

## Feature: Cross Border Trade in Processed Food Products

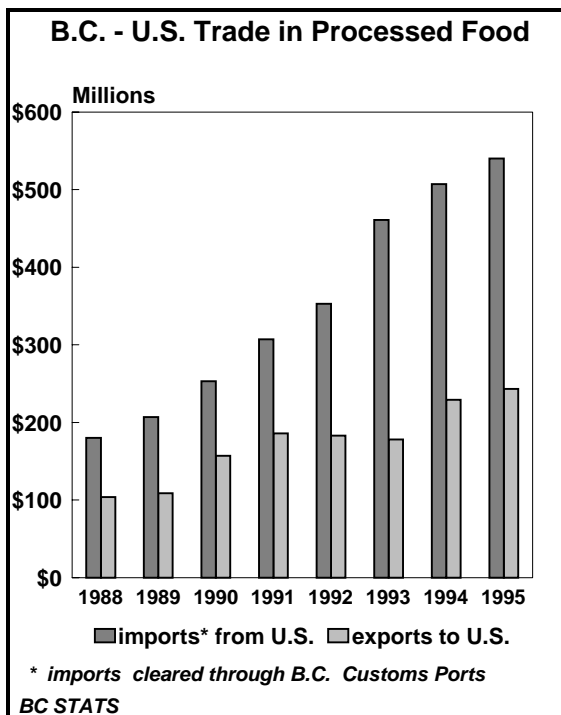
Processed food products make up a growing part of trade in both directions across the British Columbia - United States border. U.S.-bound exports more than doubled from \$104 million to \$243 million between 1988 and 1995. Imports of processed food products from the United States have grown at even faster rates, tripling over the same period from \$180 million to \$540 million. The exact level of U.S. produced processed food consumed in British Columbia cannot be determined. The available import statistics indicate the value of imports clearing customs at Revenue Canada posts located in B.C., whether or not those imports are actually consumed in British Columbia. However, they provide a reasonable indication of at least the direction and rate of change of B.C. consumption of U.S. produced food imports.

From a comparison of the trends for B.C. cleared imports with those for B.C. origin exports, it appears that the province is becoming more of a net importer of processed food products from the United States.

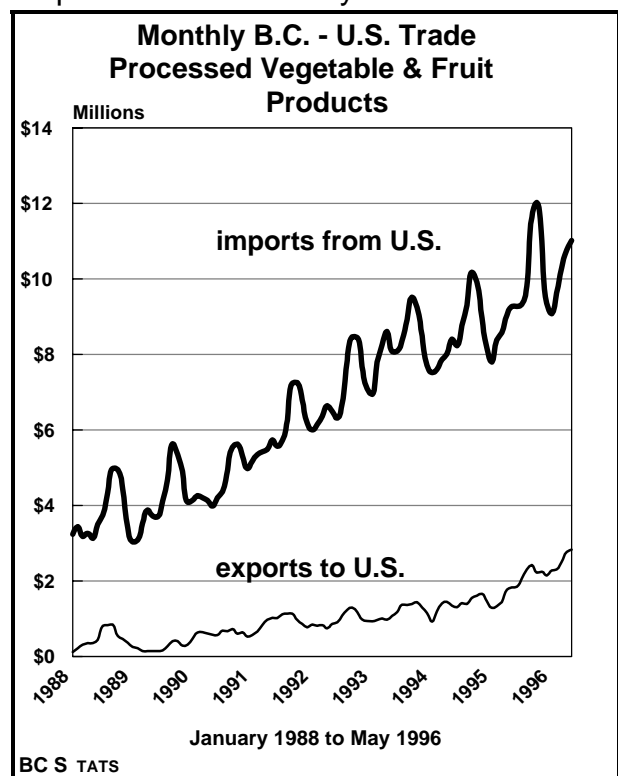
agricultural and transportation technology, and new competition from outside North America. Although each of these factors is likely to have had some affect, it is not possible to isolate their separate influences.

