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## Canada

### Agricultural Situation

### This Week in Canadian Agriculture, Issue 11

**2006**

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**Report Highlights:**

Corn Case Terminated \* Canadian Corn Producers' Reaction to Corn Decision \* Animal Industry Coalition Pleased by Ruling \* Casco Welcomes Corn Duty Ruling \* Canada Imposes Temporary Restrictions on Idaho Potatoes \* Cow in British Columbia is Canada's Fifth Case of BSE \* Agriculture Minister Strahl Goes to Washington to Meet Secretary Johanns

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Includes PSD Changes: 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.

**CORN CASE TERMINATED:** In its final ruling on imports of U.S. grain corn, the Canadian International Trade Tribunal (CITT) announced that imports of U.S. grain corn are not causing injury and are not threatening to cause injury to Canadian corn growers. As a result of the negative injury finding, the investigation will terminate and all provisional countervailing and anti-dumping duties (totaling \$1.65 per bushel) collected by the Canada Border Services Agency since the November 2005 preliminary ruling will be refunded. Secretary Johanns said that the ruling is confirmation that, when properly utilized, the international trading system works in favor of free trade. He added that the ruling is good news for U.S. corn producers and exporters and valued Canadian customers. Exports of unprocessed U.S. grain corn to Canada account for more than \$200 million in sales each year. The CITT will release a full report on the no-injury finding in about two weeks.

**CANADIAN CORN PRODUCERS' REACTION TO CORN DECISION:** In a press release, the complainant in the case, the Canadian Corn Producers (CCP), comprised of a collective of Canadian corn grower associations including the Ontario Corn Producers' Association, La Fédération des producteurs de cultures commerciales du Québec, and Manitoba Corn Growers Association, Inc., expressed disappointment with the ruling of the Canadian International Trade Tribunal (CITT). "Given the preliminary CITT injury finding, and CBSA's two subsidy and dumping findings, today's CITT decision that no injury was found obviously is disappointing", said Brian Doidge, spokesperson for the CCP. "Unfortunately, in this David vs Goliath battle, Goliath was able to convince the CITT that Canadian corn farmers are not being injured...we do not agree with that finding and are considering all our options." said Doidge. It's presumed that Doidge was referring to the efforts of Canadian corn importers, the ethanol industry, the sweetener industry, the feed industry, and the livestock industry who all opposed the imposition of countervailing and anti-dumping duties on imports of U.S. grain corn.

**ANIMAL INDUSTRY COALITION PLEASED BY CORN DETERMINATION:** The Animal Industry Corn Users, a coalition of the Animal Nutrition Association of Canada (ANAC), Canadian Cattlemen's Association and Canadian Pork Council, were pleased by the Canadian International Trade Tribunal (CITT) ruling which determined that imports of grain corn from the U.S. had not caused, and do not threaten to cause, material injury to Canadian corn producers. Ian McKillop, President of the Ontario Cattlemen's Association, and a Director of the Canadian Cattlemen's Association, explains, "This has been a very divisive and disruptive investigation, which has hurt Canadian beef and pork producers, and has not helped corn growers." "Hopefully we can now get on with trying to fix the damage and disruption already caused to pork and beef producers by this investigation," Mr. McKillop said. Kathleen Sullivan, General Manager of ANAC, added, "Canadian corn growers are experiencing global price pressures, and these pressures are not unique to corn producers. Most Canadian producers of grains, oilseeds and livestock are affected by world market conditions. The most serious problem for Canadian farmers is the strength of the Canadian dollar. The Tribunal heard evidence that currency movements over the last three years have reduced Canadian farm earnings by more than 25%." Edouard Asnong, 1st Vice-President of the Canadian Pork Council, notes, "The global problems which Canadian farmers are facing require global answers and solutions. The government must show leadership to ensure that multilateral and bilateral negotiations result in more fair trading environments. In the absence of that, the Canadian government must step in to provide effective and predictable programs for farmers.

**CASCO WELCOMES CORN DUTY RULING:** A spokesperson for Casco, Canada's principal producer of corn-refined products (starches, sweeteners, oil, and animal feed and meal) told local media that the CITT decision is not just good news for Casco but for any number of businesses and communities that rely upon a corn-based economy. While the tribunal's decision puts Casco in a more secure position, the spokesperson noted the possibility that the CITT's ruling could be appealed.

