Analysis for Canadian Imports of U.S. Southern States Agricultural Symbols

Anthony Connors Shershin
Florida International University, Miami, Florida

1. Introduction

This paper discusses the Canadian imports of official agricultural symbols of southern U.S. states. The purpose will be to see if such official designation is reflected in its exports. Canada is the second largest market for U.S. agricultural products after Japan (and Mexico is third). For our purposes, it is important that Canada is the leading destination for U.S. fresh fruit, accounting for 31% of total U.S. fruit export value during 1999–2001. Even more significant is the fact that 70% of U.S. fresh vegetable exports go to Canada. Most of the official symbols are fruits and vegetables, and that is why this paper examines exports to Canada rather than Japan. (For California and other western states, Japan might be more significant when considering the significance of exports of symbols).

Some states have not designated an official fruit, vegetable, nut, or beverage. If one is not mentioned here, then it has not been so designated by the state’s legislature.

One implicit assumption of this report is that state production, especially for domestic consumption, of these commodities is the basis of such official symbol designation. This paper investigates exports of such commodities.

The southern states discussed here are: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. These are the states comprising membership in the Southern Association of Canadian Studies (SACS).

The author is grateful for the Canadian Statistical website which makes it easy to perform the necessary data analysis for this paper. It is <http://strategis.ic.gc.ca/>. The author is also grateful to his daughter Tania, who is finishing her MBA now, for her critical and cogent comments.
In order to get a feel for the extent of such exports, the state of California is often used here for comparison purposes since it is by far the largest agricultural export state. Also, for some products, (e.g., orange juice), Brazil and other countries’ exports to Canada are considered for comparison reasons.

Among the Canadian provinces, only two have official agricultural symbols—namely, the wild blueberry for Nova Scotia and the sheaf of wheat for Saskatchewan. Consequently, this paper does not deal with Canadian exports of its symbols to the southern states.

Table 1

<table>
<thead>
<tr>
<th>State</th>
<th>Symbol</th>
<th>Year designated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Fruit: blackberry</td>
<td>2004</td>
</tr>
<tr>
<td></td>
<td>Nut: pecan</td>
<td>1982</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Beverage: milk</td>
<td>1985</td>
</tr>
<tr>
<td></td>
<td>Fruit and vegetable: pink tomato</td>
<td>2004</td>
</tr>
<tr>
<td>Florida</td>
<td>Beverage: orange juice</td>
<td>1967</td>
</tr>
<tr>
<td>Georgia</td>
<td>Fruit: peach</td>
<td>1995</td>
</tr>
<tr>
<td></td>
<td>Vegetable: vidalia sweet onion</td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>Crop: peanut</td>
<td>1995</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Drink: milk</td>
<td>1983</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Beverage: milk</td>
<td>1984</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Blue Berry: blueberry</td>
<td>2001</td>
</tr>
<tr>
<td></td>
<td>Red Berry: strawberry</td>
<td>2001</td>
</tr>
<tr>
<td></td>
<td>Fruit: scuppernong grape</td>
<td>2001</td>
</tr>
<tr>
<td></td>
<td>Vegetable: sweet potato</td>
<td>1995</td>
</tr>
<tr>
<td></td>
<td>Beverage: milk</td>
<td>1987</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Fruit: peach</td>
<td>1984</td>
</tr>
<tr>
<td></td>
<td>Beverage: milk</td>
<td>1984</td>
</tr>
<tr>
<td></td>
<td>Hospitality beverage: tea</td>
<td>1995</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Fruit (proposed): tomato</td>
<td>House passed the bill in 2003</td>
</tr>
<tr>
<td>Texas</td>
<td>Fruit: red grapefruit</td>
<td>1993</td>
</tr>
<tr>
<td></td>
<td>Vegetable: sweet onion</td>
<td>1997</td>
</tr>
<tr>
<td></td>
<td>Nut: pecan</td>
<td>2001</td>
</tr>
</tbody>
</table>
2. Official Agricultural Symbols for SACS states

Table 1 gives the officially designated agricultural products, and their dates of designation, for the southern states under consideration.

3. Alabama Symbols Exports to Canada

Alabama has not been exporting blackberries to Canada in the last few years. However, in 2003 it did export for the first time since 1998 a small amount of nuts to Canada, $24,000 worth.

Nearby Georgia exported $89,000 of nuts in 1999 and in 2000 but only $2,400 in 2003. These amounts for both Alabama and Georgia are minimal when one considers that California sent more than $10 million of nuts to Canada in 2003. For further analysis see the nut discussion in the Texas section.

