



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 2/6/2009

GAIN Report Number: CA9006

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 5 2009

Approved by:

Robin Tilsworth
U.S. Embassy

Prepared by:

George Myles & Darlene Dessureault

Report Highlights:

Canada Announces Access to Jordanian Cattle and Beef Markets and Other FTA Benefits *
Peanut Butter Related Recall Extended To Pet Foods * Maple Leaf Foods Announces Listeria
Class Action Settlement Proposal * Canadian Government Reaffirms Its Support for Supply
Management System at Dairy Farmers of Canada Policy Meeting * Canola-Based Biodiesel
Blends Make the Grade in Cold Weather Tests

Includes PSD Changes: No
Includes Trade Matrix: No
Trade 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 ANNOUNCES ACCESS TO JORDANIAN CATTLE AND BEEF MARKETS AND OTHER FTA

BENEFITS: Agriculture Minister Gerry Ritz has announced that Jordan will lift the ban on Canadian cattle and beef imposed in 2003 because of bovine spongiform encephalopathy (BSE). "We are proud to work with Jordan as they look for the safe, healthy foods Canadian producers are exporting," said Minister Ritz. "Canadian producers want to make their living from the marketplace and we are working hard to open new markets such as Jordan to make sure there are more buyers for Canadian beef and cattle." The Canadian Beef Export Federation estimates new market access in Jordan could increase the value of Canadian beef exports up to \$1 million. Canada and Jordan concluded negotiations on a Free Trade Agreement in August 2008. The agreements are currently undergoing a detailed legal review prior to being formally signed by both countries. Under the FTA, Canada and Jordan will eliminate all non-agricultural tariffs and most agricultural tariffs ([News Release and Background](#)). For agriculture, the elimination of most of Jordan's agricultural tariffs will help key Canadian export interests such as pulse crops, frozen french fries, various prepared foods and animal feeds, which face high tariffs of as much as 30%. On implementation, Canada will immediately eliminate all non-agricultural tariffs on imports originating in Jordan, as well as most agricultural tariffs, but, as in all of its FTAs, Canada has excluded over-quota supply-managed dairy, poultry and egg products from any tariff reductions. Canadian agricultural exports to Jordan during 2007 totaled \$7.5 million, led by \$5.3 million in dried pulses, \$0.6 million in processed horticultural products, mostly potatoes, and \$0.3 million in animal feed. *Comment:* Although Jordan instituted a ban following the detection of BSE in an Alberta beef cow in May 2003, Jordan is not a traditional export market for Canadian cattle and beef. According to official trade data, Jordan imported no Canadian cattle or beef in the ten years prior to Canada's first BSE detection.

PEANUT BUTTER RELATED RECALL EXTENDED TO PET FOODS: The Canadian Food Inspection Agency (CFIA), which has been warning the public not to consume certain peanut-based foods because the products may be contaminated with *Salmonella*, has issued a warning that the ongoing *Salmonella* outbreak related to peanut-based products has resulted in the U.S. recall of certain pet food products that may have been distributed to Canada. The CFIA is working with the U.S. Food and Drug Administration (FDA) to identify all affected food and pet food products imported into Canada from the U.S. and manufacturers of peanut-based on both sides of the border are issuing recalls. Although the list of products affected by the CFIA alert now exceeds one hundred, there is no report of any illness associated with a listed product that was purchased in Canada.

MAPLE LEAF FOODS ANNOUNCES LISTERIA CLASS ACTION SETTLEMENT PROPOSAL: Late last week, Maple Leaf Foods Inc. said a C\$27-million settlement in a food-poisoning class-action lawsuit is heading to court for final approval. In August 2008, Maple Leaf Foods, Canada's largest pork processor, announced a massive recall of 243 types of ready-to-eat meat products supplied to stores, restaurants and cafeterias (see [CA8061](#)). The outbreak gained national attention in Canada and was linked to as many as 20 deaths. None of the affected ready-to-eat meat products was exported to the United States. Canada's Prime Minister has asked the Independent Investigator to submit a report to the Minister of Agriculture by July 20, 2009 (see [CA9003](#)). More information on the proposed settlement is available on the company's website.

