

Agenda

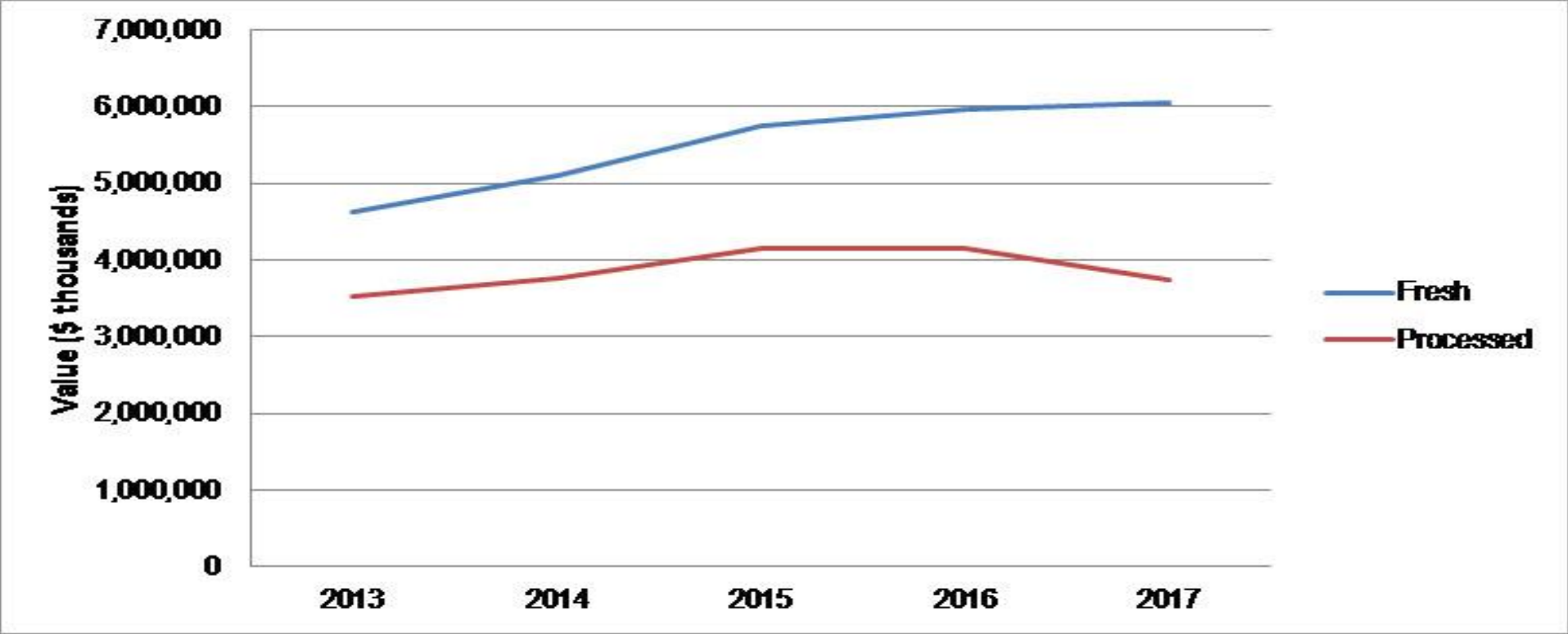
- Canadian strawberry imports value and tonnage
- Canada's top fruit imports
- Canada's top sources of fruit imports and consumption
- Analysis of strawberry world market
- Strawberry market in North America
- Opening Strawberry Protocol

Canadian Strawberry Imports

For the 15th year in a row, Canadian fresh fruit imports continued to increase. Canada imported \$6.58 billion of fresh fruit in 2017, up 1.6% from the previous year and up 140.0% over the last 15 years. In 2017, the top three fruit imports by dollar value were grapes (10.3%), bananas (9.0%) and strawberries (8.6%). In terms of tonnage, the top three imported fruits were bananas (21.4%), apples (7.8%) and grapes (7.3%). Canada's leading source country for fruit imports continues to be the United States, accounting for 43.3% of import value, followed by Mexico with 15.5%, Chile with 5.7% and Guatemala with 5.1%.

