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Report Highlights:

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BOARD PRIVATIZATION * NEW BRUNSWICK POTATO SECTOR GETS FUNDING FOR MARKET
DEVELOPMENT

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.

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.

FIRST EXPORTS OF LIVE CANADIAN CATTLE IN OVER TWO YEARS: A small load of Canadian cattle entered the U.S. from Ontario this week, the first shipment of live Canadian cattle to the U.S. since the discovery of a case of BSE in Alberta in May 2003. The development was made possible after a ruling by the Ninth Circuit Court of Appeals to lift the preliminary injunction that blocked implementation of USDA's BSE minimal risk regions rule. On March 2, 2005 the industry group R-CALF United Stockgrowers of America were granted an injunction from Montana District Court Judge Richard Cebull preventing the USDA rule from going into effect Monday March 7, 2005 as scheduled. Judge Cebull indicated that he would not hold a hearing on a permanent injunction scheduled for July 27 2005 while he studies the decision of the appeals court judges who overturned the temporary injunction. Cebull reportedly said that only after he sees the legal opinion would he will decide whether further hearings are necessary. The Canadian cattle industry is hopeful that the judge will conclude (based on the appeal court's reasons) that the case for a permanent injunction should not proceed.

NEW PORK SLAUGHTER FACILITY FOR SASKATCHEWAN: Maple Leaf Foods Ltd., Canada's largest pork processor, has announced it will build a new hog slaughter and pork processing plant in Saskatoon, Saskatchewan. The company will construct a C\$110 million primary pork processing facility on 35 acres in the Marquis Industrial area in Saskatoon and invest up to C\$50 million in its value-added pork processing operations. Up to 350 new jobs will be created. The company will reportedly receive provincial grants of up to C\$35 million with C\$22.5 million for the new slaughter facility and C\$12.5 million directed at the value-added manufacturing. Sask Pork General Manager Neil Ketilson said the announcement is an extremely important development for the province's hog producers in that it will increase provincial hog slaughter which hasn't expanded in line with recent hog production increases.

PAYLEAN™ APPROVED FOR USE IN CANADIAN HOG FEED: According to the Canadian Pork Council, Paylean™, a feed ingredient for swine made by Elanco, has been approved for use in Canada. Hog producers can now include the additive in the feed of finishing hogs for about 28 days prior to sending the animals to market. Paylean™ claims to aid in the utilization of nutrients by hogs, which increases lean meat while decreasing fat. Many other countries, including the U.S., Australia, and Mexico already approve the use of the feed additive. Paylean™ is expected to be available in the Canadian market this fall.

INCREASED IMPORTS OF U.S. CORN LIKELY FOR MANITOBA: According to the Manitoba government, persistent heavy rains and flooding in Manitoba in 2005 are expected to boost excess moisture insurance payments beyond C\$50 million, involving over 4,000 claims and one million acres of unseeded farmland. As a result of lost corn acreage, Manitoba livestock analysts believe Manitoba may have to import significant quantities of U.S. corn. In the last three calendar years (2002-2004) Manitoba imports of U.S. corn averaged almost 700,000 metric tons annually. In addition, Manitoba oil seed crushers are looking to U.S. soybeans this year to meet demand as the poor weather is also expected to reduce the province's soybean harvest.

ONTARIO REJECTS LIQUOR BOARD PRIVATIZATION: The Ontario government has rejected a report recommending the privatization of the Liquor Control Board of Ontario. The provincial government announced in January 2005 that it had appointed an expert panel to review the distribution and sale of beverage alcohol in Ontario but this week, after receiving a copy of the report *Beverage Alcohol System Review*, it flatly rejected the key recommendation that the government should get out of the business of selling alcoholic beverages and implement a licensing system for the retailing and wholesaling of alcoholic beverages in the province. The report concluded that the current system dominated by three monopolies, the government-owned Liquor Control Board of Ontario (LCBO);

Brewers Retail Inc., owned by Ontario's three largest brewers; and the winery retail stores, most of which are owned by two wineries limits both competition and revenue for the province. It argues that a more open and competitive system would generate an additional C\$200 million of revenue annually beyond the current C\$1.5 billion. By maintaining the status quo, the report says the LCBO will find it challenging to keep pace with broader consumer and retail trends and struggle to increase, or even maintain, the revenue dividend. Moreover, the report stated that an open, market-driven system would put the focus on the consumer and would deliver more convenience, broader selection and competitive prices. The authors concluded that new wholesale and retail channels would give small producers and makers of niche products greater access to the marketplace thereby boosting economic growth.

NEW BRUNSWICK POTATO SECTOR GETS FUNDING FOR MARKET DEVELOPMENT: Potatoes New Brunswick, the provincial growers agency, has received C\$236,000 in federal funding to assist in the development of new markets, domestically and internationally, for New Brunswick potato products. The funding is provided by Agriculture and Agri-Food Canada through its Advancing Canadian Agriculture and Agri-Food (ACAAF) Program, a five-year, C\$240 million federal program aimed at supporting the agricultural initiatives of individuals; not-for-profit organizations and associations; universities; colleges; cooperatives; marketing boards; aboriginal groups and for-profit companies. The ACAAF was launched in April 2004 as a successor to the Canadian Adaptation and Rural Development (CARD) Fund. "The potato business in North America has become very competitive in recent years and this funding will allow the industry to undertake marketing activities, both domestically and abroad to capture a greater share of the available market," said Agriculture and Agri-Food Minister Andy Mitchell. Potatoes New Brunswick plans to use the funding to collect marketing information that will help identify strengths, weaknesses, barriers, risks and opportunities in the potato market. The funding will allow Potatoes New Brunswick to take part in trade shows and trade missions in Canada, the U.S. and other foreign markets like China and Cuba and to develop new promotional materials.

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