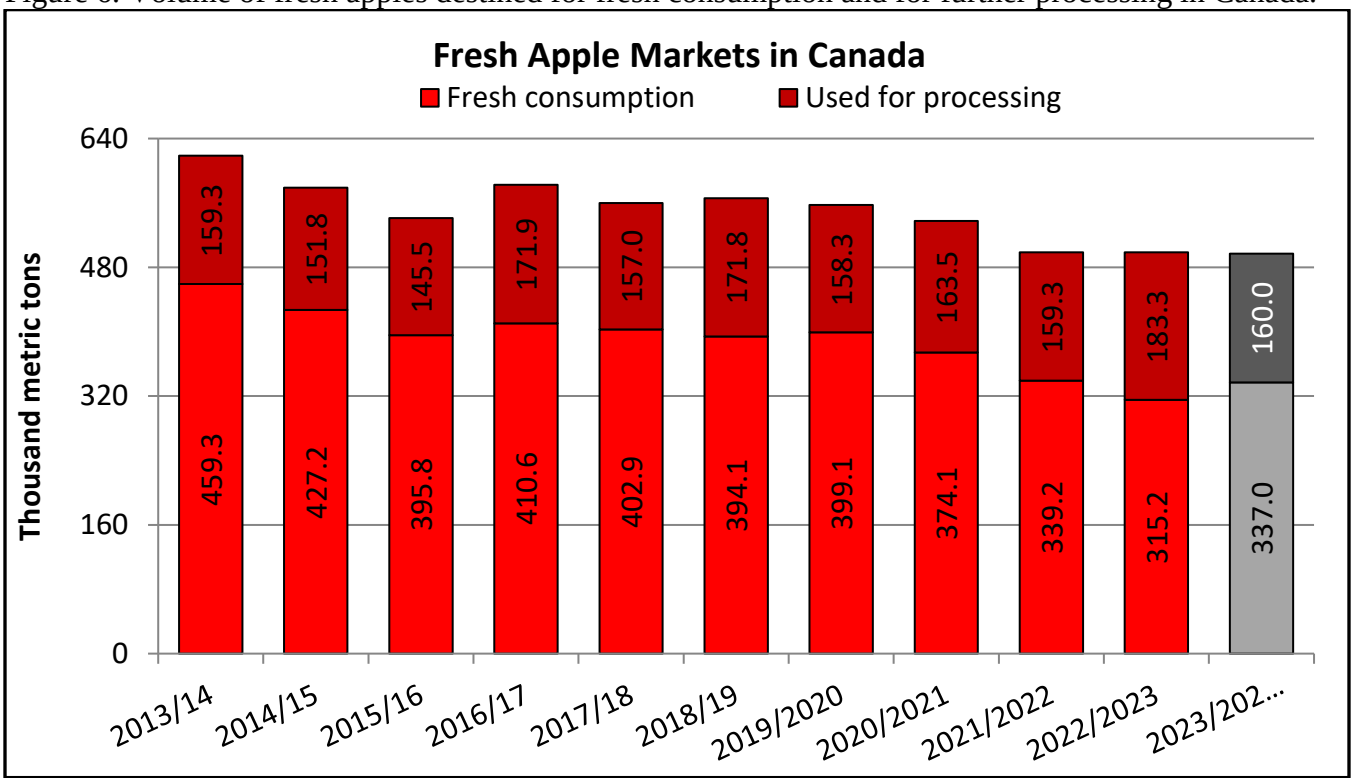
Consumption:
Approximately 70 percent of apples grown in Canada go to fresh consumption although there is year-to-year variation depending on the quality and storability of the crop. Good quality across most of Canada is anticipated to raise the percent of fresh consumption apples in MY 2023/24 compared to market year MY 2022/23. Canadian consumption of apples has dropped off precipitously in the last four years. Affordability and ease of storage supported apple consumption during the supply chain disruptions experienced early on in the COVID-19 pandemic but consumers have shifted their purchasing behavior in the ensuing years. Within the fresh fruit displays at retail, there has been significant competition from berries and tropical fruits for consumer dollars. At the same time, inflation has impacted grocery items above the rate of general inflation in Canada. Despite promoting fresh produce as a health-conscious choice, consumers have been scaling back consumption amidst rising costs. At the same time, the diversity of apples including their ease of storage and durability could appeal to consumers seeking to maximize the percent of their food dollar spent on fresh fruits while reducing waste potential. FAS/Ottawa optimistically is forecasting a slight growth in domestic per capita consumption.

Figure 5. Evolution of Canadian per capita consumption of fresh apples.



*Source: Statistics Canada / *FAS/Ottawa forecast*

Figure 6. Volume of fresh apples destined for fresh consumption and for further processing in Canada.



*Source: Statistics Canada / *FAS/Ottawa forecast*

Trade:

Global crop estimates for early season have forecast production declines in Europe, Canada, and the United States. The New Zealand crop, which was already forecast to be lower year-over-year, was negatively impacted by a cyclone at harvest. Despite these initial global outlooks, FAS/Ottawa forecasts a three percent growth in imports of fresh apples into Canada for MY 2023/24 on more recent reports of a good Washington apple crop. An increase to imports will also be necessary to offset lower forecast production in Canada. The United States continues to maintain around an 80 percent market share for imports of fresh apples to Canada. With lower forecast European production and less available New Zealand crop to move out of storage, U.S. market share should improve in MY 2023/24 both as a percent of total imports and a growth in volume. Canadian imports are typically highest in the latter portion of the crop year as domestic stocks draw down; thus, storability of the U.S. crop will be a factor. Additionally, Southern Hemisphere production for 2024 will impact the complete import outlook for the latter portion of Canada's MY 2023/24.

Table 2. Imports of fresh apples into Canada by volume.

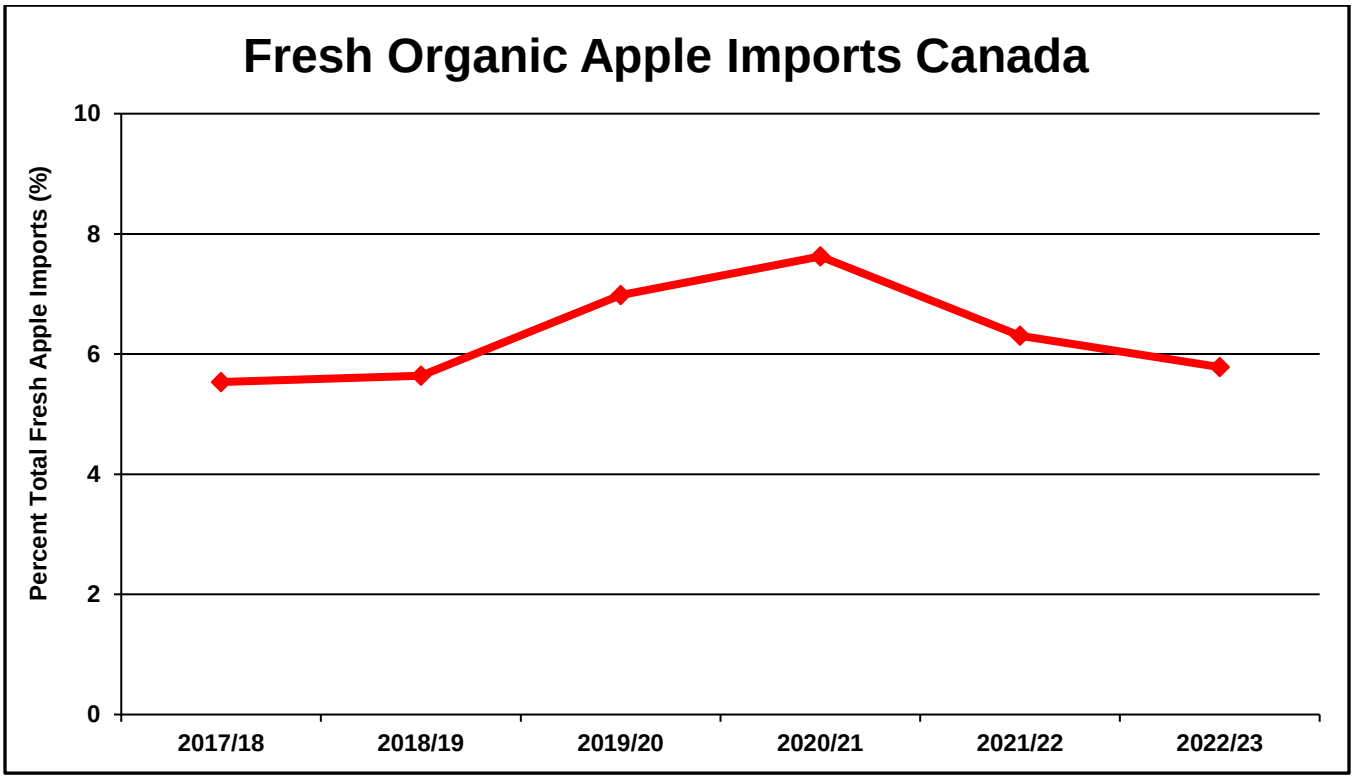
Canada: Imports of fresh apples						
Marketing year: July-June / Quantity in metric tons						
	2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
World	**222,195**	**203,207**	**204,893**	**190,354**	**205,852**	**184,860**
for processing	76,367	69,182	68,689	66,450	73,890	58,796
organic	12,296	11,456	14,297	14,513	12,975	10,690
other	133,533	122,569	121,909	109,390	118,985	115,372
United States	**177,785**	**155,019**	**171,092**	**157,376**	**171,988**	**149,933**
for processing	75,982	64,277	65,661	64,648	72,465	57,458
organic	10,515	9,411	12,938	12,730	11,149	9,732
other	91,291	81,331	92,495	79,997	88,373	82,741
Chile	24,858	23,590	15,359	14,469	15,870	12,715
European Union	4,170	11,171	3,865	4,881	2,521	3,722
Italy	3,094	9,612	3,577	4,643	1,702	3,451
New Zealand	8,522	8,164	8,464	5,553	7,732	9,501
China	3,551	2,683	2,458	2,839	1,683	1,901
All other countries	4,385	4,139	3,943	5,474	6,877	7,359
Import Market Shares						
United States	80.0%	76.3%	83.5%	82.7%	83.5%	81.1%
Chile	11.2%	11.6%	7.5%	7.6%	7.7%	6.9%
European Union	1.9%	5.5%	1.9%	2.6%	1.2%	2.0%
Italy	1.4%	4.7%	1.7%	2.4%	0.8%	1.9%
New Zealand	3.8%	4.0%	4.1%	2.9%	3.8%	5.1%
China	1.6%	1.3%	1.2%	1.5%	0.8%	1.0%

