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Report Highlights:

"What's New, EH?" * Canada Beefs up Food Inspection Against Bioterror * Canada Releases Objectives for 4th WTO Ministerial Meeting * Ontario Dissolves Apple Marketing Commission * Grocery Innovations Canada 2001 * Hog Numbers Fall, Partly Due to Exports to the United States * Fewer, but Larger Hog Operations * BSE Outbreak in Japan Impacts Canadian Beef Exports * Western Canada Planting More GM Crops
...AND MORE!

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.

CANADA BEEFS UP FOOD INSPECTION AGAINST BIOTERROR: According to the *National Post*, the Canadian Food Inspection Agency has added the equivalent of 52 full-time employees to monitor food and agriculture imports in response to the threat of a bioterror attack against Canada's food supply. The additional resources are intended to increase vigilance at airports, harbors and border points and were originally hired temporarily to deal with the danger of foot-and-mouth disease being imported from Britain. After the Sept. 11 attacks, the CFIA decided to keep the additional staff on the payroll and assign them to guard against bioterrorism. However, the executive vice-president of the CFIA told a parliamentary committee that the CFIA could not guarantee such measures could prevent a bioterrorist attack. According to the *National Post*, André Gravel was reluctant to provide committee members with many details of what form a bioterrorist attack could take, saying he did not want to give potential terrorists any ideas. However, he reportedly later said that a bioterrorist attack is more likely to be directed at Canada's farms than its food-processing facilities. "...The economic impact of the introduction of a serious animal disease in Canada is very significant. You just have to look at what happened in England where they calculate the economic cost is around \$20-billion." said Gravel.

CANADA RELEASES OBJECTIVES FOR 4TH WTO MINISTERIAL MEETING:

According to an October 24 news release from the Canadian Department of Foreign Affairs and International Trade, Canada will seek to improve the lives of Canadians by increasing economic growth and productivity; create opportunities for Canadian exporters and investors by achieving greater access to foreign markets and ensuring fairer conditions for their activities; provide Canadian consumers with better choices/prices in goods and services; update WTO rules and press for a more transparent and open WTO; contribute to economic growth and poverty reduction in developing countries; and address public concerns about the social and environmental implications of trade. For more information, see GAIN CA1150.

CLERICAL ERROR REDUCES ANTI-DUMPING MARGINS ON CANADIAN GREENHOUSE TOMATOES: Late last week, the International Trade Administration of the Department of Commerce amended the preliminary determination of sales at less than fair value in the anti-dumping duty investigation of greenhouse tomatoes from Canada to reflect a correction of a significant ministerial error regarding BC Hot House Foods, Inc., in that determination. As a result of the correction, the weighted-average dumping margin for BC Hot House Foods, Inc., was revised from 50.75% to 33.95%. The revised "all others" dumping

margin, the aggregate dumping margins of other firms that did not provide information to the agency in its preliminary investigation, were cut from 32.36% to 24.04%. According to unofficial reports, margins assigned to other companies in Ontario remained unchanged. Commerce Department officials are expected to visit the named Canadian firms in November and December as part of a verification process.

ONTARIO DISSOLVES APPLE MARKETING COMMISSION: Brian Coburn, Ontario Minister of Agriculture, Food and Rural Affairs accepted the recommendation of the Ontario Farm Products Marketing Commission (OFPMC) to dissolve the Ontario Apple Marketing Commission and called on the apple industry to develop a new strategy to meet changing markets in Ontario and around the globe. Earlier this year, 56.3% of apple producers, casting a ballot, were in favor of the termination of the Apple Commission during a mail-in vote conducted by the OFPMC (see CA1129, page 11). These results, coupled with the fact many producers are not paying their acreage fees, clearly demonstrated that there was very weak support among growers for the effective continuation of the Apple Marketing Plan. The full OFPMC report is available on the Internet at: www.gov.on.ca/omafra/english/farmproducts

Almost half of Canada's fresh apple crop is grown in Ontario.

GROCERY INNOVATIONS CANADA 2001: The Grocery Innovations Canada trade show was held October 21-23, 2001 at the Metro Toronto Convention Center. The show included a U.S. Pavilion, with nine exhibitor booths, representing a total of 37 companies. Each day's events included cooking demonstrations by a chef from the New England Culinary Institute in Vermont, who incorporated products from the participating U.S. companies in his culinary creations. Breakfast TV, a Toronto television show, included a segment with our chef in the U.S. Pavilion on their Monday morning show. Other media attended a cooking demonstration on Monday afternoon. Projected 12-month sales resulting from the show are expected to be over \$1 million.

