

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Canada Top Market for U.S. High Value Agricultural Exports

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Agriculture in the Economy

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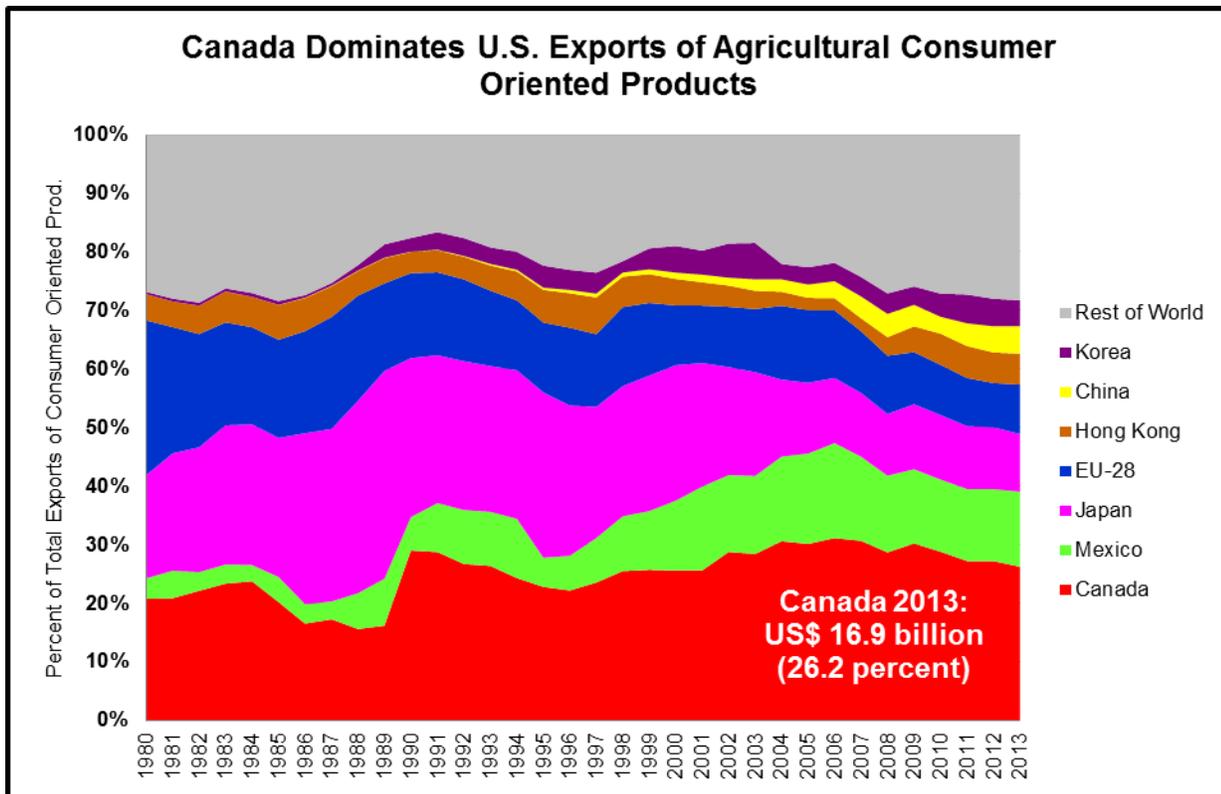
Mihai Lupescu

Report Highlights:

In 2013, Canada remained the top destination for U.S. exports of high value agricultural products, with a total of nearly \$17 billion. Overall, at \$ 21.3 billion, Canada is the second largest export market for U.S. agricultural products. Some of the top export categories include: fresh and processed fruits and vegetables, meat, prepared food, snack food, wine and beer, and pet food.