Source: Trade Data Monitor

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

Imports of organic apples had increased steadily year-over-year since MY 2015/16 but dropped off in MY 2021/22. This trend continued in MY 2022/23. Organics remain a small percent of overall imports and higher pricing has negatively impacted the growth trend. Organic imports are likely to continue to struggle in MY 2023/24 unless there is a sharp change in pricing.

Figure 7. Imports of fresh organic apples into Canada as a percent of overall imports by volume.



Source: Trade Data Monitor.

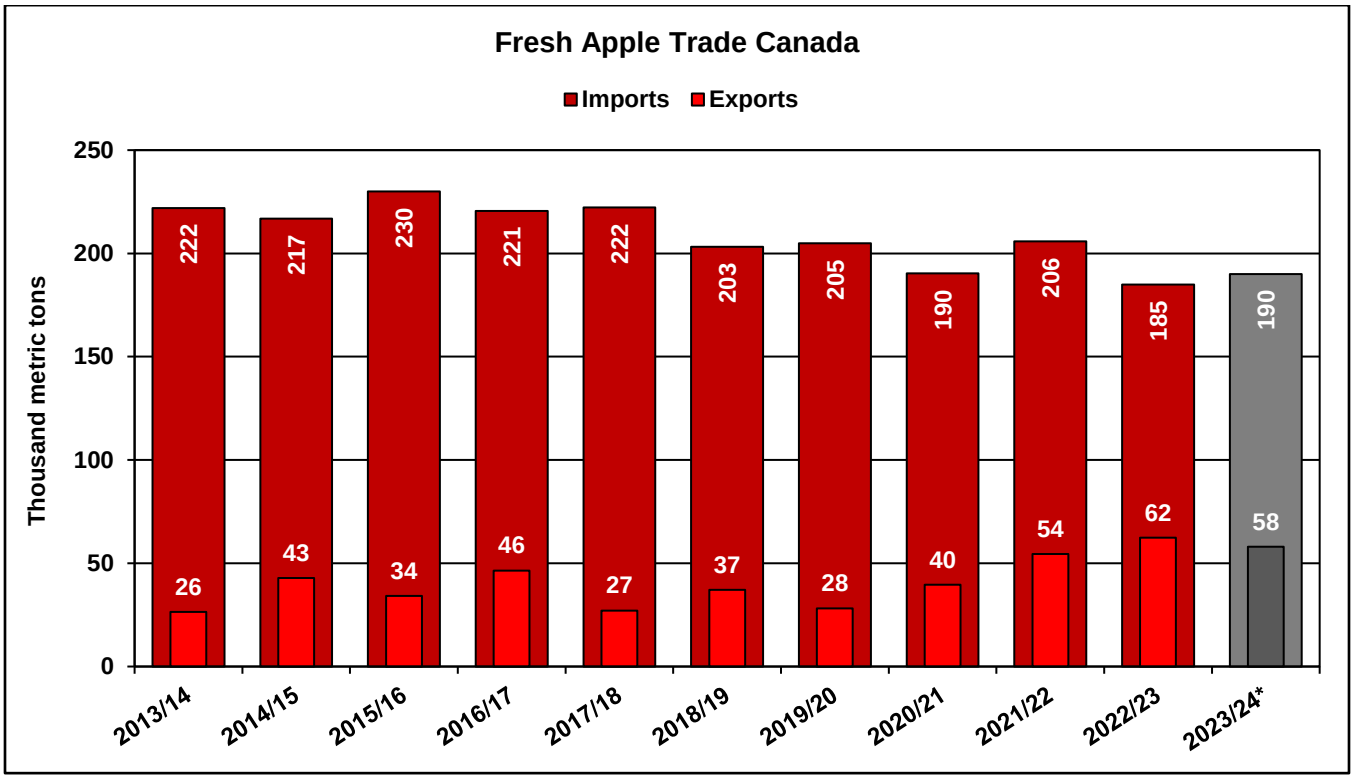
Canadian exports of fresh apples as a percent of production have increased since MY 2019/20. Whereas exports used to comprise ten or less percent of total production, recent years have seen exports as a percent of production rise to an average of 14 percent for the past three years. While Canadian production has not been immune to adverse weather events, negative impacts on production in several regions globally have presented an opportunity for Canadian exports. Limited processing capacity in Canada has also meant that in years with more quality challenges, Canada has more processing apples available for export. With reports of good quality but a decline in production, FAS/Ottawa forecasts Canada's exports to decline seven percent by volume for MY 2023/24. Exports as a percent of overall production will remain relatively stable as global declines in production will continue to present opportunities for export of Canadian apples. Canada should continue to push larger volumes of apples to Vietnam, a market that is now tariff free, due to participation in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). However, Canadian exporters will face competition from New Zealand apples in storage despite their smaller crop, as New Zealand exporters are reportedly focusing on Asian markets for export and have tariff free access for apples to Vietnam. Geopolitical tensions between Canada and India and removal of tariffs on U.S. apple exports to India will likely see a lower volume of Canadian exports into that market for MY 2023/24. The United States will remain an important market for Canadian exports given geographic proximity.

Table 3. Exports of fresh apples from Canada by volume.

Canada: Exports of fresh apples						
Marketing year: July-June / Quantity in metric tons						
		2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
World		**27,092**	**37,072**	**28,177**	**39,536**	**54,475**	**62,389**
	for processing	17,752	20,320	15,445	20,534	20,071	24,048
	other	9,340	16,752	12,732	19,001	34,404	38,341
United States		**18,762**	**22,896**	**14,802**	**20,887**	**21,548**	**24,771**
	for processing	3,968	8,335	4,420	5,118	5,156	4,548
	other	14,793	14,560	10,382	15,770	16,392	20,223
Vietnam		2,220	5,051	9,608	8,645	23,365	31,692
India		0	0	0	2,702	4,198	1,170
Cuba		3,367	5,787	975	1,564	1,210	646
All other countries		2,743	3,338	2,792	8,440	8,352	5,280

Source: Trade Data Monitor

Figure 8. Canadian trade in fresh apples by volume.



*Source: Trade Data Monitor/ *FAS/Ottawa forecast*

PEARS

Table 4. Production, Supply, and Distribution of fresh pears.

