

Canadian Agri-Food Policy Institute (CAPI)
L'Institut canadien des politiques agro-alimentaires (ICPA)
960 Carling Avenue, CEF
Building 49, Room 318
Ottawa, Ontario
K1A 0C6

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Canadian Exports of Agri-Food Products

May 2005

Canadian exports of agricultural and food products¹ was valued at \$26.5 billion for 2004 and accounted for 6.2% of all merchandise goods exports and 5.4% of all exports. Seafood exports accounted for another \$4.4 billion.

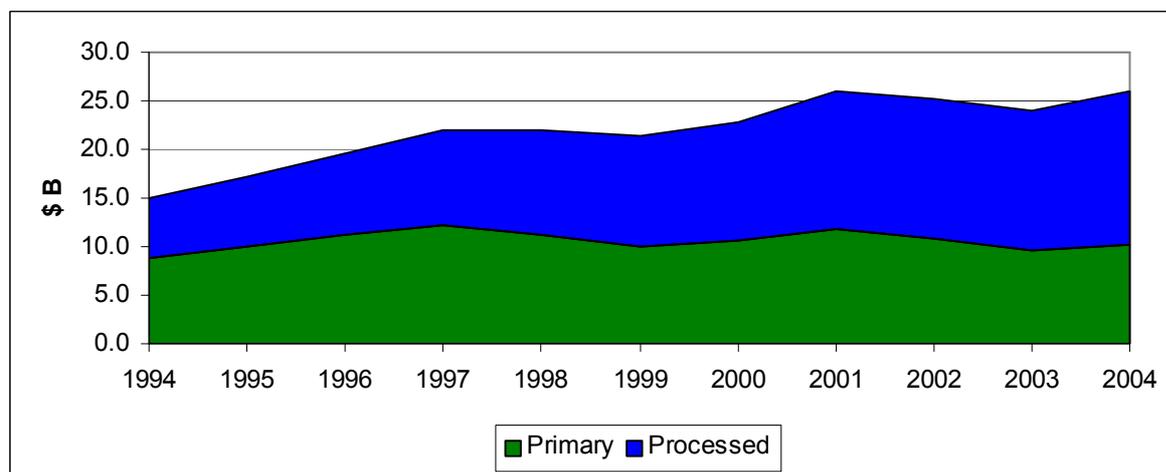
The agri-food sector had a positive trade balance of over \$6 billion in 2004, based on imports of \$20.4 billion².

Agri-Food Exports Continue to Increase in Value

Over the 1994 to 2004 period, exports of agricultural products and food products have grown by 71% from \$15.5 billion to \$26.5 billion in 2004. This growth has mostly been fueled by exports of processed food products³. For example, primary products, which are products that have not been processed, had an \$8.8 billion export value in 1994 and increased to \$10.2 billion in 2004. The highest level of primary exports was achieved in 1997, when they were valued at \$12.2 billion.

In contrast, processed food products were \$6.2 billion in 1994, and by 2004 they contributed \$15.8 billion in export value, a 150% increase in shipment value. Figure 1 highlights the trends in the export value of primary agricultural products in relation to processed food products.

Table 1 Primary Agricultural Product and Processed Food Product Exports



¹ This report is prepared based on export data generously provided by the trade division of AAFC.

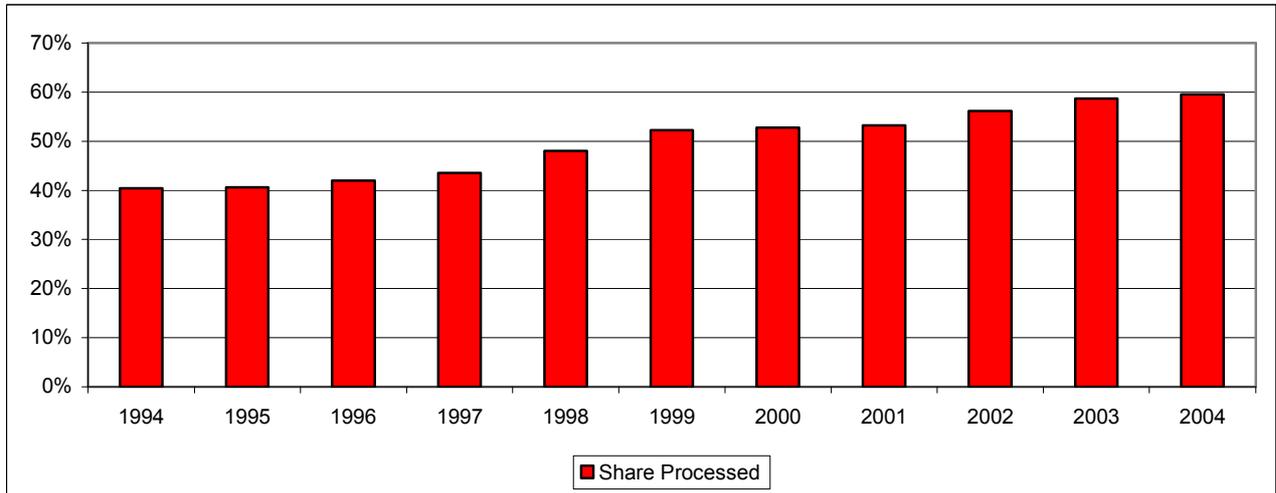
² Many of the products imported are food products that are also grown and/or manufactured in Canada. For example, the leading import category in 2004 was wine, bottled and in bulk, valued at \$1 billion. A number of products are imported, such as tropical fruits and vegetables, which can not be easily grown in Canada.

