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Agricultural Situation

This Week In Canadian Agriculture, Issue 6 2000

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

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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. Substantive issues and developments are generally also reported in detail in separate reports from this office.

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.

PROGRESS TOWARD A NORTH AMERICAN MARKET FOR PESTICIDES: USDA

Deputy Secretary Richard Rominger and Agriculture and Agri-Food Canada (AAFC) Deputy Minister Samy Watson co-chaired the second meeting of the North American Market for Pesticides in Ottawa, April 14, 2000. The meeting was attended by more than 100 participants from across Canada and the United States representing growers, the pesticide industry, as well as federal, state and provincial governments. The summit continues progress toward the U.S./Canada Record of Understanding (ROU) objective of pesticide harmonization and joint registration to minimize trade irritants. Regulatory agencies from both countries reported that joint reviews of many new chemicals were completed and also reported on progress of joint reviews and their current work sharing activities. Participants called for harmonization of maximum residue levels and development of a NAFTA label. A full meeting report will be made available on the AAFC and USDA web sites. (For further information on the U.S./Canada ROU see FAS Home Page and click on U.S./Canada trade issues).

FIRST U.S. SLAUGHTER HOGS TO CANADA UNDER REVISED RULES: In mid-April, Maple Leaf Foods, Canada's largest hog processor, imported a truck load of U.S. slaughter hogs to its Burlington, Ontario hog slaughter facility. The sale marked the first U.S. export of live hogs, other than breeding stock, to Canada in several decades due to Canadian animal health restrictions on the swine disease pseudorabies. In October, 1999 the Canadian Food Inspection Agency (CFIA) amended regulations under Canada's Health of Animals Act to simplify import requirements for slaughter hogs from pseudorabies-free states in the United States. The Canadian live swine import regulations are part of the December 4, 1998 U.S./Canada Record of Understanding. Maple Leaf's Burlington plant is expected to import several more loads to assess the quality of U.S. slaughter hogs and the company is reported to have been granted the permit to import U.S. hogs for its new mega-plant in Brandon, Manitoba. Australia has balked at importing Canadian pork from plants that slaughter U.S. origin hogs, but Canada's pork industry is working on solutions that include the segregation of product from U.S. hog kills at Canadian plants exporting pork to Australia.

U.S. FEEDER CATTLE EXPORTS TRIPLE: The Canadian Food Inspection Agency reports total imports of U.S. feeder cattle under the Northwest Cattle Project's 1999/2000 season (October to March) reached 180,314 head, more than three and one-half times the prior season's level of 51,009 head. It marked the third year of the program aimed at facilitating imports of feeder cattle into Canada

by expanding animal health approvals from selected states. Canadian feedlot operators benefit from an additional source of feeder cattle. Currently, Alaska, Hawaii, Idaho, North Dakota, Montana and Washington are approved for participation in the program. Montana was the leading exporter of feeder cattle to Canada accounting for 70% of total; Alberta feedlots absorbed more than 87 % of the total imported. The Canadian Cattlemen's Association has announced its support of year-round access to U.S. feeder cattle and the Ontario cattle industry recently expressed an interest to expand the program to include that province.

AGMIN AFFIRMS CANADA'S WTO POSITION ON ELIMINATION OF EXPORT SUBSIDIES WITH PHILIPPINE PRESIDENT: Agriculture Minister Lyle Vanclief reiterated Canada's strong position on the elimination of farm export subsidies in the current round of WTO negotiations in an April 25 meeting with Philippine President Joseph Estrada. "President Estrada and I discussed the great harm done to our farmers and rural areas by unfair export subsidies that distort production and damage world prices for commodities," Vanclief said. The Minister carried the same message to Chinese Vice Premier Wen Jiabao last week in Beijing, when the two met to discuss Canada's agreement on China's accession to the WTO and the need to eliminate agricultural subsidies. While in the Philippines, Vanclief will also meet with Philippine Secretary of Agriculture Edgardo Angara; open a Canadian Wine Festival; visit Asia Brewery, a major buyer of Canadian malt barley; and visit the International Rice Research Institute.