The Canadian fruit industry continues to be innovative, with 2017 seeing the launch of 135 new products, ranging from new varieties to new packaging.

Canadian fruit *imports*, 2013 – 2017

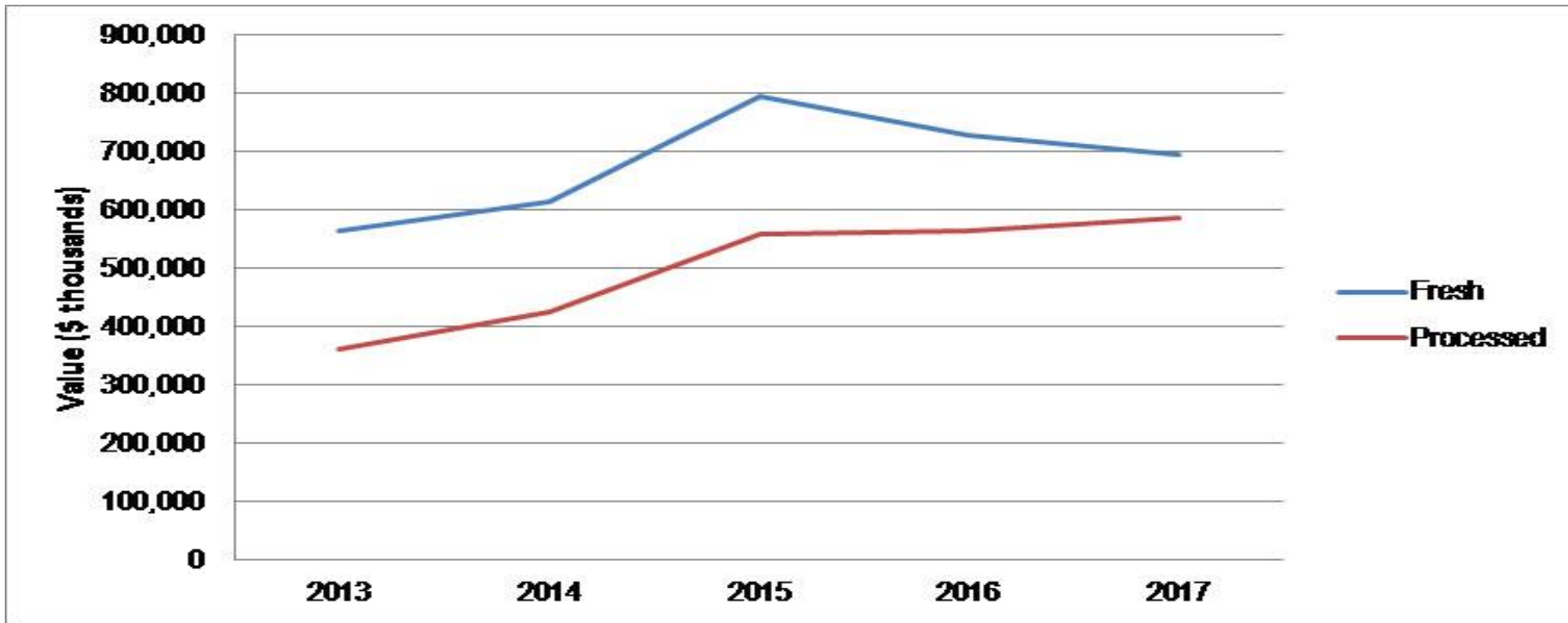


Fresh Canadian fruit exports, thousands of Canadian dollars

	2013	2014	2015	2016	2017
Fresh	4,632,019	5,096,432	5,750,807	5,964,029	6,057,417
Processed	3,521,196	3,757,414	4,150,866	4,158,906	3,730,032
Total	8,153,216	8,853,846	9,901,673	10,122,935	9,787,450

Source: Statistics Canada. (CATSnet, March 2018)

Canadian fruit *exports*, 2013 – 2017



Fresh Canadian fruit exports, thousands of Canadian dollars

	2013	2014	2015	2016	2017
Fresh	565,000	613,868	794,645	726,313	694,692
Processed	362,609	424,072	557,200	565,217	586,413
Total	927,609	1,037,939	1,351,844	1,291,529	1,281,105