³ This trade data used in this section is based on the Standard Industrial Classification (SIC) approach that groups domestic production output by producing sector and sub-sector (e.g. cattle farm, meat processing) rather than by product. Statistics Canada has developed a concordance table that maps each 8 and 10 digit HS (trade) code into a 4 digit SIC category.

Processed Foods Now Represents 60% of Canada's Agri-Food Exports

As a result of these trends, processed food products, as a percent of all agri-food exports, are now 60% of all exports. This is an increase from the 40% share in 1994.

Figure 2 *Processed Products as Share of Agri-Food Exports, 1994 - 2004*



Based on the Standard Industrial Classification (SIC) approach to categorizing trade, the top leading farm level exporters in 2004 of agri-food products were:

- ❑ Wheat farms at \$3.5 billion,
- ❑ Oilseed farms at \$2.1 billion,
- ❑ Dry bean/pulse farms at \$0.8 billion,
- ❑ Vegetable farms at \$0.7 billion, and
- ❑ Hog farms at \$0.7 billion.

If the BSE situation had not occurred, cattle farms would likely have retained its position as the second largest exporter; cattle farms had exports of \$1.8 billion in 2002.

The top food manufacturing areas in 2004 were:

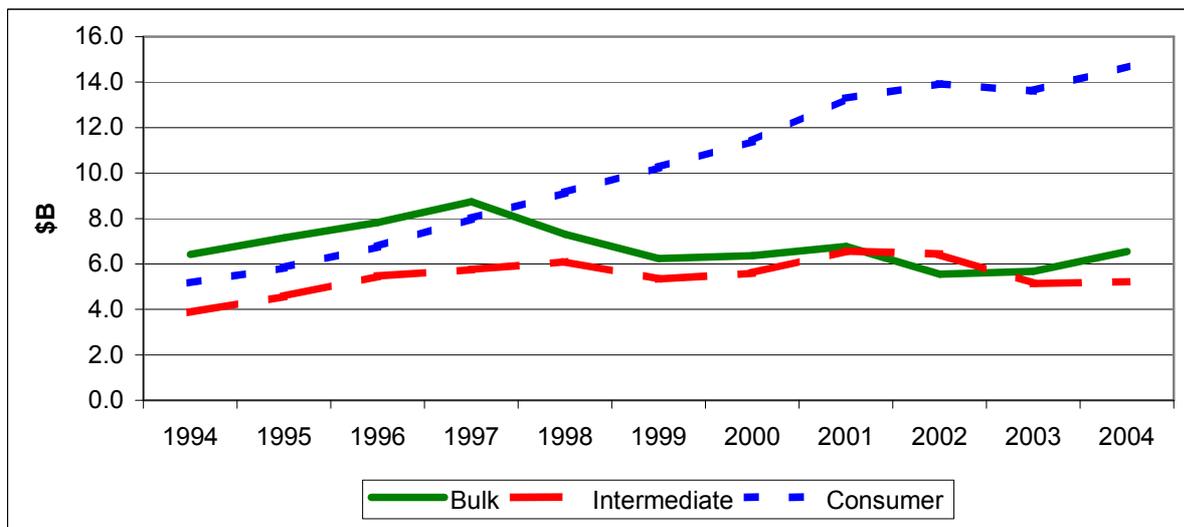
- ❑ Processed meats at \$5.2 billion,
- ❑ Other processed food products at \$1.9 billion,
- ❑ Confectionary products at \$1.3 billion, and
- ❑ Processed frozen fruit and vegetables at \$1.2 billion

A listing of export values for the 2000 to 2004 period by farms and food manufacturers based on the 4 digit SIC code approach is shown in Annex A and Annex B at the end of the report.

