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## Canada

### Agricultural Situation

### This Week in Canadian Agriculture, Issue 28

**2006**

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**Report Highlights:**

Weaker Consumer Demand Reduces Canadian Production and Exports of Frozen French Fries  
\* Russia Lifts Ban on Canadian Breeding Cattle \* Reducing the Backlog to Increase Canadian Competitiveness \* Proposed Reforms to Seed Regulations \* Task Force Transfat Report Tabled \* Canadian Canola Growers Happy About FDA Health Claim \* CWB Debate Continues

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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.

**WEAKER CONSUMER DEMAND REDUCES CANADIAN PRODUCTION AND EXPORTS OF FROZEN FRENCH FRIES:** Canadian potato processor's output of frozen french fries during MY2005/06 (July/June) slipped 3.5% from the year earlier to an estimated 1.3 million metric tons. Canadian frozen french fry exports during the same period fell 2% from the year earlier level to 955,597 metric tons. The developments mostly reflect lower consumer demand for frozen french fries in the North American market. Throughout the 1990s and early 2000s, multinational food companies invested heavily in new potato processing facilities in Canada seeking advantage from a low value currency and available potato supply to export fries, mostly to the United States. However, the recent appreciation of the Canadian dollar and the effect of lower North American frozen french fry consumption combined to end the expansion phase. Partly due to a strengthening Canadian dollar, Canadian imports of frozen french fries from the United States in MY2005/06 reached a record \$50.2 million, up more than 30% from a year earlier. Most were destined for British Columbia. For more information on developments in Canada's frozen potato products industry see CA6051, the *Frozen Potato Products Annual*, available soon on the FAS webpage.

**RUSSIA LIFTS BAN ON CANADIAN BREEDING CATTLE:** The Russian Federation has agreed to lift its (BSE-related) ban on the import of Canadian breeding cattle and is reportedly close to lifting its ban on the importation of certain boneless beef products, subject to final approval of technical conditions. According to a press release by Agriculture and Agri-Food Canada, Russian officials will visit Canada to approve beef plants and shipments of live cattle. *Comment: Negotiations between Russian officials and the Canadian Food Inspection Agency officials have been ongoing for about a year. Prior to Canada's first BSE case in May 2003, Canada sold a few breeding cattle and minor amounts of bovine muscle meat to Russia. The major export item was frozen beef livers.*

**REDUCING THE BACKLOG TO INCREASE CANADIAN COMPETITIVENESS:** The Canadian Food Inspection Agency (CFIA), through a top-to-bottom modernization initiative, is hoping to help make Canadian producers more competitive. One step will be to make significant strides towards reducing the backlog of fertilizer and supplement applications and shortening the application wait time. Canadian producers have often felt at a competitive disadvantage with their U.S. counterparts due to long time-to-market delays of new input products. U.S. producers have access to innovative products faster since shorter turn-around time has made the U.S. a much more attractive place for innovators to register their products. While industry supports this initiative, it would like this initiative to be extended to include the Pest Management Regulatory Agency so that Canadian producers could have access to the newest crop protection technologies sooner.

**PROPOSED REFORMS TO SEED REGULATIONS:** CFIA is seeking input on their proposal of how to reform the seed regulatory framework. The objective of the proposal is to promote innovation while maintaining a regulatory framework that people have confidence in. The Canadian Food Inspection Agency (CFIA) is proposing changes to the *Seeds Regulations* that govern the testing, inspection, quality and sale of seeds. A 60-day consultation period is now open and anyone who wishes to provide input can do so at: [www.inspection.gc.ca/english/reg/consultation/reginite.shtml](http://www.inspection.gc.ca/english/reg/consultation/reginite.shtml). The amendments constitute minor clarifications or alterations of pre-existing conditions, and the negative impacts and risks are assessed to be minimal. CFIA anticipates that some costs to industry may increase where standards are increased or additional crop kinds are included in the Regulations as a result of the need for additional seed cleaning, seed testing or increased numbers of seed lots assigned a lower grade.

**TASK FORCE TRANSFAT REPORT TABLED:** The task force set up by the House of Commons in 2004 to investigate trans fats has issued its final report. The task force, which is co-chaired by Health Canada

and the Heart and Stroke Foundation, has recommended mandatory food controls that would reduce Canadian trans fats consumption by 55%. The task force recommendations would bring the Canadian consumption of trans fats down to the World Health Organization (WHO) recommended limit of less than 1% of total energy. How this type of regulation will impact upon the canola and soybean growers remains unclear. The outcome will depend upon the speed with which lower-transfat resulting technologies are developed, how quickly stocks of high-oleic canola can be grown, and whether alternative markets can be developed for low-transfat oils.

**CANADIAN CANOLA GROWERS HAPPY ABOUT FDA HEALTH CLAIM:** The U.S. Food and Drug Administration (FDA) gave manufacturers of canola products the right to use labels stating the oil's ability to reduce the risk of coronary heart disease due to its unsaturated fat content. Up until now, canola oil has been priced close to the less healthy soybean oil and has been unable to capture the premium associated with FDA identified healthy oils such as olive oil. Growers are hopeful that the FDA health claim on labels will help increase demand for canola-containing products. The lobby for the FDA health claim was led by the U.S. Canola Association and supported by the Canola Council of Canada.

**CWB DEBATE CONTINUES:** The heated debate on the future of the Canadian Wheat Board (CWB) future being played out in the press and in Parliament is damaging producers ability to secure long-term arrangements with overseas investors, warns CWB executive director, Adrian Measner. Measner warns that the debate is shaking buyers' confidence and that the only solution is to bring the debate to a close quickly by holding a farmer plebiscite as soon as possible. The call for a producer plebiscite was a central theme in the debate that took place this week in the House of Commons after a CWB motion was put forward by the Honorable Wayne Easter. The legality of the reform the government would like to undertake was strongly questioned. Proponents of the CWB argue that Section 47.1 of the Canadian Wheat Board Act clearly states that changes to the CWB single desk would only be possible after (a) the Minister has consulted with the CWB, and (b) grain producers vote in favor of such a change. Further debate of the motion will continue during another session.

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CA6049	This Week in Canadian Agriculture, Issue 26	10/06/06
CA6048	This Week in Canadian Agriculture, Issue 25	09/29/06
CA6046	This Week in Canadian Agriculture, Issue 24	09/22/06

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