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## **Canada**

### **Fresh Deciduous Fruit Annual**

**2018**

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**Report Highlights:**

The United States was Canada's largest supplier of apples, pears, and fresh table grapes in marketing year (MY) 2017/18. For MY 2018/19, FAS/Ottawa forecasts the U.S. market share of Canadian imports of fresh apples to remain at 80 percent. The United States will continue to be the largest supplier of fresh pears and table grapes to Canada with a 50 percent market share. Canadian apple production is forecast to increase by 14 percent from MY 2017/18. FAS/Ottawa forecasts a slight increase in imports of fresh pears and fresh table grapes in MY 2018/19 as a result of reduced Canadian production.

## **Executive Summary:**

- In MY 2018/19 the United States will remain Canada's largest supplier of fresh apples, with an 80 percent market share. FAS/Ottawa forecasts a one percent decrease in Canadian imports of fresh apples, forecast at 220,000 metric tons (MT) for MY 2018/19.
- FAS/Ottawa forecasts a 14 percent increase in fresh apple production for MY 2018/19, up to 395,300 MT. This growth is attributable to better growing and weather conditions in Ontario and British Columbia.
- Pear production continues to decline in Canada due to a decrease in planted area as farmers are converting to other fruit crops. FAS/Ottawa forecasts a 10 percent decline in fresh pear production, down to 8,700 MT for MY 2018/19.
- The United States is forecast to maintain an import market share of over 50 percent for fresh pears. FAS/Ottawa forecasts a five percent increase in imports of fresh pears to 67,000 MT for MY 2018/19.
- In MY 2018/19 the United States is forecast to maintain an import market share of over 50 percent of fresh table grapes. FAS/Ottawa forecasts a slight increase in imports due to the forecasted 13 percent decline in fresh table grape production for MY 2018/19, down to 2,000 MT, because of a less optimal growing season in Ontario.

# APPLES

*NOTE: "NEW Post" data reflect Post's assessments and are NOT official USDA data*

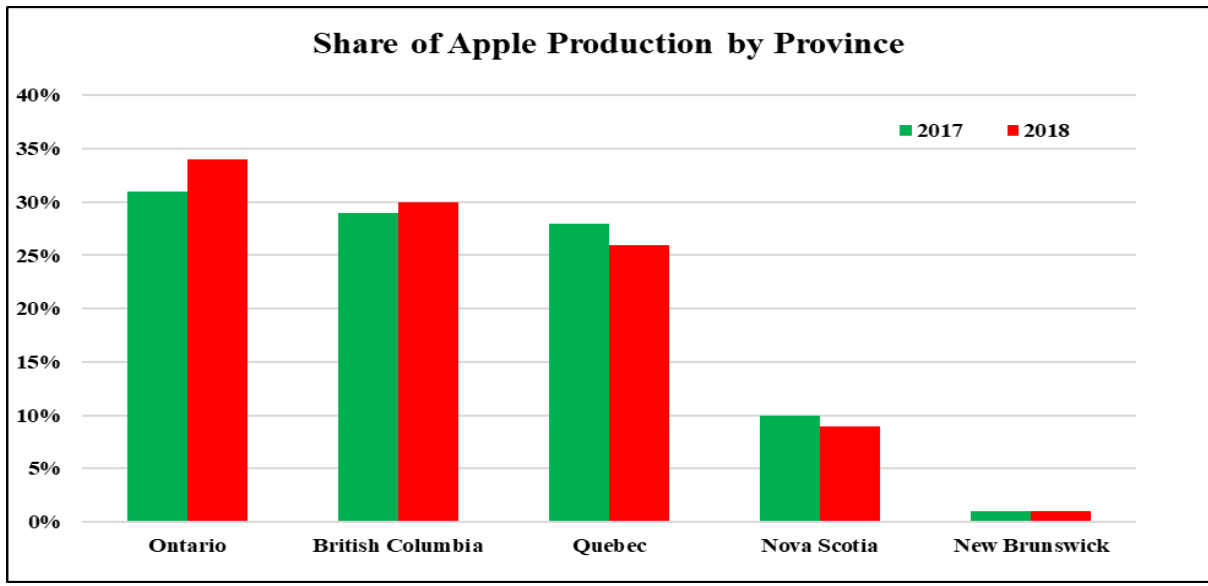
APPLES Fresh Canada	2016/2017		2017/2018		2018/2019*	
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	17,377	17,676	17,350	17,378	0	17,800
Area Harvested	15,574	15,873	15,600	15,491	0	15,800
Production	387,852	408,404	355,000	345,568	0	395,300
Imports	220,500	220,526	220,000	222,168	0	220,000
<b>Total Supply</b>	<b>608,352</b>	<b>628,930</b>	<b>575,000</b>	<b>567,736</b>	<b>0</b>	<b>615,300</b>
Fresh Dom. Consumption	392,642	410,558	385,000	384,064	0	419,800
Exports	46,500	46,472	35,000	27,092	0	35,500
For Processing	169,210	171,900	155,000	156,580	0	160,000
<b>Total Distribution</b>	<b>608,352</b>	<b>628,930</b>	<b>575,000</b>	<b>567,736</b>	<b>0</b>	<b>615,300</b>

Data in hectares or metric tons / \* Post forecast

## **Production:**

FAS/Ottawa forecasts a 14 percent increase in fresh apple production for MY 2018/19, up to 395,300 MT. The growth in MY 2018/19 production is attributable to better growing conditions compared to the previous year in Ontario and British Columbia. Industry reports show that Quebec and Nova Scotia had weather-related challenges that led to a slight decline in their apple production. FAS/Ottawa forecasts a modest increase of two percent in planted area and harvested area as farmers continue to plant new varieties of apples. Additionally, seedling acreage planted in the last few years continues to transition to fruit bearing acreage.

