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This Week in Canadian Agriculture, Issue 14 2005

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Report Highlights:

* U.S. Mad Cow Cover-Up Allegations Receive Wide Attention * Canada Expects Taiwan to Accept Canadian Beef Soon * Cattle Industry Promotes Birth Date Registration Process to Assist Age Verification * Farmers Launch C\$7 Billion BSE Lawsuit * Canadian Government Roles Out Kyoto Plans For Agriculture and Forestry * Will Canadians go to the Polls? * Forestry Industry Sees Profits Increase

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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.

U.S. MAD COW COVER-UP ALLEGATIONS RECEIVE WIDE ATTENTION: A former USDA veterinarian, now a consumer advocate, who has been insisting for years that bovine spongiform encephalopathy (BSE), or mad cow is present in U.S. cattle herds, came to Canada this week to deliver the news and was even invited to testify before a Parliamentary Committee. Speaking across Canada, Lester Friedlander alleges that USDA veterinarians sent suspect cow brains to private laboratories, which confirmed they were infected with mad cow disease but that subsequent tests in government labs were free of any BSE agents. Following up Friedlander's allegations, the Canadian Broadcasting Corporation (CBC), a publicly owned media network, launched an investigative probe of the incidents that allegedly occurred in the 1990s. The CBC procured a video of a disabled and downer animal at a slaughterhouse in Oriskany Falls, N.Y., which it broadcast on national television. The CBC also claimed it has U.S. lab results that according to notes from the scientist who conducted the test, so much of the brain was missing that the test was compromised. The declaration of the outbreak of BSE in Canada in May 2003 and two additional cases in Canada in January 2005 has reportedly cost the Canadian beef industry an estimated C\$7 billion in economic losses due to trade restrictions and market disruption. Ever since Canada's 2003 BSE incident, abundant anecdotes and cartoons have circulated in the Canadian media that portray various methods of how U.S. ranchers and officials cover-up potential BSE findings.

CANADA EXPECTS TAIWAN TO ACCEPT CANADIAN BEEF SOON: According to trade policy officials at Agriculture and Agri-Food Canada, Canada expects Taiwan to be open to Canadian beef soon, but no date has been set. GOC officials were recently in Taiwan meeting with Taiwan's Minister of Agriculture and Health. Effective April 16, 2005 Taiwan is accepting U.S. boneless beef from cattle slaughtered in the United States at an age under 30 months. Prior to BSE trade restrictions, Canadian beef exports to Taiwan totaled about \$12 million and Taiwan was the fifth most important export market for Canadian beef.

CATTLE INDUSTRY PROMOTES BIRTH DATE REGISTRATION PROCESS TO ASSIST AGE VERIFICATION: The Canadian Cattle Identification Agency (CCIA), the industry-led organization that administers Canada's cattle identification (ID) and traceback system claims it has enhanced its database capabilities to include Age Verification capability. In Canada, the ID ear-tag program is mandatory for all producers and the CCIA has introduced a voluntary process for producers to electronically submit cattle birth dates and associate the information with the identification numbers on approved CCIA tags applied to cattle. All submissions are done on the Canadian Cattle Identification Agency's Age Verification website. To ensure data accuracy, the birth dates entered are subject to a third-party auditing process to begin soon. According to Stan Eby, President of the Canadian Cattlemen's Association, the Canadian Food Inspection Agency has stated that it strongly encourages producers to submit birth date information and that the issue is a key strategy in the effort to open up the Japanese market and position Canada as one of the few beef exporting nations to be able to provide age-verified beef. In a statement, Eby encouraged all Canadian producers to help the Canadian industry recover (from BSE) and become even more competitive by registering the birth dates of their calves.