**CANADA IMPOSES TEMPORARY RESTRICTIONS ON IDAHO POTATOES:** The Canadian Food Inspection Agency (CFIA) has implemented a temporary prohibition on the import of all potatoes and soil from Idaho due to the detection of Potato Cyst Nematode (PCN). Earlier in the week, USDA in coordination with the Idaho State Department of Agriculture (ISDA) had confirmed the finding of potato cyst nematode in a soil sample collected from a potato processing facility in Idaho. The temporary prohibition covers all potatoes from the State of Idaho (seed, table and processing) and soil. In addition, the CFIA is exploring other potential pathways. The measure also includes the cancellation of existing import permits allowing the import of these affected products into Canada. According to the CFIA, the regionalized risk-management approach is consistent with international standards. The PCN is a quarantine pest in Canada and the United States. The scientific name of the species of PCN pest detected in Idaho is *Globodera pallida*, commonly known as Pale Cyst Nematode. In Canada, this species is found in limited areas of Newfoundland and strict quarantine measures are in place to prevent its spread. This is the first finding of this pest in the U.S. In the past, a closely related pest, Golden Nematode (*Globodera rostochiensis*), has been found in New York State, Newfoundland and Vancouver Island and both Canada and the U.S. have strict quarantine restrictions in place for affected products from these areas. A delegation from the CFIA will be going to Idaho to participate in the review of the situation and gather technical information. *Comment: Of total U.S. fresh table, processing and seed potato exports to Canada of \$61.1 million during 2005, Idaho accounted for \$1.2 million worth.*

**COW IN BRITISH COLUMBIA IS CANADA'S FIFTH CASE OF BSE:** On April 16, 2006 the Canadian Food Inspection Agency confirmed bovine spongiform encephalopathy (BSE) in a cow from British Columbia. The animal, a six-year-old dairy cow, developed BSE after the implementation of Canada's feed ban. The CFIA said that no part of the entered the food or feed systems. The CFIA credited Canada's national surveillance program in identifying the animal and maintained that feed ban continues to limit the spread of BSE. Canada's national surveillance program, which targets cattle most at risk of having BSE, has tested more than 100,000 such animals since 2003. According to the CFIA, the detection of only five animals within this high-risk population over the past three years and the age of the animals detected supports the conclusion that the level of BSE in Canada is very low and declining. Canada's Agriculture Minister, Chuck Strahl invited the United States to participate in the epidemiological investigation and the U.S. dispatched a USDA animal health expert to Canada early this week. Secretary Johanns issued a statement saying that the U.S. did not anticipate a change in the status of U.S./Canada beef and cattle trade as a result of the latest Canadian finding.

**EXCERPTS FROM AGMIN STRAHL'S PRESS RELEASE AFTER MEETING SECRETARY JOHANNS ON APRIL 20:** Agriculture and Agri-Food Minister and Minister for the Canadian Wheat Board Chuck Strahl was in Washington, D.C., this week to meet Secretary Johanns. The following is the major portion of the text from AgMin Strahl's press release: Minister Strahl and Secretary Johanns held a working meeting with discussions focussing on a wide range of issues affecting the agricultural sectors in Canada and the United States, including the World Trade Organization (WTO) agriculture negotiations and Avian Influenza preparedness, as well as the April 16 confirmation of bovine spongiform encephalopathy (BSE) in a cow from British Columbia and the path forward. "Secretary Johanns and I enjoyed a candid discussion today and it is gratifying to know that, based on current information, the U.S. does not anticipate any changes in the status of our beef and cattle trade," said Minister Strahl. "In addition to our ongoing communication, Secretary Johanns and I have agreed to meet at least once per year to discuss bilateral trade issues to ensure Canada and the U.S. continue to have a strong and rewarding partnership benefiting our agricultural sectors." While in Washington, Minister Strahl also met with representatives of the American Meat Institute and Meat Processors, as well as the National Cattleman's Beef Association on issues of mutual interest. "Normalizing beef and cattle trade in North America is a priority I share with industry on both sides of the border," said Minister Strahl. "Canadian officials and industry will continue to work with their American counterparts to ensure the long-term profitability of producers in both of our countries." Secretary Johanns and Minister Strahl also discussed Canada's commitment to achieving a more level international playing field at the WTO agriculture negotiations through the elimination of export subsidies, the substantial reduction of trade-distorting domestic support, and real and significant market access improvements.

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