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Report Highlights:
CANADA TO RESUME PORK EXPORTS TO RUSSIA * CANADIAN CATTLEMEN LOBBY GOC TO HARMONIZE FEED BAN RULES WITH THE UNITED STATES * GOVERNMENT OF CANADA INVESTS IN NEW BIOMASS CONVERSION PLANT USING SUGAR BEETS * JRI TO TRIPLE ITS CRUSH CAPACITY * KFC IN CANADA TO BE "FRIENDLIER" TO CHICKENS; OFFER VEGETARIAN ITEM

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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.

CANADA TO RESUME PORK EXPORTS TO RUSSIA: Agriculture and Agri-Food Minister Gerry Ritz has announced that the market for Canadian pork in Russia has reopened. Russia closed the border to Canadian pork on April 1, 2008, because of concerns about fraudulent export documents (see CA8031). In a press release, Minister Ritz said that the Canadian Food Inspection Agency has increased the security features on export certificates. Ritz said that Canadian pork exports to Russia in 2007 totaled C$144.8 million. *Comment: After the United States and Japan, Russia is the third most important market for Canadian pork exports. Prior to the import prohibition, Canadian pork exports to Russia during the first quarter of 2008 reached 21,983 metric tons (MT), almost 45% above the same period a year earlier.*

CANADIAN CATTLEMEN LOBBY GOC TO HARMONIZE FEED BAN RULES WITH THE UNITED STATES: In the interest of maintaining a competitive beef processing industry, Canada's cattle industry wants the GOC to harmonize its feed ban regulations with the United States. In July 2007 the Canadian Food Inspection Agency implemented an enhanced feed ban rule (EFB) by requiring the removal and redirection of specified risk materials (SRM) from all animal feed, pet food and fertilizers. SRM are tissues that have been shown in infected cattle to contain concentrated levels of the BSE agent. Canada's beef industry argues that Canada's more stringent feed ban rules are costing the Canadian industry additional millions of dollars at a time when it is already struggling from the higher feed costs and a strong Canadian dollar. On April 23, 2008 The U.S. Food and Drug Administration issued a final regulation barring certain cattle materials from all animal feed, including pet food that goes into effect next year. The *Canadian Press* reports this week that John Masswohl, Director of International Relations, Canadian Cattlemen's Association (CCA), is complaining that the more stringent Canadian rules, which ban more SRMs from feed than the U.S. rule, also apply to fertilizer, while the U.S. rule does not. As a result, the CCA is proposing to the GOC that the CFIA harmonize their policy with the U.S. feed rule. According to press reports, the CCA and other beef industry participants will meet in Ottawa this week to discuss the situation. Masswohl says the industry needs $25 million annually from the GOC to help offset the additional SRM disposal costs associated with the EFB. *Comment: Earlier this year, an Ontario cow slaughter plant Gencor Foods Inc.,(GFI) filed for bankruptcy citing a competitive disadvantage with U.S. plants (see CA8018) and claimed that Canada's rigorous SRM handling policies were a factor in the plant's closing. GFI said that additional EFB costs imposed on Canadian plants provided a C$39 per cow cost advantage to their American counterparts. The EFB was also cited last year by Cargill's Better Beef plant in Guelph, Ontario announcement to trim its workforce.*

