

International Food Supply Chain Recovery

General Update

- For the first two months of 2021, Canadian agri-food and seafood exports increased by 15.3%, reaching \$11.7 billion compared to \$10.1 billion for the same period last year.
- Top destinations for agri-food and seafood exports continue to be the US, with 49.2% of exports, China at 14.6%, Japan at 6.6%, and the EU27 at 4.8%. It is notable that the EU27 has grown in value by 11.3% from the same period in 2020.
- Canada's agri-food and seafood imports reached \$8.3 billion in the first two months of 2021, an increase of 1.9% compared to the same period last year

United States:

- In 2020, after dropping by roughly a third in Q2, U.S. GDP has rebounded by that same amount in Q3, and continued to grow by 4.3% in Q4 (source: U.S. Bureau of Economic Analysis). Unemployment has continued to decrease since peaking in April, now sitting around 2.5% above pre-COVID levels (source: Federal Reserve Economic Data (FRED)). The interest rate has remained low and stable since decreasing in March (source: FRED).
- The majority of U.S. food service sectors are open at varying degrees across states (source: New York Times). Many states have initiated re-opening plans due to a decline in COVID-19 cases. In January, restaurant sales remained below January 2020 levels by about 9% (source: FRED). Conversely, grocery sales were up approximately 11% in January 2021 compared to the previous year (source: FRED). At this time, there are no major impacts on Canadian agriculture and agri-food exports to the U.S. However, we continue to monitor the situation.
- The Canada-U.S. border will remain closed to non-essential travel until April 21, 2021. Nonetheless, Canadian agri-food and seafood exports to the U.S. so far this year (\$5.7 billion, Jan&Feb) are up 5.0% compared to last year. Exports in February (\$2.8 billion) decreased 7.0% from January.

Mexico:

- Mexico's GDP contracted by 8.5% in 2020. An upturn of 4.53% is expected in 2021. Economic re-opening, increased use of online sales platforms and spillover effects from growth in the U.S. are significant contributors to economic recovery. While unemployment has been on a decline since peaking in June, the labour market remains uncertain as many turn to the informal sector and jobs offering insufficient work hours. (source: Deloitte Insights and Banxico).
- Restaurants in Mexico City continue to operate with restrictions on indoor dining and hours of operation. However, these restrictions continue to become more flexible (source: Mexico City Gazette).
- The closure of the U.S.-Mexico border has been extended to at least April 21, 2021. Nonetheless, Canadian agri-food and seafood exports to Mexico are up 33.8% so far this year (\$367.2 million, Jan.&Feb.) compared to last year. Exports in February (\$168.4 million) decreased 15.3% from January.

EU27

- For the first two months of 2021, Canadian agri-food exports to the EU27 increased by 12.6%.
 - Key commodities contributing the increase in Canadian agri-food exports include canola seed, and durum wheat.
- Canola seeds to the EU27 reached \$171.8 million for the first two months of 2021 and is up 7.3% compared tot the same period in 2020. Most of this canola seed increase is attributed to exports to the Netherlands (\$+31.4 million /+100%) and France (+\$12.9 million / +13.2%).

- Canada's exports of durum wheat to Italy increased by 125.3% compared to the same period in 2020, reaching \$71.7 million in the first two months alone. This represents the highest first two months on record.

CHINA

- For the first two months of 2021, Canadian agri-food and seafood exports to China increased 71% over the same period in 2020.
- Canola seed exports to China increased in the first two months of 2021, reaching \$127 million, an increase of 100% from the same period in 2020.
- Beef and beef products exports to China in the first two months of 2021 reached approximately \$9 million, an increase of 68% from the same period in 2020.
- However, pork and pork products exports to China saw a decline of 30% in the first two months of 2021 compared to the same period in 2020.
- According to the "China Policy" news publication, global exporters, especially those selling time-sensitive frozen products, were faced with challenges getting their products in time to Chinese consumers. Shipments were affected by container shortages combined with disruptions at local ports due to COVID-19 protocols and control measures.
- China's Ministry of Agriculture and Rural Affairs reported that African Swine Fever (ASF) outbreaks in several major pig-producing Chinese provinces are threatening once again the claimed recovery of domestic pork supply to pre-ASF levels by the second half of 2021.
- According to the Chinese news outlet Sina Finance, China recently lifted travel restrictions within the country. The ease of restrictions allowed the tourism and catering sectors to boost sales and attain their 2019 level following a three-day national holiday. Catering consumption also increased 9.2% year-on-year from 2020.
- On February 23, 2021, the Chinese State Administration of Market Regulation published the "green catering" national standard which is defined as anti-food waste, environmentally friendly, safe and healthy. The Standard will be officially implemented on June 1, 2021. The pandemic has put the spotlight on food safety and healthy diets, both prioritized by the Standard, which emphasizes the training of catering industry workers on health management and food nutrition.

JAPAN

- On March 18, 2021, Japan's Prime Minister announced the lifting of the state of emergency covering four remaining prefectures, including Tokyo, as of Sunday, March 21.
- For the January-February 2021 period, Canadian agri-food and seafood exports to Japan were valued at \$770M, a decrease of 2.8% compared to the same period in 2020.

SOUTH KOREA

- For the January-February 2021 period, Canadian agri-food and seafood exports to South Korea totalled \$154.5 million, an increase of 22.9% compared to the same period in 2020.
- The most significant increase during this period were seen in exports of canola oil, reaching \$31.4 million, an increase of 44.5% compared to the same period in 2020.
- Other increases were seen in exports of food preparation, reaching \$21.2 million and increasing 15.0%; wheat, reaching \$15 million and increasing by 22.3% ; and fish and seafood, reaching \$15.9 million and increasing by 20.6%.
- By 2021, the Korean food industry expects the overall size of the organic food and agriculture market to exceed CAD\$2.3 billion, an increase of 47.6% since 2018. Health benefits have become an increasingly important factor in food purchasing decisions for many consumers during the COVID-19 period.

- According to a recent survey commissioned by the Korean government, in 2020, 68.9% of adults reported eating functional foods daily for health purposes, compared to 50.2% in 2012, when a similar survey was conducted.