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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 21 2000

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#### **Report Highlights:**

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

**DURUM WHEAT CROP EXPECTED TO BE SECOND LARGEST ON RECORD**

**FOOD PRODUCTS TOP CANADIAN EXPORTS TO CUBA**

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**TRANSPORTATION NEGOTIATIONS SOUR BETWEEN CWB AND GRAIN  
COMPANIES**

**NOVA SCOTIA EXPLORES PRIVATIZED LIQUOR SALES**

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.

**DURUM WHEAT CROP EXPECTED TO BE SECOND LARGEST ON RECORD:** Near-record amounts of durum wheat are expected to be produced this year according to pre-harvest reports from producers. Two other major crops, spring wheat and canola, will show large production declines compared to last year. Cool and wet growing conditions are favouring better-than-average yields for most crops in Manitoba and Saskatchewan but substantially less than the record or near-record yields of last year. Below average yields for the major crops grown in drought-stricken southern Alberta caused a general decline in production for the province. Whereas, in Ontario, winter wheat yields are reaching a new record. (For further information see GAIN Report CA0131).

**FOOD PRODUCTS TOP CANADIAN EXPORTS TO CUBA:** In terms of total Canadian merchandise trade, Canadian trade with Cuba is relatively minor, but food products top the list of Canadian exports to Cuba accounting for more than 43% of total Canadian merchandise exports to Cuba in 1999. Of total food product exports to Cuba worth C\$172 million during 1999, the major items were dried peas and beans (C\$82 million), meats (poultry, pork and beef; C\$33 million), cereals (wheat and corn; C\$26 million) and dairy products (C\$15 million). Cuba is a popular tourist destination for Canadians and Cuba's hotel and resort sector is believed to be a major market for most of the consumer oriented food products from Canada. According to the Canadian Department of Foreign Affairs and International Trade, Canada is one of Cuba's leading suppliers accounting for about 5% of total merchandise imports (1997 basis). Only Spain (14%), Russia (8%), Mexico (7%), and France (5.1%) had a higher share of the value of total Cuban imports. (For further information see GAIN Report CA0126)

**EGG PROCESSING EXPANSION TURNS TO U.S. FOR BREAKING EGGS:** The expansion of Canada's egg processing industry has resulted in sharply increased demand for processing eggs that is challenging the production and pricing structure of Canada's supply-managed egg industry. Exports of Canadian egg products are increasing, but processors are turning to the United States to get additional quantities of eggs for breaking purposes. For 2000, the Department of Foreign Affairs and International Trade (DFAIT) reports that some processors had used all their import allocation by mid-year and will be requesting supplementary import permits for U.S. breaking eggs for the remainder of the year. By mid- August 2000, the DFAIT had issued supplementary import permits for 2.8 million dozen breaking eggs from the United States. The value of Canadian imports of live poultry and poultry

meat in 1999 exceeded exports by C\$229 million, while the value of imports in the egg and egg product category exceeded exports by C\$15 million. Virtually all Canadian poultry and egg imports are from the United States. (For further information see GAIN Report CA0125).

**CWB ANNOUNCES NEW FLEXIBLE PRICING PROGRAM FOR FEED BARLEY:** ON August 29 the CWB announced a feed barley pilot program that speeds up farmers' cash flow. The new feed barley program, called the Guaranteed Delivery Contract with an Early Payment Option, goes into effect September 5, 2000. Under the early payment option, producers receive 90 percent of the mid-point of the Pool Return Outlook, minus deductions, in two payments. The initial payment will be made upon delivery and the difference will be issued by the CWB shortly after. The guaranteed delivery ensures farmers will have opportunity to deliver their feed barley by December 31 to meet sales commitments early in the crop year. (For further information see GAIN Report CA0130).

**WHEAT BOARD ANXIOUS TO MOVE ON GRAIN TENDERS:** The August 31 Western Producer reports the Canadian Wheat Board is anxious to issue its first commercial tender for grain movement under the new transportation regime. Under the new rules, the CWB is required to tender for 25 percent of its shipping program to port this year. In an August 28 interview, Adrian Measner indicated the operational details of the tendering system had not been worked out with grain handlers.