Consumer Oriented Foods Continue to Increase in Importance

The above data is based on whether foods are processed or not. Some agricultural products are consumer ready, such as many fruits and vegetables, while others require transformation before they are consumer ready. Canada and the U.S. have organized export data based on the BICO (Bulk - Intermediate - Consumer-Oriented) classification system, based on the HS trade data at the 6-digit code level, which accounts for the consumer orientation of agri-food exports. Figure 3 shows the trend since 1994 in export values for bulk⁴, intermediate⁵ and consumer⁶-oriented agri-food exports.

Figure 3 Trends in Export, Bulk, Intermediate and Consumer-Oriented Exports



This classification of trade data shows that bulk exports (e.g., grains and oilseeds) have been relatively flat over the 1994 to 2004 period, with export values at \$6.4 billion in 2004 and \$6.5 billion in 2004. The highest value was in 1997 at \$8.7 billion in export value. Exports of intermediate products have grown by 35% over this time period, from \$3.9 billion to \$5.2 billion in 2004.

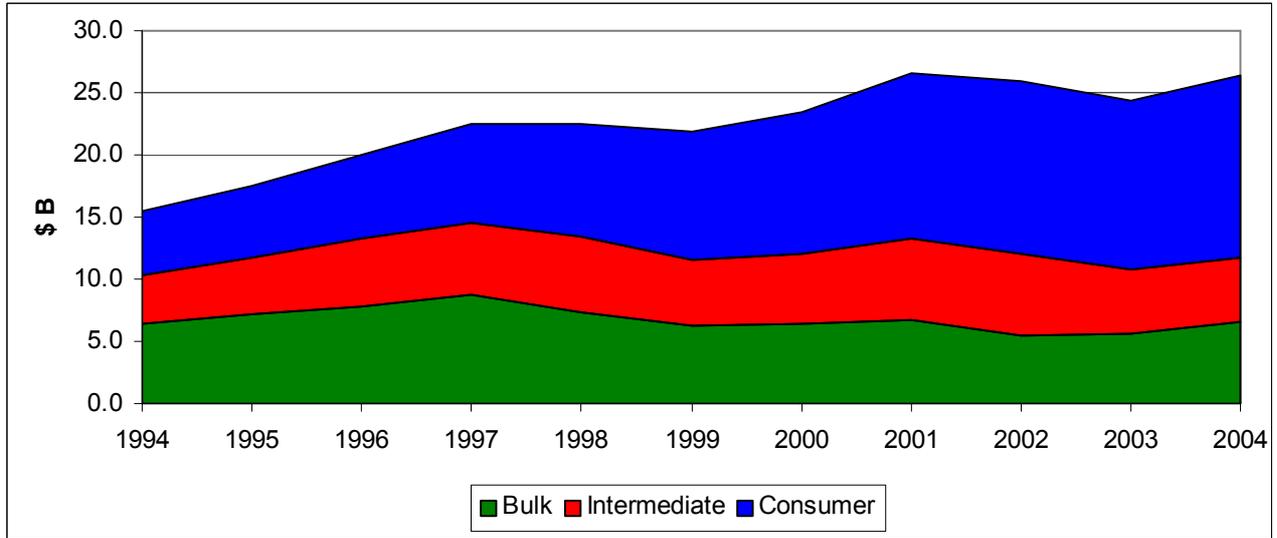
In contrast, consumer oriented agri-food products have increased in value by 184% over the time period, from \$5.2 billion to \$14.7 billion in 2004. Figure 4, provides another view of exports by the value added content of these exports.

⁴ "Bulk" agricultural products include those commodities which have received little or no processing, such as wheat, corn, tobacco and soybeans.

⁵ "Intermediate" agricultural products consist mostly of semi-transformed products (such as wheat flour, vegetable oils, and hides and skins) which have received some processing, but are generally not yet ready for final consumption. All live animals are included in "intermediate" since they are finished with feed and another stage is required to make them ready for consumption.

⁶ "Consumer-oriented" agricultural products require little or no additional processing and are generally ready for final consumption at either the food retail or food service level. While most consumer-oriented products have undergone various degrees of processing, the category also includes unprocessed items such as fresh fruit and vegetables and nursery products. In some cases however, products classified as consumer foods may also be used by food processors as ingredients in other foods. These products, some of which are not ready for final consumption, can include spices, dairy and egg products, tree nuts, and dried fruits.