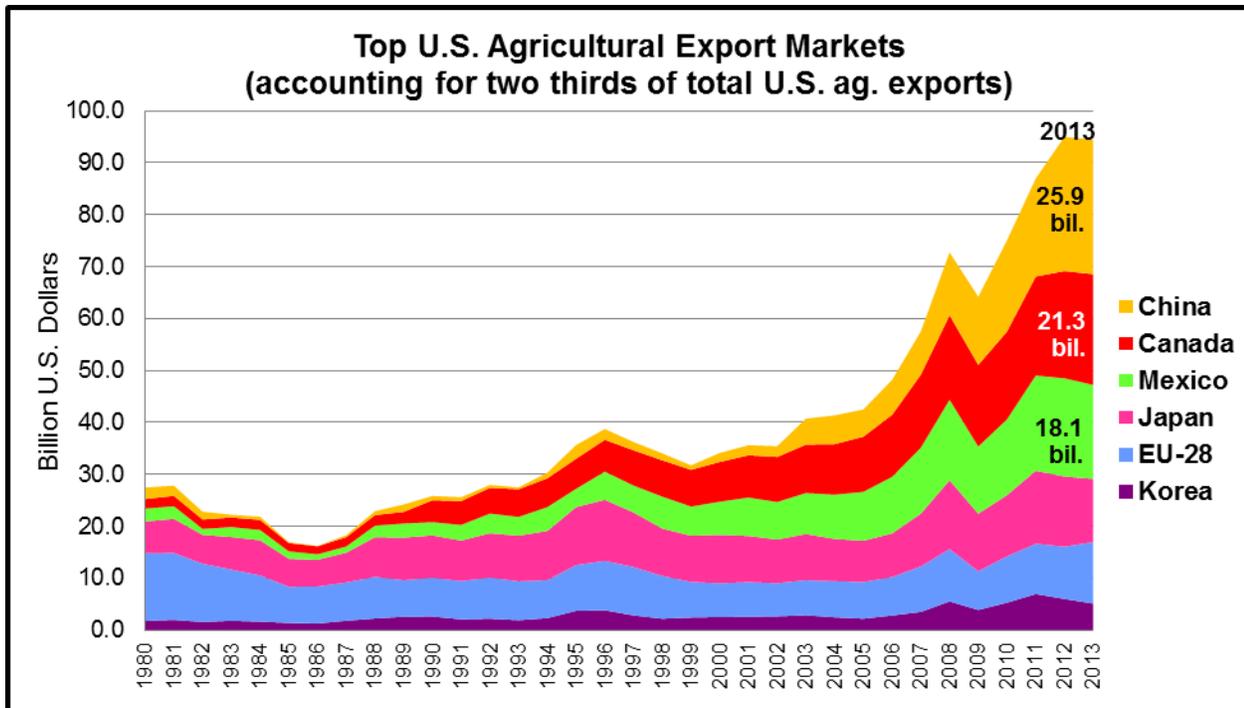
With a 26.2 percent market share in 2013, and a value of \$16.9 billion, Canada remains by far the top destination for U.S. exports of high value agricultural products. These consumer-oriented agricultural products are foods typically sold directly in supermarkets or used in restaurants. These high value exports support tens of thousands of jobs in the United States, and many of the suppliers are small and medium sized businesses.

Canada is followed in second place by Mexico, at \$8.3 billion, and in third place by Japan at \$6.4 billion. Overall, U.S. exports of consumer oriented products totaled, in 2013, \$64.6 billion representing 45 percent of total U.S. agricultural exports.



Overall, Canada is the second largest export destination for U.S. agricultural products, totaling \$21.3 billion in 2013. Canada follows China, the first export market since 2010, which amounted to \$25.9 billion worth of U.S. agricultural exports. In third place comes Mexico, with \$18.1 billion in total U.S. exports. In 2013, the United States imported \$21.7 billion worth of agricultural products from Canada.

Looking at the long term, it is interesting to notice how back in 1980, Europe and Japan were the most important markets for U.S. agricultural exports. Since then, China, Canada, and Mexico have overtaken them. The main reason for strong increases in trade with Canada was the passage of the Canada – United States Free Trade Agreement in 1988, followed few years later by the North American Free Trade Agreement (NAFTA). These trade agreements helped to lower tariffs and trade restrictions for more than two decades.