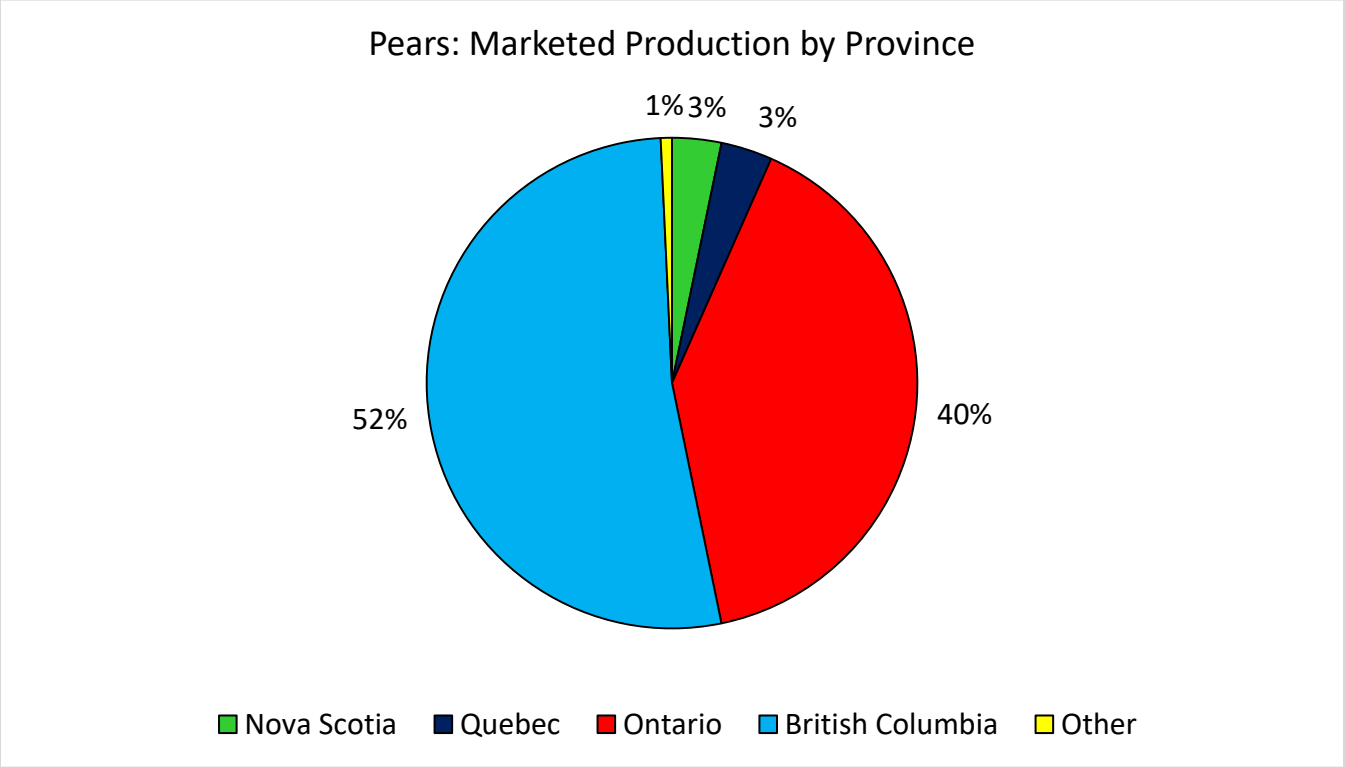
PEARS Fresh Canada	2021/2022		2022/2023		2023/2024*	
	Marketing Year: July-June					
	USDA Official	NEW FAS/Ottawa Data	USDA Official	NEW FAS/Ottawa Data	USDA Official	NEW FAS/Ottawa Estimates
Production	7,807	7,476	9,000	8,826	0	8,860
Imports	60,300	60,313	55,000	53,142	0	57,000
Total Supply	**68,107**	**67,789**	**64,000**	**61,968**	**0**	**65,860**
Domestic Consumption	67,857	67,540	63,600	61,887	0	65,660
Exports	250	249	400	81	0	200
Total Distribution	**68,107**	**67,789**	**64,000**	**61,968**	**0**	**65,860**

NOTE: "NEW FAS/Ottawa" data reflect FAS/Ottawa's assessments and are NOT official USDA data
*Data in hectares or metric tons / *FAS/Ottawa forecast*

FAS/Ottawa forecasts relatively stable production for Canadian pears for MY 2023/24. The British Columbia crop proved resilient to weather challenges while the Ontario crop benefitted from good growing conditions in the summer that led to increased fruit size. Imports of fresh pears into Canada are forecast to grow year-over-year on an anticipated larger U.S. pear crop and more promotional activities.

Production:
FAS/Ottawa forecasts stable production for MY 2023/24. Production is forecast to be five percent above the five-year average. The Ontario crop received timely rains which sized pears well, meaning higher weights. The British Columbia crop is considered good despite hot and dry growing conditions in the Okanagan Valley. Pear growing season and harvest were reportedly not impacted by the wildfires that affected that region this summer. Producers in both provinces continue to explore new varieties to appeal to consumer interests. British Columbia continues to be the main pear producing province with over 50 percent of Canadian production followed by Ontario.

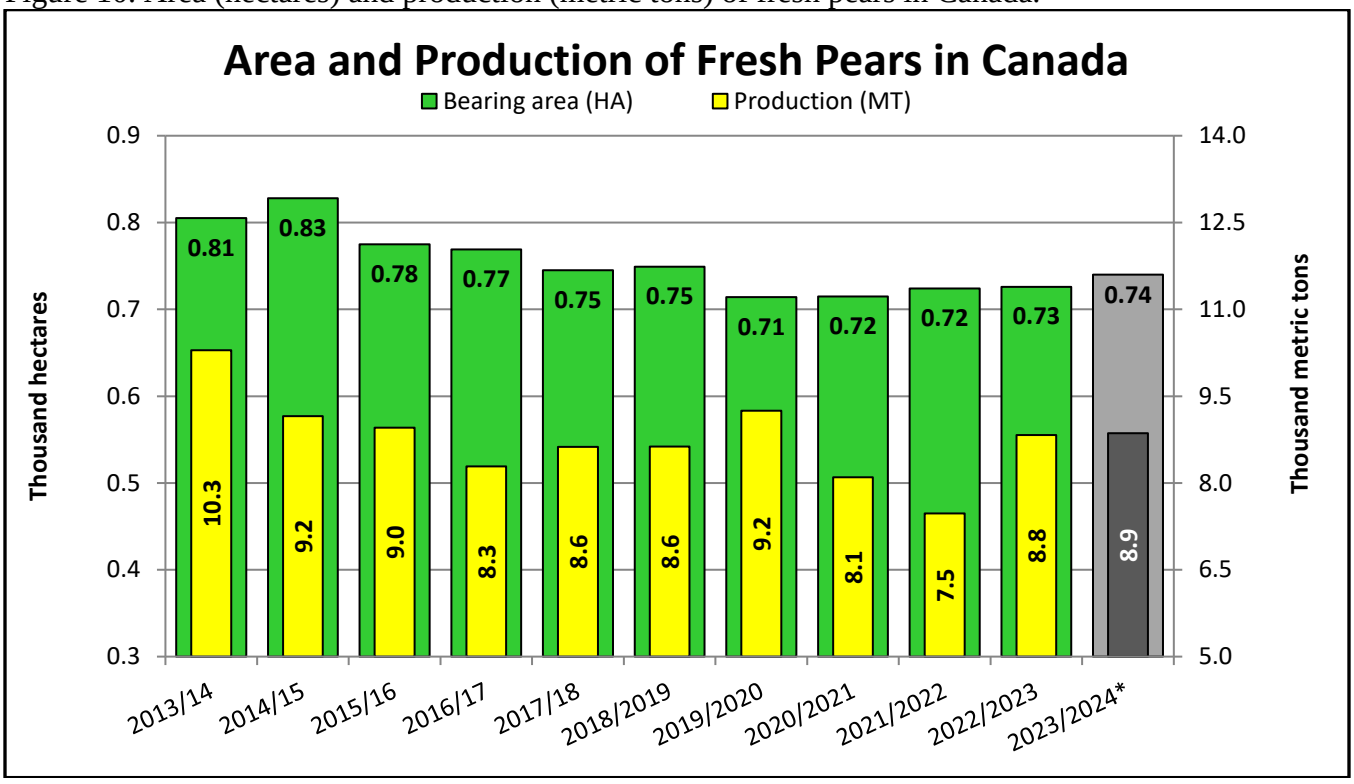
Figure 9. Canadian marketed pear production by province for 2022.