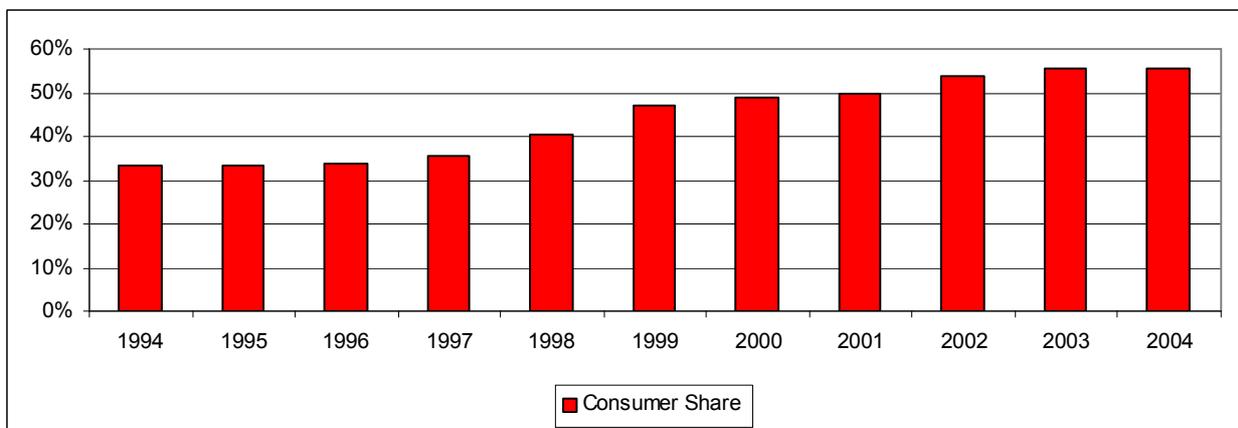
Figure 4 Trends in Export, Bulk, Intermediate and Consumer-Oriented Exports



The composition of bulk exports, intermediate exports and consumer oriented agri-food exports are highlighted in Annexes C, D and E, based on the 2 digit HS code classification. For example, grains and oilseeds accounted for \$6.3 of the \$6.5 billion in bulk exports in 2004 (Annex C). Live animal, fats and oils, and vegetable products not ready for immediate consumption are the top intermediate products (Annex D). Annex E indicates that meat products, grain based food products, beverages and spirits, and fruit and vegetable products are the top-four consumer-oriented food products exported out of Canada.

These consumer-oriented exports have increased in importance and now account for 55% of the \$26.4 billion in agri-food exports; they accounted for 33% in 1994, as shown in Figure 5

Figure 5 Consumer-Oriented Products as Share of Total Agri-Food Exports



Canada Had Five \$ Billion Export Accounts in 2004

The top 9 export destinations for Canadian agri-food export are shown in Table 1. After the United States, Japan, the EU-15, China, and Mexico are the export destination worth over \$1 billion in agri-food exports. China, Mexico and South Korea were the largest growth markets in 2004 relative to 2003.

Table 1 Destination of Canada's Agri-Food Exports, 2003 and 2004

	2003	2004	Change
	<i>\$ million</i>	<i>\$ million</i>	<i>%</i>
U.S.	15,509	16,025	3.3%
Japan	2,324	2,495	7.4%
EU 15	1,701	1,575	-7.4%
China	392	1,215	209.9%
Mexico	733	1,176	60.4%
Hong Kong	210	261	24.3%
South Korea	152	241	58.6%
Taiwan	203	202	-0.5%
Brazil	83	41	-50.6%
Total	24,439	26,453	8.2%

Ontario is the Leading Exporting Province

Ontario is the largest agri-food product exporting province; its volume of agri-food exports in 2004 stood at \$8.5 billion, which was 2.9% above prior year levels. This export volume represents 32% of Canadian export volumes, with Alberta second at 18.5% of 2004 exports.

