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This Week in Canadian Agriculture, Issue 31

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Report Highlights:

* Anti-Dumping Duties on U.S. Potatoes Renewed Again * Workplan to Facilitate Development of Protocol for Ya Pears From China * Stats Canada Releases July Grain Stock Numbers * Crop Update * Ottawa Refuses to Pay CWB Legal Bills

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.

ANTI-DUMPING DUTIES ON U.S. POTATOES RENEWED AGAIN: U.S. exports of fresh potatoes into the province of British Columbia have faced anti-dumping duties for more than twenty years and following a review of the case, the Canadian International Trade Tribunal (CITT) determined this week that the anti-dumping order should again be renewed. Under Canadian law, anti-dumping and countervailing safeguard measures expire after five years unless renewed. The action by the CITT marks the fourth time that the dumping order has been renewed since duties were first applied in 1984. The CITT concluded that a rescission of the order would likely result in injury to the potato growers of British Columbia. Anti-dumping duties do not apply to imports from the U.S. during the period May 1 to July 31 of each year and this time around the CITT included an amendment to exclude from the order, imports of U.S. red potatoes, yellow potatoes, and exotic potato varieties, and white and russet potatoes imported in 50 lb. cartons in the following count-sizes: 40, 50, 60, 70, and 80. The CITT granted the exemption on the specialty potatoes on the basis that they are more highly valued than white and russet potatoes and that their import price was generally higher than the "normal values" (determined by the Canadian Border Services Agency). For the "count-size" potatoes, the CITT noted a similar pattern to import prices. The full document containing the CITT's statement of reasons is available at www.citt.gc.ca

WORKPLAN TO FACILITATE DEVELOPMENT OF PROTOCOL FOR YA PEARS FROM CHINA:

Following discussions with Chinese President Hu Jintao in Ottawa last week, Canada's Prime Minister announced that Canada and China had agreed on a workplan to develop a protocol for imports of Ya pears from China. It was one of seven bilateral agreements signed with China across economic sectors. According to the Canadian Food Inspection Agency, a Quality Management System will be developed and an on-site audit of Chinese Ya pear operations will be undertaken later this year to ensure the safeness of Ya pears exported to Canada. Chinese Ya pear exports to Canada are currently under suspension due to repeated interceptions of a quarantine pest.

STATS CANADA RELEASES JULY GRAIN STOCK NUMBERS: According to Statistics Canada, total grain and oilseed stocks of both on-farm and commercial inventories continued to be above 10-year averages. Total stocks of wheat increased to 7.9 million metric tons (MMT), which is 31.4 percent higher than in 2004. Despite the 40.9 percent increase in durum stocks, supplies of high quality durum are tight. Total barley stocks jumped 66 percent from 2004 levels to 3.5 MMT, which is well above the five-year average of 2.2 MMT. Low prices and large supplies of poor quality barley and wheat from last year's crop are the two major contributors to the increase in stocks. Total canola stocks are up 1.0 MMT from the 2004 level to 1.6 MMT. This places total canola stocks above the 10-year average of 913,000 tons. Total oat stocks increased to 988,000 tons, 25.4 percent higher than in 2004. Large stocks at the beginning of the 2004/2005 crop year combined with good production resulted in the large oat supplies. Higher on-farm stocks in Quebec and Ontario contributed to an increase in total corn stocks in 2005 to 5.3 MMT compared to 4.9 MMT in 2004. Flaxseed was the only crop to buck the trend, with stocks dropping to 30,000 tons, down from 93,000 in 2004. Poor harvest in 2004 combined with strong deliveries due to higher prices resulted in the decline.

CROP UPDATE: According to Saskatchewan's provincial department of Agriculture, poor weather conditions have continued to delay harvest and impact the quality of the crop still in the field. Three days of rain resulted in some areas of the province receiving anywhere between 2.2 to 3.75 inches of rain. Other areas were impacted by strong winds and hail from storms that passed through. Approximately 34 percent of the crop has been combined and another 37 percent is lying in swath or is ready to straight combine. The five-year average is 46 percent combined and 20 percent lying in swath or ready to straight combine. Crop quality is being downgraded with each rain, as farmers are finding bleaching, staining, sprouting, mould and mildew. Lodging and soft fields are also expected to impact harvesting. Saskatchewan was looking at a record crop this year, but the weather is putting that in

peril. Seeding of fall crops is underway. According to Manitoba's department of Agriculture, harvesting is progressing, but quality of the crops is poor in many areas. In the *Southwest* region, harvesting of cereal crops is 40-50 percent completed, while canola is only 30 percent done. Wheat yields are better than expected and grading #1 and #2. Barley is yielding between 35-75 bu/ac, but bushel weights have been average to below average. Canola is yielding better than expected, but later-seeded fields may not produce as well. Oat yields and bushel weights are poor. In the *Northwest* region, wheat and barley are 90 percent swathed and 55 percent combined. Wheat yields are in the range of 30-55 bu/ac and grades are mostly #1 and #2. Barley yields range from 30-70 bu/ac and good quality oats are yielding up to 125 bu/ac. Canola is 85 percent swathed and 45 percent combined, with green seed counts low. In the *Central* region, harvest has progressed quickly. Wheat yields range from 5-50 bu/ac throughout the region. Fusarium has resulted grades being mostly #2. Oat yields are below average. Winter wheat and fall rye are being seeded. In the *Eastern* region, winter wheat yields ranged from 15-40 bu/ac and quality was below average. Spring cereals are 100 percent combined. Canola is 90 percent combined. Alberta also received the heavy rains seen in Saskatchewan. Some areas also experienced snow. This has impacted harvest in that province. According to Ontario's provincial department of Agriculture, corn maturity is ahead of normal due to high heat units and sufficient moisture (in some areas). As a result the crop is drying down earlier than normal. The soybean crop is also maturing quickly, with generally good pod set where timely rains were received. Harvest of soybeans has begun in some areas of the province.

OTTAWA REFUSES TO PAY CWB LEGAL BILLS: According to the *Saskatoon StarPhoenix*, the government of Canada has turned down the Canadian Wheat Board's (CWB) request for money to defray the cost of legal bills, which have arisen from trade disputes with the United States. In June, the CWB requested \$15 million (CDN) from federal government to cover legal bills it has paid since 1990. The request came as a result of the federal government's announcement early this year that it would provide \$20 million (CDN) to the softwood lumber industry to offset its trade-related legal expenses. The Minister of International Trade indicated that the payment to the softwood lumber industry was a one-time exception to the rule. The CWB felt it should have received financial assistance to defray its legal costs.

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