Source: Statistics Canada

Canadian acreage is anticipated to remain relatively stable. Orchard modernization means that at re-plant some growers are converting orchards to high density plantings. This may ultimately lead to a decrease in acreage but improved efficiency of production as higher yields are achieved on lower acreage. However, there is a lag of three or more years between planting and fruit production. Thus, changes in planted acreage and yield correlations can be variable. Bearing acreage gives a better indication of acres in production. Canadian production continues to remain relatively small and is predominately marketed fresh to local markets and domestically.

Figure 10. Area (hectares) and production (metric tons) of fresh pears in Canada.



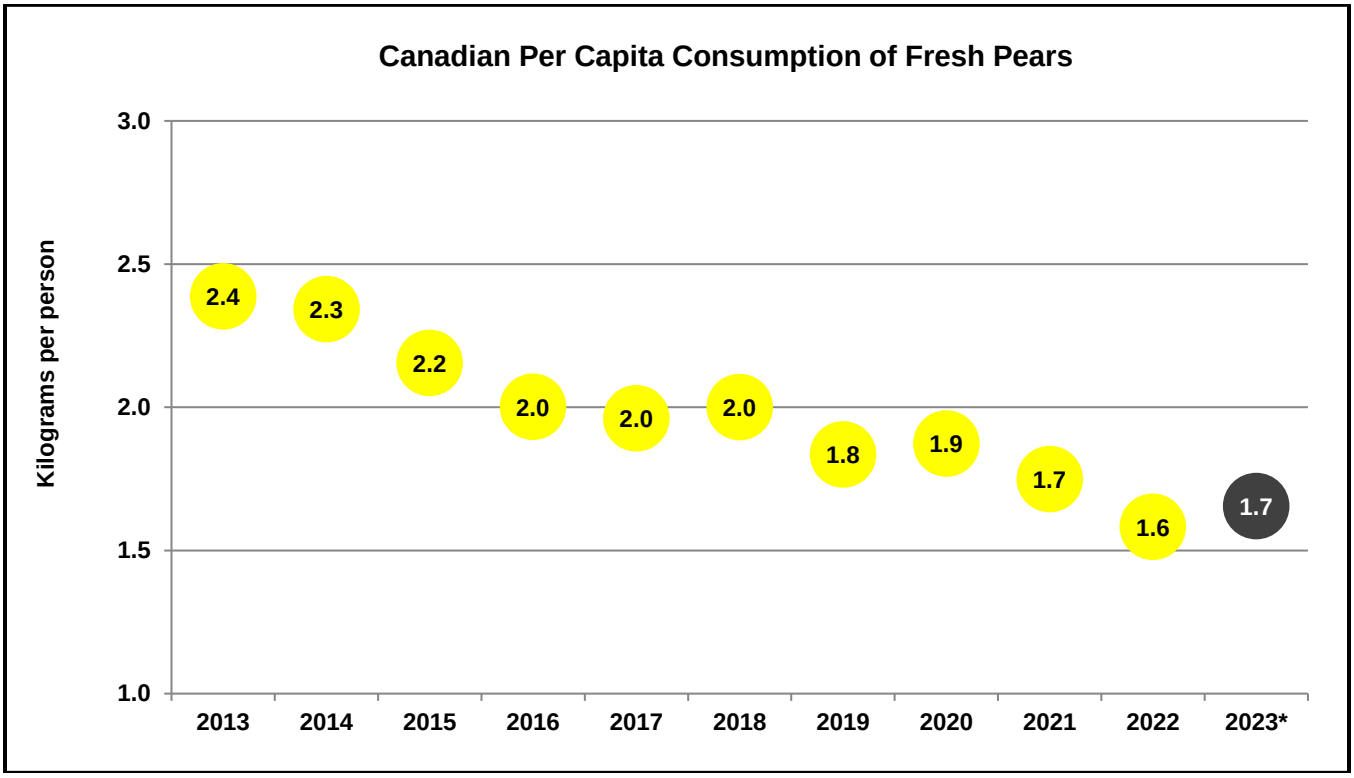
*Source: Statistics Canada / *FAS/Ottawa forecast*

Labor availability continues to be a challenge for industry. Labor costs continue to rise as Ontario and British Columbia increased their minimum wage rates in October 2023 and July 2023, respectively. This pushed up grower costs for portions of the MY 2023/24 season and will continue to do so moving forward. Growers also continue to face increased costs for inputs. Simultaneously, there is a significant focus on the cost of food prices in Canada and calls for grocery price stabilization amongst the larger national retailers. Growers are facing pressure to keep costs low for consumers but amidst higher growing costs, growers will either need to find ways to improve efficiencies or potentially face lower earnings against these cost of production increases.

Consumption:

FAS/Ottawa forecasts that consumption will increase six percent in MY 2022/23 on a larger domestic crop. Per capita consumption is forecast to improve slightly on greater availability of pears from growth in the domestic crop and growth in imports. Given that typically 90 percent of Canadian consumption of fresh pears is satisfied through imports, reductions in import volumes are the most impactful to fresh consumption trends.

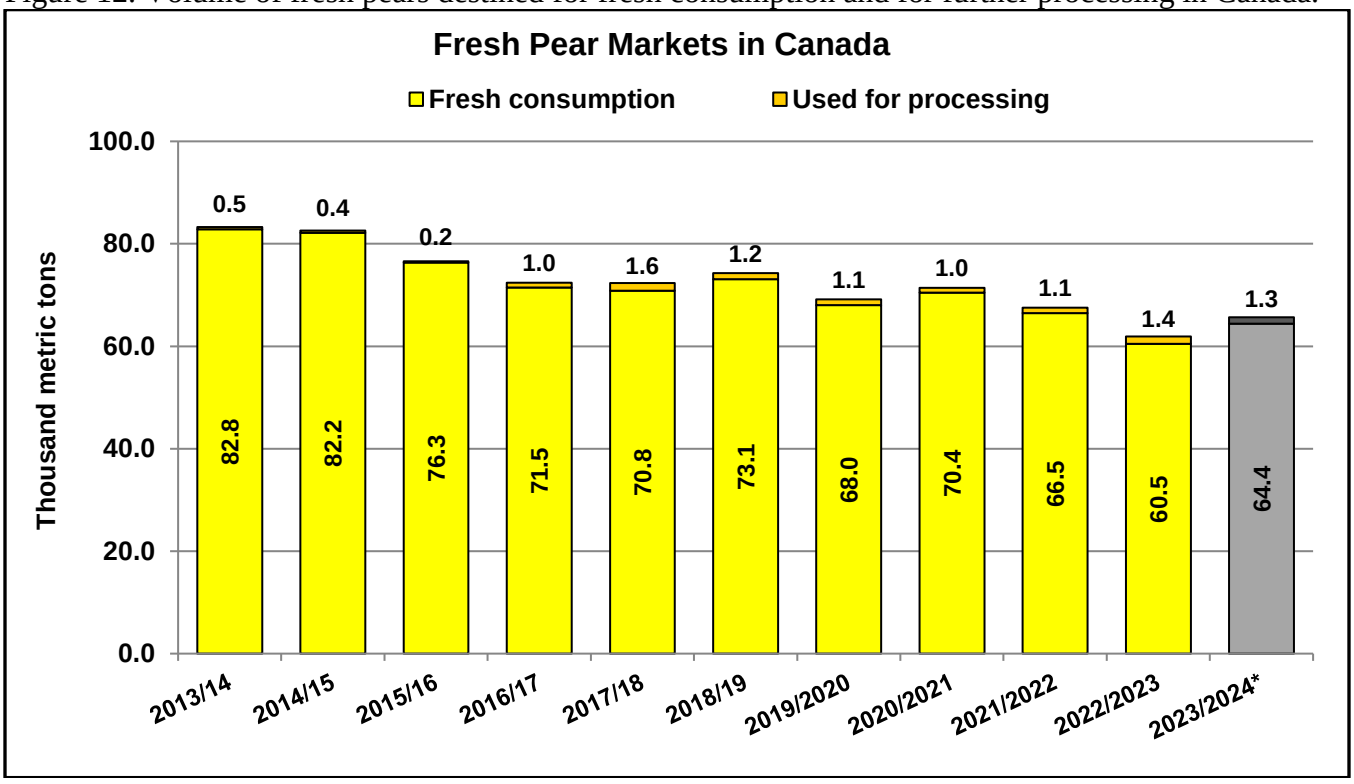
Figure 11. Evolution of Canadian per capita consumption of fresh pears.