Import growth suggests that British Columbia farmers and food processors are under growing pressure from U.S. and offshore producers. On the other hand, they also imply that British Columbia consumers are enjoying greater diversity, quality and price competition by having access to internationally traded food products.

Some categories of food products have been more open to international trade than others. Dairy and poultry products have been largely sheltered from international competition through supply management programs which govern their production and distribution in Canada. Butter imports from the U.S. through B.C. customs ports, for example, have rarely reached \$10 thousand in a single month — a tiny figure by international trade standards. There have been almost no exports of B.C. origin butter to the U.S. on a commercial scale. Similarly, exports to the U.S. of cheese and ice cream have both been negligible, and imports from the U.S. through B.C. ports have been very small.

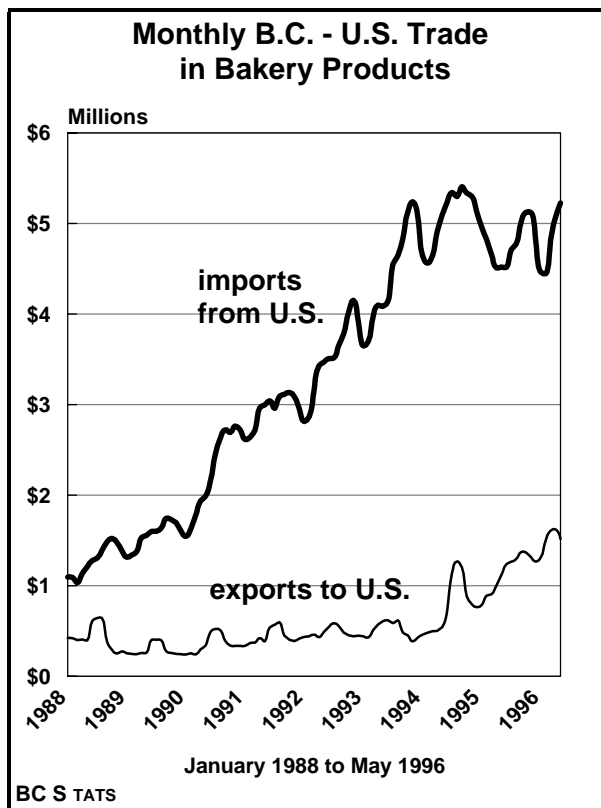


The factors behind this trend include continental trade agreements, changes in the exchange rate, new developments in



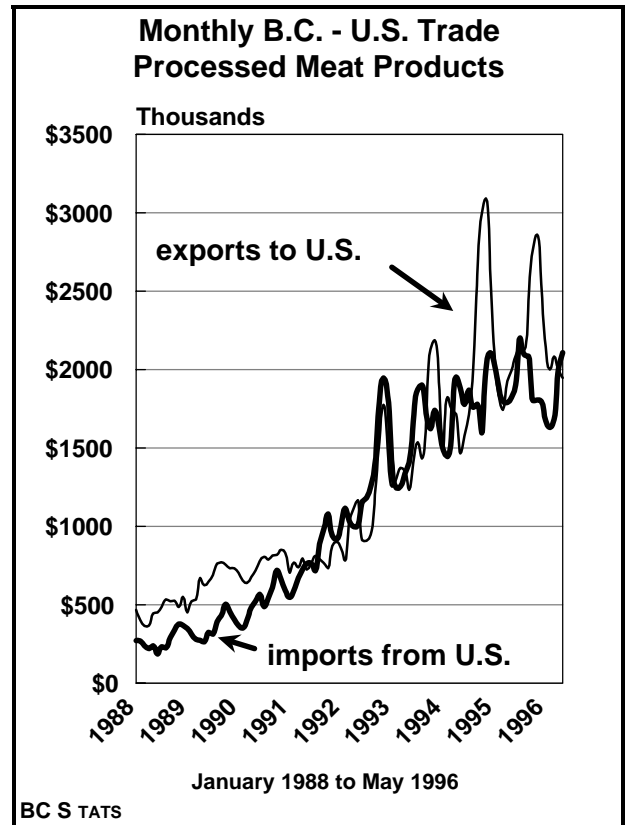
For other products there has been a vigorous and expanding cross border trade. One of the most heavily traded categories of processed food products has been **processed vegetables and fruits**. These include, for example, juices, jams, canned goods and bottled preserves.