Source: Statistics Canada. (CATSnet, March 2018)

Fruit import value by commodity – thousands of Canadian dollars

	2013	2014	2015	2016	2017
Grapes	527,554	552,992	634,313	652,554	625,999
Bananas	423,047	472,249	530,030	541,833	548,085
Strawberries *	409,686	430,890	471,072	506,087	519,790
Raspberries	299,836	344,992	386,436	372,840	398,113
Apples	296,099	286,255	266,062	357,801	303,723
Avocados	150,012	177,983	198,813	230,820	290,736
Blueberries	241,813	238,933	243,113	292,552	282,428
Mandarins, tangerines and clementines	177,437	200,618	266,844	273,878	278,051
Orange	187,419	216,565	228,867	240,646	253,400
Almonds	191,786	237,087	300,185	266,992	245,826
Others	1,727,332	1,937,868	2,225,073	2,228,025	2,311,267
Total	4,632,019	5,096,432	5,750,807	5,964,029	6,057,417

*Includes frozen.

Source: Statistics Canada. (CATSnet, March 2018)

Fruit import volume by commodity – metric tonnes

	2013	2014	2015	2016	2017
Grapes	212,479	201,202	206,793	197,339	204,361
Bananas	557,569	571,294	579,440	587,978	598,138
Strawberries*	147,738	127,197	126,388	129,601	135,229
Raspberries	47,046	50,513	49,685	45,488	47,263
Apples	235,147	223,499	214,006	240,755	219,158
Avocados	57,488	61,087	70,020	77,872	79,892
Blueberries	63,798	58,254	46,413	58,687	60,824
Mandarins, tangerines and clementines	129,711	123,240	145,966	145,821	152,871
Oranges	197,960	182,276	188,493	206,587	182,840
Almonds	25,275	25,096	23,702	28,485	29,640
Others	1,069,645	1,052,384	1,047,683	1,088,393	1,088,049
Total	2,743,856	2,676,043	2,698,591	2,807,007	2,798,266

*Includes frozen.

Source: Statistics Canada. (CATSnet, March 2018)

Top 10 sources of Canada's fruit imports – value in thousands of Canadian dollars

	2013	2014	2015	2016	2017
United States	2,295,903	2,504,928	2,693,051	2,689,133	2,620,797
Mexico	514,443	586,507	694,352	787,973	940,309
Chile	400,766	358,352	391,123	407,884	347,285
Guatemala	158,993	201,584	239,770	266,910	311,364
Costa Rica	205,251	218,141	216,535	240,358	238,696
South Africa	98,813	105,399	122,078	130,036	158,269
Peru	63,054	92,309	119,925	132,084	149,677
Turkey	121,496	132,626	182,051	194,045	148,146
Viet Nam	64,490	73,554	106,823	121,185	137,259
Morocco	61,139	58,570	115,919	125,082	136,251
Others	647,671	764,461	869,181	869,339	869,365
Total	4,632,019	5,096,432	5,750,807	5,964,029	6,057,417