GOVERNMENT OF CANADA INVESTS C$1M IN NEW BIOMASS CONVERSION PLANT USING SUGAR BEETS: The Government of Canada is contributing $1 million in repayable funding to establish an aspartic acid manufacturing facility in Taber, Alberta. The plant will use locally grown sugar beets to produce aspartic acid – a key ingredient in environmentally friendly products used in the oil, detergent and water treatment industries. The announcement was made by the Honourable Monte Solberg, Minister of Human Resources and Social Development, on behalf of the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board. Under the project, Flexible Solutions International Ltd. (FSI), Victoria, British Columbia, will renovate an existing facility and install equipment to produce aspartic acid. The facility will use sugar beets grown in Alberta as the primary feedstock. Aspartic acid, produced in Taber, will be processed further into thermal polyaspartic acid (TPA). TPA is further processed into biodegradable anti-scalents, corrosion inhibitors and dispersants used in a variety of industrial and consumer products including oil fields and industrial water treatment products to increase the life cycle of machinery. *Comment: Last fall, FSI announced it had purchased land and a 55,000 square foot building in Taber, Alberta, 120 miles south of Calgary and 50 miles from* *the U.S. border at Montana. Taber is the western Canadian center of sugar beet farming and FSI will use locally grown sugar to ferment into aspartic acid and other valuable byproducts. At that time, FSI said the aspartic acid will be sold directly to its NanoChem Solutions (NCS) subsidiary in Illinois for further manufacture into poly-aspartic acid. Nameplate capacity of the Taber plant is 5,000 metric tons per year and start-up is planned for fall 2008. CEO Dan O'Brien stated, "The purpose of the facility is to decouple our dependence on oil derived aspartic acid and introduce a biologically derived sugar-based substitute. The process not only results in recovery of margins lost to high oil prices but also utilizes a more environmentally friendly renewable resource." Mr. O'Brien adds, "The beet growers of Alberta can supply us with enough sugar to expand this plant to 10 or even 20 times the starting capacity. We are proud to begin one of the first bio-factories in the world that converts an agricultural crop to valuable biochemical products."*

JRI TO TRIPLE ITS CRUSH CAPACITY: James Richardson International issued a press release on May 30th, 2008 reaffirming its intention to build a state-of-the–art canola processing plant in Yorkton, Saskatchewan. The construction of this crushing facility had first been announced in September 2006 (see GAIN report CA6044), but construction was delayed due to escalating construction costs. This is the latest move by JRI to increase and diversify its food processing industry. JRI owns and operates Canbra Food Ltd., Canada's largest and fully integrated canola crushing/refining/processing /packaging plants. In the past year, JRI has expanded its grain handling business through the acquisition of former Agricore United assets. In mid-February, JRI also announced plans to improve grain handling facilities in Manitoba (Mollard and Strabuck), Saskatchewan (Canora, Yorkton) and Alberta (Carseland, Lamont, Stirling). The Yorkton facility is expected to cost $150 million dollars and will have the crushing capacity of 840,000 metric tones of canola per year.

KFC IN CANADA TO BE "FRIENDLIER" TO CHICKENS; OFFER VEGETARIAN ITEM: According to the *Canadian Press*, the animal rights group PETA has agreed to terminate its anti-KFC campaign in Canada after the company announced its intention to be more animal "friendly" by phasing in the purchase of all raw product only from chicken suppliers who utilize controlled-atmosphere killing in their slaughter operations (deemed to be a more humane slaughter method). Reportedly, KFC Canada will also introduce a vegetarian faux-chicken item to its menu. KFC Canada president Steve Langford told reporters he was delighted with the agreement. "It will be nice to put this behind us," Langford said. "Our preference is to have nothing negative attached to our brand." Langford said the KFC Canadian operations are independent of those in the United States. *Comment: PETA is expected to continue its boycott campaign against the U.S. operations of KFC. KFC Canada is owned by Priszm Income Fund, based in Vaughan, Ont., which operates approximately 465 outlets in Canada. According to the fund's latest quarterly report, income from continuing restaurant operations during the first quarter of 2008 declined to $4.6 million from $6.0 million in the same period of 2007. The company recently closed 20 outlets in Canada. This week's action is linked to its desire to raise its image as a fast food provider and increase sales at its restaurants.*

Recent Reports from FAS/Ottawa:

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CA8019	**This Week in Canadian Agriculture, Issue 9**	04/11/2008
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CA8025	**This Week in Canadian Agriculture, Issue 11**	04/29/2008
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CA8028	**This Week in Canadian Agriculture, Issue 12**	05/06/2008
CA8029	**Oilseed and Products Annual Report**	05/05/2008
CA8031	**This Week in Canadian Agriculture, Issue 13**	05/08/2008
CA8034	**This Week in Canadian Agriculture, Issue 14**	05/21/2008
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