4. Arkansas Symbol Exports to Canada

Arkansas tomato exports to Canada are minimal, only amounting to $1000 in 2003. See the Tennessee discussion for more on tomato exports. Milk products from Arkansas were nonexistent from 2000–2003, and only consisted of $7500, of the yogurt category, in 1999.

5. Florida Symbol Exports to Canada

Florida orange juice exports to Canada have almost tripled in the past five years, from $44 million in 1999 to $125 million in 2003. In 2003 this represented 60% of Canada's orange juice imports. Brazil accounted for 33%. Florida provides most of the oranges for the processing industry (i.e., orange juice), whereas California supplies most for the fresh market (i.e., oranges). California sent $88 million of oranges to Canada in 2003, 72% of the total orange exports to Canada, and surprisingly, South Africa exported the second largest amount, $15 million, there. Florida exports of oranges actually decreased over the five year period from $10.5 million in 1999 to $7.8 million in 2003.

6. Georgia Symbol Exports to Canada

Georgia's peach exports to Canada have been more than cut in half since 1999, slipping from $1.6 million then to $700,000 in 2003. This amount is similar to that of neighboring South Carolina in 2003 which was $600,000. For contrast, California shipped $42 million worth of peaches to Canada in 2003, 54% of all Canadian peach imports. The USA as a
whole accounted for 63% of the peach imports with Chile being the next largest importer, 13%.

Georgia’s exports of onions to Canada have grown steadily since 1999 to $2.6 million, double that of 1999. Texas’s onion exports there have also grown significantly from $2.5 million to $4 million. In 2003 Canada imported $78 million worth of onions, $58 million from the USA (of which $17 million came from California), and $16 million from Mexico.

For a discussion of pecan production, see first Alabama and then Texas. Georgia’s exports to Canada are minimal compared to Texas.

7. Louisiana Symbol Exports to Canada

Its milk exports to Canada have been negligible for the past five years. See the section on North Carolina for a discussion of U.S. milk exports.

8. Mississippi Symbol Exports to Canada

Its milk exports to Canada have also been negligible for the past five years.

9. North Carolina Symbols Exports to Canada

North Carolina’s grape exports to Canada have dropped precipitously since 1999, from $81,000 to $12,300. These amounts are negligible since California exports accounted for $123 million out of a total of $1.1 billion Canadian grape imports in 2003. It is noted that much of this total is grape wine, $793 million, one third of which comes from France. Of the $123 million California exports, $89 million was grape wine. North Carolina only sent $3,000 worth of grape wine northward.

North Carolina’s sweet potato exports to Canada have shown an increase jumping to $1.5 million in 2003. Of the $15 million Canada imported that year, three-fourths came from the USA and a third from California alone.

It is noted that the sweet potato became an official symbol as a result of a petition to the North Carolina general assembly by the students at Wilson County School.

Only in 2001 did milk-related products yield some exports to Canada, $50,000. For the other four years such exports were negligible. For perspective, the U.S. milk-related exports have grown 10 million dollars from just under 28 million dollars to just under 38 million dollars in the last five years from 1999 to 2003. This represents a 36% increase. (New Zealand is the other country with similar dollar numbers of milk-related exports to Canada, and it too had a significant increase in the past five years). New
York, Wisconsin, Minnesota, and California were among states exporting millions of dollars of milk-related products to Canada.

The two official designated berries, the strawberry and the blueberry, differ significantly with respect to exports to Canada. There is a minimal amount of fresh strawberries exported to Canada, and they dropped from $55,000 in 1999 to only $11,000 in 2003. The USA shipped $120 million worth of fresh strawberries to Canada in 2003, and $10 million of frozen strawberries there. The next largest exporting country to Canada, Mexico, sent $2 million of fresh strawberries in 2003, and—a bit surprising—almost $8 million of frozen strawberries. With reference to the individual U.S. states, almost all of the U.S. fresh strawberry exports in 2003 came from California, $110 million; most of the rest came from Florida, almost $9 million.

In contrast, the blueberry is among the fruits of the genus vaccinium which held steady at $1 million for the years 1999–2001, but doubled to $2 million in 2002 and jumped again in 2003 to $2.7 million, indicating that the 2002 amount was not just an unusual yearly change. In 2003 the USA shipped to Canada $28 million of the genus vaccinium (which includes cranberries as well as blueberries). Maine led with $10.4 million, and New Jersey exported $6.2 million. North Carolina was third (with $2.7 million), and the only other southern state with significant exports of blueberries, etc., is Florida with one million dollars.