CANADIAN GOVERNMENT REAFFIRMS ITS SUPPORT FOR SUPPLY MANAGEMENT SYSTEM AT DAIRY FARMERS OF CANADA POLICY MEETING: Canada's Agriculture Minister Gerry Ritz addressed Canadian dairy farmers during their Annual Dairy Policy Conference held in Ottawa on February 5. Minister Ritz took the opportunity to re-iterate his government's strong support and defense of supply management "from the Prime Minister on down". He included in his speech a

reminder of measures that his Conservative government has put in place over the past two years to strengthen the defenses of the supply management system including enacting an Article XXVIII action on certain dairy proteins (not applicable against U.S. exports), rendering operational the Special Agricultural Safeguard (SSG), and new cheese compositional standards. When questioned about the likelihood of the government putting forth legislation on a national yogurt standard, Minister Ritz replied that he would entertain that possibility only after the court case on the cheese compositional standards has been decided. The new cheese compositional standards, that became effective December 14 2008, are currently being challenged in federal court by three major Canadian dairy processors. The court date is set for the end of March. Other questions to the Minister included how the government would help protect against a tariff wall breach in dairy products. Low world dairy prices are of great concern to Canadian dairy farmers as the supply management system depends on keeping imports limited to within pre-established limits. Low world prices and a high domestic price render Canada's tariffs less effective in blocking imports in excess of those pre-established limits. Minister Ritz replied that should a substantial amount of product start coming in over-access, the Special Agricultural Safeguard would be activated and an additional tariff levied to discourage additional over-access imports.

CANOLA-BASED BIO-DIESEL BLENDS MAKE THE GRADE IN COLD WEATHER TESTS: In its final report released February 5, 2009, the Alberta Renewable Diesel Demonstration (ARDD) provides feedback to stakeholders regarding the use of renewable fuels in Canada's on-road diesel fuel market. It also confirms the functionality of low levels renewable diesel blends under specific conditions, including cold-weather conditions. The ARDD study investigated the performance of renewable diesel fuels using laboratory testing followed by actual on-road use of renewable diesel blends. The study's findings were welcomed by the Canola Council of Canada who has lobbied hard for a 2% bio-diesel mandate to be included in any federal renewable fuel mandate. In the federal government's notice of intent, a 2% bio-diesel mandate was accepted as long as its functionality in cold weather could be established. The study affirmed that a 2% blend of canola derived renewable diesel in winter months, and a 5% blend of canola and tallow (75% canola, 25% tallow) in the summer showed no performance problems. The study results will be provided to the Canadian government in response to its notice of intent to regulate a renewable fuel standard. The province of Alberta has already instituted a mandate requiring 2% bio-diesel fuel blends in the province by 2010. The province of British Columbia (B.C.) is even more ambitious and passed a mandate requiring a 5% bio-diesel standard by 2010. In a press release, the Canola Council of Canada expresses its pleasure with the report findings and estimates that 220,000 tons of canola annually would require to meet 75% of the Alberta mandate and 300,000 tons of canola annually would be required to meet the B.C. standard. The ARDD final report is available at the following website:
<http://www.renewablediesel.ca/pdf/ARDD%20Final%20Report.pdf>

Exchange Rate: Noon rate, February 6, 2009 (Bank of Canada): U.S. Dollar = C\$1.2389

Recent Reports from FAS/Ottawa

Report #	Title of Report	Date
CA9005	This Week in Canadian Agriculture, Issue 4	1/30/2009
CA9004	Grain and Feed Quarterly Update	1/29/2009
CA9003	This Week in Canadian Agriculture, Issue 3	1/23/2009
CA9002	This Week in Canadian Agriculture, Issue 2	1/16/2009
CA9001	This Week in Canadian Agriculture, Issue 1	1/09/2009