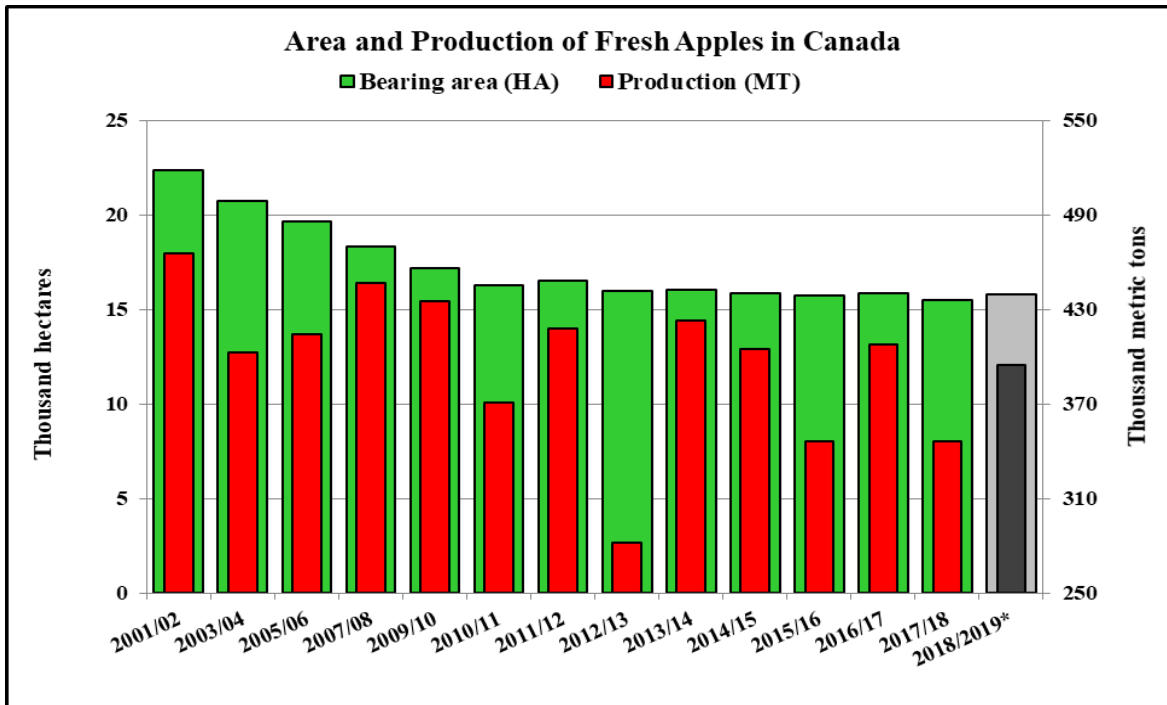
The New Post Data for MY 2016/17 and MY 2017/18 has been revised in this report to reflect the revisions made to Statistics Canada data for area planted, area harvested, and production.



Ontario, Quebec, and British Columbia are the major producers of fresh apples in Canada, with each province contributing approximately one third of the country’s production. In Ontario, FAS/Ottawa forecasts an increase in production of three percent in MY 2018/19 from MY 2017/18. This is attributable to the warm temperatures and abundance of sunshine in the spring and summer seasons.

In British Columbia, FAS/Ottawa forecasts a slight increase in production for MY 2018/19. Despite the fact that British Columbia was covered with smoke in the summer season due the wide-spread wild fires, the smoke blocked the sun, which decreased temperatures and protected the apples from a very hot and dry summer. In Quebec, FAS/Ottawa forecasts a decline in production of two percent in MY 2018/19 from MY 2017/18. This is due to the heat wave that hit Quebec where temperatures rose above 35°C in in the summer season, which was the hottest recorded in 97 years.

Below-freezing temperatures hit the Nova Scotia in June 2018, causing a small decline in production. Industry reports suggest that production remained the same in New Brunswick and Prince Edward Island, which contribute to around one percent of Canada’s production.

