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This Week in Canadian Agriculture, Issue 24 2007

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Report Highlights:

GOC to Appeal Federal Court Barley Marketing Decision * Canada Applauds U.S. Court Decision Ending Legal Challenge Regarding Canadian Beef Exports * Farm Cash Receipts Reach Highest Mid-Year Level on Record * New C\$76 Million Initiative to Improve Swine Herd Health * Production Estimates Show Increased Acreage Offsets Lower Yields

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.

GOC TO APPEAL FEDERAL COURT BARLEY MARKETING DECISION: The Government of Canada (GOC) has decided to appeal a Federal Court decision that reversed amendments made to the Canadian Wheat Board (CWB) regulations that would have removed the CWB's monopoly over barley. On August 30th 2007, Canadian Minister of Agriculture and Agri-food and Minister for the Canadian Wheat Board, Gerry Ritz, made the announcement stating that the government feels that appealing the decision is the right thing to do. He explained that the government is acting on the will of the farmers and went on to cite the results of a plebiscite held earlier this year on this issue in which 62% of farmers voted in favor of marketing choice, one that included the CWB. While the new Minister has been under considerable lobby pressure from some open market supporters to implement more aggressive measures to liberate Western barley, Minister Ritz has made it clear that the earliest that changes to the barley marketing would be possible is the next crop year (August 1, 2008), even with an appeal process. In response to the government's announcement, the CWB issued a press statement stating that the CWB does not believe that there are strong legal grounds for an appeal and that it is confident that it will win the appeal. Earlier in the week, CWB chair Ken Ritter is reported to have felt that the initial meetings with the newly appointed minister went very well, in contrast to the strained relationship between the CWB and former Agriculture Minister, Chuck Strahl. In the press statement released by the CWB following the government's announcement, the CWB expressed its disappointment with the decision and accuses the government of introducing more uncertainty into the market place, which could have negative effects on barley returns for Western farmers. The news release announcing the government's decision can be found at the following web address:

http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2007&page=n70830. The statement released by the CWB is available at the following web address:
<http://www.cwb.ca/public/en/newsroom/releases/2007/083007.jsp>.

CANADA APPLAUDS U.S. COURT DECISION ENDING LEGAL CHALLENGE REGARDING

CANADIAN BEEF EXPORTS: Following the recent U.S. Ninth Circuit Court of Appeals decision to uphold the USDA's BSE Minimal Risk Region Final Rule (commonly known as MRR1), Canada's new Minister of Agriculture, Gerry Ritz, released the following statement, "Canada's New Government is pleased that the U.S. Ninth Circuit Court of Appeals has ruled definitively to uphold the USDA's BSE Final Rule. We hope that this decision will finally bring closure to this unnecessary legal proceeding. This ruling follows the May 22, 2007 decision by the World Organization for Animal Health (OIE) to officially categorize Canada as a Controlled BSE Risk country. Our OIE status should serve as evidence to those who would further hamper efforts to expand beef and cattle trade between our countries that Canada's approach to human and animal health is based on sound, internationally recognized science. Canada's measures to eradicate BSE from the North American herd, including our enhanced feed ban, will continue to ensure that consumer confidence is well-founded. These measures are also anticipated to even further improve Canada's OIE BSE risk status in the coming years."

FARM CASH RECEIPTS REACH HIGHEST MID-YEAR LEVEL ON RECORD: During the first six months of 2007, total Canadian farm cash receipts, comprised of livestock revenue, crop revenue, and program payments, reached C\$19.9 billion, a new record. According to Statistics Canada, the total was 9.8% above the level during the first half of 2006 and 11.8% above the previous five-year average for the January-to-June period. Receipts for livestock producers increased 4.9% to C\$9.3 billion in the first half of 2007 as cattle revenue increased, hog prices improved from low levels in 2006, and dairy and poultry prices rose. Crop receipts reached a first half-year record of C\$8.4 billion, supported by higher grain and oilseed prices and strong grain deliveries. This total was 25.6% above the January-to-June 2006 level and 15.5% higher than the previous record set in 2004. At C\$2.2 billion, program payments declined 14.2% during the first six months of 2007, 4.5% below the five-year average (2002 to 2006), a period which saw record high payments resulting from adverse weather conditions, low grain and oilseed prices and BSE-related market disruption.

NEW C\$76 MILLION INITIATIVE TO IMPROVE SWINE HERD HEALTH: Agriculture and Agri-Food Canada (AAFC) announced August 20th that it would spend C\$76 million (\$72 million) over the next four years to combat disease in the hog sector. In recent years, Canada's hog sector has been severely impacted by Porcine Circovirus Associated Diseases, or PCVAD, the term used to define the range of diseases affecting pigs that are associated with Pork Circovirus 2 (PCV2) including Postweaning Multisystemic Wasting Syndrome (PMWS), respiratory illness, pneumonia, diarrhea, reproductive disorders and high mortality in pigs. The initial disease problems were mostly confined to Eastern Canada, mostly Quebec, but new outbreaks have been reported in Western Canada. According to GOC estimates, from 2000 to 2006, deaths and condemnations within the Canadian hog herd increased by 4 %, representing an additional loss of approximately 1.75 million hogs.

PRODUCTION ESTIMATES SHOW INCREASED ACREAGE OFFSETS LOWER YIELDS: Statistics Canada has released its July 31 2007 estimate of production of principle field crops. These estimates are based on data from farmer surveys conducted between July 27 and August 5. The Prairie Provinces have had to contend with a wet spring and then were hit with drought like conditions at the end of the growing season. The former had negative impact on wheat planting decisions and the latter on wheat yields. A 10% decrease from 2006 levels in area seeded to wheat due to a wet spring, and then a 10% drop in yield levels from crop year 2006 yield levels have resulted in 2007 production levels for all wheat being estimated at 20.3 million metric tonnes (MMT). This represents a 20% drop compared to 2006 levels. The decrease in average yield from 2006 levels for barley, canola, and corn was due to the hot and dry conditions in July. Higher seeded areas however, offset these drops in yield. As a result, production levels in 2007 are expected to have increased above 2006 levels for oats, barley, canola and corn. Production estimates for oats in 2007 show a significant increase from 2006 levels. Oats production in 2007 is estimated to be 5.1 MMT, which is 32% higher than oat production of 3.9 MMT in 2006. Increased seeding and significantly higher yields from crop year 2006 is responsible for this increase. Increased seeding to barley increased barley production in 2007. Statistics Canada estimates barley production at 11.9 MMT, up from 9.6 MMT in 2006. The 12% increase in area seeded to canola was offset by lower than anticipated yields and resulted in production levels of 9.2MMT, a 3% increase over 2006 levels. Corn for grain had lower than anticipated yields, offsetting the 26.9% increase in area seeded from 2006 levels. Despite this, corn production is estimated to be 10.6 MMT, a 17.6% increase from 9.0 MMT in 2006. Grain corn production is expected to have reached record highs in both Ontario and Quebec. The complete report can be found in the Field Crop Reporting Series vol. 86 no.5 which is available free at the following web-address:

<http://www.statcan.ca/english/freepub/22-002-XIE/22-002-XIE2007005.pdf>

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