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Report Highlights:

"What's New, Eh?" *GM LABELING BILL DEFEATED**CANADIAN MUSSELS SOLD AT BELOW FAIR VALUE**STAKEHOLDERS WON'T PARTICIPATE IN CITIZEN'S INQUIRY INTO SALMON FARMING**CANADA MAY LEGISLATE ETHANOL REQUIREMENT**FEDERAL FUNDING FOR BEER RESEARCH CENTER**GOOD PROSPECTS FOR U.S. EXPORTS OF EDIBLE FISH AND SEAFOOD TO CANADA**.....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.

GM LABELING BILL DEFEATED IN PARLIAMENTARY VOTE: In a vote late yesterday, Canada's federal parliamentarians defeated Bill C-287, a private member's bill that proposed the mandatory labeling of genetically modified foods. The bill had survived to second reading, which is rare for a private member's bill, and had been causing some consternation in the food and biotech industries. House of Commons members defeated the bill by a margin of 126-91.

INVESTIGATION SHOWS CANADIAN MUSSELS SOLD BELOW FAIR VALUE: On Friday, October 12, 2001, the Department of Commerce (DOC) announced its preliminary determination in the anti-dumping investigation into imports of processed mussels from Prince Edward Island. The DOC found that two of the four largest exporters of processed blue mussels from Canada sold their product below fair value and will face anti-dumping duties of 3.48% and 4.7%. The other two major exporters were assessed zero duty. All other exporters will pay 4.33% duty. The original petition was filed March 12, 2001, by Great Eastern Mussel Farms Inc., of Maine. Imports covered by this investigation are shipments of fresh, live processed blue mussels (*mytilus edulis*) from Canada, mostly from Prince Edward Island. Commerce's final determination is set for February 23, 2002.

STAKEHOLDERS REFUSE PARTICIPATION IN CITIZEN'S INQUIRY OF B.C.

SALMON FARMING: The B.C. Chamber of Commerce added its name to a growing list of stakeholders who will not participate in a public inquiry into salmon farming funded by the David Suzuki Foundation, a Canadian, science-based environmental research organization that is concerned about the alleged risk of farmed Atlantic salmon on wild Pacific stocks. The governments of Canada and British Columbia, as well as the B.C. Salmon Farmers Association, previously declined to participate in this week's Suzuki inquiry, also known as the Leggatt Inquiry (after a retired B.C. Supreme Court justice). "Like the federal and provincial governments, our members refuse to legitimize the Suzuki Inquiry by participating in it, said a spokesperson for the B.C. Salmon Farmers Association. The BC Chamber of Commerce stated its confidence in the capabilities of government regulators, industry members, scientific researchers and other stakeholders to guide the growth of the industry in an environmentally sound and sustainable way. "This is a politically motivated exercise orchestrated by one of the most entrenched critics of the salmon farming industry," said Chamber President John Winter.

CHANGES IN STARLINK DOCUMENTATION REQUIREMENTS: October 15 is the new date set by the Canadian Food Inspection Agency requiring all whole grain corn for seed,

feed, food or other purposes and corn feed by-products (eg. corn gluten meal) to be imported from the U.S. be accompanied by adequate documentation indicating that the corn has been tested to demonstrate that StarLink™ corn has not been detected. According to *Good Morning Ontario*, the documentation requirements have been amended to get corn across the border. Adequate documentation is official US federal or state government documentation certifying that the corn lot has been tested free of StarLink™. Where the above is not readily available importers can use "a document on official letterhead of one of the parties associated with the importation of the corn lot in question verifying that the corn lot has been tested for StarLink™ and that StarLink™ has not been detected based on a specified and accepted testing protocol. The original or a copy of the certificate of analysis must be attached to the said party's official letterhead. The requirement that testing be conducted by third parties, as stipulated in the original CFIA advisory, has been removed." For more go to the Internet at: <http://www.inspection.gc.ca/english/bureau/inform/20011010e.shtml>

CANADA MAY LEGISLATE ETHANOL REQUIREMENT: According to the *Financial Post*, the rumor in Canada's oil industry is that the federal government may move to mandate that a certain percentage of fuel used for transportation is derived from biofuels, produced from corn, sugar beets and grains. According to critics in the oil industry, the plan may become part of Canada's commitment to the Kyoto Agreement (on climate change). It is estimated that nearly one-third of Canadian greenhouse gas emissions come from fuel used for transportation. According to Agriculture and Agri-Food Canada, Canadians in 1997 used about 40 million liters of ethanol and 34 billion liters of gasoline, so ethanol represents about 0.1% of total gasoline sales in Canada. Canada produces about 238 million liters of various grades of ethanol annually which equates to about 600,000 metric tons of corn, or about 8% of Canada's annual corn production. Canada's ethanol industry is currently concentrated in Ontario, its major corn growing province. Commercial Alcohols Inc.'s Chatham plant, which started operations in late 1997, is the largest in Canada, producing about 150 ML of ethanol annually.

