

MANITOBA ANALYTICS

Agrifood Export Performance in 2020



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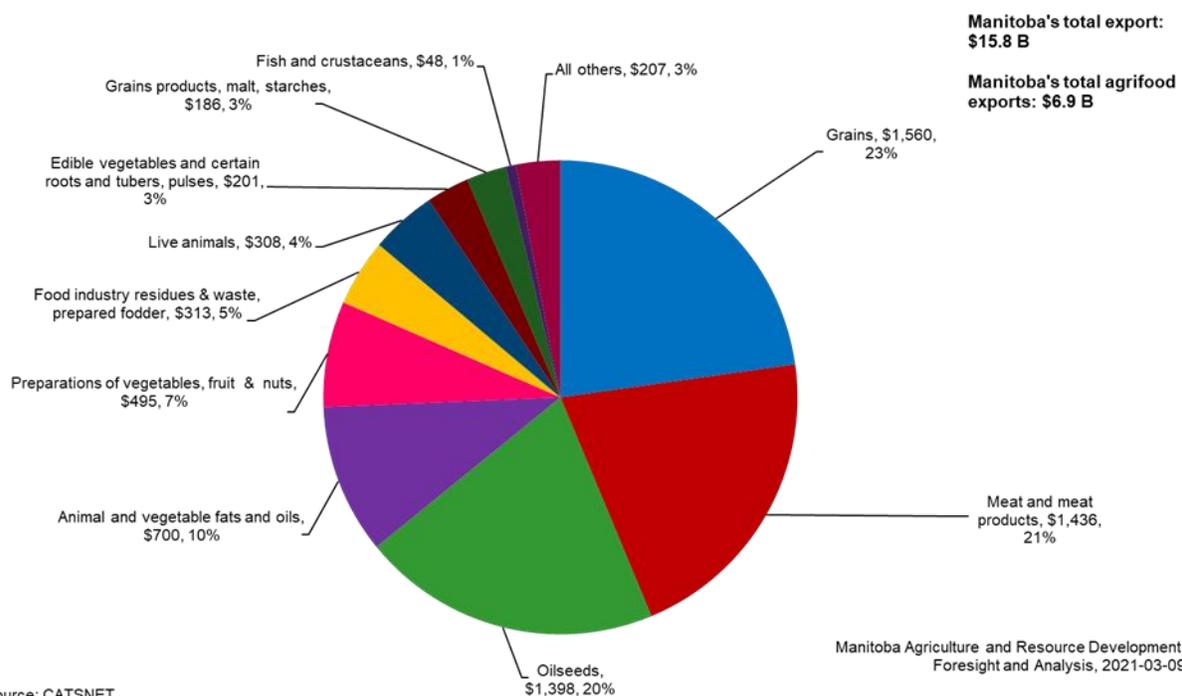
COVID-19 caused an unprecedented shock to the global agrifood supply chain, temporarily disrupting supply and demand for food. This disruption also tested the resilience of Manitoba's agrifood sector in a major way. Looking at a full year's worth of agrifood exports, since the first COVID case was reported in China in December 2019, it is clear that Manitoba's agrifood sector adjusted to any challenges presented by the pandemic, and registered a very strong export performance in 2020. This provides assurance to our province's key trade partners and maintains Manitoba's reputation as a dependable supplier of safe, quality agrifood products.

Manitoba exported \$6.9 billion worth of agrifood products in 2020, an increase of 17.1 per cent compared to 2019. During the same period, Manitoba's total international exports decreased by about two per cent, from \$16.1 billion in 2019 to \$15.8 billion the following year. In 2020, Manitoba's agrifood exports accounted for 43.7 per cent of the province's total international exports.

Top 10 Agrifood Export Commodities and Products

Grains accounted for 23 per cent of the total agrifood export values in 2020, followed by meat and meat products (21 per cent), oilseeds (20 per cent), animal and vegetable fats and oils (ten per cent), and preparation of vegetables, mainly frozen potatoes (seven per cent). These five commodities and products constituted 81 per cent of Manitoba's total agrifood exports in 2020. The chart below shows the top 10 agrifood export commodities and products in 2020.

**TOP TEN EXPORT COMMODITY AND PRODUCT GROUPS IN 2020
(MILLIONS OF DOLLARS)**



Source: CATSNET

Manitoba Agriculture and Resource Development,
Foresight and Analysis, 2021-03-09

Export Performance (2020 versus 2019)

In 2020, among the top 10 export commodities and products, oilseed, meat and meat products, preparation of vegetables, fruits and nuts, food industry residues and wastes (mainly canola oil-cake), and grain products showed the largest percentage increases in export growth compared to 2019.

