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## Canada

### Agricultural Situation

### This Week in Canadian Agriculture, Issue 32

2005

**Approved by:**

Lisa Anderson  
U.S. Embassy

**Prepared by:**

Christina Patterson and George Myles

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**Report Highlights:**

\* Chances of Rehearing to Close Border Again Are Slim Says Cattle Leader \* Six States File Brief to Support R-CALF \* Corn Case Dividing Canadian Agriculture \* Corn Trade Dispute May Benefit Manitoba Corn Acres \* Could Another Trade Dispute Be On the Horizon \* Canadian Lumber Industry Eyes New Markets

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Includes PSD Changes: No  
Includes Trade Matrix: No  
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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.

**CHANCES OF REHEARING TO CLOSE BORDER AGAIN ARE SLIM SAYS CATTLE LEADER:** Stan Eby, President of the Canadian Cattlemen's Association said the chances are slim that R-Calf USA petition for a rehearing will be granted. R-CALF filed a petition with the U.S. 9th Circuit Court of Appeals requesting a rehearing of the July court decision that reopened the border to imports of Canadian live cattle under 30 months of age. Eby did acknowledge that his organization is prepared for R-Calf stall tactics.

**SIX STATES FILE BRIEF TO SUPPORT R-CALF:** The attorneys general of Connecticut, West Virginia, New Mexico, North Dakota, South Dakota and Montana have filed a joint amici curiae (friend-of-the-court brief) in the 9th U.S. Circuit Court of Appeals in support of the R-CALF petition for the rehearing to close the border to Canadian cattle. In their amici brief the states make arguments related to protecting public health and their agricultural economies.

**CORN CASE DIVIDING CANADIAN AGRICULTURE:** On September 16<sup>th</sup>, the Canada Border Services Agency (CBSA) formally announced it would be initiating an investigation on dumping and subsidy of U.S. corn exported into Canada. Along with the CBSA's investigation of dumping and subsidization, the Canadian International Trade Tribunal (CITT) initiated a preliminary injury investigation to determine if the possible dumping and subsidization of the products under investigation have caused injury or are threatening to cause injury to the Canadian industry. Reaction to the announcement came from across Canada's agriculture and processing industry.

*The Manitoba and Canadian Pork Councils are sympathetic to the underlying reasons for the trade action, but are opposed to duties on corn coming in from the United States. Both groups have indicated that any duty applied on imported grains will drive up Canadian prices, thereby increasing Canadian cost of production. Canadian pig producers are price takers when it comes to the price paid for pigs in the United States. Any change in cost in production on the Canadian side of the border would not affect U.S. prices. Therefore, any increase in feed cost as a result of any duties placed on U.S. corn could make it more economical for Canadian pig producers to ship weanling pigs to the U.S. to be fed out. This could result in more weanlings being shipped into the U.S., possibly prompting another trade challenge by American hog producers.*

*Corn Products International Incorporated, the parent company that operates Casco, reacted to the possibility of duties on U.S. corn by stating that the duty could lead to the closure of one or all three of the Casco plants in Ontario. The Casco plants are Canada's largest industrial corn user and the sole processor of corn-refined starches, sweeteners, corn oil and animal feeds. The plants employ more than 400 people. Corn Products has indicated that depending on the size of the duty, the impact on its Canadian operations could be significant. A large duty could require the company to realign operations, and possibly close one or all of its Canadian plants.*

*Prior to the official launch of the case, the ever-expanding ethanol industry in Ontario voiced its concerns about the possibility of a duty on U.S. corn. Suncor Energy is currently in the process of building a new ethanol plant near Sarnia, Ontario and is concerned that a duty could put the company at a competitive disadvantage to ethanol plants across the border. Seaway Co-Op strongly opposes the imposition of duties on U.S. corn. Seaway indicated that with gas prices soaring, ethanol is looking more and more attractive as an alternative fuel and that this was the wrong time for Ontario corn growers to be seeking a duty.*

**CORN TRADE DISPUTE MAY BENEFIT MANITOBA CORN ACRES:** According to the Manitoba Corn Growers Association (MCGA), one of the groups involved in the case against U.S. corn, the outcome of the trade action against U.S. corn is expected to help determine corn acreage in Manitoba. If a duty is imposed on U.S. corn, MCGA is expecting there to be an increase in seeded corn area in Manitoba. Of the three primary corn growing provinces in Canada, Manitoba is the smallest. In 2005, the estimated corn acreage in the province was 150,000 acres, which was down from the 250,000 to 260,000 acres planted the year before. Poor weather over the last two growing seasons has impacted corn production in the province.

**COULD ANOTHER TRADE DISPUTE BE ON THE HORIZON:** The Saskatchewan Pulse Growers (SPG) have indicated that they are launching their own investigation into the rising imports of U.S. peas and lentils into Canada. As a result of the inclusion of pulse crops in the 2002 Farm Bill, acreage for peas and lentils in the U.S. has significantly grown. The inclusion of pulse crops in the Farm Bill has always been a contentious issue for Canadian pulse growers, who developed their industry as an alternative to traditional crops like barley and wheat. The goal of the investigation is to determine how much of the U.S. product is coming into Canada, how much is subsidized and the extent of the damage caused to the Canadian lentil and pea industry. The SPG will then use this information to determine their next move, which could be a request for formal investigation by the Canada Border Services Agency. The SPG is concerned that the increasing flow of U.S. peas and lentils could result in permanent loss of production and processing capacity for Canadian growers.

**CANADIAN LUMBER INDUSTRY EYES NEW MARKETS:** According *The Globe and Mail*, Asia has become the new target for the Canadian lumber industry. Lumber giant Canfor is hoping to persuade China to use wood instead of concrete to repair failing rooftops on thousands of apartment buildings in Beijing and other major cities. To help promote the use of Canadian lumber, Canadian agencies like Forestry Innovation Investments are working with various levels of government in China to establish codes and standards for wood construction. The lumber companies are not the only group trying to increase Canadian lumber exports abroad. The Canadian government also unveiled plans to boost lumber exports to more than 30 countries. Canada is looking to expand softwood exports to countries like India, Japan, Mexico, the United Kingdom, South Korea, France, Australia, Egypt and dozens others.

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