#### **TRANSPORTATION NEGOTIATIONS SOUR BETWEEN CWB AND GRAIN**

**COMPANIES:** The August 30 Winnipeg Free Press reports negotiations between the Western Grain Elevator Association (WGEA) and the CWB have broken down and may threaten the movement of grain to port this season. On August 29, the WGEA called for the government to appoint a mediator or arbitrator to resolve an impasse in negotiations in grain transportation reform that have been going on for the past seven weeks. The WGEA and its member companies believe the CWB's position in discussions would compromise the major investments (more than \$1 billion in past 6 years) many of the grain companies have made in the construction of high through-put elevators. Among other things, the WGEA objects to the CWB's uncompromising stance whereby it will retain the relationship with the railroad as the "shipper," which would mean the grain companies will be limited in their ability to seek recourse if grain shipments fail to reach the terminal in time. Members of the WGEA include Cargill, Agricore, ConAgra Grain Canada, James Richardson International Ltd, Louis Dreyfus Canada, Saskatchewan Wheat Pool, and United Grain Growers.

**CONSUMERS BUYING MORE BEEF:** According to Canada Agriculture Online, Canadian consumer retail spending on beef set a new record during the first half of the year reflecting increased sales at both retail and foodservice. Retail beef sales rose 2.2% by volume and almost 8% by value over the first six months of 1999. In foodservice, burger sales remained strong and steak sales increased 4%. The Beef Information Centre, the promotional arm of the cattle and beef industry, credits the increases to a strong economy, improved retail cut identification, better quality and consistency, and positive publicity on the nutritive value of beef in a healthy diet. Statistics Canada recently reported 1999 per capita beef and veal consumption in Canada at 32.3 kg, pork at 27.4 kg, chicken at 27.3 kg and turkey at 4.1 kg.

#### **MILK PRICES HIGHER IN SECOND MONTH OF OPERATION OF ONTARIO'S**

**EXPORT CONTRACT EXCHANGE:** The Ontario Milk Export Contract Exchange is in the second month of operation. Prices being offered by Ontario processors are somewhat higher than the previous month. The contract paying the top price for farmer's milk was \$33.13 a hectolitre for milk of provincial average composition, while last month the highest paying contract offered farmers \$31.65 a hectolitre. In August, there were 26 different contracts, up from 20 contracts in July. (For more information, please see GAIN report CA0129).

**NOVA SCOTIA EXPLORES PRIVATIZED LIQUOR SALES:** The Canadian Food and Restaurant Association (CRFA) Summer 2000 newsletter reports CRFA and the Nova Scotia Restaurant and Food Services Association (NSRFA) are urging the Nova Scotia government to privatize liquor sales in the province. The government appears to be listening: the province acknowledged in its April budget that selling alcohol is not a core government service, and it has launched a review to evaluate alternatives to the government-run liquor system. Alberta is the only province thus far to privatize its liquor system. Citing Alberta's experience, CRFA and NSRFA have told the Nova Scotia government that privatization would be good for the province. Through privatization, the government could focus on licensing and regulating liquor activities while leaving the selection, distribution and retailing of liquor products to the private sector.

**Did You Know...?** The Prairie provinces, where most of Canada's grains and oilseeds are grown, has a frost-free period of only about 110 days.

**Recent Reports by FAS Ottawa:**

Report Number	Title of Report	Date
CA0120	Livestock Annual	8/4/00
CA0121	Grain & Feed Update	8/10/00
CA0122	This Week in Canadian Agriculture, Issue 19	8/10/00
CA0123	This Week in Canadian Agriculture, Issue 20	8/17/00
CA0124	Dairy: Provincial Export Programs	8/17/00
CA0125	Poultry Annual	8/24/00
CA0126	Canadian Ag Trade with Cuba	8/24/00
CA0127	HRI Foodservice Sector - Western CA	8/25/00
CA0128	CITT Schedule for AD/CVD on U.S. Corn	8/28/00
CA0129	Milk Prices Higher in Second Month of Ontario's Export Contract Exchange	8/30/2000
CA0130	CWB Announces Enhanced Feed Barley Program	8/30/2000

CA0131	Statistics Canada Releases Field Crops Production Estimate	8/30/2000
CA0132	New Enforcement Policy: Sulphites	8/31/00

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