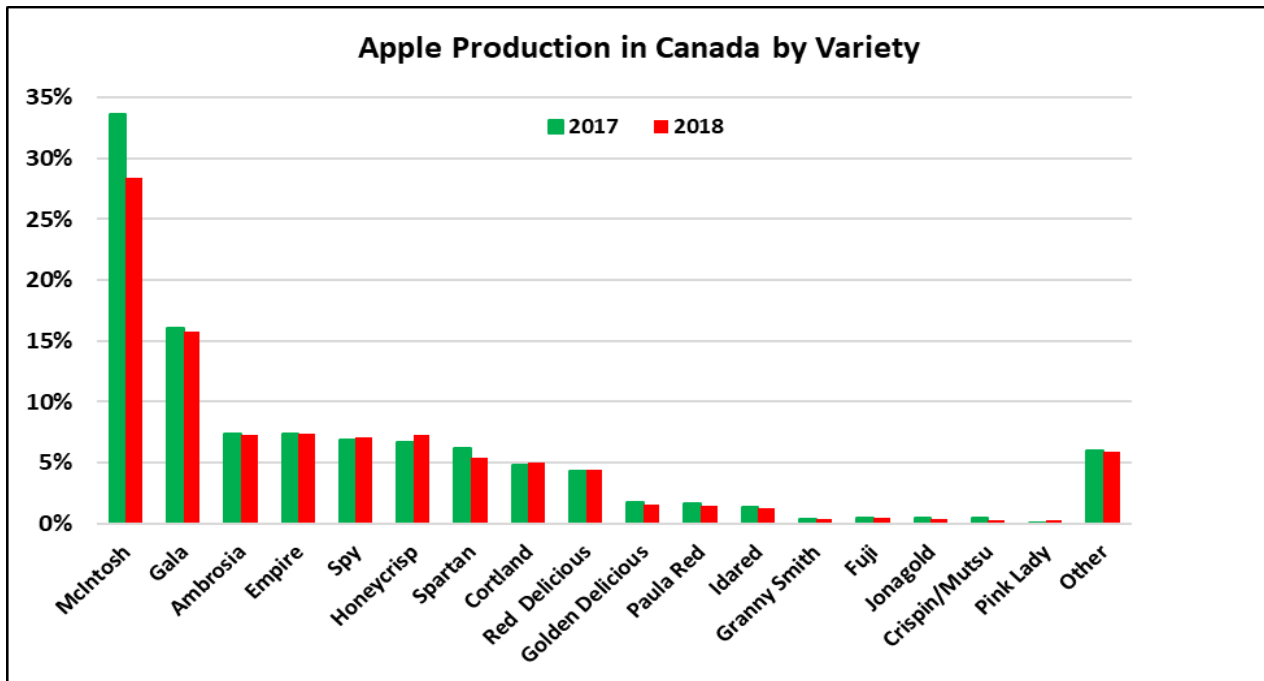


Source: Statistics Canada / \* Post forecast

*Varieties:*

McIntosh is the top apple variety produced in Canada, although production of other varieties including Honeycrisp and Spy is steadily increasing. FAS/Ottawa forecasts that the market share of other apple varieties will continue to grow and ultimately compete with McIntosh apples. While Gala and Ambrosia production is expected to be slightly lower in MY 2018/19 compared to MY 2017/18, it is anticipated that they will steadily gain more market share in the coming years. New apple varieties, like Honeycrisp and Spy, take an average of five years to reach maturity. Therefore, FAS/Ottawa anticipates that more trees will reach maturity and gradually transition to fruit bearing in the coming years.

Farmers are diversifying their apple varieties to help deal with unpredictable weather conditions and short growing seasons. They can also increase profitability by offering premium apple varieties in the market. Canada continues to improve the quality of apple varieties that can stay fresh for longer in storage and ripen at a slower rate to keep them fresh until the time of consumption.



Source: Agriculture and Agri-Food Canada

Apple varieties vary in production by province. Quebec is the largest producer of McIntosh apples in MY 2018/19, accounting for 64 percent of the country’s total production. It also produces 61 percent of Canada’s Cortland apples and 55 percent of the Spartan apples. Ontario produces 75 percent of Canada’s Spy, Empire, and Red Delicious apple varieties. British Columbia, produces 65 percent of Canada’s Ambrosia apples, 50 percent of the Gala apples, and 33 percent of the Spartan apples. Nova Scotia produces 32 percent of the Idared apples, 28 percent of the Honeycrisp apples and 25 percent of Canada’s Spy apples.

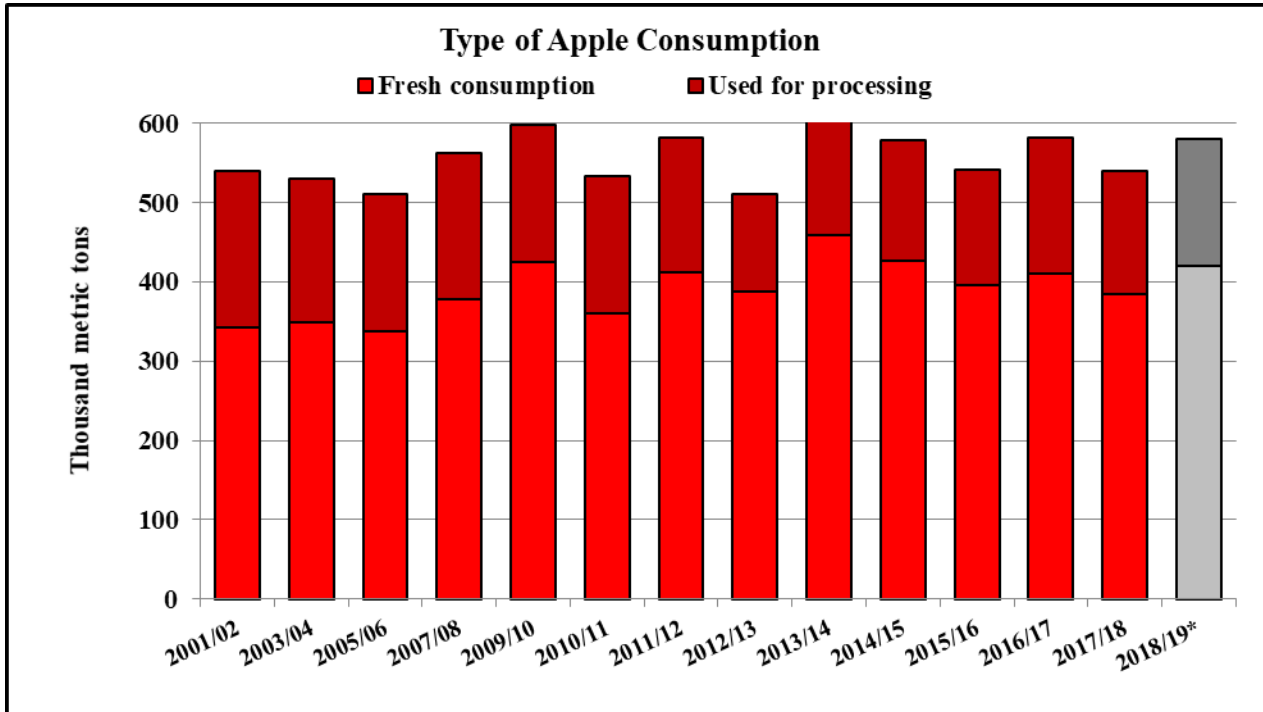
Okanagan Specialty Fruits continues to develop new genetically engineered tree fruits in its British Columbia facilities. NF 872, more commonly known as Arctic Fuji Apple, has been genetically engineered to be non-browning and is approved by the Canadian Food Inspection Agency (CFIA) and Health Canada for commercial planting purposes, livestock feed, and food use. Arctic Golden Delicious, Arctic Granny Smith, and Arctic Fuji have all received approval for production and sale in the United States. Based on industry reports, these new varieties have not been planted for commercial consumption yet.