PREPARATIONS BEGIN FOR SIAL MONTREAL 2001 - The first ever SIAL MONTREAL show will be held March 4-6, 2001 in Montreal, Quebec, the world's second largest French speaking city. FAS/Ottawa has begun recruiting and organizing a U.S.A. Pavilion for this event. New-to-export U.S. companies are encouraged to consider SIAL Montreal, sister show to SIAL Paris, but right next door, as the logical first step to gaining entry to the Quebec market. Canada is the top market for U.S. processed food products and this show promises to draw as many as 850 exhibitors and 12,000 buyers in the food distribution and food service industries.

BC GOVERNMENT CONSIDERING MOVE TO MARKET-BASED STUMPAGE SYSTEM: According to an April 8, 2000 Vancouver Sun article, British Columbia Deputy Minister Lee Doney, speaking at a Northern Forest Products Association conference said that the provincial government intends to move ahead on policy issues including: completing land-use plans; reducing regulatory costs, increasing native Indian participation in the forestry industry; and, moving to a market price-based stumpage system in response to US complaints of subsidies.

FIRST CROP REPORTS FROM SASKATCHEWAN AND MANITOBA: According to the April 25 edition of Agriline Daily, Saskatchewan Agriculture has reported that seeding is just beginning in the southwestern districts of the province, but should be underway in general throughout the province within the next two weeks. Rainfall has been extremely light, but topsoil moisture conditions are rated fair to good in most parts of the province. Manitoba Agriculture has reported that seeding has begun in all districts of the province. Topsoil moisture conditions are dry, while subsoil moisture is fair to good.

NEW GRADING SYSTEM FOR EASTERN CANADIAN WHEAT: The Eastern Standards

Committee (ESC) has supported a Canadian Grain Commission (CGC) proposal to reinstate grading Eastern red wheat according to three classes: Canada Eastern Hard Red Spring, Canada Eastern Hard Red Winter, and Canada Eastern Soft Red Winter. Because each of these classes of wheat has different end-use and processing qualities, identifying them in this way will give processors more precision and flexibility. (For more information, please see GAIN report CA0053.)

CANOLA CRUSHER EMPLOYEES RETURN TO WORK: According to an April 25 Reuters article, the last of the 170 striking workers at the Canbra Foods Ltd. canola crushing plant in Lethbridge, Alberta returned to work on Tuesday after a wage settlement was reached last week. The strike began on March 27, and union members sought, but failed to prevent wage roll backs. Canbra, is a wholly-owned subsidiary of agribusiness firm James Richardson International, and is one of four key Canadian canola crushers with a daily crushing capacity of 1,200 metric tonnes.

HRI FOOD SERVICE SECTOR REPORT - EASTERN CANADA: FAS/Ottawa has published a report (CA0047) on Eastern Canada's hotel, restaurant, and institutional (HRI) food sector. The outlook for the HRI sector is excellent as Canada's current economic climate is conducive to business growth and consumer confidence and spending. The low Canadian dollar is expected to continue to attract tourists and business travelers, and the hotel and restaurant sector is projecting sales and unit expansion well into 2000. Best opportunities exist for ethnic foods, value-added frozen entrees, value-added fresh produce and frozen seafood.

DID YOU KNOW THAT...

That United States supplies virtually all of the Canadian import market for salty snack foods, including pretzels, corn chips, potato chips and popcorn. In 2000, U.S. exports to Canada in the category are projected to reach nearly \$120 million, registering an average annual growth rate of almost 8% since the mid-1990s. Potato chips remain the undisputed king of salty snacks in Canada, capturing more than half of total Canadian salty snack food sales estimated at close to \$700 million annually.

Recent Reports by FAS Ottawa

Report Number	Title of Report	Date
CA0047	Eastern Canada: HRI Food Service Sector Report	4/17/2000
CA0048	Canadian Grain Production in 1999 Up Six Percent	04/17/2000
CA0049	Canada-China Pork Protocol Signed	04/18/2000
CA0050	Agent/Broker Directory - Western Canada	4/19/2000
CA0051	Canada Changes Anti-dumping and Countervailing Duty Law	04/19/2000

CA0052	This Week in Canadian Agriculture, Issue 5	04/20/2000
CA0053	New Grading System for Eastern Canadian Wheat	04/26/2000

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