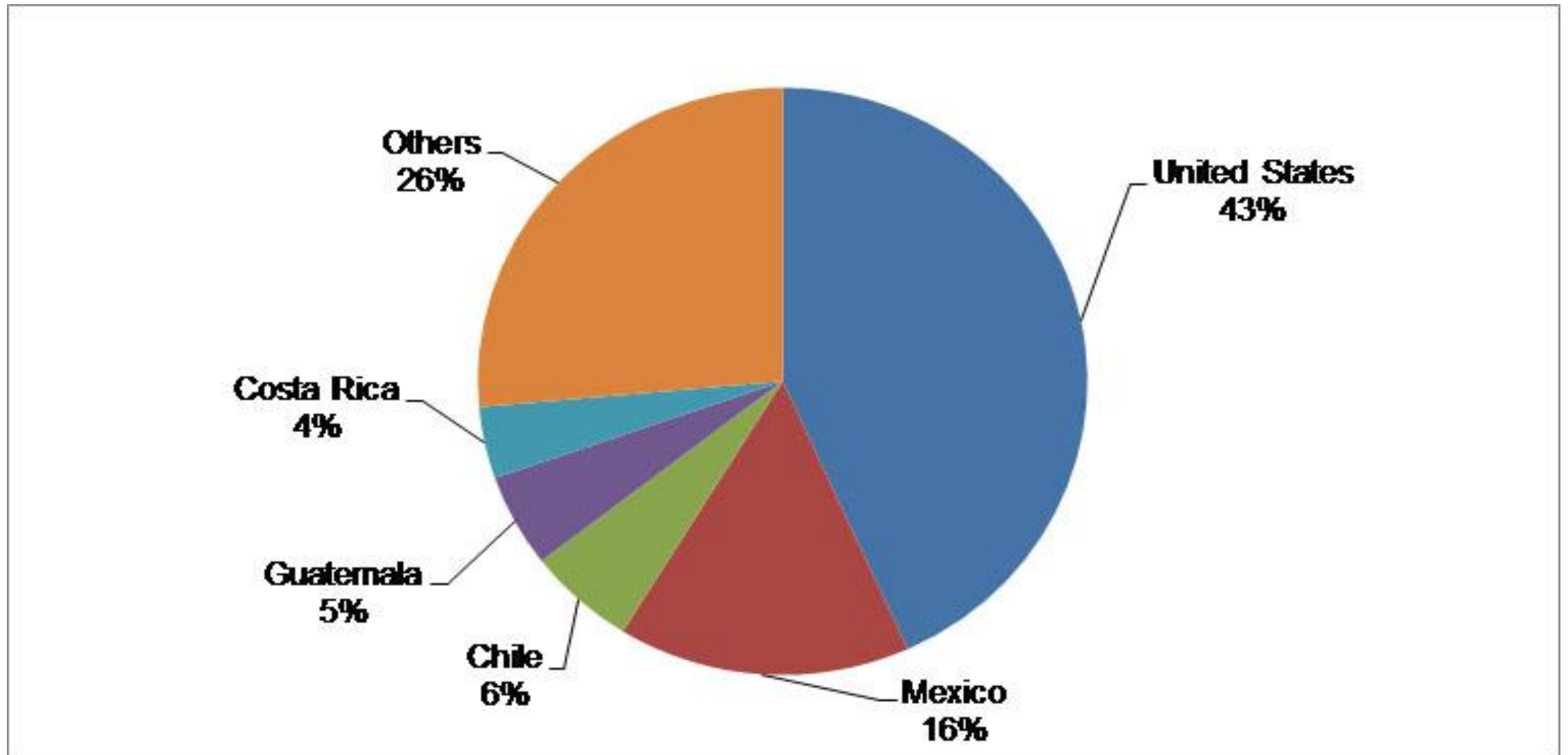
Source: Statistics Canada. (CATSnet, March 2018)

Top 10 sources of Canada's fruit imports – volume in metric tonnes

	2013	2014	2015	2016	2017
United States	1,158,467	1,086,481	1,064,497	1,104,886	1,018,351
Mexico	292,868	284,084	307,501	328,933	347,295
Chile	143,747	110,418	108,444	111,537	109,126
Guatemala	205,847	226,371	244,229	280,398	332,326
Costa Rica	255,393	250,631	218,594	249,817	258,839
South Africa	72,184	71,174	75,313	70,935	80,018
Peru	33,234	45,939	48,079	46,747	52,680
Turkey	23,972	25,834	24,229	28,808	28,135
Viet Nam	11,763	12,581	14,443	13,979	13,776
Morocco	34,702	30,825	58,736	60,374	75,931
Others	511,678	531,704	534,527	510,591	481,790
Total	2,743,856	2,676,043	2,698,591	2,807,007	2,798,266

Source: Statistics Canada. (CATSnet, March 2018)