**Consumption:**

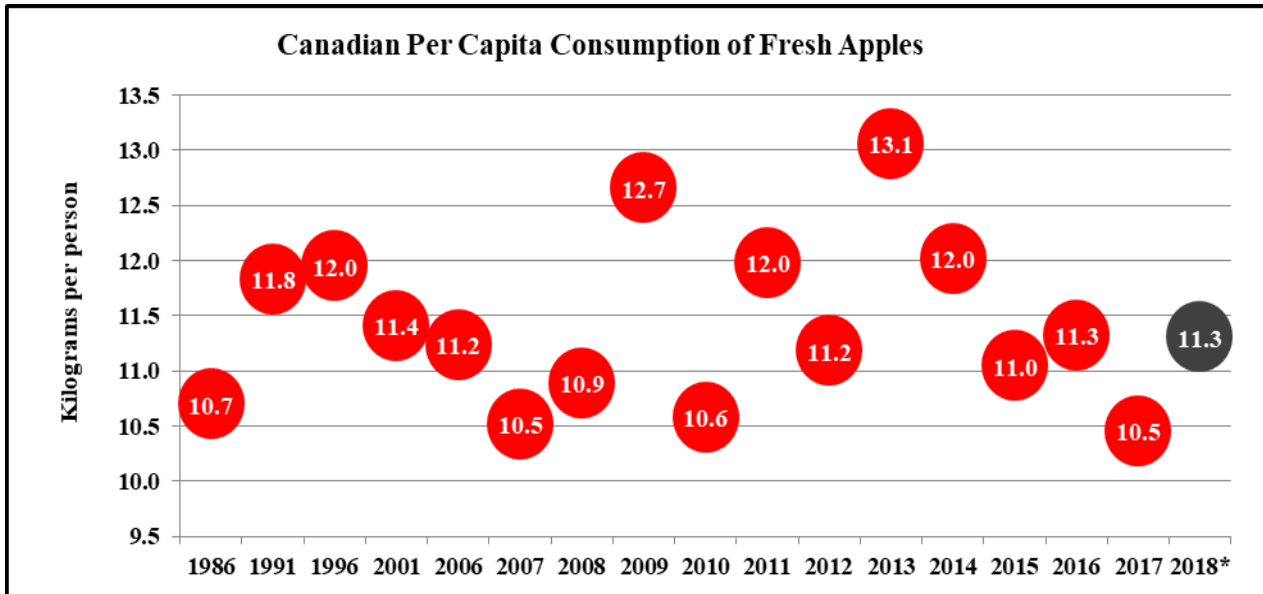
Fresh produce accounts for 40 percent of total store sales in grocery and retail stores. FAS/Ottawa forecasts that sales will continue to grow steadily and outpace the center of store sales nationally. Despite the increased competition from other fruit varieties and organic fruits, Canadian consumption of fresh apples is anticipated to remain strong and continue to grow due to the ease and convenience of eating apples as a healthy snack. Changes to Canada’s Healthy Eating Strategy to promote increased consumption of fruits and vegetables may contribute to apples remaining a popular snack option.

Approximately 70 percent of Canadian produced apples are consumed fresh with the remainder used in the processing industry (for use in apple juice, pie filling, apple chips, etc.). Fresh consumption for MY

2018/19 is forecasted to increase by nine percent compared to MY 2017/18, primarily as a result of an increased domestic crop.



Source: Statistics Canada / \*Post forecast



Source: Statistics Canada / \*Post forecast

**Trade:**

The United States remained the main supplier of apples to Canada with an 80 percent share of the import market in MY 2017/18. Chile was the second largest supplier accounting for 11 percent of the market share followed by New Zealand with four percent. FAS/Ottawa forecasts a one percent decline in imports in MY 2018/19 as a result of a better growing season and increased apple production compared to the previous year.

### Canada: Imports of fresh apples

Marketing year: July-June / Quantity in metric tons

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>World</b>	<b>190,076</b>	<b>249,600</b>	<b>222,014</b>	<b>216,862</b>	<b>229,925</b>	<b>220,526</b>	<b>222,186</b>
for processing	48,709	51,646	54,697	47,746	63,168	63,495	76,367
organic	10,130	11,755	11,866	13,535	9,742	10,808	12,294
other	131,237	186,199	155,451	155,581	157,015	146,223	133,525
<b>United States</b>	<b>150,980</b>	<b>200,964</b>	<b>174,109</b>	<b>182,408</b>	<b>183,025</b>	<b>175,284</b>	<b>177,771</b>
for processing	46,252	51,443	52,043	45,119	56,860	61,796	75,982
organic	7,415	9,175	8,758	10,679	7,009	7,989	10,513
other	97,313	140,346	113,308	126,610	119,156	105,499	91,276
Chile	21,742	29,800	27,825	18,029	23,075	22,501	24,864
New Zealand	7,702	9,208	10,192	8,069	6,645	7,673	8,522
European Union	1,603	1,684	2,013	2,561	7,060	5,506	4,170
Argentina	535	1,700	1,486	2,454	4,237	2,991	600
South Africa	4,075	2,357	2,157	1,540	1,846	2,441	2,041
China	2,855	3,842	4,048	1,372	3,204	3,877	3,551
All other countries	584	45	184	429	833	253	667
<b>Import Market Shares</b>							
United States	79.4%	80.5%	78.4%	84.1%	79.6%	79.5%	80.0%
Chile	11.4%	11.9%	12.5%	8.3%	10.0%	10.2%	11.2%
New Zealand	4.1%	3.7%	4.6%	3.7%	2.9%	3.5%	3.8%
European Union	0.8%	0.7%	0.9%	1.2%	3.1%	2.5%	1.9%
Argentina	0.3%	0.7%	0.7%	1.1%	1.8%	1.4%	0.3%
South Africa	2.1%	0.9%	1.0%	0.7%	0.8%	1.1%	0.9%
China	1.5%	1.5%	1.8%	0.6%	1.4%	1.8%	1.6%

Source: Global Trade Atlas

Note: Tariff lines for organic apples were introduced on January 1, 2007

The Comprehensive Economic Trade Agreement (CETA) was signed into force by Canada and the European Union (EU) on September 21, 2017. As a result, tariff lines were eliminated for 98 percent of EU exports to Canada. Industry reports show that until 2017, the EU ranked 4<sup>th</sup> for Canadian imports of fresh apples with two percent of the market share. Based on industry monthly reports on Canada imports of fresh apples from the EU, the volume of imports remained relatively stable between September 2017 and May 2018.