*Source: Statistics Canada / *FAS/Ottawa forecast*

Fresh consumption continues to be the main market for pears in Canada. There is limited processing within Canada and niche cidery operations would mainly use local crop in their production. A good quality Canadian crop and increased imports in MY 2023/24 should see increased fresh utilization compared to MY 2022/23 and decreased processing utilization.

Figure 12. Volume of fresh pears destined for fresh consumption and for further processing in Canada.



*Source: Statistics Canada / *FAS/Ottawa forecast*

Trade:

FAS/Ottawa forecasts fresh pear imports grow seven percent and rebound from the decline in MY 2022/23. Estimates of decreased production in Europe and a potentially flat or declining U.S. crop may challenge import volumes once again. However, anticipated production increases in China may see more imports from that country. The size of the domestic crop coupled with increased investment in climate-controlled storage which will extend the marketing window for the local crop, will negatively pressure imports in the fall. But indications of market promotions should help grow and sustain consumer demand if successful.

The United States is anticipated to remain the top supplier and the U.S. pears continue to have a geographic advantage for shipping logistics. However, the United States has faced declining market share in recent years as Canada has diversified source markets. Market share for imports from Argentina has grown in recent years as have those from South Africa. Import demand for pears continues to be highest in the provinces of British Columbia and Ontario, the two main pear producing provinces in Canada. This is likely due to consumer familiarity as a result of locally grown production which consequently positively influences demand from consumers in these two provinces. These two provinces have larger population bases than other regions of Canada with the exception of Quebec. Quebec's import demand is surprising low relative to the population base. It may be that product imported into Ontario is ultimately moving into Quebec's but direct imports are lower than would be anticipated given population and Quebec consumer demand for fresh produce. Additionally, relative to the other Canadian provinces, Quebec demand for U.S. pears is quite low at less than two percent market share compared to

the general Canadian market at around 50 percent. Quebec represents a market opportunity for growth if consumer preferences evolve.

Table 5. Imports of fresh pears into Canada by volume.

Canada: Imports of fresh pears

Marketing year: July-June / Quantity in metric tons

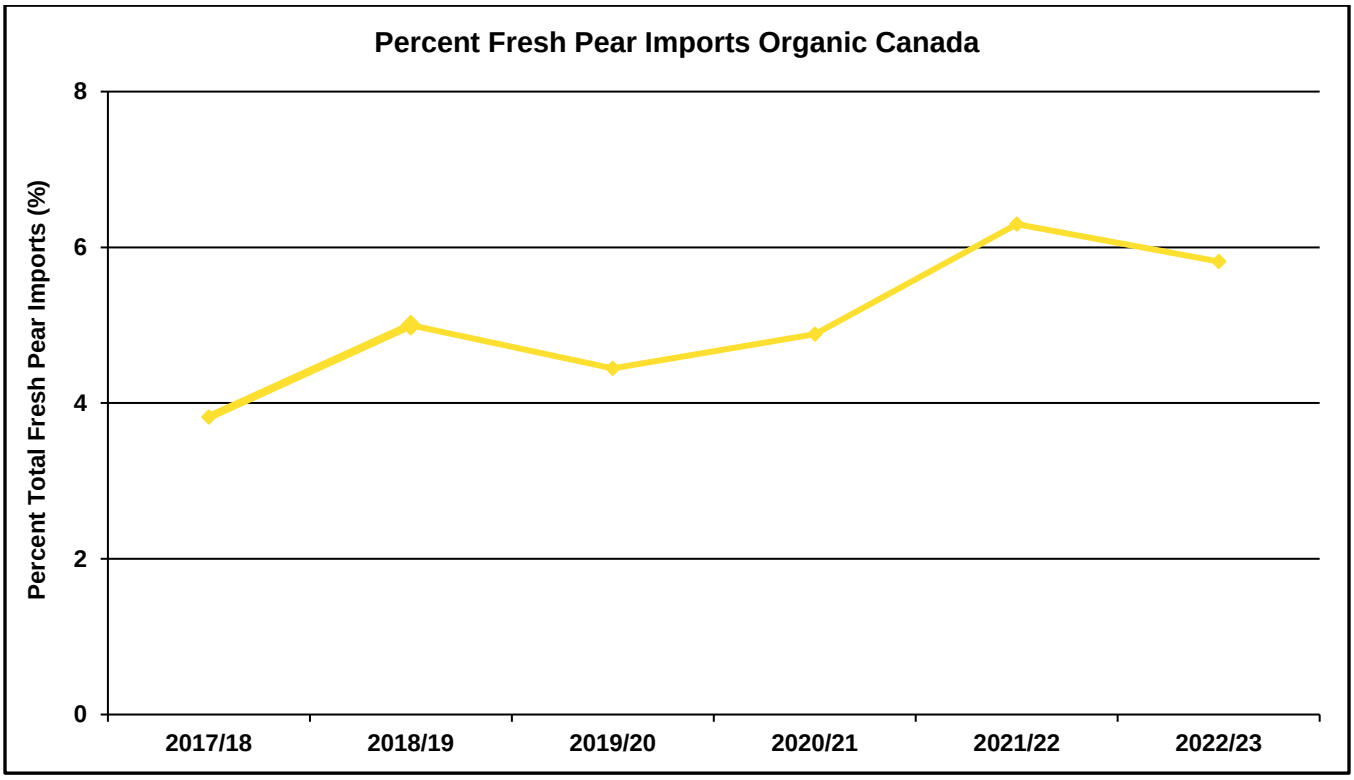
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
World	**63,930**	**65,850**	**60,305**	**63,491**	**60,313**	**53,141**
for processing	392	411	211	126	448	820
organic	2,443	3,292	2,681	3,101	3,798	3,092
other	61,095	62,147	57,412	60,263	56,067	49,229
United States	**31,884**	**35,676**	**28,972**	**30,217**	**30,830**	**24,508**
for processing	250	411	211	126	435	820
organic	1,314	1,794	1,266	1,671	1,762	1,430
other	30,319	33,471	27,495	28,420	28,633	22,259
Argentina	8,544	9,729	10,500	11,974	11,005	10,806
China	12,030	9,204	11,341	9,897	8,243	8,638
South Africa	5,623	6,241	4,592	6,521	6,219	6,275
European Union	2,749	2,569	2,753	2,757	2,284	1,598
Portugal	2,158	2,032	2,350	2,094	2,085	1,392
All other countries	3,691	2,968	2,550	2,788	1,931	1,522
Import Market Shares						
United States	49.9%	54.2%	48.0%	47.6%	51.1%	46.1%
Argentina	13.4%	14.8%	17.4%	18.9%	18.2%	20.3%
China	18.8%	14.0%	18.8%	15.6%	13.7%	16.3%
South Africa	8.8%	9.5%	7.6%	10.3%	10.3%	11.8%
European Union	4.3%	3.9%	4.6%	4.3%	3.8%	3.0%
Portugal	3.4%	3.1%	3.9%	3.3%	3.5%	2.6%

Source: Trade Data Monitor

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

Imports of fresh organic pears fell slightly as a proportion of overall imports in MY 2022/23, as well as by volume year-over-year. Consumer price sensitivity continues to be a factor in demand for organic imports in MY 2023/24.