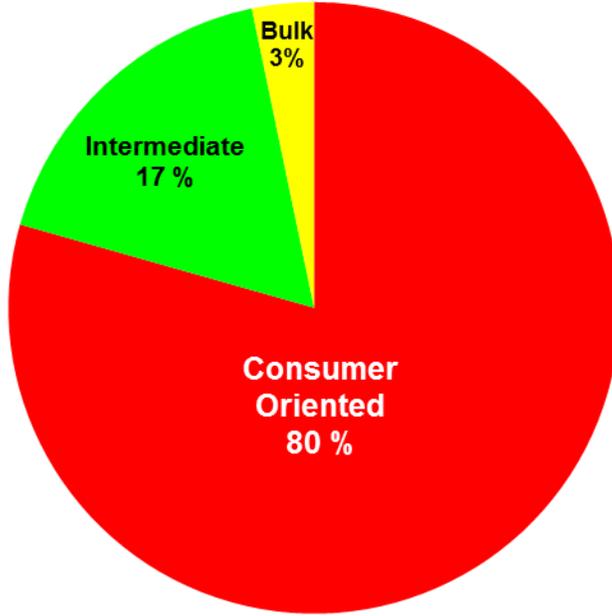
It is also interesting to point out that overall U.S. exports of agricultural products grew by 2 percent from 2012 to 2013, totaling \$144.1 billion. During the same time period, U.S. agricultural exports to Canada grew by 3.4 percent, while U.S. exports to China remained flat (0.1 percent growth rate). This fact demonstrates once again the importance of the Canadian market for American exports, a mature market that continues to deliver substantial increases in trade.

In 2010, China overtook Canada as the number one destination for U.S. agricultural exports. However, the export composition to these two markets cannot be more different. While Canada is predominantly a high value market, U.S. exports to China are dominated by exports of bulk commodities.

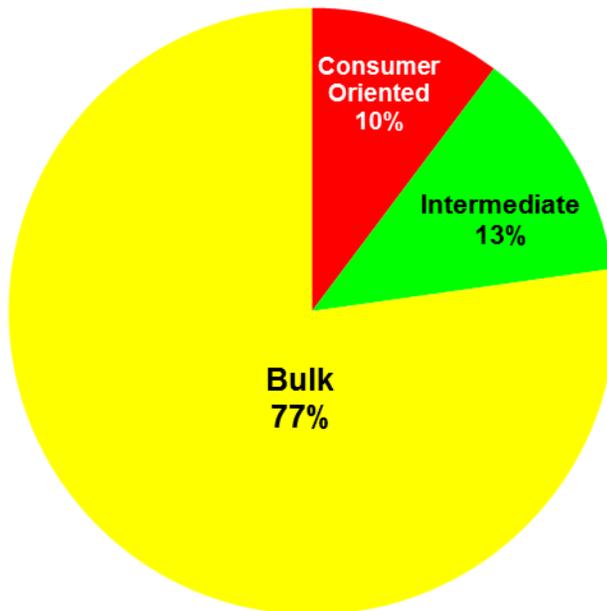
Consumer-oriented agricultural goods account for 80 percent of U.S. exports to Canada, followed by intermediate goods at 17 percent (including items like vegetable oils, animal fats, sugar and sweeteners, animal feed, planting seeds, etc.), and by bulk commodities at 3 percent (primarily grains and oilseeds).

