



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 10/4/2001

GAIN Report #CA1142

## Canada

### Agricultural Situation

### This Week in Canadian Agriculture, Issue 39

## 2001

Approved by:

**Norval E. Francis, Jr.**

**U.S. Embassy**

Prepared by:

George C. Myles, Matthew A. Cahoon

---

#### **Report Highlights:**

"What's New, Eh?" \* Hog Industry Closely Watching Labor Negotiations at Major Quebec Pork Packer \* New Livestock Development Fund for Alberta \* Cedar Groups Want Exemption from U.S. Duties on Softwood \* Winter Wheat Producers Miffed at CWB \* CWB Credit Sales Concern Farmers \* Soybean Exporters Launch New IP Standards

---

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.

**HOG INDUSTRY CLOSELY WATCHING LABOR NEGOTIATIONS AT MAJOR QUEBEC PORK PACKER:** All eyes in the Canadian hog and pork industry are anxiously watching developments in Quebec where the province's largest pork processor, Olymel is negotiating a new labor contract at its two largest plants. According to industry reports, the workers' contract expired on September 1, 2001 and they have given the union executive the authority to strike if a new contract agreement can't be reached. Negotiations between the union and Olymel management are ongoing. Given that Olymel accounts for more than 50 percent of pork production in Quebec, representing about 20 percent of total Canadian pork production, the union is in a strong negotiating position. Estimates of kills at the two plants are 48,000 head per week. Ontario producers and packers are readying for a possible influx of Quebec hogs which would likely strain that province's capacity causing surplus Quebec hogs to go west to Manitoba and south to the United States. Company management remains confident that a strike can be avoided. The earliest a strike could occur is next week.

**NEW LIVESTOCK DEVELOPMENT FUND FOR ALBERTA:** The province of Alberta has announced a C\$11 million commitment to fund the Alberta Livestock Industry Development Fund (ALIDF), a new initiative to support the competitiveness of Alberta's livestock industry. It will be managed by the province's nine major livestock and poultry associations, and will coordinate with existing industry development funds. The ALIDF will support research and development in Alberta's livestock industry, which currently contributes about C\$17 billion to the provincial economy. The C\$11-million Alberta Livestock Industry Development Fund is part of the 2001-2002 provincial budget.

**CEDAR GROUPS WANT EXEMPTION FROM U.S. DUTIES ON SOFTWOOD:** According to the *Globe and Mail*, the B.C. Western Cedar Lumber Association and the U.S. Red Cedar Manufacturers Association are lobbying for an exemption from the U.S. countervailing duty on softwood lumber. The groups claim that the high value, decorative product used largely for siding, decks and window casings, shouldn't be included in the duty which they claim is focused on structural lumber such as spruce and white pine. B.C. cedar producers claim that the 19.3% U.S. countervailing duty has caused the temporary shutdown of mills and idled thousands of workers.

**WINTER WHEAT PRODUCERS MIFFED AT CWB:** According to an October 2 article from the *Canadian Farmer*, the Western Canadian Wheat Growers Association says that Western Canadian farmers are losing opportunities for winter wheat sales. According to the a

press release issued by the WCWGA, the Canadian Wheat Board price spreads are not consistent with those in the United States, nor on the export market. The WCWGA says that while the CWB is paying farmers about 50 a tonne less for winter wheat than it is for comparable grades of spring wheat, the spread on US markets indicates that winter wheat is trading no more than \$15 Canadian below spring wheat. Ted Menzies, President of the WCWGA notes that winter wheat yields significantly better than spring wheat, it's more resistant to fusarium head blight and provides valuable conservation cover for various wildlife.

**CWB CREDIT SALES CONCERN FARMERS:** According to an October 3 news release from the Western Canadian Wheat Growers Association (WCWGA), "The Canadian Wheat Board (CWB) is using interest income to distort price signals to farmers and to hide its true marketing costs," said Ted Menzies, WCWGA President. The CWB sells grain on credit, which is guaranteed by the federal government at a low interest rate. The customers paying with credit are charged commercial interest rates, and the CWB pockets the rate differential and allocates it to the pool accounts. "There is no question that this benefits farmers in the short term," says Bernie Sambrook, WCWGA Manitoba Vice-President, "but it seriously distorts the price signals given to farmers." According to Sambrook, the evidence also suggests that the CWB is manipulating its credit sales to keep its accounts receivable and its interest income high. WCWGA has presented this question to the Auditor General of Canada, who is now conducting an audit of the CWB's finances. "Farmers in western Canada have been asking for a commercial marketing agency, one that is open and accountable to all. It seems to many producers that the CWB has chosen to hide behind these credit sales and is unwilling to admit that they are not the efficient marketers of grain they claim to be. For more information, see GAIN report CA1140.

**SOYBEAN EXPORTERS LAUNCH NEW IP STANDARDS:** According to the Ontario Soybean Growers Association, Canada's food-grade soybean customers will have new confidence in their purchases with the launch of the National Identity Preservation Standard. The standard is a minimum guideline that outlines identity preservation (IP) procedures for all stages of production from growing to processing. The Canadian Grain Commission will be the third party certifying body for the standard. They will conduct both a 'desk audit' of processors' IP procedures manuals, as well as physical audits of their facilities. For more information, see GAIN report CA1141.

**ONTARIO SOYBEAN CROP TAKING DAMAGE:** According to the October 3 edition of *Good Morning Ontario*, Ontario's soybean harvest is slowly getting back underway after good weather has blanketed the province for the past few days. But farmers are not liking the results they are seeing. Richard Smibert of London Agricultural Commodities (LAC) tells that samples of early harvested crop have been showing as much as 5-10% damage which puts the grade down to a #4 or below which is called 'sample'. "First they have half a crop and now they lose their IP premium!" Smibert says. The IP premiums range from \$0.35 to \$1.00 per bushel. The downgraded soybeans will be destined for the crushers in both Hamilton and Windsor. Discounts will apply at the crusher. According to Bruce Spiers at Canamera in Hamilton, soybeans in the 3-5% damage range are called #3 and have a \$2/t discount and 5-8% damage is a #4 and a \$5/t discount. Eight percent damage and greater are called 'sample' and the discount is negotiable. Spiers tells these beans can make meal and oil just fine. However, something else is looming on

the harvest front. Spiers has reports of another form of damage, called 'heat damage' where the kernel is shriveled and has a moldy coat. "We have seen just a few examples of it but we can not take these beans at all due to the contamination it causes to the oil product," he explains.

**Did You Know...**

That aquaculture in Canada accounts for nearly a quarter of the total value of Canadian fish and seafood production.

**Recent Reports from FAS/Ottawa:**

<b>Report Number</b>	<b>Title of Report</b>	<b>Date</b>
CA1139	This Week in Canadian Agriculture, 38	9/27/2001
CA1140	CWB Credit Sales Concern Farmers	10/04/2001
CA1141	Soybean Exporters Launch New IP Standards	10/04/2001

Contact: FAS/Ottawa e-mail: [usagr@istar.ca](mailto:usagr@istar.ca)