Oilseed export value increased by 47.3 per cent from \$948.7 million in 2019 to \$1.4 billion in 2020, mainly due to the large increase in canola and soybean exports. In March 2019, China suspended the licenses of two major Canadian companies exporting canola to China. This caused Manitoba's canola exports to drop by 22.9 per cent in 2019 compared to 2018. While the licenses of the two companies are still suspended, canola exports to China increased by 74.8 per cent in 2020 compared to the previous year. China accounted for about 21 per cent of Manitoba's international canola exports in 2020. Soybean exports also increased by 96.8 per cent from \$101.3 million in 2019 to \$199.4 million in 2020. Canola and soybeans accounted for 66.5 per cent and 14.3 per cent of the total oilseed export in 2020, respectively. Although they account for a relatively small percentage of the total oilseed exports, flax and sunflower exports also increased by 91.1 per cent and 61 per cent respectively.

Meat and meat product exports showed the second-largest percentage increase, where the export value increased by 24.2 per cent from \$1.2 billion in 2019 to \$1.4 billion in 2020. In June 2019, China banned meat imports from Canada, temporarily affecting Manitoba's meat exports to China until the ban was lifted in November 2019. With that, meat exports to China increased by 160 per cent in 2020. China was the second-largest destination for Manitoba's meat and meat product exports accounting for 24.1 per cent of the total meat and meat product exports in 2020. The 2018 African Swine Fever (ASF) outbreak in China has negatively affected its hog sector, leading to an increased demand for imported pork in China. The top destination for Manitoba's meat and meat product exports, accounting for 43.6 per cent, was Japan. Fresh and frozen pork meat accounted for 88 per cent of the total meat and meat product exports in 2020.

Preparation of vegetables, fruits and nuts showed the third-largest percentage increase in export growth. This category, which is mainly compromised by prepared potatoes, increased by 20.7 per cent from \$410.5 million in 2019 to \$495.4 million in 2020. Although closures of food services because of COVID-19 were expected to affect demand for frozen potatoes, the increased demand for them from households may have offset the potential negative impact of the virus on frozen potato exports.

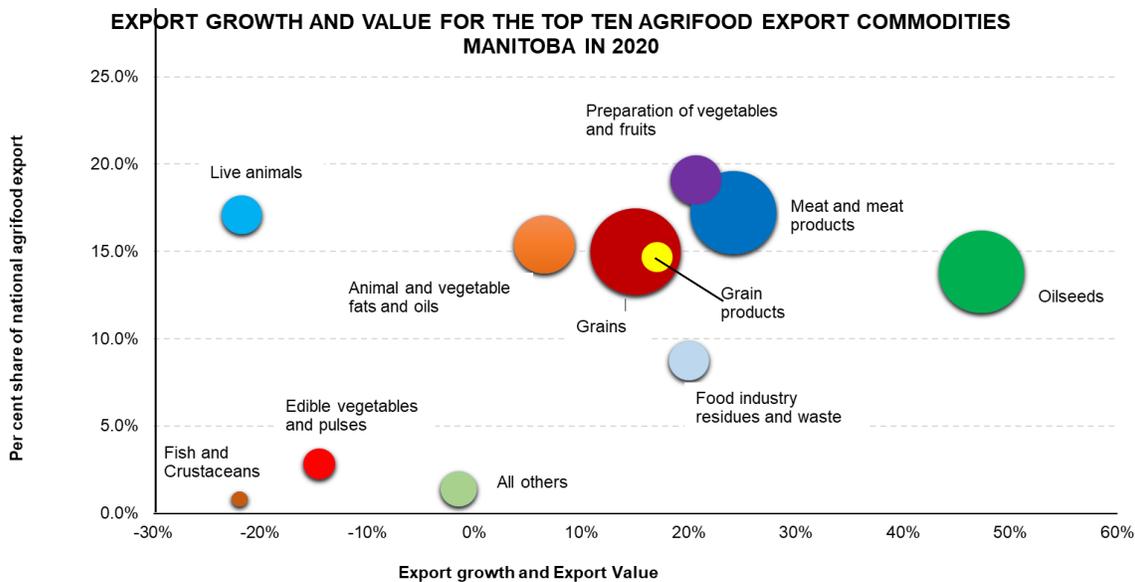
Food industry residues and waste was the fourth largest export category in 2020. Canola oil-cake accounted for 93 per cent of this category, where its export value increased by 19.9 per cent, from \$242.5 million in 2019 to \$290.8 million in 2020. Animal feed preparations, bran, sharps, and other leguminous plant residues constituted the remaining export shares. Grain product exports was the fifth largest export category, with a 15 per cent increase in export value in 2020 compared to the previous year. Cereal groats and meals (38.9 per cent), hulled or pearled oats (36.5 per cent), and malt (10.5 per cent) are the three largest exports in this category.