Top 5 sources of Canada's fruit imports – percent share by value, 2017



Consumption

Fresh fruits available[1] for consumption per person in Canada – kg per person

	2013	2014	2015	2016	2017
Bananas	14.75	15.43	15.61	15.68	15.7
Melons total[2]	10.21	10.41	10.15	10.61	10.88
Apples	10.74	10.92	11.46	10.96	10.16
Oranges[3]	9.02	9.01	8.31	9.04	9.43
Watermelons	6.05	6.1	6.09	6.35	6.37
Grapes	4.67	4.81	4.45	4.61	4.29
Mandarins	3.55	3.49	3.29	3.87	3.83
Strawberries	3.83	3.7	3.12	3.13	3.18
Pineapples	3.28	3.31	3.36	2.89	3.09
Melons, musk and cantaloups	2.42	2.54	2.34	2.51	2.71
Cranberries	1.98	1.78	2.75	2.22	2.57

Source: Statistics Canada. (CATSnet, March 2018)

Fresh fruits available for consumption adjusted for losses in Canada - kg per person

	2013	2014	2015	2016	2017
Bananas	6.95	7.27	7.35	7.38	7.39
Apples	7.07	7.18	7.54	7.21	6.69
Oranges	3.72	3.72	3.43	3.74	3.9
Melons total	3.26	3.32	3.25	3.39	3.47
Grapes	2.78	2.86	2.65	2.74	2.55
Watermelons	2.28	2.29	2.29	2.39	2.4
Strawberries	2.11	2.04	1.72	1.72	1.75
Pears	1.31	1.27	1.28	1.24	1.14
Mandarins	1	0.99	0.93	1.09	1.08
Avocados	0.6	0.7	0.74	0.84	0.92
Blueberries	0.98	1.06	0.88	0.64	0.9
Pineapples	0.9	0.91	0.92	0.79	0.85
Guavas and mangoes	0.75	0.82	0.78	0.74	0.74
Other berries	0.73	0.73	0.79	0.77	0.66
Peaches	0.55	0.56	0.51	0.54	0.53
Lemons	0.39	0.39	0.42	0.47	0.47
Limes	0.47	0.58	0.45	0.29	0.42
Grapefruits	0.43	0.41	0.39	0.39	0.35
Plums total	0.38	0.4	0.34	0.31	0.35
Cherries	0.49	0.34	0.39	0.29	0.31
Nectarines	0.33	0.36	0.3	0.29	0.31