Approximately 10 percent of fresh apple production in Canada is exported. The United States remained the top export destination with over 70 percent of apple exports in MY 2017/18. FAS/Ottawa forecasts a 31 percent increase in Canadian apple exports for MY 2018/19 compared to MY 2017/18 as a result of the increased Canadian production.

### Canada: Exports of fresh apples

*Marketing year: July-June / Quantity in metric tons*

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>World</b>	<b>26,350</b>	<b>21,382</b>	<b>26,383</b>	<b>42,834</b>	<b>34,124</b>	<b>46,472</b>	<b>27,092</b>
for processing	5,583	2,356	5,423	13,530	11,718	19,665	9,340
other	20,767	19,025	20,960	29,305	22,405	26,807	17,752
<b>United States</b>	<b>20,786</b>	<b>18,197</b>	<b>23,339</b>	<b>37,071</b>	<b>25,429</b>	<b>32,776</b>	<b>18,762</b>
for processing	3,918	1,345	4,894	10,525	5,157	10,821	3,968
other	16,867	16,852	18,444	26,546	20,272	21,955	14,793
Cuba	8	116	458	2,170	5,216	2,805	3,367
Mexico	1,175	986	624	1,168	505	821	493
All other countries	4,381	2,083	1,962	2,425	2,974	10,070	4,470

*Source: Global Trade Atlas*

The organic fresh apple market remained small, representing six percent of imports by total volume and nine percent by value at \$21 million USD out of \$224 million USD in apple imports in MY 2017/18. FAS/Ottawa forecasts that imports of organic fresh apples to remain stable in the coming years. The United States supplied 86 percent of the Canadian imports of fresh organic apples in MY 2017/18.

## PEARS

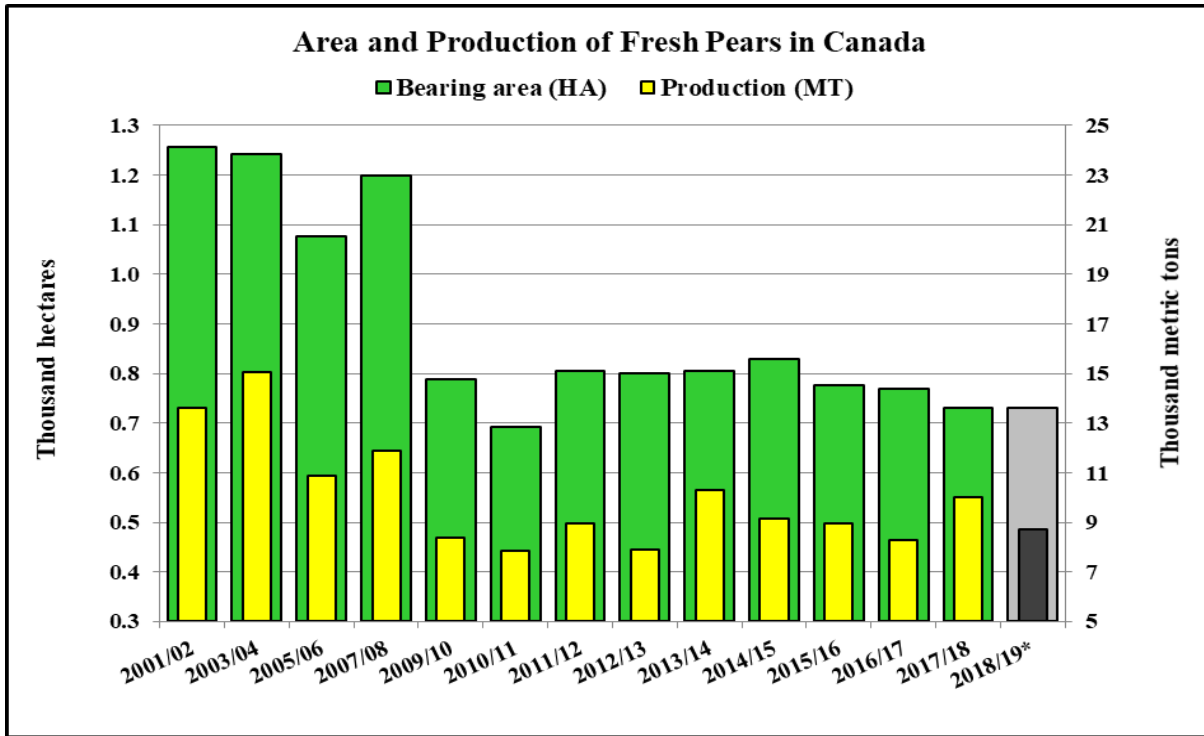
PEARS Fresh Canada	2016/2017		2017/2018		2018/2019*	
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Area Planted	777	894	780	835	0	760
Area Harvested	671	769	675	737	0	740
Production	7,625	8,285	8,000	9,676	0	8,700
Imports	64,600	64,601	65,000	63,840	0	67,000
<b>Total Supply</b>	<b>72,225</b>	<b>72,886</b>	<b>73,000</b>	<b>73,516</b>	<b>0</b>	<b>75,700</b>
Fresh Dom. Consumption	71,395	71,732	72,500	71,785	0	74,275
Exports	200	204	150	181	0	175
For Processing	630	950	350	1,550	0	1,250
<b>Total Distribution</b>	<b>72,225</b>	<b>72,886</b>	<b>73,000</b>	<b>73,516</b>	<b>0</b>	<b>75,700</b>

Data in hectares or metric tons / \* Post forecast

### **Production:**

FAS/Ottawa forecasts a 10 percent decrease in fresh pear production, down to 8,700 MT in MY 2018/19. Pear production continues to go down in Canada due to a decrease in the planted area, as farmers convert to other fruit crops that are more profitable. As a result, FAS/Ottawa forecasts a nine percent decline in planted area.