Grains, the largest category by export value, showed a 15.1 per cent increase in export growth in 2020 compared to 2019. Wheat accounted for 85 per cent of the total grains export value in 2020, followed by oats (8.8 per cent) and barley (3.3 per cent). Buckwheat, corn, and wild rice constituted the remaining 2.8 per cent. Wheat export increased by 15.7 per cent from \$1.15 billion in 2019 to \$1.33 billion in 2020. Oats export also increased by 8.0 per cent from \$126.4 million in 2019 to \$136.5 million in 2020. On the other hand, barley export decreased by 2.8 per cent from \$53.5 million in 2019 to \$52.0 million in 2020. With 15.1 per cent export share, China was the top destination for Manitoba's grains export in 2020 followed by the US (14.7 per cent), Indonesia (8.8 per cent), Japan (9.8 per cent), and Peru (6.2 per cent). These top five destinations accounted for 53.7 per cent of Manitoba's grains export value in 2020.

Fish and crustaceans, live animals, and edible vegetables and pulse exports declined in 2020. The closure of restaurants and other food services reduced the demand for fish, with fresh and frozen fish and fish product exports decreasing by 21.9 per cent from \$60.9 million in 2019 to \$47.5 million in 2020. Similarly, COVID-19 outbreaks in several processing plants led to temporary closures of meat processing facilities in Canada and the U.S., and negatively impacted Manitoba's livestock industry. Because of the supply chain challenges posed by COVID-19, Canadian cattle and hog producers faced lower demand, lower prices and an oversupply of livestock ready for marketing in the first few months after the outbreak. Manitoba's live animal exports declined by 21.8 per cent from \$394.3 million in 2019 to \$308.5 million in 2020. While live hogs and cattle

exports dropped 23.3 and 23 per cent respectively in 2020, exports in these categories are showing clear signs of recovery, particularly in the fourth quarter of 2020, where exports of live hogs and cattle increased by 16.4 per cent and 73.9 per cent. This is compared to the fourth quarter of 2019 and third quarter of 2020, respectively.

The edible vegetable and pulse product category, including dried peas and beans, showed a 14.5 per cent decline in export value. The export of edible vegetables and pulses increased by 27 per cent in the fourth quarter of 2020, compared to the third quarter, showing a gradual export recovery. The graph below shows export growth, product category share and size of export values for Manitoba's top ten agrifood exports. The value of agrifood exports in 2020 is indicated by the size of the bubble. Export increase or decrease is shown on the X-axis, and Manitoba exports are shown on the Y-axis, as a percentage of Canadian agrifood exports for each category.

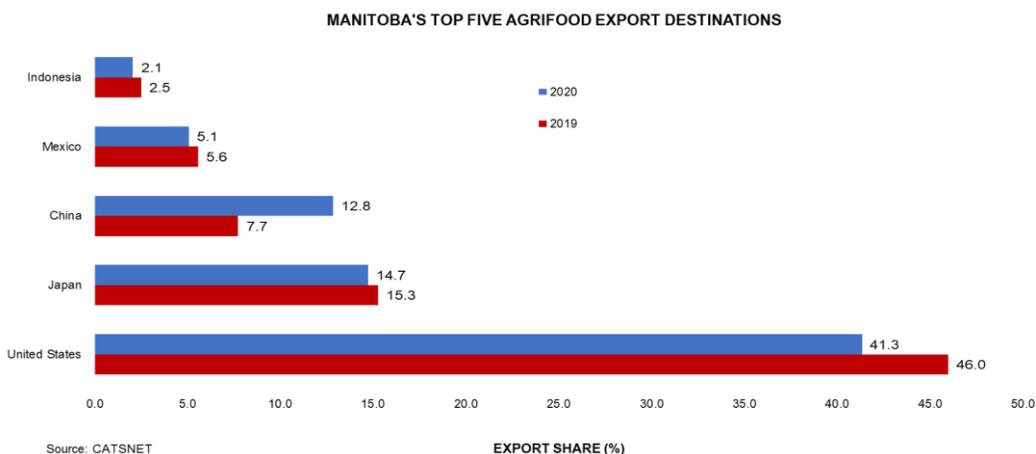


Source: CATSNET

Manitoba Agriculture and Resource Development, Foresight and Analysis 2021-03-23

Top Five Export Destinations

The U.S., Japan, China, Mexico and Indonesia were the top five export destinations for Manitoba's agrifood products in 2020. The top five countries accounted for 76 per cent of Manitoba's total agrifood exports in 2020, one per cent less than the previous year. The U.S. accounted for 41.3 per cent of Manitoba's total agrifood exports, five per cent less than their export share in 2019. Japan and China accounted for 15.3 per cent and 14.7 per cent of Manitoba's total agrifood export share, respectively. In 2020, Manitoba agrifood exports to China showed the largest percentage increase, where export share increased from 7.7 per cent in 2019 to 12.8 per cent in 2020. An easing of Canada-China trade tensions may have led to a large increase in Manitoba exports to China, particularly for canola and meat. The graph below presents the share of the top five destinations for Manitoba's agrifood exports in 2019 and 2020.