Table 2 Agri-Food Exports by Province, 2003 and 2004

Province	2003	2004	Change
	<i>\$ million</i>	<i>\$ million</i>	<i>%</i>
Ontario	8,265	8,508	2.9%
Alberta	3,998	4,833	20.9%
Saskatchewan	3,267	3,636	11.3%
Quebec	3,433	3,583	4.4%
Manitoba	3,101	3,390	9.3%
British Columbia	1,415	1,611	13.9%
Atlantic Canada	960	892	-7.1%
Total	24,439	26,453	8.2%

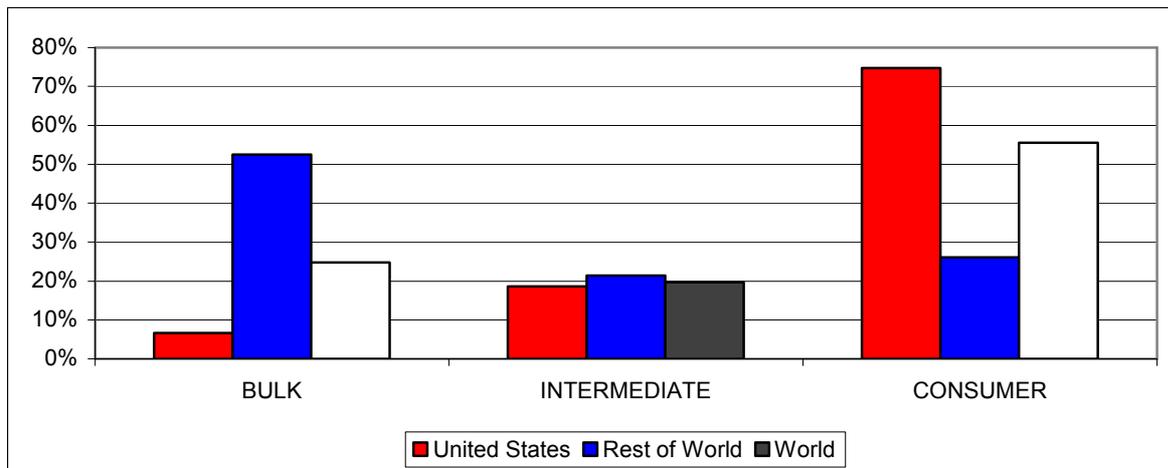
The US Accounts for Sixty Percent of Canada's Agri-Food Exports

The United States is Canada's largest trade partner. For all 2004 merchandise goods, Canada's export value of \$351 billion that was bound for the U.S. represents 81.7% of all merchandise exports; the \$16.0 billion of agri-food product exports to the U.S. accounted for 60.7% of all 2004 agri-food exports. It can be said that the agri-food sector has a more diversified export market than all merchandise goods exports.

The United States is home to 81.5% of Canada's consumer-oriented agri-food product exports, with \$12.0 billion of the \$14.7 total value shipped into the U.S. On the other hand, only 16.3% of the bulk agri-food exports, with a value of \$1.1 billion, are destined for the United States.

While 55.6% of all agri-food exports are classified as consumer-oriented, almost three-quarters (74.7%) of the exports to the U.S. are of this category; and only 26.1% of the exports to the rest of the world are classified as consumer oriented (see Figure 6). Over half (52.5%) of exports to countries other than the U.S. can be classified as bulk agricultural exports, such as grains and oilseeds.

Figure 6 Share of Exports to U.S. as Bulk, Intermediate and Consumer, 2004



This report shows that Canada's agri-food exports continue to increase, with processed food products and consumer oriented agri-food products the major contributors to export growth over the 1994 to 2004 period.

Annex A Exports of Primary Products by Type of Farm Operation, (\$ Canadian)

