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This Week in Canadian Agriculture, Issue 3 2009

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Report Highlights:

Improved Access For Canadian Beef To Hong Kong * Prime Minister Announces Appointment Of Independent Investigator Into The 2008 Listeriosis Outbreak: * Canadian Inflation Substantially Slows But Food Prices Sharply Higher * CFIA Initiates New Import Requirements For Horses While Aphis Investigation Continues * Biofuels Research Network Awarded 19.9 Million In Funding * Greenfield Ethanol Halts Plans To Build Hensall Ethanol Plant * CFIA Issues Health Alert On Certain U.S. Snack Foods Containing Peanut Butter

Includes PSD Changes: No
Includes Trade Matrix: No
Trade 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.

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.

IMPROVED ACCESS FOR CANADIAN BEEF TO HONG KONG: Agriculture Minister Gerry Ritz has announced an agreement in-principle with Hong Kong to expand export opportunities for Canadian beef which includes a phased-in time table to open that market to all commercially-significant Canadian beef exports. Minister Ritz said that after Canadian beef exporters meet Hong Kong's requirements, all commercially-significant Canadian beef exports will have access to the Hong Kong market. The press release outlined the first stage of the process which reportedly gives Canadian beef producers access to the Hong Kong market for rib cuts and most bone-in beef products (excluding vertebral column cuts) from cattle less than thirty months of age. After meeting Hong Kong's requirements during the first four-month phase-in period, Hong Kong will allow Canadian exports of rib cuts, boneless beef and offal from all Canadian cattle. If Hong Kong's remaining requirements are met by the end of this calendar year, it will open its borders to all remaining Canadian beef exports from cattle under thirty months of age, including T-bones and porterhouse steaks. Included in the press release was a Canada Beef Export Federation estimate that the improved access could result in a near doubling of Canadian beef exports to Hong Kong to the C\$50 million (\$40 million) range. Comment: Hong Kong was not a major market for Canadian beef until 2005. Following the detection on bovine spongiform encephalopathy (BSE) in Canada in May 2003, Hong Kong instituted an import ban but lifted it about 18 months later for Canadian boneless beef from animals under thirty months of age. By 2005, Hong Kong was the third most important export market for Canadian beef and retains that ranking today.

PRIME MINISTER ANNOUNCES APPOINTMENT OF INDEPENDENT INVESTIGATOR INTO THE 2008 LISTERIOSIS OUTBREAK: Prime Minister Stephen Harper has announced that Sheila Weatherill, former President and Chief Executive Officer of Capital Health in Edmonton, will be appointed as an Independent Investigator into the August 2008 listeriosis outbreak related to certain processed meat products from a Maple Leaf Foods facility in Toronto. The outbreak gained national attention in Canada and was linked to as many as 20 deaths. None of the affected ready-to-eat meat products was exported to the United States. The Prime Minister has asked the Independent Investigator to submit a report to the Minister of Agriculture by July 20, 2009 which, according to the terms of reference, should include an examination the events, circumstances and factors that contributed to the listeriosis outbreak; a review of the efficiency and effectiveness of the response of the federal organizations including the recall; recommendations, based on lessons learned from the event and from other countries in terms of best practices, concerning future prevention of similar outbreak occurrences and the removal of contaminated products from the Canadian food supply.

CANADIAN INFLATION SUBSTANTIALLY SLOWS BUT FOOD PRICES SHARPLY HIGHER:

Statistics Canada's release of the Consumer Price Index (CPI) this week showed that the annual rate of inflation in Canada slowed to 1.2% in the 12 months ending December 2008, down from 2.0% in November. It was the smallest increase since January 2007 and reflected a sharp decline in the price of gasoline. Excluding gasoline, the CPI rose 2.6% in the 12 months to December, down slightly from the 2.8% increase in November. The food price index in December 2008 increased 7.3% from a year earlier. Statistics Canada claimed the underlying factor for rising prices for food was sustained price increases for food purchased from stores. Prices for food purchased from stores in December 2008 rose 9.0% from a year ago. The agency reported that the main contributor was a 26.9% increase in prices for fresh vegetables, which are mostly imported. Persistent price increases for bakery and cereal products (+12.4%) also contributed to rising prices for food purchased from stores.

CFIA INITIATES NEW IMPORT REQUIREMENTS FOR HORSES WHILE APHIS INVESTIGATION CONTINUES: As a precautionary response to the recent outbreak of contagious equine metritis (CEM) in the United States, the Canadian Food Inspection Agency (CFIA) has added additional certification statements related to CEM to the existing veterinary health certificate for live horses imported from the

United States. According to the CFIA, live horses may continue to be imported from the United States without an import permit, (except for horses from the State of Florida because of Equine Piroplasmiasis), but will require a United States veterinary health certificate containing the additional certification statements related to CEM. Background: In December 2008, the State of Kentucky confirmed a case of contagious equine metritis (CEM) in a quarter horse stallion in central Kentucky. A total of nine stallions are confirmed as positive for CEM by USDA's National Veterinary Services Laboratories. None of the positive stallions have yet been identified as the source of the CEM outbreak and the epidemiologic investigation continues to determine the origin of the outbreak.

BIOFUELS RESEARCH NETWORK AWARDED 19.9 MILLION IN FUNDING: The government of Canada announced that it will be awarding 19.9 million dollars to the Cellulosic Biofuels Network, a research network of universities from across Canada,. Funding is being provided through the Agriculture Bioproducts Innovation Program (ABIP). The 145 million dollar multi-year ABIP program is one of two government programs implemented to help Canada make the leap from bio-fuels production to a sustainable, bio-based economy. The news released issued by the government of Canada states that the end-goal is to help advance agriculture research in a way that will help farmers increase their income by producing new crop varieties designed specifically for the energy market. The Cellulosic Biofuels Network brings together participants from universities across Canada who bring together expertise, new technologies and processes that increase the efficiency and reduce the economic costs associated with the production of cellulosic ethanol, especially from agricultural biomass.

GREENFIELD ETHANOL HALTS PLANS TO BUILD HENSALL ETHANOL PLANT: GreenField Ethanol has announced that it is putting a hold on its plans to build an ethanol plant in Hensall, Ontario. The plant, which was to have a production capacity of 200 million liters of fuel-grade ethanol, as well as produce CO₂ and DDGs, was initially slated for completion in 2009. Low oil prices and tightening of the credit markets were cited as the reasons for the change in plans. This announcement, combined with Suncor's recent announcement of plans to delay of the expansion of its St-Clair plant makes it unlikely that Canada will be able to meet its renewable fuel production capacity goal of 1.9 billion liters by 2010.

CFIA ISSUES HEALTH ALERT ON CERTAIN U.S. SNACK FOODS CONTAINING PEANUT BUTTER: The Canadian Food Inspection Agency (CFIA) has warned the Canadian public not to consume various snack foods imported from the United States because these products may be contaminated with *Salmonella*. The snack foods contain peanut butter and/or peanut paste which have been recently recalled in the United States by Peanut Corporation of America, an ingredient supplier to the food industry, due to *Salmonella* contamination. There have been no reported illnesses associated with the consumption of these products in Canada, but Canadian importers are voluntarily recalling the affected products from the marketplace. The CFIA is monitoring the effectiveness of the voluntary recall of the various snack foods ([click here for listing](#)).

Exchange Rate: Noon rate, January 16, 2009 (Bank of Canada): U.S. Dollar = C\$1.2542

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