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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 10 2001

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#### **Report Highlights:**

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- \* **CANADA RESPONDS TO EU FOOT AND MOUTH DISEASE OUTBREAK**
- \* **FEDERAL ASSISTANCE FOR P.E.I. POTATO PRODUCERS**
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- \* **U.S. ANTI-DUMPING PETITION FILED AGAINST P.E.I. MUSSELS**

**And More...**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled 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. 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.

**VANCLIEF MEETS WITH SECRETARY VENEMAN:** According to a March 9 Agriculture Canada press release, the March 9 meeting between Ag Minister Vanclief and Secretary Veneman in Washington was an important first step toward establishing a good working relationship on agriculture-related issues. "It was an opportunity to outline a number of pressing issues that need to be addressed," said Mr. Vanclief. Mr. Vanclief stressed to Ms. Veneman the importance of resolving the P.E.I. potato issue based on sound. Mr. Vanclief said he was hopeful there would be a final resolution of this issue and the two countries could move quickly to resume full trade. Regarding other issues, Vanclief added that "We discussed, for example, how we are working co-operatively to protect the North American market from foot and mouth disease and pursue our mutual interests concerning such key areas as research and biotechnology."

**CANADA RESPONDS TO EU FOOT AND MOUTH DISEASE OUTBREAK:** The Canadian Food Inspection Agency (CFIA) responded to the confirmation of foot-and-mouth disease (FMD) on continental Europe and in Argentina by suspending all import permits from European Union (EU) countries and Argentina for susceptible products, including live animals, embryos, semen and animal products. Canada has already suspended live ruminant animals, beef and beef products from any country that is not certified as free of bovine spongiform encephalopathy (BSE). As a precaution the CFIA is also investigating whether there are any import permits that have been issued but not used, as well as tracing any products that have entered Canada. The suspension of import permits and tracking of products that have entered the country will remain in effect until further notice. Travelers from countries susceptible to FMD are required to follow simple but effective disinfectant procedures at Canadian international airports. Surveillance measures to detect susceptible products have been increased at Canadian airports, including the use of detector dogs, and travelers are receiving advisories on the risks of transmitting FMD.

**FEDERAL ASSISTANCE FOR P.E.I. POTATO PRODUCERS:** Canada has announced up to C\$12.6 million in additional federal funding to assist Prince Edward Island potato producers coping with market losses associated with the outbreak of Potato Wart. Potato industry reaction is that the money is "too little, too late." Growers are concerned that as long as the U.S. border stays closed to P.E.I. potatoes, the 2001 planting season is uncertain, thereby further threatening the economic viability of many P.E.I. potato farms. Critics say that the C\$12.6 million in federal monies is the only new money offered and that the major portion of what the government touts as a C\$50 million assistance package is offered through existing support programs which farmers

cannot access until next fall. For more information see CA1044.

**PROVINCIAL SHARES OF THE NEW C\$833 MILLION IN FARM AID:** According to the March 12 edition of *Agriweek*, given the federal announcement of \$500 (CDN funds) million in fresh federal farm money for the whole country, the provinces are supposed to put up another \$333 million to make it \$833 million. The federal money will be conditional on provincial matching and will be allocated among the provinces according to their share of national crop-based gross farm income. If all provinces contributed the 40% share expected of them, Quebec and Manitoba will get about \$83 million each, Ontario \$200 million, Saskatchewan \$220 million, Alberta \$160 million and B.C. \$58 million. It was understood that the money will be sent out automatically based on NISA (Net Income Stabilization Account) program. Farmers not currently participating in NISA will have to apply. The payments will be based on 'average eligible net sales' as defined in the NISA regulations and will be subject to a per-farm limit prorated on the first \$125,000 of annual crop income. Last week, at a semi-annual federal-provincial ministers' meeting, Vanclief added another tidbit: the limit per farm on the spring cash advance program will be raised to \$50,000 from \$20,000, costing the federal treasury another \$45 million in interest. The program has been reasonably popular; last year (its first year) 31,000 farmers took out a total of \$356 million, averaging about \$11,000 per farm, enough to seed about 150 acres in the west or 100 acres in the east.

**FARMERS VENT AT RALLIES OVER AID:** The March 15 *Globe and Mail* reports Agricultural Minister Lyle Vanclief was burned in effigy in Saskatchewan as angry farmers rallied across Canada yesterday to draw attention to their mounting debts. March 15 was declared "Farmers Green Ribbon Day of Action"—a national day of protest. Farmers drove trucks and other farm equipment into Ottawa, Winnipeg and other locations. In Ottawa, more than 1,000 farmers from Ontario and Quebec waved signs and sounded horns at a demonstration at the Ottawa Valley Farm Show. The Ontario movement was organized by the Ontario Federation of Agriculture (OFA) with support from the Ontario Corn Producers Association (OCPA). A spokesperson for the OCPA said that the recent federal announcement of an additional C\$500 million (with provinces providing C\$333 million for a total of C\$833 million) in farm aid funding is half what Canadian farmers are looking for, so they are pushing for more. Canadian Federation of Agriculture (CFA), OFA, and l'Union des producteurs agricoles (UPA) officials spoke at the downtown Ottawa demonstration.