	2000	2001	2002	2003	2004
0131 - Wheat Farms	3,687,554,099	3,881,892,683	3,075,032,480	2,826,018,590	3,478,864,979
0112 - Cattle Farms	1,138,043,084	1,661,903,935	1,831,721,802	591,965,774	0
0133 - Oilseed Farms (Except Corn)	1,686,579,009	1,820,345,142	1,600,819,498	2,038,578,760	2,093,092,556
0136 - Dry Field Pea and Bean Farms	921,770,257	984,713,739	737,623,830	744,615,568	834,266,826
0152 - Other Vegetable Farms	459,221,157	550,919,523	580,050,762	650,875,093	705,464,245
0113 - Hog Farms	447,149,334	556,483,516	487,446,938	559,970,283	702,830,837
0132 - Small-Grain Farms (Except Wheat)	596,118,639	656,317,079	416,192,395	399,802,856	567,167,450
0163 - Nursery Products	312,091,935	359,799,584	372,970,181	348,222,758	330,775,575
0135 - Forage Seed and Hay Farms	277,261,113	310,143,970	341,832,096	298,867,787	296,295,470
0169 - Other Horticultural Specialties	187,834,929	243,650,199	277,950,204	258,936,020	266,994,720
0151 - Fruit Farms	132,342,853	141,143,699	160,642,703	161,838,838	179,737,267
0123 - Furs and Skins Ranches	148,735,063	160,604,203	153,483,423	160,901,975	177,459,687
0138 - Potato Farms	141,360,010	122,280,679	185,026,622	148,885,398	121,619,939
0161 - Mushrooms	62,627,687	79,683,484	94,167,081	99,351,903	109,467,473
0162 - Greenhouse Products	99,716,638	109,689,330	104,772,433	95,029,767	87,124,125
0134 - Grain Corn Farms	56,536,807	38,878,807	61,051,247	59,450,352	84,014,852
0122 - Horse and other Equine Farms	52,778,251	60,771,267	57,957,783	47,560,704	54,276,872
0114 - Poultry and Egg Farms	35,647,819	35,103,607	44,364,027	43,580,643	49,824,981
0129 - Other Animal Specialty Farms n.e.c.	46,328,397	48,153,702	47,236,611	41,364,313	42,504,118
0121 - Honey and Other Apiary Product Farms	26,040,472	24,230,453	47,532,998	35,199,748	27,724,285
0115 - Sheep and Goat Farms	10,209,996	15,304,058	21,991,053	14,156,154	2,654,447
0139 - Other Field Crop Farms	1,703,841	4,087,793	973,554	1,692,534	582,837
Total Primary:	10,527,651,390	11,866,100,452	10,700,839,721	9,626,865,817	10,212,743,541
<i>Primary as % of Total Exports:</i>	<i>45.05%</i>	<i>44.55%</i>	<i>41.31%</i>	<i>39.39%</i>	<i>38.61%</i>

**Annex B Exports of Processed Products by Type of Food Manufacturer,
(\$ Canadian)**

	2000	2001	2002	2003	2004
1011 - Meat and Meat Products Industry (Except Poultry)	4,218,644,391	5,071,260,466	5,035,598,127	4,351,749,809	5,203,277,905
1099 - Other Food Products Industries n.e.c.	1,389,933,588	1,517,980,283	1,716,840,845	1,677,599,687	1,938,030,817
1083 - Sugar and Chocolate Confectionary Industry	806,427,366	1,011,722,862	1,132,046,602	1,406,986,128	1,349,033,560
1032 - Frozen Fruit and Vegetable Industry	878,194,612	943,009,925	968,333,211	1,096,924,322	1,234,377,519
1072 - Bread and Other Products Industry	475,630,151	552,428,083	647,576,879	720,767,920	793,426,461
1061 - Vegetable Oil Mills (except Corn Oil)	444,700,080	402,781,242	304,631,626	370,420,666	599,480,759
1121 - Distillery Industry	652,035,854	652,713,170	495,924,824	509,377,189	536,623,885
1071 - Biscuit Industry	364,280,686	387,942,885	470,551,985	496,861,563	518,875,314
1053 - Feed Industry	512,820,805	580,378,214	616,453,372	513,181,339	469,752,779
1031 - Canned and Preserved Fruit and Vegetable Industry	333,081,256	388,914,062	429,832,550	427,460,106	456,387,996
1111 - Soft Drink Industry	265,430,737	212,938,549	221,930,640	412,886,436	391,590,124
1052 - Prepared Flour Mixes & Prepared Cereal Foods Industry	180,999,762	246,726,691	317,391,365	335,161,319	317,315,164
1049 - Other Dairy Products Industry	323,038,828	451,947,291	385,885,595	346,346,898	314,641,422
1131 - Brewery Industry	326,547,564	373,441,942	343,054,005	329,350,631	300,928,910
1091 - Tea and Coffee Industry	277,041,455	272,599,727	276,149,560	246,619,935	243,534,704
1094 - Malt and Malt Flour Industry	202,382,443	258,568,754	243,307,169	209,486,248	227,154,922
1082 - Chewing Gum Industry	113,937,666	183,379,737	206,739,164	239,256,440	211,399,976
1012 - Poultry Products Industry	108,501,705	148,511,482	166,597,022	160,427,129	192,075,066
1051 - Cereal Grain Flour Industry	93,553,520	102,131,665	130,843,274	113,919,699	119,177,695
1092 - Dry Pasta Products	121,892,382	83,638,688	68,413,667	109,601,007	110,505,748
1093 - Potato Chip; Pretzel and Popcorn Industry	122,105,116	149,261,455	158,174,307	136,680,329	107,357,267
1041 - Fluid Milk Industry	23,927,416	54,159,984	60,769,745	40,968,132	49,009,359
1141 - Wine Industry	80,367,035	106,625,971	112,358,858	66,725,041	43,348,788
1081 - Cane and Beet Sugar Industry	20,567,246	23,837,658	26,359,513	20,749,638	31,296,966
Total Processed:	12,336,041,663	14,176,900,784	14,535,763,903	14,339,507,611	15,758,603,105
<i>Processed as % of Total Exports:</i>	<i>52.78%</i>	<i>53.22%</i>	<i>56.11%</i>	<i>58.67%</i>	<i>59.57%</i>

