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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 29 2001

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#### Report Highlights:

**What's New, EH?\*\*\*THREE-DAY TRADE MISSION FOR GOVERNOR  
VENTURA\*\*\*RECORD FARM RECEIPTS PREDICTED\*\*\*FEED MILL  
CAPACITY EXPANDS IN MANITOBA\*\*\*PARTS OF ALBERTA AND  
SASKATCHEWAN REMAIN TOO DRY\*\*\*POTATO PLANTINGS\*\*\*BEETLE  
EPIDEMIC INCREASES TREE HARVEST**

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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.

**GOVERNOR VENTURA'S TRADE MISSION TO CANADA:** Governor Jesse Ventura recently returned from a three-day mission to Canada (Toronto and Winnipeg) aimed at promoting and strengthening Minnesota's relationship with its largest trading partner. The value of Minnesota agricultural exports to Canada ranked third among all states at \$429 million last year. In Winnipeg, the Governor highlighted the importance of Minnesota's relationship with Manitoba in a keynote address. According to press coverage by the Manitoba Cooperator, Manitoba exports more agricultural goods to Minnesota (\$100 million) and imports more from it (\$83 million) than any other state. Manitoba's leading agricultural exports to Minnesota in 2000 were cattle (\$26 million) and live swine (\$17million), while the top Minnesota agricultural exports to Manitoba were soybean meal (\$23 million) and corn (\$11 million). "The solid relationship between our governments, our businesses and our people is based not only on friendship and geography, but also on economic fundamentals," said Governor Ventura. "Our trade flows are strong and vigorous. Our relations are mature and durable. The level of cross-border cooperation and the sincere desire to reach out to each other are truly extraordinary." The governor and Manitoba's premier, Gary Doer also signed a new agreement on mutual water issues.

**RECORD FARM RECEIPTS PREDICTED:** Agriculture and Agri-Food Canada released its farm income forecast for 2001. The federal department predicts record farm cash receipts of C\$35.4 billion in 2001, up 8% from C\$32.8 billion a year earlier. Of the projected total for 2001, livestock receipts are expected to account for C\$18.1 billion, crops for C\$13.8 billion, and government payments for C\$3.5 billion. Although net operating expenses are above last year, farm net income is projected at C\$8.2 billion (C\$7.1 last year). According to AAFC, livestock receipts will reach record levels. Crop receipts should improve in 2001 to a level comparable to the 1996-00 five-year average, except for soybeans and lower potato receipts due to a record North American potato crop last fall as well as the potato wart difficulties in Prince Edward Island. Government program payments are expected to increase in 2001 to about C\$3.5 billion reflecting the one-time Emergency Assistance payment announced in March 2001 as well as higher crop insurance and income disaster assistance payments.

**FEED MILL CAPACITY EXPANDING IN MANITOBA:** Agriline reports that Landmark Feeds, a subsidiary of Maple Leaf Foods, plans a \$13 million feed mill at Souris, Manitoba. The capacity is reportedly 200,000 tons of cattle, hog and poultry feeds. When completed, it will be the largest in western Canada. The location was selected to service the rapid expansion of hog production in S.W. Manitoba.

**CANADA 5TH BIGGEST CUSTOMER FOR U.S. CORN:** Agriline reported that for the first 8 months of U.S. marketing year ended May 31, Canada, taking 1.58 million metric tons-- more than triple 500,546 tons in the same year-ago period was the 5th most important market for U.S. corn. Last year Canada was not even in the top 10. Most of the increased shipments have been into Ontario to make up for the poor crop in that province last year. However, increasing quantities are now moving into southern Alberta.

**PARTS OF ALBERTA AND SASKATCHEWAN REMAIN TOO DRY:** According to Alberta Agriculture, spotty showers over the past few days did very little to help the dryland crops in southern and south eastern parts of the province. A few localized areas are "hanging on" because they received timely showers earlier in the summer. In this area much of the dryland cereal and oilseed crops are beyond recovery. Many producers are looking to salvage what remains for feed or pasture. North-central areas received variable amounts of rain which is helping the crops in areas that received significant amounts, up to 50 mm. The dry spring has resulted in low hay yields throughout the province. The dry conditions extend into western Saskatchewan. The Kindersley area was still without significant moisture despite showers last weekend. Provincial extension agrologists report that cereal stubble crops in particular are suffering and pea crops are very short. Nearly 2,000 farmers have called Saskatchewan crop insurance requesting an assessment of their crops. They want to know if the crops are worth harvesting or if they should cut them for greenfeed or allow cattle to graze them.

**POTATO PLANTINGS SHOW LITTLE CHANGE FROM LAST YEAR:** In its first estimate of area planted to potatoes for 2001, Statistics Canada reported this week that Canadian potato plantings at 409,300 acres are only fractionally higher than the previous year's estimate of 406,400 acres. Alberta increased its potato area by 2,100 acres over 2000 while Manitoba showed the largest decrease, down 2,000 acres from last year. Both New Brunswick and Prince Edward Island reported no change. Canadian potato production in 2000 was characterized by record production (100,718,000 hundredweight, or 4.6 million metric tons) and a potato wart outbreak in Prince Edward Island.

**B.C. INCREASES TREE HARVEST TO COMBAT BEETLE INFESTATION:** The provincial government in British Columbia has increased the allowable annual cut for the Lakes timber supply area in central B.C. to help battle the mountain pine beetle epidemic. The pest damages the wood with an ink-like stain, lowering its value and saleability. "This year's field observations indicate the infestation is still expanding at a vigorous rate," said B.C.'s chief forester Larry Pedersen. Effective Aug. 1, the new allowable annual cut for the region will be 2.962 million cubic meters, an increase of about 1.5 million cubic meters per year from the last allowable annual cut set in 1996. The Lakes timber supply area covers 1.12 million hectares. "This is not a long-term solution, but a temporary, extraordinary measure designed to deal with a catastrophic mountain pine beetle infestation," Pedersen said. Some lumber industry observers believe the measure to increase the allowable cut is ill-timed and will fuel U.S. lumber industry support for imposing countervailing duties on Canadian lumber.

**Did You Know...**

That of Hawaii's \$13 million worth of agricultural exports to Canada during 2000, live cattle (\$2.5 million) are second only to fresh pineapple (\$3.0 million) as the value leader? It's because Hawaii ships feeder cattle to British Columbia under the Northwest Cattle Project.

**Recent Reports from FAS/Ottawa:**

<b>Report Number</b>	<b>Title of Report</b>	<b>Date</b>
CA1097	Federal Funding for Organic Research Center	7/16/01
CA1099	Canadian Food Brokers' Association Membership	7/18/01
CA1100	Canada: A Great Test Market	7/18/01
CA1101	This Week in Canadian Agriculture, Issue 28	7/19/01
CA1103	Dry Bean and Pea Outlook (AAFC)	7/26/01
CA1104	Grains and Oilseeds Outlook (AAFC)	7/26/01

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