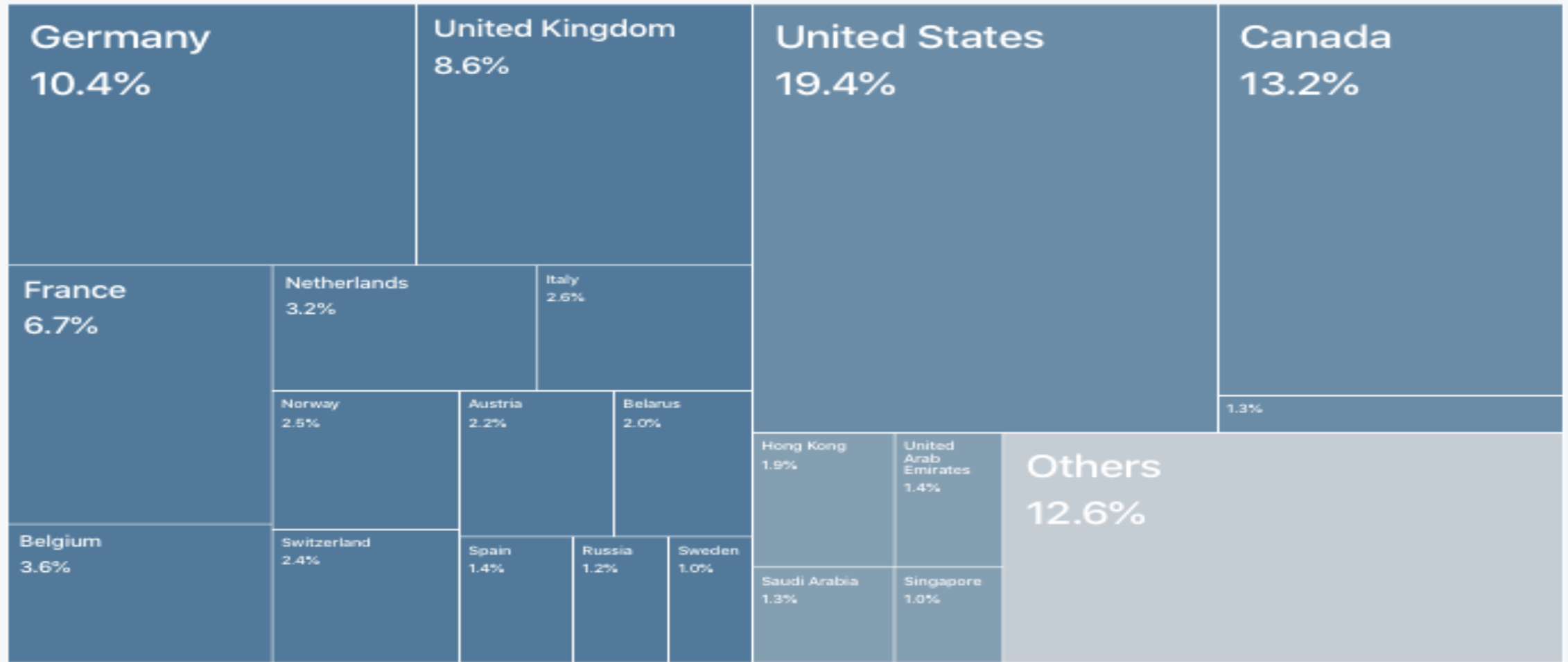
Strawberry World Market

- Top Producer: China
- Top Exporter: Spain
- Top importer: United States



Scientific name: *fragaria ananassa*

Top importing Countries of Strawberry



■ Europe

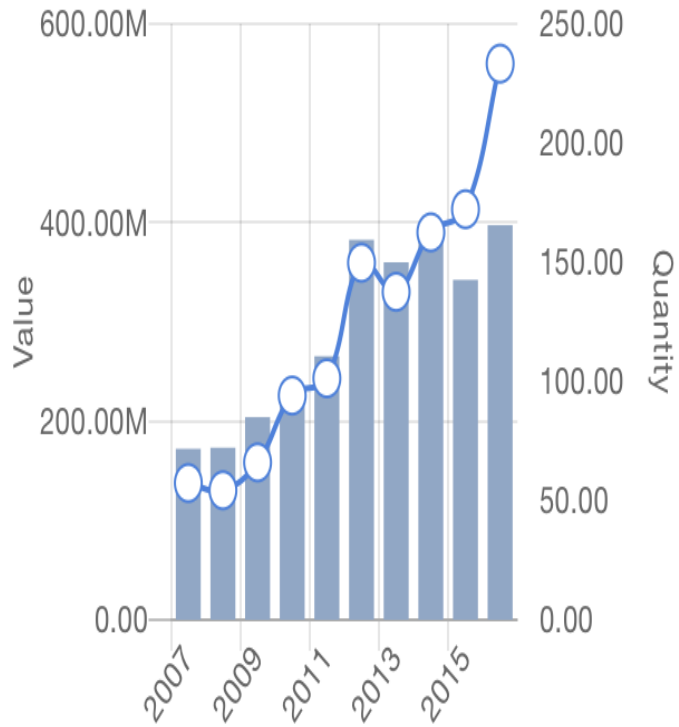
■ North America

■ Asia

■ Others

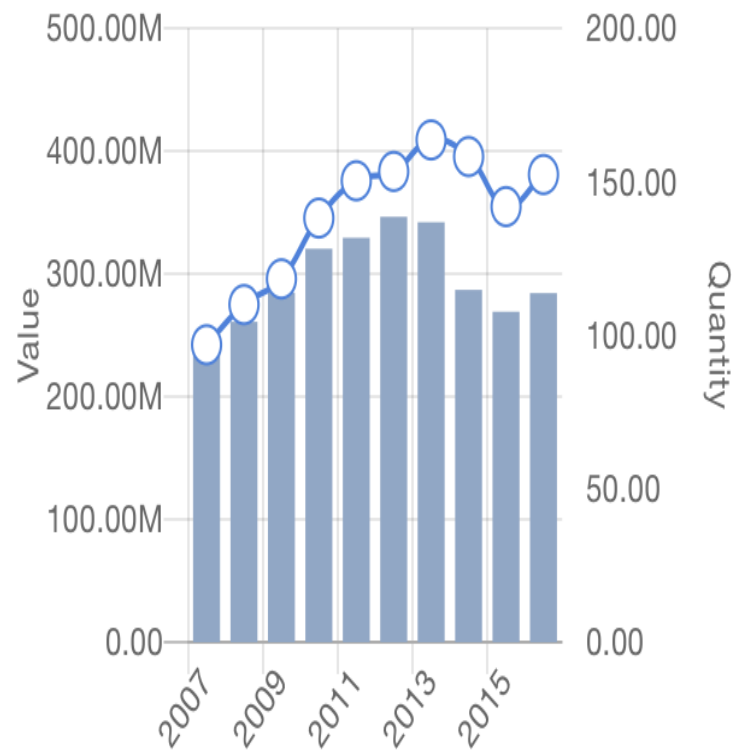
United States

19.44% shares in global imports



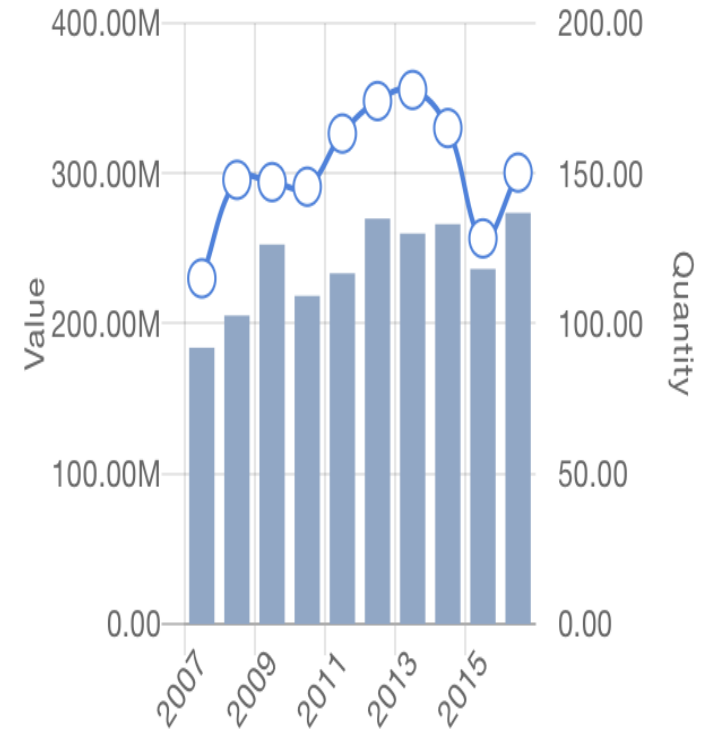
Canada

13.22% shares in global imports



Germany

10.44% shares in global imports



Average Import Price

\$2.89K

USD per Metric Ton

Last year **+11.4%**

Last 3 year **-3.4%**

Last 5 year **-5.4%**

Concentration of Import Markets

14.94%

 Medium

- **The Herfindahl Hirschman (HH) Index** is a measure of market concentration.
- A higher concentration means that supplies are dominated by a few countries.
- It is defined as the sum of the squares of the market shares of the firms within the industry

Strawberries In North America



CANADA (tonnes '000)	2015
Local Production	23
Imports	101
Exports	0.7
Total Consumption	123
Kg consumption per Capita (change from 2010)	3.4 (-11%)
Net Export	(101)

USA (tonnes '000)	2015
Local Production	1,166
Imports	194
Exports	145
Total Consumption	1,215
Kg consumption per Capita (change from 2010)	4.4 (+6%)
Net Export	(50)

MEXICO (tonnes '000)	2015
Local Production	393
Imports	15
Exports	92
Total Consumption	322
Kg consumption per Capita (change from 2010)	2.5 (+74%)
Net Export	77

Source: Euromonitor, USDA-NRIS, USDA-ERS, U.S. Census Bureau

Consumer trends in the US: Appearance and price more important than flavour and origin...