Annex C Exports of Bulk Products by the 2-Digit HS Code, (\$ Canadian)

HS	PRODUCT DESCRIPTION	2001	2002	2003	2004
10	Grains, bulk or cereals	4,659,036,572	3,672,552,607	3,393,355,084	4,203,259,635
12	Oilseeds, seeds for sowing, fodder	1,820,341,552	1,600,914,069	2,038,627,956	2,093,102,255
09	Coffee, tea, maté and spices	135,797,527	128,831,265	116,614,473	120,190,278
24	Tobacco and manufactured tobacco substitutes	116,805,675	107,260,058	94,592,510	89,450,263
53	Other textile fibres	28,059,130	18,185,272	16,369,472	14,159,873
17	Sugars and sugar confectionery	9,330,680	11,284,067	10,062,364	6,953,634
40	Natural rubber (*excludes synthetic)	4,545,612	3,048,186	7,566,277	7,725,606
51	Wool, animal hair (*excludes yarn, fabric)	2,502,985	3,063,104	4,790,482	4,199,675
52	Cotton, raw (*excludes yarn, fabric)	1,181,371	303,846	522,531	657,110
18	Cocoa and cocoa preparations	154,313	1,350,620	276,860	257,583
	TOTAL	6,777,755,417	5,546,793,094	5,682,778,009	6,539,955,912

Annex D Exports of Intermediate Products by the 2-Digit HS Code, (\$ Canadian)

HS	PRODUCT DESCRIPTION	2001	2002	2003	2004
01	Live animals	2,391,325,695	2,497,798,201	1,302,248,519	855,172,428
07	Edible vegetables and certain roots and tubers, pulses	984,713,739	737,623,830	744,615,568	834,266,826
15	Animal/veg fats & oils, margarine	657,200,327	653,117,682	699,306,706	999,778,584
23	Food industry residues & waste, prepared fodder	568,464,264	570,697,914	568,787,616	628,226,480
11	Grains products, malt, starches	519,888,643	573,301,142	519,513,381	527,409,354
12	Oilseeds, seeds for sowing, fodder	391,071,044	356,480,865	308,733,959	356,088,911
41	Raw hides, skins (*excludes mfg. leather)	281,934,145	297,249,504	286,189,954	321,876,046
43	Furskins (*excludes finished furs)	190,630,653	188,891,158	199,941,235	215,034,522
05	Products of animal origin	161,450,772	157,749,281	129,074,849	126,922,174
04	Dairy products, eggs & honey	140,191,304	102,078,335	77,733,689	42,050,580
17	Sugars and sugar confectionery	97,886,953	86,561,715	69,589,668	82,626,346
21	Miscellaneous edible preparations	81,518,503	87,150,027	83,286,290	74,428,129
35	Caseins & albumins	29,703,534	37,016,574	52,231,341	58,991,116
33	Essential Oils	27,582,921	29,523,538	37,010,552	36,536,468
18	Cocoa and cocoa preparations	21,292,362	18,784,167	25,935,191	21,143,101
13	Lac; gums, resins & other vegetable saps & extracts	12,194,305	17,359,289	20,278,415	20,366,915
09	Coffee, tea, maté and spices	12,738,555	13,903,632	14,387,069	14,763,824
14	Vegetable plaiting materials; other vegetable products	4,997,563	4,754,434	4,334,049	2,752,729
	TOTAL	6,574,785,282	6,430,041,288	5,143,198,051	5,218,434,533

Annex E Exports of Consumer-Oriented Products by HS Code, (\$ Canadian)

