



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/11/2001

GAIN Report #CA1003

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 1 2001

Approved by:

Norval Francis

U.S. Embassy, Ottawa

Prepared by:

Kathleen Wainio, George Myles, Matthew Cahoon

Report Highlights:

What's New, EH?

- * **NAFTA CONSULTATIONS ON U.S. RESTRICTIONS ON PEI POTATOES**
- * **CANADA IMPOSES ANTI-DUMPING DUTIES ON ASIAN GARLIC**
- * **STRONG CATTLE PRICES PREDICTED**
- * **MINISTER VANCLIEF TARGETS EU, U.S. FARM SUBSIDIES**

And More...

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.

CANADA REQUESTS NAFTA CONSULTATIONS ON U.S. RESTRICTIONS ON PEI

POTATOES: On January 2, 2001 Canada requested NAFTA consultations with the United States with respect to U.S. restrictions on imports of potatoes from Prince Edward Island. USDA announced the prohibition of potato imports from P.E.I. on November 2, 2000 following confirmation by the Canadian Food Inspection Agency of the presence of potato wart disease in one field on the island. Canada's Minister of Agriculture has been highly critical of the USDA plant health requirements related to the resumption of exports from Prince Edward Island. Consequently, Canada filed a request for NAFTA consultations which are expected to get underway on January 17, 2001 (see CA1001 for more information). Meanwhile, the P.E.I. media reports that potato shipments to the rest of Canada have started to increase. Also, the provincial farm lending agency is reportedly in discussions with farmers, the provincial potato board and banks concerning the possible deferral of loan payments for producers suffering financial loss due to the potato wart outbreak. In addition, Ottawa is considering payments to P.E.I. farmers under three programs, including the Canadian Farm Income Program, but no decision has been made.

CANADA IMPOSES ANTI-DUMPING DUTIES ON ASIAN GARLIC: U.S. fresh garlic exports to Canada are expected to be more competitive following Canada's imposition of year-round duties on Asian garlic. On January 2, 2001 the Canada Customs and Revenue Agency made a preliminary determination of dumping and applied provisional duties on Chinese and Vietnamese garlic. The Canadian International Trade Tribunal's has initiated an inquiry to determine whether the dumping of garlic from the People's Republic of China and Vietnam has caused or is threatening to cause injury to Canadian garlic producers. Canada has applied anti-dumping duties on Chinese garlic since 1997, but only on garlic imported between July and December each year. Canadian growers lobbied the government for year-round duties after import levels of Asian garlic increased sharply during the non-duty period. While the United States captures slightly more than 20% of the Canadian import market for fresh garlic, China captures more than half. Canadian imports of fresh garlic from the United States during 1999 were 2,417 metric tons, valued at C\$5.1 million (\$U.S. 3.4 mil.). For background information see CA0173.

STRONG CATTLE PRICES PREDICTED: Canadian cattle industry analysts predict strong cattle prices in 2001 as Canadian producers send fewer beef cows to market and fewer heifers into feedlots in order to rebuild their breeding herds. Agriculture and Agri-Food Canada expects Canadian cattle slaughter in 2001 to fall about 2% from last year. Fed and feeder cattle prices

reached record highs in 2000. Fed steers in Alberta topped C\$100 per hundredweight in April, and 700-800 lb. feeder cattle in Alberta peaked at a price of more than C\$135 per hundredweight in August. Prices eased by year-end, but feeder prices remained about C\$10-C\$13 per hundredweight higher than a year earlier. As Canadian producers cashed in on higher fed cattle prices throughout 1999 and 2000, inventories declined and the resulting lower calf crop in 2000 means that feeder cattle remain in tight supply. As a result, imports of feeder cattle from the United States under the Northwest Cattle Project are up sharply. Under the current program, which runs from October 1, 2000 to March 31, 2001, preliminary data show imports of U.S. feeders exceeded 150,000 head in the three months ending December 2000, up 34% from the same period a year ago. A total of 180,000 head were imported under the six month program last year.

VANCLIEF TARGETS EU, U.S. FARM SUBSIDIES: In a January 4, 2001 speech delivered to the Oxford Farming Conference, Federal Agriculture Minister Lyle Vanclief said that inflated farm subsidies in Europe and the United States are driving down international prices and having a negative impact on farmers from Canada and around the world. Vanclief noted that European wheat producers receive 13 times more government support per tonne than Canadian producers and that US wheat producers receive eight times more assistance. Vanclief indicated that Canada will continue to press for an international level playing field for farmers at the World Trade Organization (WTO) agricultural talks. For more information, please see the speech at: <http://www.agr.ca/cb/speeches/s010104e.html>.

MINISTER VANCLIEF'S MISSION TO PARIS: The Canadian Ministry of Agriculture reports that in a January 9, 2001 meeting with French Minister of Agriculture and Fisheries Jean Glavany in Paris, Minister Vanclief emphasized to his French counterpart the harm European Union production subsidies are causing farmers in Canada and other parts of the world. Both expressed the need to continue the progress in the WTO agriculture negotiations with the aim of launching a broader round as soon as possible. Minister Vanclief stressed the importance to Canada of greater access to the European market for Canadian wines and ice wines. Minister Glavany indicated that he believed a successful conclusion to the current talks about wine access was possible. Mr. Vanclief also reiterated the Canadian position that food safety decisions must be based on the latest science not emotions. The Canadian minister underlined that Canada is free of BSE, a problem continuing to plague EU agriculture.

WESTERN FARMERS PROPOSE NO-CROP SABBATICAL: According to a recent Edmonton Journal news article, hundreds of Western Canadian farmers are thinking about idling their fields for a year in an effort to boost grain prices. According to the Focus on Sabbatical group, by not growing any crops for a year and creating an eight million bushel hole in the international grain market, they will be able to drive up commodity prices that have been depressed for three years. So far, about 1,200 western growers have spent C\$250 each on a membership in Focus on Sabbatical. The group wants to convince tens of thousands of producers across North America to take a year off from farming in 2002 or 2003. The organizer of the group moved last fall to Iowa to set up a US base for the program. Since then, 100 American farmers have signed up, and information meetings are being organized in Iowa and Ohio.

CANADA TO BEGIN CONSULTATIONS ON FREE TRADE AGREEMENT WITH FOUR CENTRAL AMERICAN NATIONS: Trade Minister Pierre Pettigrew announced on January 9 that the GOC will begin public consultations to obtain Canadians' views on a free trade agreement with El Salvador, Guatemala, Honduras and Nicaragua. Canadian and Central American officials are scheduled to meet at the end of February. In 1999, Canada's total exports to the four countries reached \$C212 million; total Canadian imports from the four reached \$C251 million. Agricultural products are among the sectors considered to have significant trade potential in the proposed agreement.

Did You Know....

According to Agriculture and Agri-Food Canada, more than 98 per cent of all the farms in Canada are family owned and operated. Up to one-third of Canada's population - approximately nine million people - lives in rural regions.

Recent reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA1001	Canada Requests NAFTA Consultations on U.S. Restrictions on PEI Potatoes	1/4/01
CA1002	Grocery Innovations Canada	1/4/01

Find Us on The Web:

Visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Contact: FAS/Ottawa e-mail: usagr@istar.ca