Imports from the U.S. through B.C. customs ports of processed fruit and vegetables greatly exceed the value of B.C. exports to the United States. Both have been growing steadily, although imports have grown more than exports. There has been some improvement in this trend during 1995 and the first five months of 1996. During this more recent period, exports to the U.S. of processed vegetables and fruit have grown at a faster rate than in any period of similar duration over the past eight and a half years.



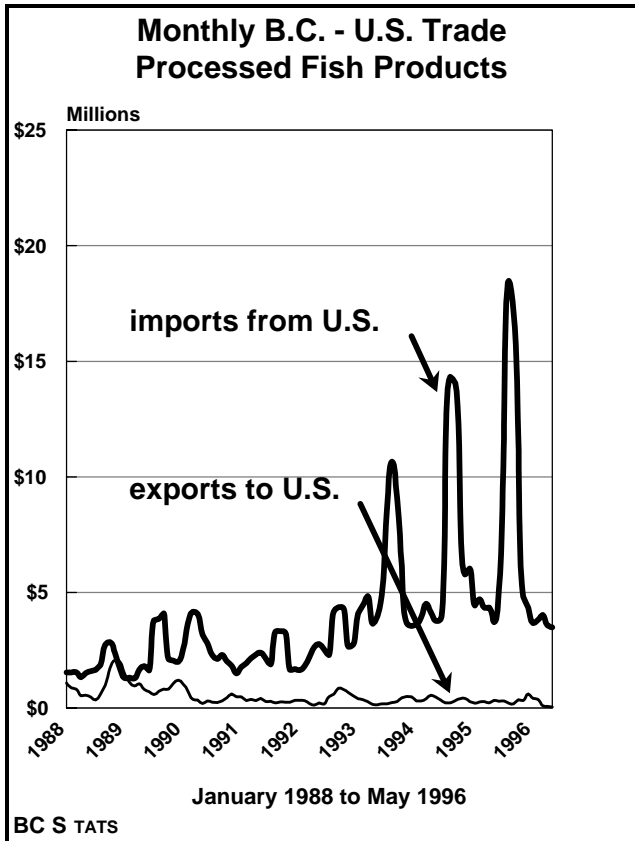
Similar trends have been evident for cross border trade in **bakery products**. These include mainly breads and similar baked goods. B.C exports to the U.S. rose very slowly between 1990 and 1994. In late 1994 they began a growth spurt that continued through the first five months of 1996. As exports have accelerated,

imports from the U.S. have levelled off and declined slightly. These developments may have been spurred by the fall in the value of the Canadian dollar. They may also indicate some more long term improvement in the competitive strength of the Canadian bakery industry, as it adjusts to the more open business environment under the North American Free Trade Agreement.



B.C. producers of **processed meat products** have long held their own in cross border competition. Shipments to the U.S. of these products are concentrated in sausages, hams and other pork products.

From the late 1980's up to 1991, the value of exports to the U.S. exceeded the value of imports from the U.S. clearing Customs at B.C. ports. By 1992 the value of exports about matched the value of imports through B.C. ports. Both grew rapidly from monthly values of about \$750 thousand in 1992, to values sometimes exceeding \$2 million in a single month during early 1995.



Imports through B.C. customs ports of **processed fish products** have grown from about \$2 million monthly in 1988, to about \$4 million in 1993. They have remained at about that level with occasional months of over \$20 million, as large shipments have been brought into the province.

Exports of processed fish from B.C. to the United States have been very small and actually declined since 1989. They typically amount to less than \$500 thousand in a single month. Most of the province's processed fish exports are destined for offshore markets. Only \$3.3 million of a total of \$75.7 million in processed fish exported to all countries in 1995 was destined for the United States. In that year \$95.2 million of U.S. processed fish was imported through B.C. customs ports.