Source: CATSNET

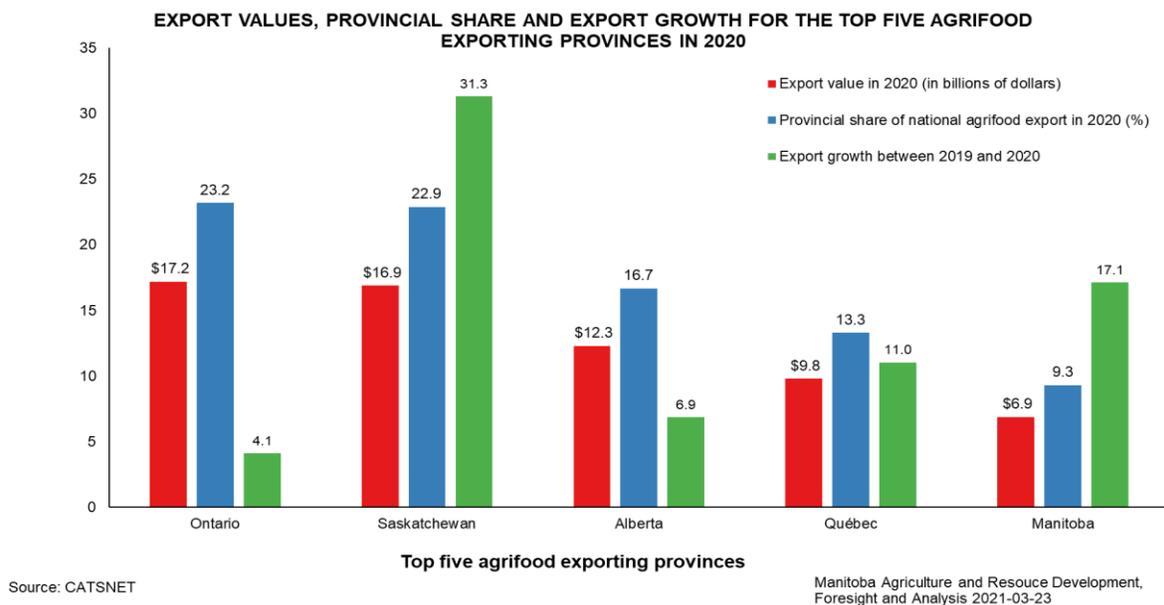
EXPORT SHARE (%)

Main Commodities and Products Exported to the Top Five Export Destinations

The top three export commodities and products exported to the U.S. in 2020 were canola oil (20.7 per cent), prepared and frozen potatoes (16.8 per cent), and canola oil-cake (9.6 per cent). These three commodities and products constituted 47.1 per cent of the total agrifood exports to the U.S. in 2020. The top three agrifood exports to Japan were fresh and frozen pork cuts (64.7 per cent), canola seed (17.8 per cent) and wheat (12.2 per cent). These three commodities and products accounted for 94.7 per cent of the agrifood exports to Japan. Frozen pork cuts (36.6 per cent), canola seed (24.3 per cent) and wheat (22.1 per cent) constituted 83 per cent of the total export values to China. The top three commodities and products exported to Mexico were canola seed (28.1 per cent), canola oil (21.8 per cent) and wheat (13.2 per cent). Wheat constituted 98.6 per cent of the export values to Indonesia. While exports to the U.S. and Mexico were relatively diverse, exports to Japan, China and Indonesia were highly concentrated on pork, canola seeds and wheat.

Manitoba's share of national agrifood exports

In 2020, Manitoba accounted for 9.3 per cent of Canada's \$74 billion in international agrifood exports. Ontario accounted for 23.2 per cent, while Saskatchewan and Alberta accounted for 22.9 per cent and 16.7 per cent respectively. Between 2019 and 2020, Manitoba registered the second-highest export growth next to Saskatchewan. Saskatchewan's agrifood exports grew by 31.3 per cent in 2020, followed by Manitoba at 17.1 per cent. Overall, Canada's agrifood exports grew by 10.4 per cent. The graph below shows export values, provincial shares and export growth for the top five agrifood exporting provinces.



Share of processed agrifood and commodities

Processed food and beverage products represented 48.1 per cent of the total agrifood export value in 2020, while the remaining 51.9 per cent was exported as raw commodities. About 65.8 per cent of the export values to the U.S., 68.1 per cent of the exports to Japan, and 52.1 per cent of the exports to Mexico were processed products. Only about 44.7 per cent exports to China were processed products. Overall, 60 per cent of the agrifood exports to the top five destinations in 2020 were processed products. With nearly half of Manitoba's agrifood product exports being in raw form in 2020, there is substantial room to increase processing capacity in this province.

Contact us

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