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This Week in Canadian Agriculture

2006

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Report Highlights:

Canada Takes Action On U.S. Fresh Spinach * Review of the Canadian Grain Commission and the Canadian Grain Act Tabled in Parliament * Task Force Created to Investigate Dual-Market for Wheat and Barley * Maple Leaf Foods Restructuring Pork Operations * Funding To Increase Cattle Slaughter Ends * Government Releases \$5 Million in Funding for New Biofuels Opportunities * Softwood Lumber Deal Passes First Parliamentary Vote In Canada * Barge Joint-Venture Promises To Enhance Trade And Economic Opportunities

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.

CANADA TAKES ACTION ON U.S. FRESH SPINACH: Following its public warning last week not to consume various brands of U.S. fresh spinach, due to an outbreak of *E. coli* O157:H7 bacteria, the Canadian Food Inspection Agency (CFIA) has issued a border alert to stop imports of all U.S. fresh spinach. A spokesperson for the CFIA told the Office of Agricultural Affairs that CFIA food safety officials are in close contact with the FDA regarding the spinach situation and the CFIA is exploring ways to allow the resumption of spinach imports from states other than California. This follows FDA's statement that the outbreak is confined to 3 California counties. *Comment: Total U.S. fresh spinach exports to Canada were worth more than \$37 million during 2005, but the figure doesn't include the value of spinach as an ingredient in pre-packaged salads and spring mixes. Of the total measurable U.S. market for fresh spinach in Canada, California supplied \$28.6 million, or about 76%. Other state suppliers were Arizona, \$4.1 million, New Jersey, \$1.2 million, Texas, 1.1 million, and Indiana, \$1.0 million. Canada imported less than \$1.0 million in fresh spinach from Mexico last year.*

REVIEW OF THE CANADIAN GRAIN COMMISSION AND THE CANADIAN GRAIN ACT TABLED IN PARLIAMENT: The Honorable Chuck Strahl, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board tabled the required, comprehensive, and independent review of the Canadian Grain Commission (CGC) and the Canadian Grain Act on September 18th. The Canadian Grain Commission is a federal agency that establishes and maintains grain quality standards and regulated grain handling in Canada. Its function is to ensure a dependable commodity for domestic and export markets. Some of the key recommendations included changing the Act to: (1) clarify the mandate, (2) change the governance structure, (3) make inward weighing and inspection optional, and (4) change the dispute resolution mechanism. The objective is to bring the role and functions of the CGC in line with the new agricultural realities. Minister Strahl has now sent the review to the Standing Committee on Agriculture for further study. The review and its recommendations are available on the Agriculture and Agri-Food Canada website (www.agr.gc.ca).

TASK FORCE CREATED TO INVESTIGATE DUAL-MARKET FOR WHEAT AND BARLEY:

Less than 10 days after making public the summary report of participants discussion on the future structure, funding, and marketing roles of the Canadian Wheat Board (CWB), Minister Chuck Strahl announced the creation of a task force to investigate and recommend policy options that would allow for marketing choice for western wheat and barley. Some of the issues the task force has been charged with include identifying technical and transition issues on how the CWB could operate within a dual system, what risk management tools would be available, how market development and research activities could be separated and funded, as well as how to deal with old export credit receivables. The task force has been given a four week time frame within it must complete its analysis and report back to the Minister. Whether or not the CWB will accept the standing invitation to join the task force remains unclear. The CWB decision to participate or not is expected after the regular CWB meeting in Winnipeg on September 24th. Further information on the July 27th roundtable discussion and the task force can be found on the Agriculture Canada website (www.agr.gc.ca).

MAPLE LEAF FOODS RESTRUCTURING PORK OPERATIONS: Last week, Maple Leaf Foods Inc. (MLF), CEO Michael McCain reaffirmed the goal to double shift the company's Brandon, Manitoba hog plant (see CA6044). This week, a MLF executive told an economic conference in western Canada that the company planned to restructure its Canadian pork operations. There is speculation that the restructuring could result in a decision not to proceed with the planned construction of a new hog slaughter and pork processing plant in Saskatoon, Saskatchewan. MLF announced last year that it would build a C\$110 million primary pork processing facility on 35 acres in Saskatoon and invest up to C\$50 million in its value-added pork processing operations (see CA5051, 7/22/05).

FUNDING TO INCREASE CATTLE SLAUGHTER ENDS: A media report indicates that Agriculture and Agri-Food Canada (AAFC) has ended its funding to increase Canadian cattle slaughter capacity. Following the detection of BSE in Canada in May 2003 and the loss of Canadian beef and cattle export markets, a backlog of cattle disrupted normal marketing patterns. In the fall of 2004, AAFC announced a repositioning strategy to assist Canada's livestock industry part of which was a commitment to reach a goal of processing 100 per cent of the Canada's country's livestock production. However, the buildup in Canadian cattle numbers was partly alleviated when the U.S. announced in August 2003 that it would allow imports of "under thirty month" beef from Canada. In July 2005 Canadian access to the U.S. "live" market partially resumed. Since that time, Canadian cattle numbers have fallen and beef production has slowed. As a result, there is an underutilization of the current slaughter capacity.

GOVERNMENT RELEASES \$5 MILLION IN FUNDING FOR NEW BIOFUELS OPPORTUNITIES:

Canadian Ministers responsible for delivering a national biofuels strategy that will deliver a mandate of 5% average renewable fuels in transport fuels by 2010 have announced the release of the first half of funding for the Biofuels Opportunities for Producers Initiative (BOPI). The BOPI, a \$10 million initiative first announced last July, is designed to help engage Canadian producers and rural communities in the bio-fuels value chain. The industry-led councils responsible for delivering the Agriculture and Agri-food Canada's Advancing Canadian Agriculture and Agri-Food programs in the provinces and territories will administer the funds. The balance of the funding will be made available in early winter 2007. The bio-fuels strategy is to be tabled later this fall.

SOFTWOOD LUMBER DEAL PASSES FIRST PARLIAMENTARY VOTE IN CANADA: An agreement that would see the U.S. pay back about \$4 billion to \$5 billion in punitive duties paid by Canadian lumber producers is a step closer to being ratified after it passed in Canada's House of Commons on September 19th. Canadian Prime Minister Stephen Harper described the vote on the agreement as a confidence motion that could potentially bring down the government. But Harper's Conservative party won support from the opposition Bloc Quebecois, and they were able to defeat the Liberals and the NDP to pass the motion 172-116 – the first step in the formal approval process.

BARGE JOINT-VENTURE PROMISES TO ENHANCE TRADE AND ECONOMIC OPPORTUNITIES:

Good Morning Ontario reported on Quebec-based Dismar and Norlake Transportation of Port Colborne's joint venture in Southwestern Ontario. It seems that with energy costs on the rise, water transportation, in the form of a barge that delivers goods back and forth across the border, has become economical. The companies believe that such a system, if embraced on both sides of the border, will enhance trade and economic opportunities. The companies use the example of moving Ontario wheat to U.S. flour mills and returning to Canada with a delivery of U.S. corn for distilleries and ethanol industries.

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CA6043	Fresh Deciduous Fruit Annual	9/15/2006
CA6042	This Week in Canadian Agriculture, Issue 22	09/08/2006
CA6040	Canada Connect Program Revised	09/01/2006
CA6038	Livestock Annual	9/06/2006

Report Number	Title of Report	Date
CA6037	This Week in Canadian Agriculture, Issue 21	8/25/2006
CA6036	Agricultural Biotech Report	9/01/2006
CA6035	Poultry Annual	8/25/2006

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