HS	PRODUCT DESCRIPTION	2001	2002	2003	2004
02	Meat and edible meat offal	4,448,039,100	4,378,774,196	3,775,590,997	4,598,286,417
19	Preparations of grains, pasta	1,543,843,224	1,828,374,907	1,934,836,528	2,000,780,531
22	Beverages, spirits and vinegar	1,535,110,986	1,413,338,751	1,312,922,791	1,257,581,424
20	Preparations of vegetables, fruit & nuts	1,082,541,289	1,116,816,838	1,210,902,428	1,310,759,420
21	Miscellaneous edible preparations	862,538,908	947,088,473	934,006,831	1,169,165,225
07	Edible vegetables and certain roots and tubers, pulses	839,279,437	960,004,304	1,007,777,952	1,055,556,081
18	Cocoa and cocoa preparations	709,561,051	826,696,302	984,904,513	937,275,464
17	Sugars and sugar confectionery	543,394,853	600,142,224	729,188,806	664,557,694
06	Live tree, plant, flowers floriculture	513,376,697	521,997,603	480,610,145	453,154,545
04	Dairy products, eggs & honey	347,988,797	378,171,150	332,981,300	301,761,815
08	Fruit & nuts	275,514,566	293,295,085	325,650,367	368,212,532
16	Preparations of meat (excluding seafood)	277,267,017	296,058,513	281,236,821	268,964,810
23	Food industry residues & waste, prepared fodder	206,375,510	231,607,968	183,590,373	177,814,124
24	Tobacco and manufactured tobacco substitutes	61,645,734	83,913,382	78,452,526	79,881,615
15	Animal/veg fats & oils, margarine	29,521,942	42,134,194	34,214,840	39,388,803
09	Coffee, tea, maté and spices	6,305,925	7,039,307	7,594,814	12,167,350
	TOTAL	13,282,305,036	13,925,453,197	13,614,462,032	14,695,307,850

Annex F Top 10 Export Destinations by BICO Classification

Exports of Bulk Products - Top 10 Export Destinations, (\$ Canadian)

	2001	2002	2003	2004
TOTAL:	6,777,755,417	5,546,793,094	5,682,778,009	6,539,955,912
Japan	1,019,607,796	1,063,471,560	1,098,827,322	1,183,314,694
United States	1,307,949,836	1,212,076,987	905,339,849	1,065,753,742
China, P. Rep.	684,745,676	120,188,078	202,598,052	900,273,037
Mexico	509,415,292	398,276,647	444,330,405	613,968,373
Belgium	195,329,440	305,500,644	358,960,817	281,376,014
Italy	120,398,041	86,346,627	284,775,961	239,568,484
Venezuela	210,553,460	177,061,370	128,763,932	167,135,002
Algeria	205,977,425	323,006,113	206,488,682	150,566,587
Indonesia	136,815,707	152,149,692	70,026,428	147,088,069
Philippines	162,144,143	110,556,530	122,314,742	133,387,770

Exports of Intermediate Products - Top 10 Export Destinations, (\$ Canadian)

	2001	2002	2003	2004
TOTAL:	6,574,785,282	6,430,041,288	5,143,198,051	5,218,434,533
United States	4,323,339,017	4,520,298,639	3,232,475,633	2,984,993,853
Japan	385,553,573	350,693,309	307,437,550	331,287,730
China, P. Rep.	123,461,049	146,425,526	148,647,845	249,325,947
Hong Kong	195,654,777	169,908,628	167,438,958	212,248,762
Taiwan	90,236,104	121,085,501	136,471,533	129,737,580
Mexico	143,827,113	92,648,315	84,589,405	114,933,928
Spain	109,524,310	27,090,613	66,620,549	110,729,738
India	199,186,826	126,943,714	123,093,698	105,559,545
Korea, South	115,244,650	115,842,211	48,594,675	83,002,601
Italy	52,200,611	61,389,373	57,155,962	62,293,198

Exports of Consumer Oriented Products - Top 10 Export Destinations, (\$ Canadian)

	2001	2002	2003	2004
TOTAL:	13,282,305,036	13,925,453,197	13,614,462,032	14,695,307,850
United States	10,950,218,516	11,664,780,784	11,371,419,408	11,974,331,641
Japan	947,734,603	907,449,794	917,708,769	980,743,341
Mexico	295,278,774	278,847,933	204,333,333	447,272,650
Australia	75,173,440	82,719,241	107,898,320	137,232,039
United Kingdom	104,996,728	97,691,256	110,659,061	107,300,911
Korea, South	77,490,179	109,969,515	79,871,100	81,546,153
Taiwan	47,240,120	62,921,937	64,870,310	69,624,479
China, P. Rep.	33,131,067	42,293,740	41,154,795	65,508,926
France	57,657,840	54,489,400	64,317,136	59,629,611
Germany	45,507,135	54,683,270	57,159,110	56,330,458