FARMERS LAUNCH C\$7 BILLION BSE LAWSUIT: Farmers from Ontario, Quebec, Alberta and Saskatchewan have filed a C\$7 billion class action lawsuit against the Canadian government claiming that government negligence resulted in Canada's BSE crisis. The group alleges that the federal government lost track of cattle imported from the United Kingdom in the 1980s that may have harbored the BSE infective agent and that some of the rendered products of these animals may have entered the feed chain. Also named in the suit is Ridley Inc, a subsidiary of Ridley Australia, which ranks among the largest livestock manufacturers in North America. The company markets a broad range of complete feed rations, nutritional supplements, feeding blocks and vitamin/mineral premixes

directly to livestock producers, and through a dealer network, from 41 production plants in Canada and the United States. The complainants reportedly allege that the Alberta cow that was discovered to have BSE in May 2003, became infected with BSE soon after being fed with Ridley's products.

CANADIAN GOVERNMENT ROLLS OUT KYOTO PLANS FOR AGRICULTURE AND FORESTRY :

Earlier this week, the Government of Canada rolled out plans for honoring its Kyoto commitment. In its plans, the government outlined its proposal for using the agriculture and forestry as carbon sinks, which would count towards Canada's Kyoto target. The plans for agriculture as outlined in the government's *A Plan for Honoring Our Kyoto Commitment* are as follows:

Carbon sequestration practices are predicted to generate a carbon sink of 10 metric tons (Mt) in the Kyoto commitment period of 2008-2012. An incremental sink of 16 Mt or more beyond carbon sequestration levels may be possible through practices such as reduced tillage, less summerfallow and increased use of forage, all of which could be financially supported through the Climate Fund. Incremental emission reductions from agriculture could result from activities such as beef feeding strategies and hog manure management

Through using the various techniques outlined in the Kyoto plan, Canadian farmers could receive upwards of \$1 billion (CDN) over the next seven years. Under the Kyoto plan, producers could qualify for subsidies for zero-till or low-till farming. In addition, farmers could also receive federal money if they use more energy efficient tractors or convert animal waste into fuel for electrical power generation.

The plans highlighted for the forestry sector are as follows:

Existing forestry practices would result in a carbon sink of 20 Mt. This estimate could fall to zero as a result of the Mountain Pine Beetle infestation and forest fires in British Columbia. An incremental sink of 4 Mt beyond carbon sequestration levels may be possible through practices such as afforestation, reforestation and avoided deforestation which could be financially supported through the Climate Fund.

WILL CANADIANS GO TO THE POLLS?: As the Gomery inquiry continues to reveal strong evidence against the ruling Liberal Party of Canada, the indication from Parliament Hill is that Canadians may go to the polls as early as June. In order to bring down the government, one of the opposition parties would have to move a motion of non-confidence against the government with a majority of the opposition members supporting it, or have the government defeated on a vote on the budget. What will this mean for Canadian agriculture? The answer is most likely not too much. Under a new government all pending bills would have to be re-introduced once a new parliament is sitting. Bill C - 264, An Act for the Recognition and Promotion of Supply Management; Bill C -27, The Canadian Food Inspection Agency Enforcement Act; Bill C-276, An Act to Amend the Access to Information Act regarding crown corporations and the Canadian Wheat Board; and Bill C -317, An Act for the Mandatory Labeling of Genetically Modified Foods would have to be re-introduced. The expectation on the campaign trail is that party positions put forward regarding agriculture would be basically the same as during the last election. As the drama continues to unfold in the House of Commons and in the Gomery inquiry, all indications are that Canadians will be heading to the polls in the next couple of weeks, less than year after they elected a Liberal minority government.

FORESTRY INDUSTRY SEES PROFITS INCREASE: According to a survey done by PricewaterhouseCooper (PwC), profits reported by the top 10 forest companies in Canada leaped to \$930 million in 2004. This was a significant jump from 2003, which saw profits of only \$242 million. The increase was attributed to the trend towards bigger, more efficient sawmills, which is helping to boost lumber recoveries and in turn is making the industry more profitable. Canfor Corp. and West Fraser Timber Co., profits were up \$421 million and \$212 million respectively. The increase in profits for those two companies was partly attributed to high lumber prices and investment in sawmilling technology (see CA5009, CA5019). According to PwC, the increased profits have helped to offset the impact on the Canadian forestry sector as a result of the softwood duties, unfavorable exchange rates and an oversupply of newsprint.

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