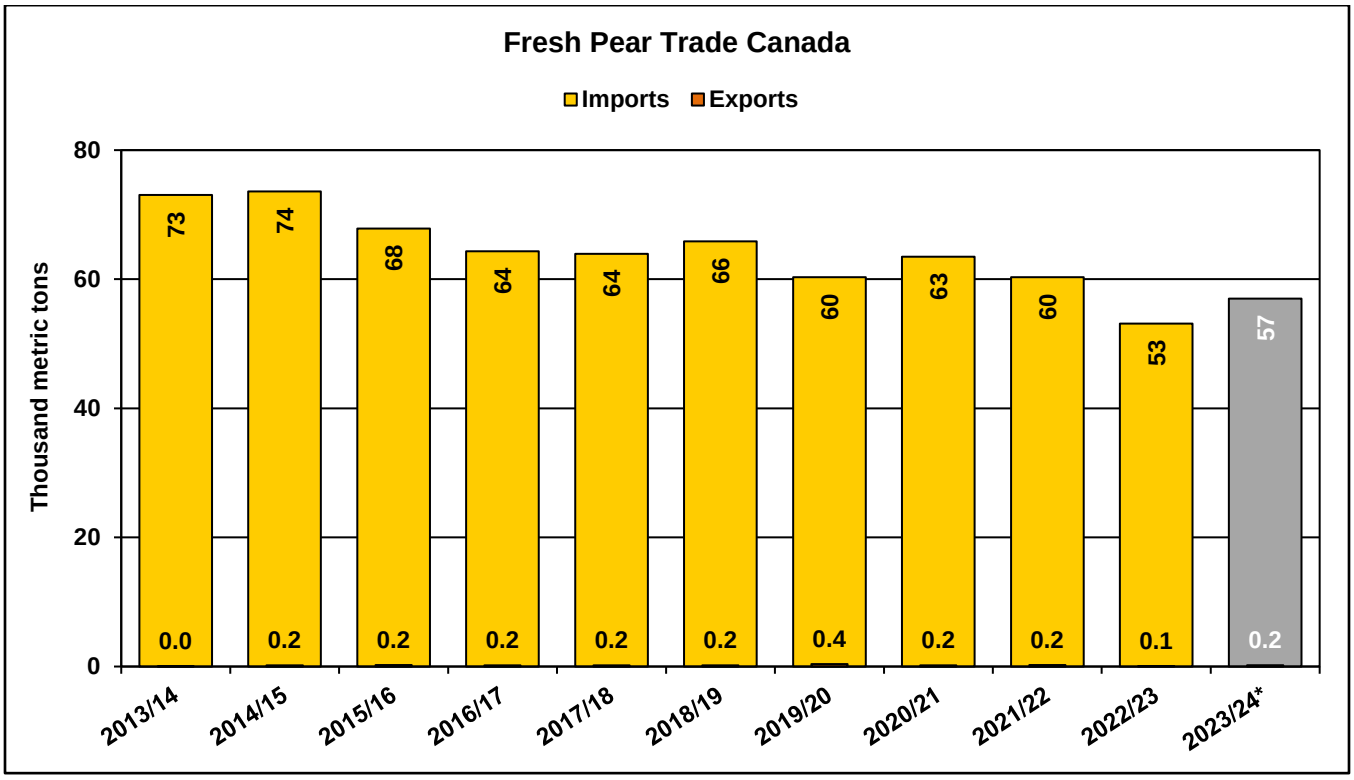
Figure 13. Imports of fresh organic pears into Canada as a percent of overall imports by volume.



Source: Trade Data Monitor

Canadian exports of fresh pears remain negligible against imports given Canada's small production. Canadian exports continue to remain less than one percent of fresh pear imports by volume.

Figure 14. Canadian trade in fresh pears by volume.



*Source: Trade Data Monitor/ *FAS/Ottawa forecast*

FRESH TABLE GRAPES

Table 6. Production, Supply, and Distribution of fresh grapes.

GRAPES Fresh Canada	2021/2022		2022/2023		2023/2024*	
	Marketing Year: June-May					
	USDA Official	NEW FAS/Ottawa Data	USDA Official	NEW FAS/Ottawa Data	USDA Official	NEW FAS/Ottawa Estimates
Production	2,528	2,528	2,400	2,300	0	2,350
Imports	184,200	185,349	185,000	177,892	0	175,000
Total Supply	**186,728**	**187,877**	**187,400**	**180,192**	**0**	**177,350**
Domestic Consumption	186,728	187,877	187,400	180,192	0	177,350
Exports	0	0	0	0	0	0
Total Distribution	**186,728**	**187,877**	**187,400**	**180,192**	**0**	**177,350**

NOTE: "NEW FAS/Ottawa" data reflect FAS/Ottawa's assessments and are NOT official USDA data
*Data in metric tons / *FAS/Ottawa forecast*

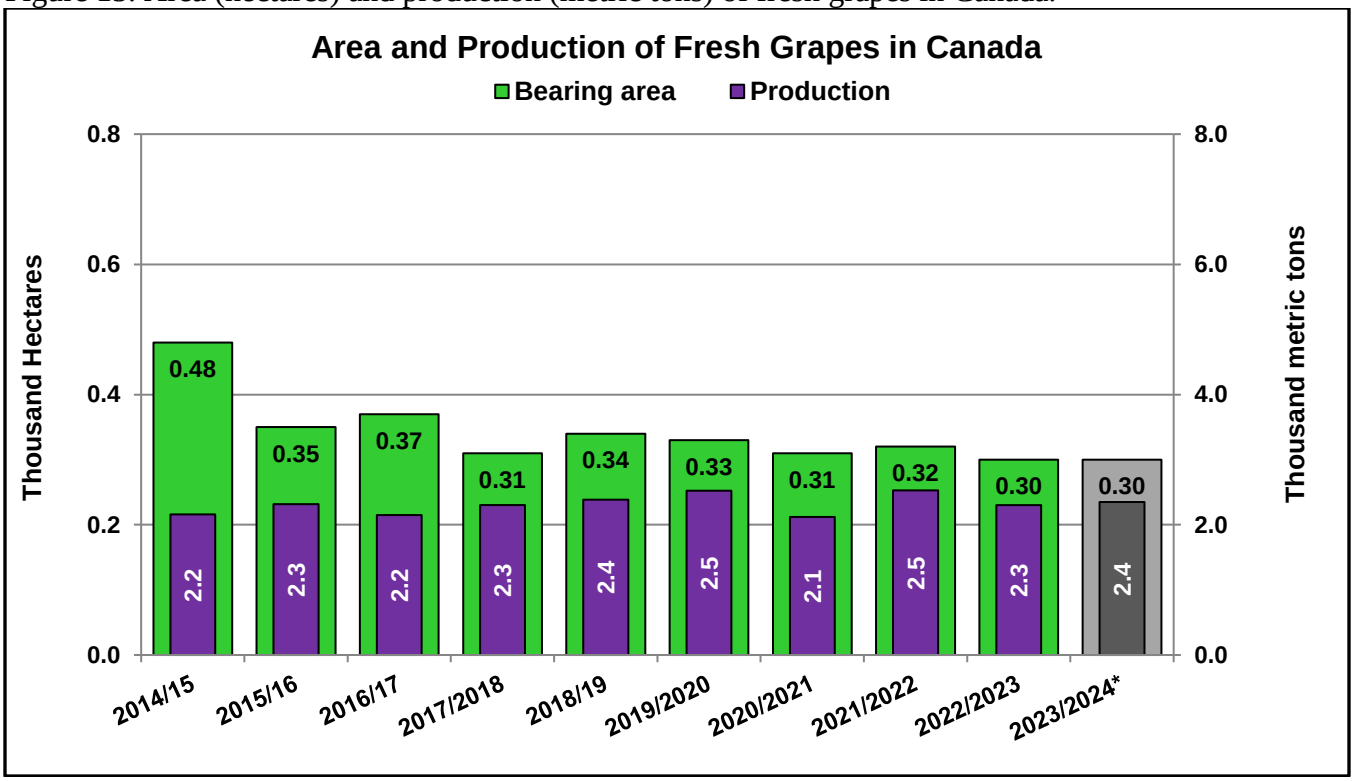
FAS/Ottawa forecasts a two percent growth in Canadian table grape production for MY 2023/24 on increased yields in the province of Ontario as a result of timely summer rains. Imports are forecast to decrease two percent as a result of a decline in U.S. production due to adverse weather impacts on the California table grape crop.

Production:
The majority of grape acreage and production in Canada is wine grapes while table grapes comprise less than five percent of total Canadian grape production. Research into new varietals continues and there is potential for additional acreage development, although there is strong competition from the wine industry. The Government of Ontario and the Greenbelt Foundation have provided funding to assist with investments in acreage and market promotion in recent years which should support increasing local demand for fresh table grapes.

