

International Markets Update

U.S.

- For the third quarter in a row, the U.S. has seen growth in gross domestic product. In the first quarter, GDP was up 6.4% (source: U.S. Bureau of Economic Analysis). The unemployment rate in June was 5.9%, which is approximately 2.4 percentage points.
- Food service establishments in most states are open with little-to-no restrictions (source: New York Times). We are monitoring the impacts of U.S. re-opening on the Canadian agricultural sector and will relay pertinent findings.
- The Canada-U.S. border will remain closed to non-essential travel until July 21, 2021. However, travel restrictions are beginning to ease. Starting August 9, 2021, fully vaccinated U.S. citizens and permanent residents living in the U.S. will be able to visit Canada without having to quarantine for two weeks. Canada's borders are to open for fully vaccinated travelers from all other countries on September 7, 2021.
- Canadian agri-food and seafood exports to the U.S. are up year over year. Exports in May increased by 12% from May 2020 and by 21.8% from the previous month (April) 2021
- On July 9, 2021, the USDA announced its intention to reallocate \$500 million in funding appropriated under the American Rescue Plan to expand meat and poultry processing capacity and \$155 million for existing small and very small processing facilities to weather COVID, compete in the marketplace and reach more customers.
- On July 13, 2021, the USDA announced the new Pandemic Livestock Indemnity Program (PLIP). The Consolidated Appropriations Act, 2021, authorized payments to producers for losses of livestock or poultry depopulated from March 1, 2020, through December 26, 2020, due to insufficient processing access as a result of the pandemic.

Mexico

- Mexico's central forecasts Mexico's GDP growth to be 5.80% this year (as opposed to an earlier forecast of 5.16%). Growth is apparent in Mexico's exports, which increased by 136% in May.
- The closure of the U.S.-Mexico border has been extended to at least July 21, 2021.
- Canadian agri-food and seafood exports to Mexico are up year over year. Exports in May increased, by 47.9% from the same period in 2020 and by 16% from the previous month in 2021.

CHINA

- From January to May 2021, Canadian agri-food and seafood exports to China increased 37% by value over the same period in 2020. Key export growth in 2021 continues to be led by increased exports of canola seed (+39.3%), canola oil (+59.7%), barley (+250.7%), non-durum wheat (+93.8%), and dried peas (+43%).
- Beef and beef products exports to China from January to May 2021 reached approximately \$67.8 million, an increase of 80.5% from the same period in 2020.
- Pork and pork products exports to China fell to \$491 million from January to May 2021, representing a decline of 36.9% compared to the same period in 2020.
- According to the Chinese news outlet Sina Finance, domestic pork prices have declined by 37% year-over-year in June, as prices continue to be affected by growing domestic pork supplies. Foreign exporters are also expected to face decreasing Chinese demand due to lower domestic prices.

- China's tightened scrutiny of COVID-19-contaminated seafood continues, as a large number of foreign seafood companies and fishing vessels were suspended in June due to COVID-19 contaminations on products. As such, while seafood imports are expected to rise in 2021, Chinese buyers will likely be reluctant to purchase from countries that fail to control the pandemic.

JAPAN

- On July 8th Japan announced a state of emergency for Tokyo that will last until August 22nd.
- For the January – May 2021 period, Canadian agri-food and seafood exports to Japan were valued at \$2.1 billion, a decrease of 0.8% compared to the same period in 2020.
- Declines in pork and wheat exports to Japan were notable during this period totaling \$97.6 million or 15.8% (\$617.4 million in 2020 to \$519.8 million in 2021) and \$78.9 million or 24.1% (\$327.3.1 million in 2020 to \$248.4 million in 2021) respectively, mainly due to the negative impacts of COVID-19 on the Japanese foodservice sector.
- These declines were partly offset by growth of \$155.8M or 30.2% in exports of canola seed from Jan-May 2021 (\$515.9M in 2020 to \$671.6 million in 2021) and \$14.9 million or 11.6% in exports of beef products (\$128.2 million in 2020 to \$143.1 million in 2021).

SOUTH KOREA

- On July 1st, South Korea relaxed its social distancing measures and increased the maximum number of people allowed to meet in private, except in Seoul where the government's social distancing measures were postponed until mid-July due to new COVID-19 cases.
- For the January - May 2021 period, Canadian agri-food and seafood exports to South Korea were valued at \$425.9.3 million, an increase of 34.9% compared to the same period in 2020.
- Growth during this period was led by a \$63.2 million or 137.9% increase in exports of canola oil (\$45.8 million in 2020 to \$108.9.7 million in 2021), an \$15.5 million or 27.8% increase in exports of pork products (\$56.1 million in 2020 to \$71.6 million in 2021), and a \$14.5 million or 97.8% increase in exports of beef products (\$14.8 million in 2020 to \$29.3 million in 2021).

EUROPE

- For the January to May 2021 period, Canadian agri-food and seafood exports to the EU 27 were valued at C\$1.4 billion, an increase of 0.86% compared to the same period in 2020.
- Durum wheat and dog/cat food (put up for retail sale) are currently Canada's top exports to the EU27 from January to May 2021, with Durum wheat experiencing an increase (+30.84%) in exports compared to the same time in 2020.
- We are monitoring the effects of the COVID-19 pandemic on the European agriculture sector and its impact on Canadian exports. To this point, European and Canadian agri-supply chains continue to function normally.
- COVID-19 cases are rising across the EU which has led to the reinstatement of public health safety measures in certain countries.