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Report Highlights:

Canadian Swine Industry Rebuffs U.S. Pork Producers' Claims * National Meat Association Seeks Intervenor Status In R-Calf Case * Higher Heat Units Raise Corn Production Forecast * Cool Temperatures Reduce Apple Production Potential * China Jumps To Fourth Spot As Destination For Canadian Agricultural Exports * B.C. Timber Cut Level Increased To Control Beetle Epidemic

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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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.

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.

CANADIAN SWINE INDUSTRY REBUFFS U.S. PORK PRODUCERS' CLAIMS: The Canadian Pork Council (CPC) issued a statement this week rebuffing last week's National Pork Producers Council's (NPPC) press release that claimed there are illegal subsidies being paid to Canadian hog farmers (see CA4064). The development follows the August 17, 2004 preliminary ruling by the United States Department of Commerce that Canada's subsidies for its hog industry are too small to justify the imposition of U.S. tariffs on hogs coming from Canada. In a sharply worded statement the CPC said that...*(quote)* "Losing is not winning — no matter how hard the (NPPC) press release tries to spin the facts. Farm support payments are a fact of life in the U.S., Canada, and the global agricultural industry. The result of the recent decision in this trade case is that the U.S. Government has found that Canada continues to "do it right," under U.S. law and the rules of international trade... We call on the NPPC to recognize that Canadian hogs exported to the U.S. are fairly traded, and are not harming the U.S. industry, and to withdraw what has become an unnecessary and counterproductive trade issue between our two countries, and that has the potential to harm a significant number of U.S. hog producers and processors." *(end quote)*

NATIONAL MEAT ASSOCIATION SEEKS INTERVENOR STATUS IN R-CALF CASE: The Canadian lobby effort to re-open the U.S. border to Canadian live cattle got an ally this week when the National Meat Association, based in Washington, D.C. asked the U.S. District Court in Billings, Montana to grant it intervenor status in the lawsuit *R-CALF v. USDA*. The more than 500 companies that NMA represents include meat packers and processors, equipment manufacturers and suppliers. NMA is concerned that the survival of the U.S. beef slaughter industry is at serious risk, because of the inability of facilities to maintain efficient slaughter levels. With the U.S.-Canada border closed to all imports of cattle, sufficient livestock numbers are not available to many U.S. slaughterhouses. According to the NMA, the current closure has resulted in economic hardship, cutbacks in employment and production, and shutdown of at least one U.S. beef slaughter facility. "R-CALF is trying to keep the border closed to Canadian cattle and the economic aftermath of this case could so negatively impact our members that it requires our intervention. If the situation continues as it is, it will cause irreparable harm to the industry," NMA Executive Director Rosemary Mucklow said. NMA advocates the earliest possible reopening of the U.S. Canada border to imports of healthy slaughter cattle, believing that this is beneficial both to consumers and the firms that slaughter and process cattle. Intervenor status will provide NMA the opportunity to participate if R-CALF uses the current litigation to unduly delay resumption of trade.

HIGHER HEAT UNITS RAISE CORN PRODUCTION FORECAST: Crop Heat Unit (CHU) accumulation in Ontario during late August and early September was significantly above normal (in sharp contrast to the spring and summer period which were abnormally cool). As a result, Agriculture and Agri-Food Canada (AAFC) has raised its Canadian corn production estimate to 8.4 million tons for 2004, up more than 2% from its August estimate. The level is considerably below the 9.6 million tons from last year but growers are more optimistic about the crop than they were when production prospects looked so dismal early in the season. AAFC lowered its total grain and oilseed production forecast for 2004 to 61.3 million tons, down fractionally from 61.4 million tons forecast in August. Last year's total was 59.6 million tons. Year-to-year increases are anticipated for all major grains and oilseeds with the exception of oats and corn.

COOL TEMPERATURES REDUCE APPLE PRODUCTION POTENTIAL: The 2004 Canadian apple crop is forecast at 382,000 metric tons, only fractionally higher than the relatively poor outturn of 2003. Cool and wet conditions in Ontario and variable weather in New Brunswick and Nova Scotia reduced production potential this year. Forecast production increases for the 2004 crop in British Columbia and in Quebec, where an exceptional crop is anticipated, are expected to only partially offset the smaller crops in the other regions. Although total Canadian fresh apple imports slipped to 135,934 metric tons

during MY2003/04 (6% below the previous year's level), they were almost 10% above the previous five-year average of 123,600 metric tons. The U.S. share of the Canadian fresh apple import market in MY2003/04 fell to 70% from 78% the previous year reflecting increased Canadian imports of fresh apples from Chile, South Africa, and China. However, Canadian imports of fresh apples from China are currently suspended by the Canadian Food Inspection Agency due to interceptions of quarantine pests. For more information on the current Canadian apple crop and apple trade prospects see the Annual Deciduous Fruit Report CA4065 scheduled to be released shortly on the FAS website.

CHINA JUMPS TO FOURTH SPOT AS DESTINATION FOR CANADIAN AGRICULTURAL EXPORTS:

During the first seven months of 2004, Canadian agricultural exports to China soared to \$493 million almost four times the \$125 million exported during the same period last year. The increase boosted China to the No. 4 spot among the top destinations for Canadian food and agricultural exports after the United States, Japan and Mexico. Most of the increase in Canadian agricultural exports to China in the January to July period of 2004 reflects sharply higher shipments of cereal grains (mostly wheat) and oilseeds.

B.C. TIMBER CUT LEVEL INCREASED TO CONTROL BEETLE EPIDEMIC: British Columbia's Forestry Minister Larry Pedersen announced that total allowable annual cut for the three north-central B.C. timber supply areas most affected by the mountain pine beetle epidemic will increase by 27 per cent to 23.4 million cubic meters. According to press reports, the action will raise the annual harvesting rates in three timber supply regions near Prince George by as much as 30 per cent. B.C. has 37 timber supply areas subject to prescribed allowable cut levels under its Timber Supply Policy. The Council of Forest Industries estimates that the value of wood infested by the mountain pine last year is C\$18-billion (\$13 billion). The Minister claimed the additional timber harvest is necessary because infected trees lose their commercial value as early as five years after the initial infestation.

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CA4064	This Week in Canadian Agriculture, Issue 31	9/10/2004
CA4063	Livestock Annual	9/1/2004
CA4062	Canada Connect Matchmaker Program	9/1/2004
CA4061	This Week in Canadian Agriculture, Issue 30	9/3/2004
CA4063	Livestock Annual	9/1/2004
CA4062	Canada Connect Matchmaker Program	9/1/2004
CA4060	Poultry Annual	8/27/2004

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