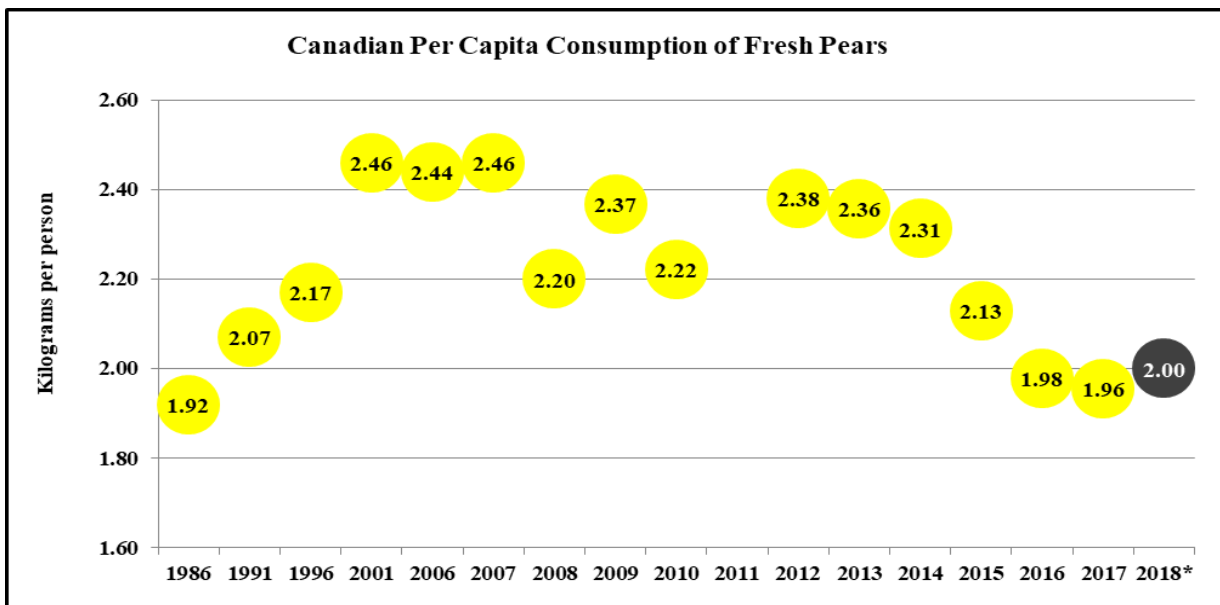
The two largest provinces for pear production in Canada are British Columbia, accounting for 60 percent of production, followed by Ontario with 40 percent. Bartlett and Bosc are the main pear varieties grown in Canada. These varieties have a short shelf life, and are susceptible to fire blight, a disease that can cripple production. Canada has introduced a new variety of pears, the Cold Snap, a hybrid disease-resistant variety that has a much longer life in storage than other varieties. FAS/Ottawa forecasts a slight increase in bearing area for MY 2018/19 as a result of the new varieties, including Cold Snap, being planted since 2015. The newly planted pear varieties replace older varieties; therefore, the overall area planted area to pears is not expected to grow in the near future.



Source: Statistics Canada / \* Post forecast

### Consumption:

The demand for fresh pears has been relatively consistent in the past five years. Canada's domestic pear industry is limited by cold weather and can meet only a small fraction of that demand. Almost all domestically grown pears in Canada are consumed fresh. FAS/Ottawa forecasts a four percent increase in fresh pear consumption for MY 2018/19. Bosc and Bartlett pears remain the dominant varieties. Cold Snap pears started appearing in the market in 2016 and are gaining popularity due to their improved texture and sweet flavor.



Source: Statistics Canada / \*Post forecast

### Trade:

FAS/Ottawa forecasts a five percent increase in Canadian fresh pear imports, up to 67,000 MT in MY 2018/19. The United States remained the main supplier of fresh pears to Canada with 50 percent of the import market in MY 2017/18. China and Argentina remained the major competitors to the United States with 19 percent and 13 percent of the market share, respectively.

### Canada: Imports of fresh pears

Marketing year: July-June / Quantity in metric tons

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>World</b>	<b>68,221</b>	<b>70,042</b>	<b>75,075</b>	<b>73,036</b>	<b>73,622</b>	<b>67,835</b>	<b>64,601</b>	<b>63,840</b>
for processing	14	0	24	0	0	86	353	392
organic	1,427	1,686	2,370	2,646	2,687	3,143	2,804	2,447
other	66,780	68,356	72,682	70,390	70,935	64,606	61,444	61,001
<b>United States</b>	<b>37,936</b>	<b>39,668</b>	<b>42,677</b>	<b>42,013</b>	<b>40,533</b>	<b>36,815</b>	<b>35,255</b>	<b>31,809</b>
for processing	14	0	24	0	0	86	353	250
organic	820	1,042	1,476	1,296	1,501	1,698	1,686	1,319
other	37,103	38,626	41,177	40,716	39,033	35,031	33,215	30,239
China	10,428	10,460	11,437	9,369	11,001	11,142	11,371	12,030
Argentina	10,598	9,724	12,417	13,183	12,526	9,996	9,350	8,544
South Africa	4,647	5,469	4,172	3,845	3,836	4,666	4,967	5,623
Portugal	0	116	518	727	1,298	1,447	976	2,158
Australia	1,622	1,681	1,392	1,287	1,314	1,000	859	1,607
Chile	1,494	1,189	1,353	1,363	1,826	1,642	681	770
All other countries	1,496	1,851	1,627	1,976	2,586	2,574	2,118	3,457
<b>Import Market Shares</b>								
United States	55.6%	56.6%	56.8%	57.5%	55.1%	54.3%	54.6%	49.8%
China	15.3%	14.9%	15.2%	12.8%	14.9%	16.4%	17.6%	18.8%
Argentina	15.5%	13.9%	16.5%	18.1%	17.0%	14.7%	14.5%	13.4%
South Africa	6.8%	7.8%	5.6%	5.3%	5.2%	6.9%	7.7%	8.8%

Source: Global Trade Atlas

Note: Tariff lines for organic pears were introduced on January 1, 2007

Organic fresh pears accounted for four percent of the total volume of pear imports and six percent of the total value at \$5 million USD out of \$86 million USD in pear imports in MY 2017/18. The United States supplied 50 percent of Canadian imports of fresh organic pears. FAS/Ottawa forecasts that demand for organic pears will remain the same for MY 2018/19.