10. South Carolina Symbols Exports to Canada

Like Georgia, peach exports to Canada dropped—from a high of $1 million in 2000 to $600,000 in 2003. For a U.S. peach exports discussion, see the section on Georgia.

Its milk exports to Canada have been negligible for the past five years. Tea exports from South Carolina have had an up-and-down declining trend, from $88,000 in 1999 to $7,000 in 2003. More than half of Canadian tea imports come from the United Kingdom, namely, $46 million in 2003. The USA is second with $15 million, and so South Carolina is not a major exporter of tea even inside the USA.

11. Tennessee Symbol Exports to Canada

Tennessee exports of tomatoes to Canada are minimal, but have significantly increased from $6,900 in 1999 to $236,000 in 2003. Canada imported that year $221 million of tomatoes with Florida sending $59 million, Mexico $47 million, and California $33 million.
12. Texas Symbols Exports to Canada

Texas has consistently sent northward about $3.5 million worth of grapefruit juice during the last five years. Canada imported $40 million worth in 2003, 90% from the USA. Florida accounted for $24 million and California only $6 million.

Texas exports of onions grew steadily to $4 million in 2003. See the Georgia discussion for more details.

Pecan exports to Canada from Texas were steady for four years from 1999 through 2002, at $3.6 million, but dropped to half that in 2003. In 1999 the USA shipped $18 million worth of pecans to its northern neighbor, and has increased its exports of pecans about 18% since then, nearly half coming from California alone. India is the second largest country exporter of "prepared" nuts to Canada and increased its exports a dramatic 500% since 1999, to $8 million.

Pecan production is greatest in Georgia, Texas, and New Mexico, which together account for 72% of U.S. production.

13. Tariff and subsidies consideration

Because of the U.S.-Canada Free Trade Agreement, and subsequently NAFTA, most agricultural tariffs between the USA and Canada were removed by 1998. Exceptions were made for items covered by tariff-rate quotas.

However, dairy trade between the two countries is not covered by NAFTA, but rather it is covered by the WTO Agreement which does allow for more import protection in the form of import restrictive policies (over TRQ tariffs). In 1995 the USA complained formally about Canada’s high tariffs on dairy products saying that these tariffs, which replace import quotas as a part of the Uruguay Round trade agreement, conflict with Canada’s NAFTA commitments. In 1996 a NAFTA dispute settlement panel unanimously supported Canada in the matter.

Another area of conflict is the “tomato wars” in which the USA filed a WTO complaint against Canada with regard to its export of greenhouse tomatoes; Canada retaliated with its own complaint concerning U.S. field tomatoes. In 2002 the USTIC ruled that Canadian tomatoes were not injuring U.S. farmers, and then Canada dropped its suit too. The main point for this paper is that Canada has dramatically increased production of greenhouse tomatoes, 20% per year, which could significantly decrease the demand for exports of tomatoes from southern states such as Arkansas and Tennessee.

Under NAFTA neither Canada nor the USA is allowed to use direct export subsidies for products being sold to the other.
14. Conclusion

Of the twelve official agricultural symbols, six have shown significant exports to Canada: orange juice from Florida, grapefruit and pecans from Texas, onions from both Georgia and Texas, and both sweet potatoes and blueberries from North Carolina.

Thus, only Florida and Texas have significant exports of all their agricultural symbols.

In view of the success of Texas in exporting pecans, both Alabama and Georgia should consider more exports of this commodity.

Milk is the most common official symbol among the states considered here since five of the states have milk as an official symbol. None of these states have significant milk-product exports to Canada.

Four states—Alabama, Arkansas, Louisiana, and Mississippi—seem not to actively export its agricultural symbols to Canada. In addition, Canadian dairy production and dairy import quotas may hinder exports of milk products from the southern states.

In view of the success of exporting blueberries to Canada, North Carolina should consider exporting significant amounts of strawberries as well.

Texas’s success in exporting its symbols may in part be due to the fact that its independent vegetable growers and co-ops have formed an industry strategic planning committee in order to improve the industry’s competitiveness and economic viability.

Anthony Connors Shershin
Professor, Mathematics
Florida International University, Miami, Florida
Anthony.Shershin@fiu.edu