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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 12 2001

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#### **Report Highlights:**

##### **What's New, EH?**

- \* TRADE MINISTER ANNOUNCES MONITORING MEASURE FOR  
SOFTWOOD LUMBER EXPORTS TO THE U.S.**
- \* CITT STATEMENT OF REASONS ON MANITOBA CORN CASE**
- \* ADM CLOSES ALBERTA CANOLA CRUSHING PLANT**
- \* ONTARIO ANNOUNCES C\$90 MILLION FOR FARMERS**
- \* CFIA FACING POTENTIAL STRIKE BY 3000 EMPLOYEES**

**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.

**PETTIGREW ANNOUNCES MONITORING MEASURE FOR SOFTWOOD LUMBER EXPORTS TO THE U.S.:** According to a Department of Foreign Affairs and International Trade March 29 press release, Trade Minister Pettigrew announced that Canada will monitor softwood lumber exports to the United States. "Certain U.S. politicians are making allegations that lumber from Canada will surge after the expiry of the Softwood Lumber Agreement on March 31," declared Pettigrew. "With the co-operation of exporters, we are ensuring that we have the necessary information to defend the interests of Canada's industry against possible U.S. trade actions." The purpose is to provide a mechanism for gathering clear and accurate data on exports and ensuring that an orderly transition is made once the Softwood Lumber Agreement expires on March 31. Exporters of softwood lumber to the U.S. will be required to obtain a permit, which will be available upon request from the Department of Foreign Affairs and International Trade. This will apply nation-wide for all softwood lumber exports to the United States.

**CITT STATEMENT OF REASONS ON IMPORTS OF U.S. GRAIN CORN:** On March 22, the Canadian International Trade Tribunal released its final statement of reasons (SOR) regarding its decision that certain grain corn imported from the U.S. did not cause injury nor pose a threat of injury to corn producers west of the Ontario-Manitoba border "the regional market". In the SOR, while a linkage was made between the financial injury sustained by western Canadian corn producers and U.S. corn imports, diversified producers who grow corn for on-farm feeding purposes constitute almost one-third of corn production, and are thus insulated from the negative effects of U.S. corn imports on domestic corn prices. The CITT noted that since most or all of the regional market's on-farm corn production has not been injured, a substantial proportion of corn growers whose corn production does not enter the commercial market have not been injured by U.S. corn imports. In addition, the CITT also noted that there was a certain proportion of commercial corn production that was not injured by imports of U.S. grain corn. As a result of these two circumstances of non-material injury, the CITT concluded that the minimum injury threshold had not been met by the standard of "all or almost all" and that there was no threat of injury to producers or all or almost all of the production in the regional market.

**VANCLIEF ADDRESSES STANDING COMMITTEE ON AGRICULTURE:** Canadian Agriculture Minister Lyle Vanclief addressed the House of Commons Standing Committee on Agriculture and Agri-Food on March 21. In his address, Vanclief noted that consumers demands have raised the bar on food quality and safety, to the point where a producer's ability to sell products will be linked to assurances that the food is safe, to knowledge of where and how it was produced, and comfort in the knowledge that the production process was environmentally

responsible. Vanclief stated that it is in the public interest for the both the federal and provincial governments to assist the agriculture and agri-food industry with the science, the systems and the financial resources needed to respond to the increasing demands of the consumer. To this end, the government must invest in the following areas: (1) Canada's ongoing safety net programs; (2) Maintenance of and enhancing the safety of Canadian food across the chain; (3) Putting systems in place at the farm level to protect and conserve Canadian natural resources; (4) Science that will help make this all possible; (5) Providing the right tools to help some producers make those the decisions they need to make in terms of the challenges they face. For more information, see GAIN report CA1051.

**ARCHER DANIELS MIDLAND CLOSES CANOLA CRUSHING PLANT:** According to the March 22 *Agriline Daily*, Archer Daniels Midland (ADM) will indefinitely suspend operations of its canola crushing and refining plant in Lloydminster, Alberta, effective April 1. The company cited very poor margins and extraordinary increases in energy costs in the wake of recent deregulation of energy markets. The March 23 *Agriline Daily* comments that some Winnipeg traders are speculating the shutdown will only be temporary for 3-4 weeks. The article goes on to say that poor crush margins may have prompted ADM to do annual maintenance now rather than in early summer as is usual industry practice. Other crushers are also said to be considering cutbacks due to weak margins.