FAS/Ottawa forecasts a two percent growth in production for MY 2023/24. Production is forecast to remain one percent below the five-year average. Significant weather events negatively impacted grape production in MY 2022/23. There are likely lingering impacts from some of these events which will continue to impact MY 2023/24, especially repeat frost events in Eastern Canada which have stunted vine growth. While Ontario had a challenging start to the MY 2023/24 growing season, well-timed rains during the summer months positively impacted the crop from earlier estimates and yields are up. Growers were slightly delayed in harvesting but will have a larger crop by volume than 2022. While the weather turned positive for Ontario growers as the season progressed, industry challenges continue to persist. Labor availability continues to be a challenge for industry and an increased minimum wage rate, as of October 2023, will push up grower costs moving forward. Growers also continue to face increased costs for inputs. Simultaneously, there is a significant focus on the cost of food prices in Canada and calls for grocery price stabilization amongst the larger national retailers. Growers are facing pressure to

keep costs low for consumers but amidst higher growing costs, growers will either need to find ways to improve efficiencies or potentially face lower earnings against these cost of production increases.

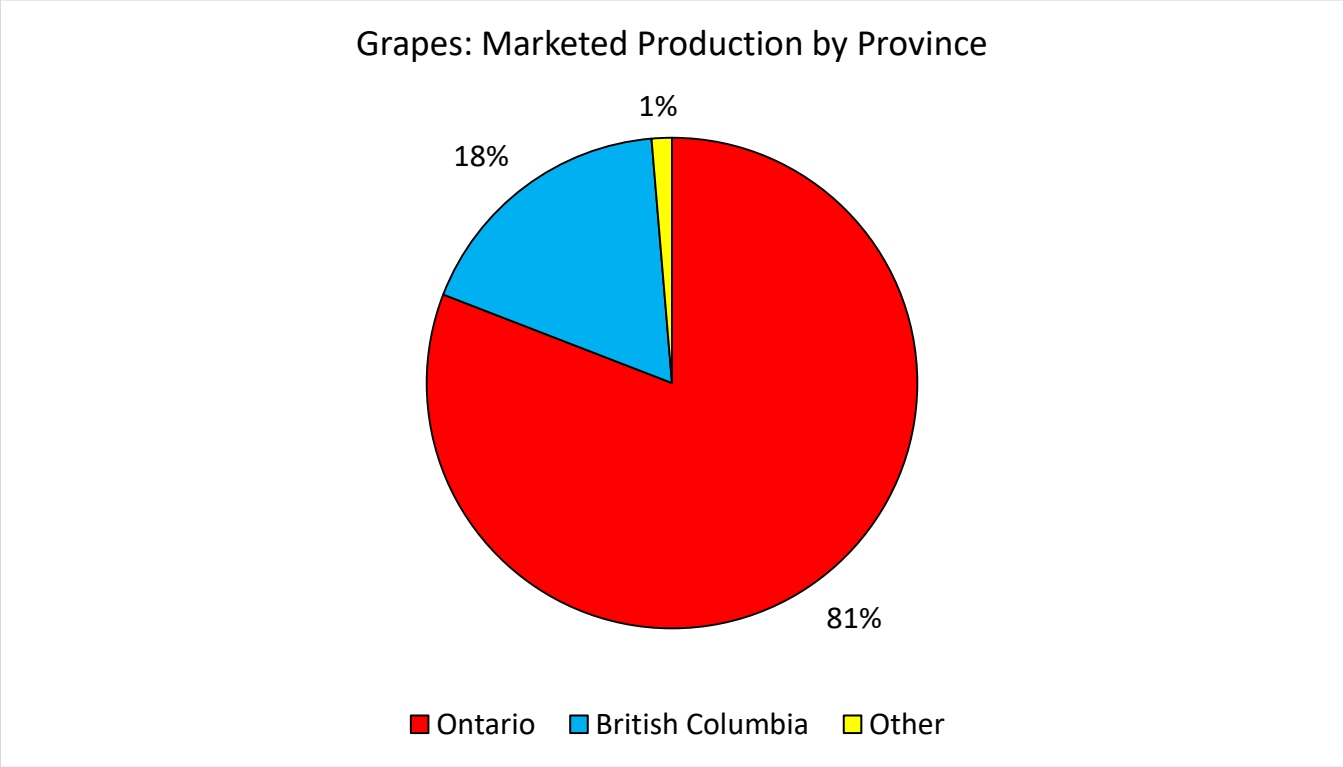
Figure 15. Area (hectares) and production (metric tons) of fresh grapes in Canada.



*Source: Statistics Canada / *FAS/Ottawa forecast*

Ontario continues to be the leading province in Canadian table grape production with over 80 percent of production. Investments in British Columbia have occurred in recent years; however, heat has adversely impacted production in the past few years. Wine grapes continue to dominate acreage in both of these provinces compared to table grape cultivation. While heat has been a factor for British Columbia grape production during the past few summers, wildfires were a factor in MY 2023/24, although these fires more directly impacted wine growing regions. Additionally, a December 2022 freeze event in certain regions of British Columbia reportedly significantly impacted MY 2023/24 yields. Production in this region will be down for MY 2023/24.

Figure 16. Canadian marketed table grape production by province for 2021.

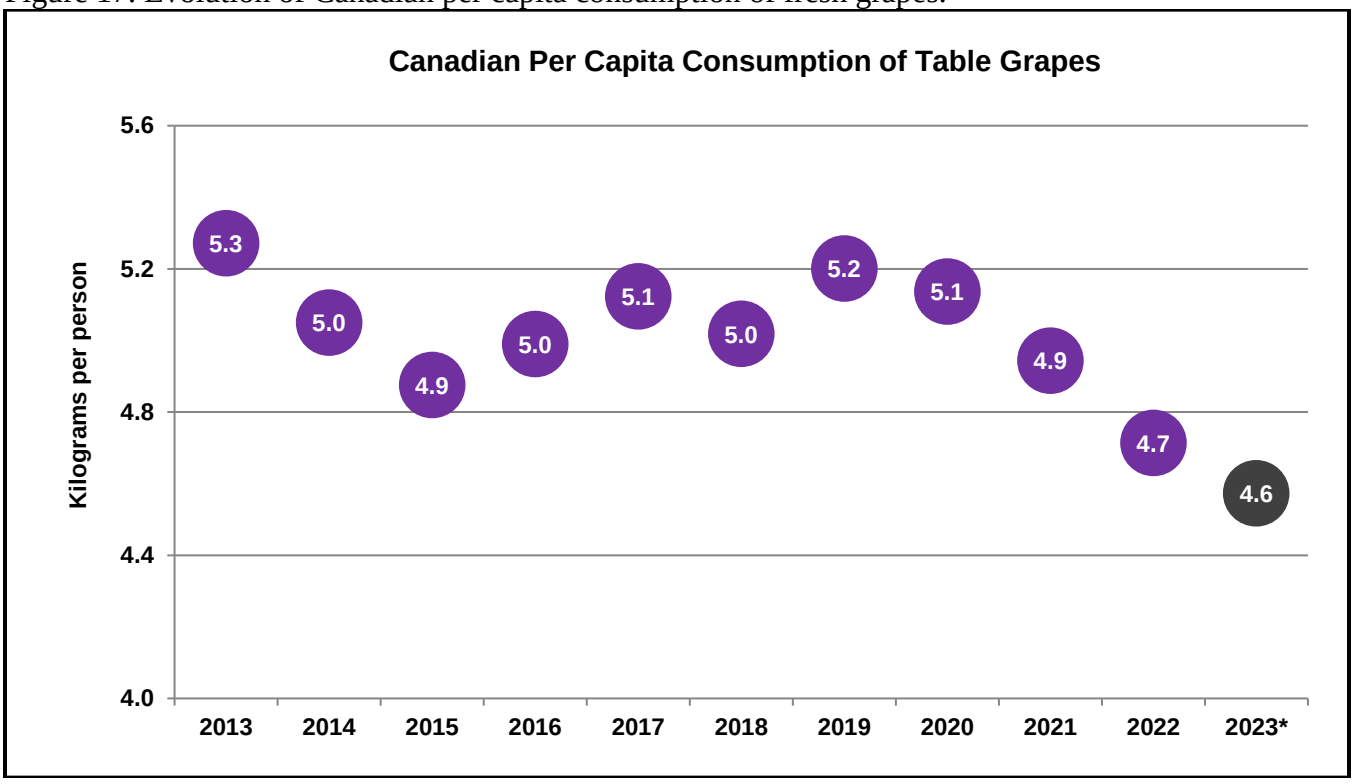


Source: Statistics Canada

Consumption:

FAS/Ottawa forecasts a two percent decline in domestic consumption of fresh table grapes for MY 2023/24. This drop in consumption, will be driven by an overall reduction in supply. Despite growth in the domestic supply relative to MY 2022/23, Canadian domestic consumption is significantly dependent on imports. Over 98 percent of Canadian consumption is typically supplied through imports due to the limited domestic production and availability across Canada. Canadian production is typically consumed locally although Ontario does ship a large quantity of grapes to Quebec where there is more consumer demand, and more households make their own fresh jams and jellies. Ontario will also ship to Western provinces depending on the level of production and demand in those provinces but the largest consumer base in Canada in terms of population is concentrated in Ontario and Quebec. Smaller crops in South America and the United States will lead to limitations in availability of supply for imports and higher costs. This will drive the decline in consumption for Canada for MY 2023/24.