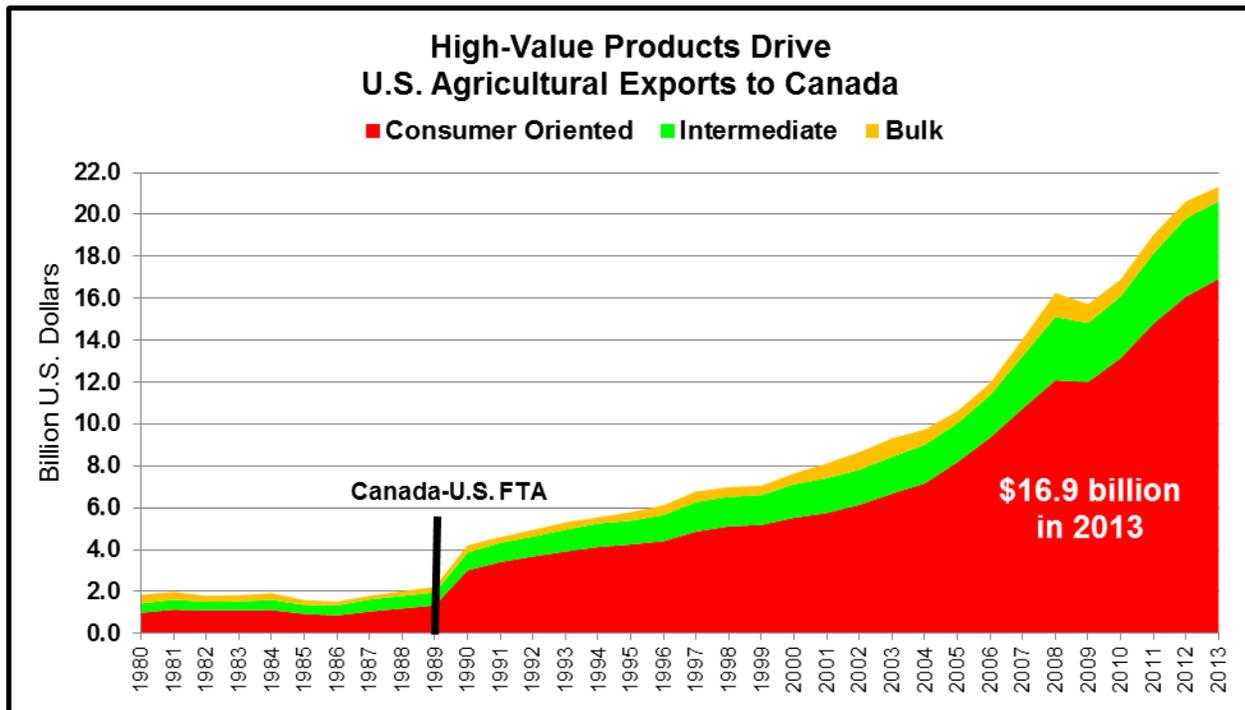
By contrast, China is a bulk commodity market for U.S. agricultural exports. The vast majority, 77 percent, of U.S. exports to China consists of grains and oilseeds, particularly soybeans. Only 13 percent of exports are intermediate goods (with hides and skins the top export in this category) and 10 percent are high value agricultural products.

2013 U.S. Agriculture Exports to Canada:
US\$ 21.3 billion



2013 U.S. Agriculture Exports to China:
US\$ 25.9 billion





In the consumer-oriented category, U.S. agricultural exports to Canada are dominated by fruits and vegetables, either fresh or processed. In 2013, exports of these products together summed up to \$5.3 billion, broken down as follows:

- Fresh vegetables: \$1.8 billion, with lettuce, onions, potatoes, tomatoes and cauliflower occupying the top positions
- Fresh fruits: also \$1.8 billion, with strawberries and other berries, grapes, apples, oranges and cherries in the top spots
- Processed vegetables: \$580 million, with frozen potatoes, mixes of frozen vegetables, pickled cucumbers, canned tomatoes and beans and tomato paste taking up the top places
- Fruit and vegetables juices: \$573 million, dominated by orange juice, mixed fruit juices, grape juice and mixed vegetable juices
- Processed fruits: \$455 million, with fruit mixes and dried fruits, including raisins, in the top spots

Other important U.S. exports to Canada in the consumer-oriented category include:

- Beef and beef products: nearly \$1.2 billion
- Pork and pork products: \$844 million
- Chocolate and cocoa products: \$663 million
- Wine and beer: \$615 million
- Pet food: \$615 million
- Tree nuts: \$565 million, with almonds, walnuts and pistachios in the top
- Spices and sauces: \$544 million

- Breakfast cereals: \$462 million

Finally, prepared food totaled \$1.9 billion in U.S. exports to Canada in 2013.

