



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/16/2006

GAIN Report Number: CA6012

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 8

2006

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Report Highlights:

Duty Upheld on U.S. Corn * Corn Duty Will Be Lower if Duty Becomes Permanent * Corn Producers Happy, Users Not * BSE Not Worsening in North America Says Agriculture Minister

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.

DUTY UPHELD ON U.S. CORN: On March 15, 2006 the Canadian Border Services Agency (CBSA) upheld a decision reaffirming a preliminary determination of dumping and subsidization of unprocessed grain corn from the United States. CBSA ruled that a provisional duty of \$1.65 per bushel (comprised of an anti-dumping duty of \$0.58/bu. and a countervail duty of \$1.07/bu.) will continue to be imposed on imports until the Canadian International Trade Tribunal (CITT) concludes its inquiry regarding injury to Canadian corn producers. This results in an effective 44 percent duty on unprocessed grain corn from the United States. CITT will begin public hearings on March 20, and will make a decision by April 18. CBSA's decision was met by mixed reaction in Canada. While Canadian corn producers complain that U.S. corn is undermining their market, industrial and end users of corn in the Canadian ethanol, sweetener, feed, and livestock industries say they will be hurt because the duties will make imported U.S. corn more expensive. Over the past five years, the U.S. has exported anywhere from \$100 million to \$400 million in corn annually to Canada.

CORN DUTY WILL BE LOWER IF DUTY BECOMES PERMANENT: Often, when the Canadian Border Services Agency (CBSA) makes a final determination on anti-dumping and countervailing duty cases, the duties assessed are lower than the announced provisional duties. This is mainly due to the time and resources available to the CBSA to refine the duty levels as the investigation progresses. As a result, there was some surprise this week when CBSA let the provisional duty on U.S. corn stand. The corn case petitioner, the Canadian Corn Producers, revealed yesterday that the CBSA final duty would have been \$1.47/bu, but that the agency determined that the difference between the provisional duty of \$1.65/bu was too small to warrant the arduous administrative task of rebating the difference to those corn importers who had already paid the higher duty. As a result, the CBSA reportedly decided to leave the duty level untouched until the CITT injury decision on or before April 18 when the duty will either be revised or revoked.

CORN PRODUCERS HAPPY, USERS NOT: While the Canadian Corn Producers are pleased over the CBSA decision to reaffirm the determination of dumping and subsidization of unprocessed grain corn from the United States, Canadian corn users are not. The Animal Industry Corn Users, a coalition comprised of the Canadian Pork Council, Canadian Cattlemen's Association, and Animal Nutrition Association of Canada, said they were shocked and outraged by the CBSA final decision. In a press release Clare Schlegel, President of the Canadian Pork Council said, "The (duty) rate is still prohibitively high, and doesn't prove that Canadian corn producers are suffering injury caused by U.S. corn imports. We will argue this at next week's Canadian International Trade Tribunal (CITT) hearings." Ian McKillop, a Director of the Canadian Cattlemen's Association, said, "We are confident that we can demonstrate to the CITT that imports of U.S. grain corn are not causing injury to Canadian corn growers, nor is there a causal connection between these imports and U.S. subsidies." Kathleen Sullivan, General Manager of the Animal Nutrition Association of Canada said, "Canada is a net importer of grain corn. The evidence, over many years, is that U.S. corn imports are residual and complementary to Canadian production".

BSE NOT WORSENING IN NORTH AMERICA SAYS AG MINISTER: Canadian agriculture minister Chuck Strahl said in a press release that (this week's) confirmation of bovine spongiform encephalopathy (BSE) in Alabama does not indicate an increased risk associated with American beef and live cattle. The minister stated that the most recent case, and others that may be found in the future, do not indicate that BSE in this part of the world is worsening. Rather, they are a reflection of government, industry and individual producer's commitment, on both sides of the border, to responsibly manage the disease. Strahl said that Canadian and American officials remain in close contact and although the origin of the animal remains unconfirmed, that Canada had received no requests to conduct any tracing of Canadian animals.

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