Canadian exports of fresh pears are considered nominal compared to imports.

## FRESH TABLE GRAPES

*NOTE: "NEW Post" data reflect Post's assessments and are NOT official USDA data*

GRAPES Fresh Canada	2016/2017		2017/2018		2018/2019*	
	USDA Official	NEW Post Data	USDA Official	NEW Post Data	USDA Official	NEW Post Estimates
Production	2,140	2,152	2,400	2,293	0	2,000
Imports	176,100	175,992	180,000	179,787	0	181,200
<b>Total Supply</b>	<b>178,240</b>	<b>178,144</b>	<b>182,400</b>	<b>182,080</b>	<b>0</b>	<b>183,200</b>
Fresh Dom. Consumption	178,240	178,144	182,400	182,080	0	183,200
Exports	0	0	0	0	0	0
<b>Total Distribution</b>	<b>178,240</b>	<b>178,144</b>	<b>182,400</b>	<b>182,080</b>	<b>0</b>	<b>183,200</b>

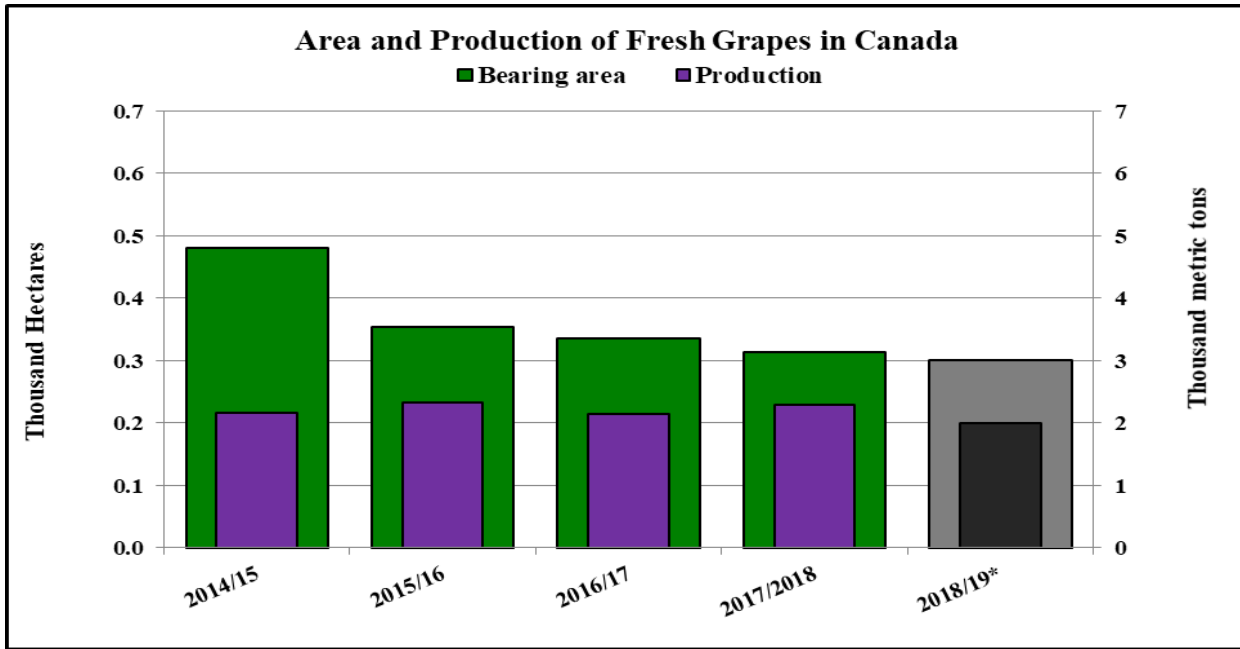
All data in metric tons / \*Post forecast

### **Production:**

FAS/Ottawa forecasts a 13 percent decline in fresh table grape production for MY 2018/19 at 2,000 MT. Ontario produces 80 percent of Canada's fresh table grapes, while British Columbia produces approximately 20 percent.

The decline in production is largely attributable to the drought that hit Ontario during the summer season, which led to a reduced overall crop size. British Columbia, on the other hand, had a relatively good growing season. Despite the high temperatures and wild fires that covered British Columbia in the summer, grape farmers benefited from the smoke that kept the temperature below 30°C degrees and filtered the sunlight before reaching the grape plants.

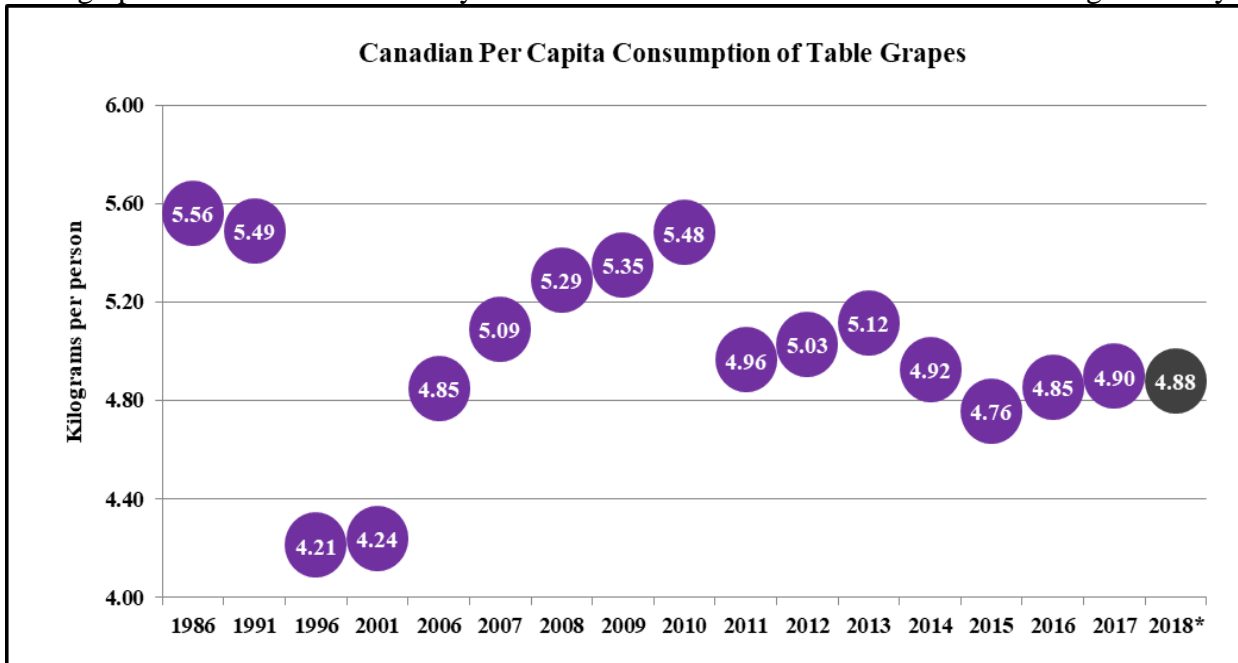
Table grape production only accounts for three percent of fresh grape production, while 96 percent of grape production is used for producing wine and other processed products such as grape juice. Canadian table grape consumption is mainly met through imports as the domestically produced grapes are marketed in the provinces where they are grown. FAS/Ottawa forecasts no significant changes for bearing areas for MY 2018/19.