“It’s remarkable that berries are the most important part of the fresh produce departments in supermarkets. The annual turnover of the berry category in the US amounts to 6.4 billion dollar. Strawberries are in seventh place in the complete fresh produce department, with an annual turnover of three billion dollars. Regarding just fruit, strawberries are in fourth place. In the berry segment, strawberries have the largest turnover. This product is good for nearly 50 per cent of total turnover, followed by blueberries, raspberries and blackberries. **Remarkable also, is that appearance and price are the two most important factors when consumers buy strawberries.** This is then followed by **flavour, colour, size and origin.** It’s also remarkable that strawberry purchases are mostly made by **heavy users.** **The market therefore still has much potential.”**

1. Appearance
2. Price
3. Flavour, colour & Origin Most by HEAVY USERS

“The North American strawberry market is growing, both in production and consumption. The US is the largest producer, with a local production of 1,166,000 tonnes in 2015. Local production in Mexico amounted to 393,000 tonnes that year, **and in Canada it amounted to 23,000 tonnes.** The difference in consumption per capita is remarkable. An inhabitant of the US eats 4.4 kilograms of **strawberries on average per year, a Canadian 3.4KG** and a Mexican 2.5 kilograms, according to Dan Legard of the California Strawberry Commission during the International Strawberry Congress in Antwerp, Belgium.”

QUEBEC STRAWBERRY MARKET ISSUES

- **Canada: Strawberry and raspberry producers hampered by rising minimum wage**
- “Strawberry and raspberry production in Quebec is decreasing. Between fierce competition with products from Mexico and California, performance difficulties related to weather conditions and the increase in the minimum wage, which has increased by 16% over the past three years, many producers are throwing in the towel.”
- "In recent years, we have seen a real decrease in the number of producers in Quebec, and it is clear that the factor increasing the minimum wage is important since more than 50% of production costs are dedicated to labour," explains Jennifer Crawford, Executive Director of the Association of Strawberry and Raspberry Producers of Quebec.”

OPENING THE STRAWBERRY PROTOCOL

CASE STUDY:

- **Spanish tomatoes can be shipped to Canada again**
- “The export of Spanish tomatoes to Canada is already possible thanks to the approval of a phytosanitary protocol signed on April 15, 2019, which aims to prevent the spread of the *Tuta absoluta*.”
- “For the certification of the Spanish productions that will be exported to Canada, we have counted on the help of the MAPA, which together with the Canadian phytosanitary inspection agency, has kept all processes related to cultivation, storage and packaging under its strict control and supervision.”

Canada, first non-European destination for Spanish fruit and vegetables

- “Canada was the leading non-European destination for Spanish fruit and vegetables in January and February 2019, with exports that amounted to 16,587 tons and 18.7 million euro, according to the latest updated data from the General Directorate of Customs, processed by FEPEX.”
- “In 2018 Canada was also the first non-European destination for Spanish fruit and vegetables. That year exports to this destination totaled 93.4 million euro, a 36% increase over 2017 driven by the Global Economic and Trade Agreement between the EU and Canada, which came into force provisionally on September 21, 2017 and eliminated, as of that date, the duties applied to 98% of the products that the EU exchanges with Canada, including fruit and vegetables.”

Case Study: Building the Kaki market 1 container at a time

- Krops Imports Inc. has successfully built a kaki program within the last 5 years
- We have exponentially grown from 1 container per season to over 50 containers and continue to grow.
- We have invested in technology to succeed in the success of the program.
- We build strong alliances with growers to get the best IMPORTED product

Take away.....

- Canadians are huge importers & consumers of strawberry
- Every year the market is growing, we import 13.2% of the worlds strawberries
- For the 15th year in a row fresh fruit imports have increased, 140%
- With the current weather trends- the supply of strawberry from California, Florida and Mexico is worrying.
- Strawberries are the top 3 fresh fruit imported

- Canada is open looking for new supplying countries to meet the market demands.
- Spain supplies 0% of the strawberries Canada imports
- Once the protocol for Spanish strawberry is open, the market we are certain will exponentially increase as it did for kakis.