**W. CANADIAN WHEAT GROWERS CRITICIZE CWB BENCHMARK MEASURE:** The March 23 edition of *Farms.com* quotes Western Canadian Wheat Growers President Ted Menzies saying, "The latest attempt by the Canadian Wheat Board (CWB) to compare single desk marketing to an open market system is a costly, ill conceived exercise in futility. We've traveled this road before and it proves absolutely nothing." Menzies was commenting on the recent decision by the CWB to hire University of Saskatchewan economist Richard Gray to develop a set of "measurable benchmarks" for prairie farmers to judge the performance of the Board. VP Bernie Sambrook says the Gray study is assuming that what it wants to test is already proven. He cited the "basic assumption" contained in the background paper by Dr. Vercammen that states: "The working assumption throughout this paper is that CWB decisions are consistent with net returns maximization." Sambrook states that "producers want to find out whether or not returns are maximized and management decisions are wasteful, not start with that as an assumption." The CWB has commissioned other studies such as Richard Gray, Hartley Furtan and Daryl Kraft - all reporting that the CWB is doing a wonderful job. Menzies suggested that there is a very simple and very direct way of benchmarking CWB performance. "Let them compete," he said. "Let them become a voluntary organization and go head to head with the private trade. If the CWB is as good as it says it is, then it will prove its worth against the only benchmark that counts, and that is commercial competition." "The Wheat Board won't convince farmers through public relations. They will only do it by performance," says Sambrook.

**CWB DIRECTOR PRESSES PLAN TO TEST DUAL MARKETING SYSTEM:** According to the March 26 edition of *Agriweek*, Canadian Wheat Board elected director James Chatenay is proposing a four point plan to test the principle of a dual market. First, he proposes that 10% of each farmer's annual production be exempt from the monopoly. Second, the monopoly would apply only to export grain. Third, export licenses for grain that producers wish to export under the buy-back system should be given automatically and without charge by the Board. Finally, he

proposes that his own electoral district in central Alberta be removed from the CWB's jurisdiction for three years as a test for a voluntary dual-market system.

**ONTARIO ANNOUNCES C\$90 MILLION FOR FARMERS:** According to the Ontario government, the province will be making a one-time C\$90 million available to help cash-strapped grain and oilseed farmers in time for spring planting. The \$90 million payment, called the "Ontario Grain Stabilization Payment" is comprised of a \$70 million payment to match the federal government's \$105 million payment to the province (Ontario is to receive \$105 million from the recent \$500 million announced by Ag Canada earlier in the month as a top-up to the Canadian Farm Income Program) under the cost-shared Federal-Provincial Safety Net Framework Agreement signed in July 2000. The additional \$20 million is being made available by the province to provide further short-term income assistance to the grains and oilseeds sector.

**CFIA FACING POTENTIAL STRIKE BY 3000 EMPLOYEES:** According to a spokesperson for the Canadian Food Inspection Agency (CFIA), 3000 members of the Public Service Alliance of Canada, comprising approximately 1900 food inspectors and 1100 administrative/support staff, will be in a legal strike position on April 16 when their union contract expires. The CFIA asserts that some of these positions are "designated," meaning that the union must continue to provide a minimum degree of service regarding food safety. The CFIA and the union are currently in conciliation talks.

**GREENPEACE PROTESTS GENETICALLY MODIFIED SALMON:** Greenpeace activists demonstrated at an aquaculture company in Fortune, P.E.I. that is planning to distribute fast-growing salmon eggs to fish farmers. The demonstrators demanded that Aqua Bounty Farms stop producing the genetically modified fish that the company claims can grow many times larger and faster than regular salmon. The activists believe that genetically modified salmon threaten the genetic integrity of wild salmon should they escape from fish farms. A simultaneous demonstration reportedly took place at the recent Boston Seafood Show where Aqua Bounty Inc., which is based in Waltham, Massachusetts was participating. The company has reportedly applied to FDA for permission to sell the fish eggs in the United States and it is believed that an application for the Canadian market will follow shortly. In Ottawa, Greenpeace presented a petition to the federal fisheries minister calling for a prohibition of genetically modified fish and an opposition member (New Democratic Party) introduced a petition in Parliament signed by citizens that urged the government to take immediate steps to prevent the introduction of genetically modified aquatic organisms into the environment.