Figure 17. Evolution of Canadian per capita consumption of fresh grapes.



*Source: Statistics Canada / *FAS/Ottawa forecast*

Trade:

FAS/Ottawa forecasts a two percent decline in imports for MY 2023/24 on lower production in the United States and South America, significant suppliers of fresh table grapes to Canada. Limited domestic supply within Canada means that there is significant demand to supplement Canadian production. However, consumer price sensitivity and competing demand from other markets will drive import volumes down. The United States has historically been the main supplier to Canada but the hurricane impacts on the California crop will be a contributor to lower U.S. imports in MY 2023/24. U.S. market share has also been eroded in recent years as Canada has increased import volumes from Mexico, South Africa, and Peru amidst previous weather impacts to the California table grape crop. With crops in Peru and Chile also adversely impacted this year, Canada may look to increasing imports from South Africa but increased transport costs will be a factor as consumers are resisting price increases.

Table 7. Imports of fresh grapes into Canada by volume.

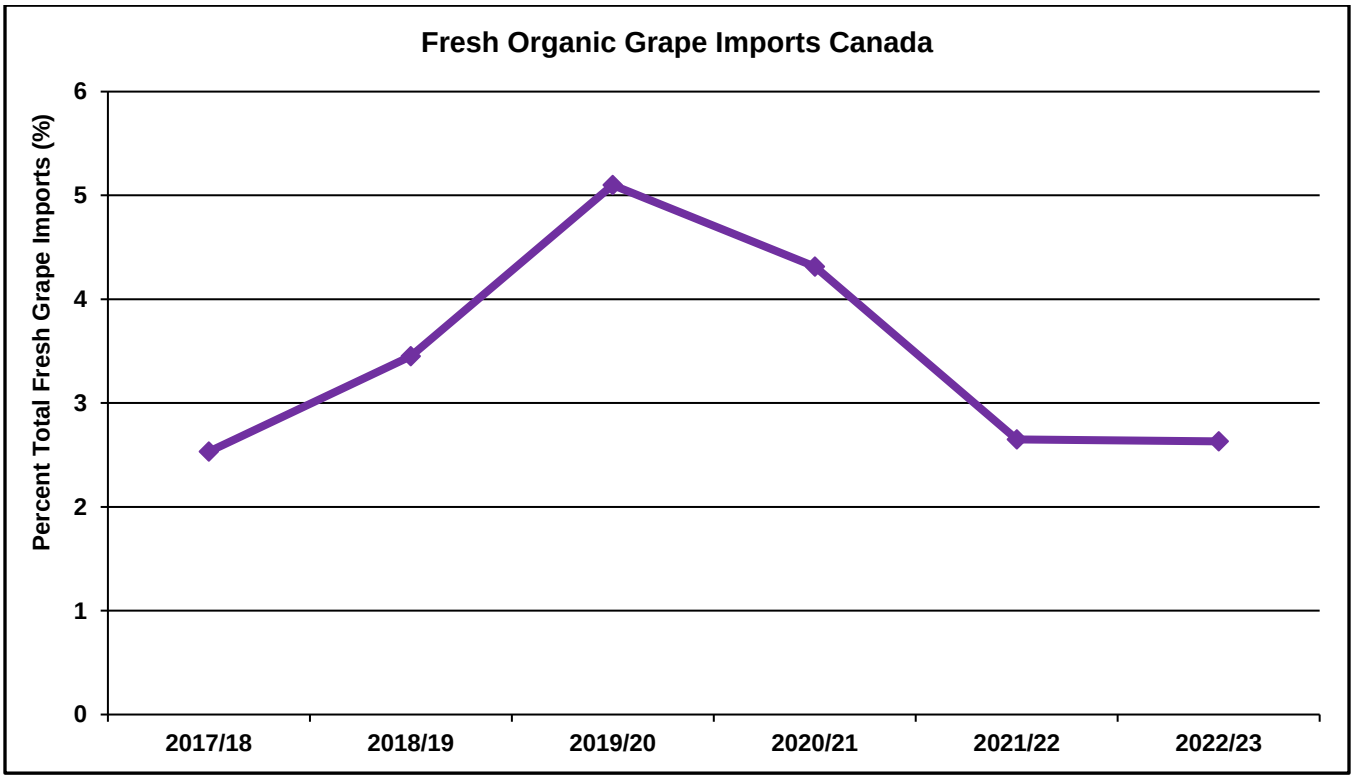
Canada: Imports of fresh grapes							
Marketing year: June-May / Quantity in metric tons							
		2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
World		**183,168**	**181,141**	**190,461**	**191,893**	**186,448**	**178,173**
	organic	4,638	6,253	9,713	8,280	4,940	4,686
	other	178,495	174,356	180,241	183,098	180,988	172,922
United States		**94,684**	**98,076**	**93,751**	**88,944**	**85,514**	**79,012**
	organic	3,058	4,579	5,861	5,906	3,302	3,291
	other	91,608	93,083	87,545	82,556	81,713	75,302
CPTPP		75,283	65,158	72,980	76,536	75,446	80,217
Chile		43,778	33,657	29,709	27,735	28,165	26,076
Peru		10,017	15,459	18,104	23,859	26,947	35,174
South Africa		10,628	13,009	19,907	20,368	21,603	15,442
Mexico		21,488	16,043	25,163	24,942	20,332	18,952
All other countries		2,573	4,897	3,827	6,045	3,887	3,517
Import Market Shares							
United States		51.70%	54.10%	49.20%	46.40%	45.90%	44.30%
CPTPP		41.10%	36.00%	38.30%	39.90%	40.50%	45.00%
Chile		23.90%	18.60%	15.60%	14.50%	15.10%	14.60%
Peru		5.50%	8.50%	9.50%	12.40%	14.50%	19.70%
South Africa		6%	7%	10%	11%	12%	9%
Mexico		11.70%	8.90%	13.20%	13.00%	10.90%	10.60%

Source: Trade Data Monitor

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

Imports of organic fresh table grapes remained flat as a proportion of total fresh grape imports in MY 2022/23. With inflation related to groceries outpacing the general inflation rate, consumers have become more sensitive to pricing and less likely to purchase higher priced products. Consumer behaviors have been to either look for substitute products or purchase in smaller quantities in an effort to reduce costs. FAS/Ottawa anticipates that imports of organic grapes will fall in MY 2023/24 on a decrease in U.S. production and competition from other markets looking to fill supply gaps.

Figure 18. Imports of fresh organic grapes into Canada as a percent of overall imports by volume.



Source: Trade Data Monitor, LLC

Canadian exports of fresh table grapes are extremely minimal though Canada does import some fresh table grapes which are then re-exported. These re-exports account for all of Canada's exports of fresh table grapes according to sources. Sources indicate that domestic production is entirely distributed to the domestic market at this time, as domestic production of table grapes remains limited against domestic demand.

ADDITIONAL INFORMATION

Prices

Agriculture and Agri-Food Canada (AAFC) monitors fresh apple, pear and grape prices in the major Canadian wholesale markets. Any daily and weekly market wholesale prices are made available electronically at the AAFC InfoHort website.

Policy:

Sustainable Canadian Agricultural Partnership Funding for Ontario Growers

On October 30, 2023, the governments of Canada and Ontario announced a joint funding initiative of CAD 8 million for Ontario apple, tender fruit, and grape growers. This funding is through the Sustainable Canadian Agricultural Partnership. The funding announcement is to provide cost-shared funding to permit industry expansion in Ontario by supporting re-plant and planting activities. Proposed projects must be submitted for funding approval and approved projects are to be completed by end of year 2026.

Plastic Packaging

The Government of Canada is developing a regulatory framework on plastic packaging that would establish mandatory requirements for recycled content and labeling requirements. As part of this, they also have proposed to require all produce PLU stickers would be required to be compostable. FAS/Canada continues to follow the development of this regulatory framework with reports published through GAIN. The latest report can be found here.

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.

Attachments:

No Attachments