**MINISTER TO LAUNCH INITIAL WTO TRADE IN SERVICES NEGOTIATING POSITION BY END OF WEEK:** In a March 12 speech to the Canadian Chamber of Commerce, Trade Minister Pettigrew discussed developing trade through trade policy and trade promotion efforts, and cited that Canada's policy objective in the General Agreement on Trade in Services negotiations will be to develop international, rules-based system for trade. Pettigrew states that Canada and the United States are each other's largest trading partners with total trade at C\$2 billion per day. The Free Trade Agreement of the Americas represents an opportunity to improve Canada's access to both the American and Latin American markets. For more information, see GAIN report CA1042.

**RIISING ENERGY COSTS THREATEN GREENHOUSE TOMATO INDUSTRY EXPANSION:** Rising energy costs threaten to curtail the expansion of the Canadian greenhouse

tomato industry that since 1994, has increased production at an astonishing annual average growth rate of 30%. The energy component of the cost of production has climbed from 20% to 50%, surpassing labor costs which formerly accounted for the primary share. While the government of Alberta has responded with an energy subsidy to its greenhouse growers, that province only accounts for 1% of total Canadian greenhouse tomato output. British Columbia and federal government assistance efforts have focused only on residential energy cost relief. In 2000, Canadian fresh tomato imports to the U.S. reached 101,390 metric tons, accounting for 13.8% of total U.S. fresh tomato imports of 730,063 metric tons. Mexico was the leading supplier to the U.S. fresh tomato import market, accounting for 80.8% of total. Canadian greenhouse tomato growers recently refuted U.S. industry dumping allegations (see CA1029). The import penetration of the total U.S. fresh tomato market by Canadian greenhouse tomatoes in 1999 is estimated at 3.4%. For more information see CA1043.

**U.S. ANTI-DUMPING PETITION FILED AGAINST P.E.I. MUSSELS:** Great Eastern Mussel Farms Inc., of Maine has filed an anti-dumping petition against Canadian processors/growers of live cultivated blue mussels from the Canadian Atlantic provinces, mostly Prince Edward Island (P.E.I.). The company alleges that Canadian suppliers of processed (graded, debearded, washed) live mussels are selling in the U.S. market at prices up to 75% below prices in their home market in Canada. The U.S. International Trade Commission (USITC) has 45 days to make a preliminary determination. For further information see the USITC website at [usitc.gov](http://usitc.gov); the docket number is 731. According to Statistics Canada trade data, total Canadian live, farmed, fresh or chilled mussel exports to the United States in 2000 reached \$13.0 million. Live mussel exports from P.E.I. accounted for 96% of the total, valued at \$12.6 million. Over 70% of Canadian live mussel exports to the U.S. were destined for Massachusetts and Maine.

**INDEPENDENT PANEL CONSIDERS MEANS TO ENSURE RAIL COMPETITION:** An independent panel review of the Canada Transportation Act (CTA) will lead to suggestions on regulatory and policy tools the GOC might employ to ensure competition in the railroad sector, especially in anticipation of increased continental rail consolidation. Recommendations are expected in early July 2001. Current indications are that the panel will recommend a new, more broadly oriented merger oversight mechanism. And while it remains to be seen how the panel will balance shipper and railroad interests, at this juncture we do not anticipate that the eventual policy, legislative or regulatory solution will have an adverse impact on U.S. interests. For more information, see GAIN report CA1045.

**ONTARIO WHEAT BOARD GIVES 2000/01 CROP PROJECTIONS:** The Ontario Wheat Producers Marketing Board (OWPMB) has been working with Agriculture Canada and Agricorp, the provincial crop insurance body, to facilitate a Market Revenue Insurance (MRI) payment. Agreed upon were preliminary MRI price levels and support for winter and spring wheat. The winter wheat support price is C\$146.37/MT, and with preliminary farm gate price returns for the 2000/01 crop of C\$90.58/MT, this results in a support payment of about C\$55-56/MT. The spring wheat support price is C\$165.00/MT, and with preliminary farm gate returns of C\$130.42/MT, this results in a support payment of about C\$35-36/MT. OWPMB projects that 650,000 acres of wheat were planted in the fall of 2000. This acreage will result in a crop of approximately 1.2 million MT. Of this, 400,000 mt will be soft white winter wheat, 600,000 MT

will be soft red winter wheat, and 200,000 MT will be hard red winter wheat.

**FARM POLICY FAILURES BLAMED FOR INCOME CRISIS:** According to a March 15 *Canada Agriculture Online* article, farmer members of United Grain Growers' (UGG) board of directors passed motions calling for the federal government to double its NISA contributions for 2000 and 2001, and eliminate federal excise tax on farm fuel in time for spring seeding. They explained that this additional financial assistance would compensate western grain farmers for federal policy failures which limit their returns in the marketplace. Listed among those failures was the government's decision not to implement recommended grain transportation changes which would have created freight savings for farmers. Also mentioned was the Canadian Wheat Board's continuing monopoly which discourages farmers from investing in value-added processing opportunities for wheat and barley, and gives foreign governments an excuse to maintain trade-distorting subsidies. Said UGG president Ted Allen: "Prairie farmers desperately want to earn their income from the marketplace. The cascading effects of these federal policies are preventing them from doing that. Unless and until the government changes these policies, we believe it has a duty to provide suitable compensation. To date, it has not done that."

#### **Did You Know....**

That according to Statistics Canada population projections, in fifteen years at the latest (2016), Canada will have far more seniors (65 yrs.and up) than children aged 14 and under, a phenomenon never before recorded.

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CA1045	Independent Panel Considers Means to Ensure Rail Competition	3/14/2001
CA1046	This Week in Canadian Agriculture, Issue 10	3/15/2001

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