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## Canada

### Agricultural Situation

# This Week in Canadian Agriculture, Issue 4 2000

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#### **Report Highlights:**

#### **WHAT'S NEW, EH?**

- \* **NEW DEPUTY MINISTER OF AGRICULTURE NAMED**
- \* **INDUSTRY CALLS FOR WTO SOLUTION TO EU-CANADA WINE TALKS**
- \* **AUSTRALIA WON'T APPEAL SALMON RULING**
- \* **CATTLEMEN SUPPORT ENDANGERED SPECIES LEGISLATION**
- \* **C\$3.27 MILLION TO FUND GRAIN QUALITY TESTING RESEARCH**

And More

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ottawa [CA1], CA

**This Week in Canadian Agriculture** is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

**Disclaimer.** Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

**NEW DEPUTY MINISTER OF AGRICULTURE NAMED:** Samy Watson has been named Deputy Minister of Agriculture, replacing former Deputy Minister Frank Claydon who has been appointed the Secretary and Comptroller General of the Treasury Board. Mr. Watson comes from the Privy Council Office, where he was formerly the Deputy Secretary.

**INDUSTRY CALLS FOR WTO SOLUTION TO EU-CANADA WINE TALKS:** The Globe and Mail reports the Canadian wine industry is demanding the government take a long-standing issue of limited access to the EU market to the WTO. The EU bans all Canadian ice wine on the grounds that its sugar content is too high for EU standards. The EU also bans most other Canadian wines, because Canadian wine making processes differ from Europe's more traditional approach. Since 1998, both governments have worked toward an agreement that would allow Canada greater access to the European market; however, little progress has been made. In March 2000, GOC offered to give up semi-generic names such as champagne, port and sherry in exchange for greater access. The EU rejected the offer, despite the concession being significant for the Canadian industry. Wine industry representatives place the market potential for Canadian wine into the EU at about \$C20 million.

**AUSTRALIA WON'T APPEAL SALMON RULING:** According to the National Post, Australia will not appeal the recent WTO ruling that there is no scientific basis for the Australian ban on Canadian raw salmon. Following arbitration, Australia announced new fish import policies in July 1999. The WTO ruled in January 2000 that the new policies did not fulfill Australia's WTO obligations. Canada will have the right to retaliate against Australia following arbitration over the amount of retaliation, which is estimated at about C\$45 million. The case dates back to 1975 when Australia prohibited the importation of Canadian fresh, chilled and frozen salmon due to alleged concerns about fish health.

**CATTLEMEN SUPPORT ENDANGERED SPECIES LEGISLATION:** Environment Minister David Anderson introduced legislation in Parliament this week to protect endangered Canadian wildlife from extinction. The objective of the legislation is to help birds, fish, mammals, plants and insects at risk of extinction to recover to sustainable levels. The proposed Species at Risk Act provides the authority to prohibit the destruction of endangered or threatened species and their critical habitat on all lands in Canada. The Act also provides the emergency authority to list species in imminent danger and to impose penalties to violators. The Canadian Cattlemen's Association supports the new proposal.

Environmentalists claim the bill is too weak to prevent species extinction and are critical of key provisions, including one that gives the federal cabinet the determination on which species will receive legal protection.

**C\$3.27 MILLION TO FUND GRAIN QUALITY TESTING RESEARCH:** On April 7, the GOC committed funding of up to \$3.27 million to help grain producers and industry work together with researchers to develop rapid grain quality testing techniques. Funding under the initiative will go toward projects that investigate new techniques that can be used to complement the existing grain quality testing process and support the development of automated grain quality testing techniques to keep pace with customer demands and new developments in plant breeding technology. (See GAIN report CA0045).

**P.E.I. ANNOUNCES SEED POTATO INCENTIVE PROGRAM:** Prince Edward Island (P.E.I.) has implemented a new Seed Potato Incentive Program to increase the production of province-grown high quality seed of the Russet Burbank and Shepody varieties in 2000. The financial incentive to producers is C\$750 per acre, if the total virus levels of the seedlot planted is less than or equal to 2%, or C\$550 per acre, if the total virus level is less than or equal to 5%. Growers from P.E.I. reportedly increased their purchases of western Canadian seed potatoes this winter after experiencing high leaf roll virus levels in P.E.I. seed stocks. It is estimated that the incentive program could increase P.E.I. source high quality seed production and reduce out-of-province imports by about 500,000 hundredweight in 2001. P.E.I. is Canada's leading potato producing province. U.S. exports of seed potatoes to Canada are highly regulated by the Canadian Food Inspection Agency due to the complexity of the varying disease status among potato growing states and provinces. In 1999, U.S. seed potato exports to Canada were worth slightly more than \$2 million with Maine and North Dakota being the leading states. This compares to the \$60 million annual market in Canada for U.S. table potatoes, a market lead by California and Washington.

**CANADIAN EXPORTERS GUARANTEED 100% PAYMENT ON EXPORT SALES:** A new program from the Export Development Corporation (EDC) now ensures that Canadian exporters are covered 100% against payment default by foreign buyers. Prior to the new transaction-financing arrangement, Canadian exporters could purchase EDC accounts receivable insurance which would cover 90% of the exporting company's sales. (See GAIN report CA0043).

**CATTLEMEN ALERT TRAVELERS TO INDUSTRY DISEASE RISK:** In an April 10 press release, the Canadian Cattlemen's Association is urging travellers, farmers and ranchers to be aware of recommended precautions to prevent the spread of foot-and-mouth disease to Canada from recently infected regions in Japan and Korea. The precautions are recommended by the Canadian Food Inspection Agency (CFIA). Foot-and mouth disease is also present in Taiwan. The CFIA routinely requests that travelers declare all meat, dairy or other animal products brought into Canada. If travelers visited a farm while abroad they should clean and disinfect footwear and clothing. Those who have travelled in a country where foot-and-mouth disease is present should stay away from Canadian farms for 30 days after entering Canada. Farmers and ranchers are requested to prevent farm visits by anyone who has been in South Korea or Japan in the past 30 days. Canada's last outbreak of foot-and-mouth disease in 1952 was believed to have been introduced by an immigrant farm worker from an infected area. If an outbreak occurred today and was not detected early and eradicated

immediately, the CFIA suggests that commercial losses could reach billions of dollars during the first year.

**DID YOU KNOW THAT...**

**California is the leading U.S. state exporting agricultural products to Canada, with more than one-fifth of total U.S. agricultural exports of over \$7 billion.**

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<b>Report Number</b>	<b>Title of Report</b>	<b>Date</b>
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CA0042	This Week in Canadian Agriculture, Issue 3	04/06/2000
CA0043	Canadian Exporters Guaranteed 100% Payment on Export Sales	04/07/2000
CA0045	Government of Canada Announces C\$3.27 Million to Fund Grain Quality Testing Research	04/12/2000

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