**QUEBEC NAMES NEW AG FINANCE AGENCY BOSS:** The March 27 edition of *Canada Agriculture Online* reports that Quebec agriculture minister Maxime Arseneau has announced Andre Dicaire, a vice-president at CGI Group, will be president of the province's new Financiere agricole du Quebec. The new agricultural financial agency, created late last year, combines farm revenue protection, insurance and financing under one roof. Dicaire was previously a senior public- sector strategist in various government departments. The province expects to announce the names of the agency's other senior administrators in the next few days.

**FCC REPORTS SLOWER GROWTH SEEN IN CANADIAN LAND VALUE:** According to the March 27 edition of *Canada Agriculture Online*, while farmland values across Canada

mostly increased or remained stable in the last six months of 2000, the increases were generally "more modest" than those seen in the first half of 2000, say spokesmen for Farm Credit Corporation (FCC). The federal agricultural lender pointed to an overall 0.2% increase in land values in the last half of 2000, down from 1.3% in the first half. Quebec saw the greatest increase, 5.2%, down from 6.1% in the first half. New Brunswick's value increase held steady at 4.4%, and B.C. and Newfoundland values increased at much greater rates, 3.7 and 3.6% respectively, where they were both close to flat in the first half of 2000. P.E.I. land values were up 2.7%, while Nova Scotia's were up 1.6%. Alberta's increase was down to 1.5% from 2.8%, while Ontario's was down to 1.1% from 7.3%. Saskatchewan land values decreased again, this time by 1.2% compared to 1% at the end of June 2000, while Manitoba, where values had gone up 0.9% in the first half of 2000, saw a 0.3% drop.

**NEW-CROP PROS FROM CWB IMPROVE:** The March 23 edition of *Canada Agriculture Online* reports that in the latest 2001-02 pool return outlook (PROs), the Canadian Wheat Board (CWB) raised values for all milling and feed wheat, mostly by around \$5 (Cdn.) per tonne, from the initial new-crop projections issued in February. One exception: No. 1 CWSWS, which was increased by \$17 per tonne due to expected short supplies of white wheat in the U.S. and Canada. Durum was unchanged; feed barley was up by \$1 per tonne; 2-row malting rose \$4; and 6-row malting rose \$1 from February. These changes put wheat PROs for 2001-02 ahead of 2000-01 PROs by \$10 to \$20 per tonne (CWSWS by \$26); durum down by as much as \$37 per tonne (for No. 1 CWAD 13.0% but less for lower grades); feed barley up by \$5; and malting barley (both 2- and 6-row) down by about \$10 per tonne. These numbers suggest that barley and durum should be delivered this crop year if possible, and wheat held over for 2001-02.

**OLD-CROP CWB PROS WEAKEN:** The March 23 version of *Canada Agriculture Online* notes that with one exception, 2000-01 pool return outlooks (PROs) issued March 22 by the Canadian Wheat Board (CWB) for wheat showed no change or small declines (up to C\$3 per tonne) from the previous month. The exception was No. 1 CWSWS which rose \$4 per tonne because poor weather in the U.S. Pacific Northwest is supporting soft white wheat prices. Feed wheat and feed barley were unchanged from February. Durum declined by \$1 to \$3 and malting barley edged up - by \$2 per tonne for 2-row and \$1 for 6-row. The CWB says the weakening Canadian dollar prevented bigger declines in wheat and contributed to the slight improvement in malting barley.

**MARDI GRAS COMES TO CANADA:** Thanks to a cooperative promotion between SUSTA, U.S. Farm-Raised Catfish, USA Rice and Frank's Red Hot Sauce, Canadians are feeling the heat of the flavors, sights and sounds of Mardi Gras. All that was missing was the warm weather. SUSTA's Canadian marketing representatives, Faye Clack Marketing & Communications, developed a 230 in-store sampling campaign in major retail and independent grocers in Ontario during the month of February. The Mardi Gras theme included decorations, music, tastes of the south, consumer contests, retail display contests and recipe pamphlets. In addition to the anticipated 3-400,000 consumers this program has reached, the media release packages distributed to key media outlets throughout Ontario has so far resulted in a full-page newspaper spread valued at \$320,000.

**Did You Know...**

This winter Ottawa received approximately 8 feet of snow, slightly more than average.

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