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This Week In Canadian Agriculture

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Report Highlights:

Hogs No Longer on Hold * China Extends Canola Seed Accord with Canada * Canadian House of Commons Approves FTA with Colombia * Farmers Under the Gun as Heavy Rain Drowns Fields * Continuing Challenges for the Canadian Wheat Board * Canadian Growers Face Bureaucratic Block

Hogs No Longer on Hold

On the heel of news that the United States lifted restrictions on cattle from British Columbia over a potential outbreak of brucellosis, came the announcement by the Canadian Food Inspection Agency (CFIA) that a meat processing plant in Red Deer, Altona, had been closed due to "an animal health situation." On June 23rd, CFIA announced that it had conclusively ruled out federally reportable diseases, including foot-and-mouth disease and swine vesicular disease and lifted all movement

restrictions. The facility was thoroughly cleaned and disinfected and has now resumed regular business. During the “shut down” CFIA followed standard biosafety procedures and suspended movement of animals and animal product to and from the facility until additional information was available. Early Monday trucks were turned away at the plant gate and one driver estimated around 1,600 hogs were turned away in a two hour period.

China Extends Canola Seed Accord with Canada

Canada successfully negotiated an extension of the 2009 canola agreement with China. The extension of the deal will mean Canadian exporters can sign contracts with Chinese importers for the 2010 canola crop which starts August 1. The 2009 agreement was negotiated after China suddenly blocked imports of canola seed from Canada that had tested positive for blackleg, a fungal disease that can reduce canola yields. Through the agreement, China approved taking Canadian canola which had tested positive for blackleg at a limited number of ports where Chinese rapeseed is not grown. The move was meant to ward off any possibility the disease could migrate to or infect Chinese crops. China is Canada’s largest canola export market after Japan. Canada is undertaking cooperative studies with China to analyze ways to mitigate the transfer of blackleg. The Canadian canola seed exports in 2010-2011 are expected to range between 1.4 and 1.5 million tons, compared to an export high of 2.8 million tons, prior to the trade disruption.

Canadian House of Commons Approves FTA with Colombia

On June 14, 2010 Canada's free trade agreement (FTA) with Colombia was approved by the House of Commons and by the Senate on June 21, 2010. It is now waiting to receive Royal Assent. At that time, the cabinet will determine the date at which the bill will come into force. The agreement passed with the backing of the Liberals, sealing a deal much criticized by human rights groups but which the federal government says will create jobs and boost exports. A contentious aspect of the agreement calls for the Colombian and Canadian governments each to assess the impact of the deal on human rights in each other's country - a clause rights groups say lacks independent scrutiny and fails to spell out consequences should abuses occur. Colombia is Canada's fourth-largest trading partner in South America and the Harper government says the deal will strengthen demand for Canadian exports such as grain, beef and pork.

Farmers Under the Gun as Heavy Rain Drowns Fields

As the seeding window closes with more than double the annual average rainfall in parts of Western Canada, the unseeded acreage reportedly could be as high as 12 million acres (4.9 million hectares). The Canadian Wheat Board says Western Canada will have the lowest wheat acreage since 1971. Barley acreage is expected to be the lowest since 1965. Canola will be millions of acres below expectations and many other crops will also be hit hard. Producer frustration is high in the wet regions as they come to grips with the washout of the 2010 growing season and pressure is mounting for the federal and provincial governments to do something. Some producers may get insurance for unseeded acreage. But, at around C\$35 an acre, estimates indicate that this program will be approximately C\$1.5 billion short. Moreover, approximately 30 percent of the acreage isn't enrolled in crop insurance. As a rough estimate, the unseeded acreage insurance payment may return about C\$200 million to producers. In addition to crop insurance, many grain producers have access to some support through an

income stabilization program. Producers are suggesting governments could help out with low-interest or no-interest loans, similar to what was offered to General Motors, or an advance against future support programs.

Continuing Challenges for the Canadian Wheat Board

The Canadian Wheat Board's new chairman, Allen Oberg, is set to take office as politicians continue to battle over the future structure of the Board. At the end of 2010 Oberg will replace Larry Hill, Chairman since 2008, who served the maximum number of elected terms. The CWB continues to be challenged by Conservatives in the government to allow farmers more marketing choice. Oberg said the CWB is trying to find ways to offer farmers more options, while continuing to maintain the single desk. The Board contends that on the wheat side, the majority of farmers still prefer to sell their product on the single-desk marketing system. There are more differing opinions for selling barley. A new bill, introduced by the Liberals as a counter to recent Conservative initiatives, would make four changes to the CWB Act: reduce the number of directors appointed by the government to two from four; limit the government's ability to give orders to the CWB; strengthen rules for voting procedures before any legislative changes are made to the single-desk system; and require the government to consult and collaborate with the Board.

Canadian Growers Face Bureaucratic Block

The Canadian Government's Pest Management Regulatory Agency (PMRA), under Health Canada, is tasked with the responsibility of issuing permits to import pest management products. Before a new pest control product or a new use of a pesticide can be approved, PMRA must complete an approval process, which frequently necessitates collection of data and research. PMRA has repeatedly experienced backlogs in the processing of permit requests. Craig Hunter, a pesticide expert with the Ontario Fruit and Vegetable Growers Association has noted that when Canadian farmers are unable to buy or use effective products available to competitors in other countries, they are at a competitive disadvantage. *Ontario Farmer* reported on June 15, 2010 that PMRA once again has a backlog and is circulating proposals to change their system to develop a more efficient method for reviewing permit requests. However, how quickly any new system may be implemented is questionable. The Pest Management Advisory Committee, which is supposed to meet twice a year to consider proposals for modifying procedures, hasn't had a meeting for 18 months and no meeting is currently planned.

Exchange Rate: Noon rate, June 23, 2010 (Bank of Canada): U.S. Dollar = C\$1.04.