McCain Foods Adds to Processing Plants in the UK: McCain Foods Limited, headquartered in Florenceville, New Brunswick, recently announced that it will build a major new frozen french fry processing plant in the United Kingdom at an estimated cost of \$150 million. The state-of-the-art facility will be built just north of Rugeley which is about 25 miles northwest of the city of Birmingham. McCain Foods Limited, the largest producer of french fries in the world, employs 18,000 and has more than 55 food processing plants in 13 countries on five continents. McCain recently completed construction of a major french fry facility at Easton, Maine. McCain operates five french fry plants across the United States. The company claims that it produces one in every 3 french fries consumed in the world. The company started with one plant in Canada in 1957.

Hog Numbers Fall, Partly Due to Exports to the United States: According to Statistics Canada, Canadian hog inventories declined marginally during the third quarter, due almost entirely to a substantial drop in numbers on Ontario farms. Hog producers

reported 12.2 million head on their farms on October 1, down 0.3% from October 1, 2000 and 1.3% lower than during the start of the second quarter of 2001. Inventories in Western Canada increased 4.4% compared with last year, but they fell 3.5% in the East with a 8.3% decline in Ontario alone. StatsCan said that Ontario inventories were drawn down partially as a result of increased live hog exports to the United States. More than 80% of Canadian live hog exports, feeder and slaughter, originate in Manitoba and Ontario. During 2001, Canadian live hog exports to the U.S. are on pace to exceed 5.0 million head, more than 15% higher than 2000.

FEWER, BUT LARGER HOG OPERATIONS: Statistics Canada reports that the number of hog operations in Canada has been falling over time, while the average number of pigs per farm has been increasing. As of October 1 2001, there were 12,075 hog producers in Canada, compared with 29,030 operations in 1991 (nearly a 60% decline). Each farm had an average of 1,008 pigs as of October 1, 2001, about 2.8 times the 1991 average.

BSE OUTBREAK IN JAPAN IMPACTS CANADIAN BEEF EXPORTS: According to the Canadian Beef Export Federation (CBEF), an independent organization of meat packers, processors and brokers promoting Canadian beef exports, the recent confirmation of bovine spongiform encephalopathy (BSE) in Japan has hurt Canadian beef exports to that country. According to the CBEF, Japanese consumers reportedly reduced beef consumption by as much as 50 percent after confirmation of the disease was announced and its link to the human version of BSE called Creutzfeld-Jakob disease. In 2000, Japan was the fourth most important export market for Canadian fresh or frozen beef. Official Canadian trade data show that Canada exported 15,763 metric tons of fresh or frozen beef to Japan last year accounting for about 4% of total Canadian beef exports. About 25 percent of Canadian beef exported to Japan is fresh while most chilled meat ends up in retail stores outside of Tokyo. The rest is frozen beef used by the Japanese food service industry. The CBEF is hopeful that increased exports to other markets, notably Mexico, will help offset any declining sales to Japan.

WESTERN CANADA PLANTING MORE GM CROPS: According to an October 23 article from *Good Morning Ontario*, Western Canadian farmers appear to be increasing their yearly acreage of GM crops. The Canola Council of Canada statistics show that 61% of the 9.9 million acre canola crop planted by farmers in Western Canada planted this year was from GM seed, up from 55% in 2000 and 53% cent in 1999. Joanne Buth of the Canola Council of Canada was quoted as saying, "Since the initial release of GM canola in 1996, its use has increased dramatically. We did a survey on why farmers are growing more transgenic crops and the primary reason is weed control. Both of the available varieties of GM canola are herbicide tolerant so farmers are seeing some real benefits with hard to control weeds."

Did You Know...that Canadians consumed more potatoes than any other vegetable in 2000, and more bananas than any other fruit. In all forms, fresh or processed, per capita potato consumption reached 163 lbs. while each Canadian consumed, on average, nearly 29 pounds of bananas (source: StatsCan).

Recent Reports from FAS/Ottawa:

| Report Number | Title of Report | Date |
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| CA1146 | This Week in Canadian Agriculture, 40 | 10/11/2001 |
| CA1147 | Fishery Products Annual | 10/17/2001 |
| CA1148 | This Week in Canadian Agriculture, 41 | 10/18/2001 |
| CA1149 | Mandatory Labeling Bill C-287 Defeated | 10/24/2001 |
| CA1150 | Canada Releases Trade Objectives for 4 th WTO Ministerial | 10/25/2001 |

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