Source: Statistics Canada / \*Post forecast

**Consumption:**

Per capita table grape consumption has remained remarkably stable over the past five years at 4.88 kilograms per person. FAS/Ottawa forecasts no change in per capita consumption for MY 2018/19. Table grapes continue to be a healthy snack choice in Canada that are available throughout the year.



Source: Statistics Canada / \*Post forecast

**Trade:**

FAS/Ottawa forecasts an increase of one percent in imports in MY 2018/19 due to a decline in domestic production of table grapes in Canada. The United States supplied 50 percent of Canadian imports in MY 2017/18. Chile and Mexico were the second and third largest suppliers of table grapes with 24 percent and 12 percent of total imports, respectively. Canada's consumption is primarily met by imports as its production falls short of consumption.

### Canada: Imports of fresh grapes

*Marketing year: June-May / Quantity in metric tons*

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>World</b>	<b>188,899</b>	<b>172,544</b>	<b>176,048</b>	<b>182,206</b>	<b>176,797</b>	<b>172,572</b>	<b>178,072</b>	<b>183,729</b>
organic	3,197	2,318	2,237	3,385	4,126	3,891	3,430	4,638
other	183,448	170,195	173,757	178,723	172,588	168,672	174,635	179,055
<b>United States</b>	<b>96,384</b>	<b>91,529</b>	<b>95,457</b>	<b>101,960</b>	<b>98,865</b>	<b>97,972</b>	<b>97,109</b>	<b>94,693</b>
organic	1,763	1,742	1,598	2,413	3,150	2,910	2,600	3,058
other	94,505	89,759	93,803	99,450	95,633	95,055	94,502	91,617
Chile	61,866	53,887	54,220	44,629	47,331	36,536	40,239	43,776
Mexico	22,870	17,263	17,045	22,336	16,428	18,976	17,541	21,488
South Africa	1,061	785	1,531	1,959	1,881	5,272	10,502	11,181
Peru	3,587	5,389	4,649	8,664	10,752	12,058	11,101	10,017
All other countries	3,131	3,691	3,146	2,658	1,540	1,758	1,580	2,574
<b>Import Market Shares</b>								
United States	51.0%	53.0%	54.2%	56.0%	55.9%	56.8%	54.5%	51.5%
Chile	32.8%	31.2%	30.8%	24.5%	26.8%	21.2%	22.6%	23.8%
Mexico	12.1%	10.0%	9.7%	12.3%	9.3%	11.0%	9.9%	11.7%
South Africa	1%	0%	1%	1%	1%	3%	6%	6%
Peru	1.9%	3.1%	2.6%	4.8%	6.1%	7.0%	6.2%	5.5%

*Source: Global Trade Atlas*

*Note: Tariff lines for organic grapes were introduced on January 1, 2009*

Organic fresh table grapes account for less than three percent of Canada's imports. FAS/Ottawa forecasts that demand for organic grapes will remain the same for MY 2018/19.

Canadian exports of fresh table grapes are considered nominal compared to imports.

## **ADDITIONAL INFORMATION**

### **Prices**

Agriculture and Agri-Food Canada (AAFC) monitors fresh apple, pear and grape prices in the major Canadian wholesale markets. The daily and weekly market wholesale prices are available electronically at the AAFC [InfoHort website](#).

### **Labor Issues**

Several provinces have increased the minimum hourly wage rates in 2018. In British Columbia, it went up to \$12.65 CAD in June and is scheduled to incrementally increase on annual basis to reach \$15.20 CAD in 2021. In Ontario, it became \$14 CAD per hour and is scheduled to reach \$15 CAD in 2019, and the minimum increased to \$12 CAD per hour in Quebec. The labor force has always been an issue in the agricultural sector in Canada. The Canadian Government created programs like the Temporary Foreign Worker Program to help fill the workforce gap in this sector. With the increase in minimum wage rates in Canada, smaller-scale growers, especially in Ontario and British Columbia, may face financial hardships.

### **Policy:**

#### **Safe Food for Canadians Regulations**

The new consolidated regulations will require food businesses that import or prepare food for export or to be sent across provincial or territorial borders to have licenses, as well as preventive controls that outline steps to address potential risks to food safety. The regulations will be implemented in January 2019. See the [Canadian Food Inspection Agency](#) website and GAIN Report [CA18040](#) for more information on these regulations.

#### **Promotion and Research Agency**

The Canadian apple industry has been discussing the idea of establishing a national marketing agency to promote the consumption of apples and conduct various research projects for several years. This discussion is still occurring although no formal proposals have been put forth at this time. Such an agency would collect levies on both the domestic production and on imports of apples to fund its activities.