MORE PRAIRIE GRAIN ROAD PROJECTS APPROVED: Agriculture and Agri-Food Minister Lyle Vanclief has announced that a number of Alberta roads will receive substantial upgrades under the federal government's Prairie Grain Roads Program (PGRP). The number of projects approved in Manitoba, Saskatchewan and Alberta exceeds one hundred. The PGRP, a federal-provincial-municipal cost-sharing initiative was announced last year. Under the program, the federal government will contribute C\$175 million over five years towards road work in the four western provinces. In total, the PGRP is expected to generate \$334 million worth of road work in Western Canada over the life of the program. "Getting our grains to market is vital to Canada's reputation with valued customers," said Mr. Vanclief. "The Prairie Grain Roads Program addresses the need for improvements to much-needed roadways, recognizes the importance of maintaining reliable grain-hauling corridors in Alberta and the rest of Western Canada, and provides a regenerated infrastructure that benefits our grain producers."

FEDERAL FUNDING FOR RESEARCH BRINGS CHEERS FROM BREWING INDUSTRY: The federal government, a crown corporation and a federal agency will provide more than C\$2 million to the new Canadian Malting Barley Technical Centre which opened last week in Winnipeg. Agriculture and Agri-Food Canada is providing C\$200,000 in funding through the Canadian Adaptation and Rural Development program, and Western Economic

Diversification is providing C\$75,000 in funding. The Canadian Wheat Board contributed C\$930,000 and the Canadian Grain Commission is contributing services and equipment to the centre valued at more than \$850,000 over five years. The new centre boasts a 100-kilogram capacity malting plant and a three-hectolitre brewery. Among other research initiatives, the facilities will allow researchers to work with new and existing barley varieties and determine if they meet the requirements of malting and brewing companies. Canada's beer industry produces more than C\$4.0 billion worth of product each year for the domestic market and enjoys annual export sales of more than C\$300 million, mostly to the United States. Canadian brewers use C\$122 million worth of malting barley a year.

ORGANIC FARMERS TAKING GM CROP MAKERS TO COURT: Another article from the October 16 edition of *Good Morning Ontario* reported that a group of Saskatchewan organic farmers are taking on the makers of genetically modified crops. The farmers say gene-altered canola crops have ruined their market for the seed. The farmers don't want genetically-modified (GM) wheat seed to be tested in the province. They say GM wheat will inevitably be spread through the handling system and into farmers' fields. They also say GM canola has contaminated their seed supply and ruined their organic canola market. Organic certifiers have zero tolerance for GMOs in the seed supply. The Saskatchewan Organic Directorate announced its intention to file a class action lawsuit, likely against companies involved in GM crop development such as Monsanto.

PROSPECTS ARE GOOD FOR INCREASED U.S. EXPORTS OF FISH & SEAFOOD TO CANADA: Increasing Canadian consumption of fish and seafood bodes well for U.S. exporters of edible fish and seafood exports to the northern neighbor. During 2000, the U.S. share of the Canadian import market for fish and seafood increased to 44%, a 5% advance in just three years. Although Canadian aquaculture output is increasing annually, the Canadian import market for fish and seafood is expanding reflecting increased demand and production declines in Canada's wild catch. For more information on the outlook for Canadian fish and seafood production and policies, see the Fishery Products Annual, CA1147, 10/17/01.

LED BY BEEF, FOOD PRICE INCREASE DRIVES UP COST OF LIVING: According to Statistics Canada, Canadian consumers paid 2.6% more in September for the goods and services in the Consumer Price Index (CPI) basket than they did in September 2000. Nearly 30% of the 12-month advance in the CPI came from higher food prices. While price increases were widespread among the food components, more than 40% of the total rise in the food index can be attributed to restaurant meals and beef. Restaurant meal prices rose 3.6%; After three consecutive monthly decreases in beef prices, the index resumed its upward trend, rising 1.1%. Strong and steady demand is the main factor behind the most recent rise that brought the 12-month increase in the beef index to 13.6%.

Did You Know... That Canada is the world's leading exporter of mustard seed? Only a small percentage of mustard is crushed domestically. The majority of Canadian mustard seed is exported to the US, Europe and Japan for use as a condiment. In fact, one of the leading brands of mustard in Canada is imported from the United States.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA1143	Statistics Canada Releases September Estimates of Principal Field Crop Production	10/09/2001
CA1144	Canadian Cranberry Update	10/09/2001
CA1145	Export Development Corporation Mid-Year Review Results	10/11/2001
CA1146	This Week in Canadian Agriculture, 40	10/11/2001
CA1147	Fishery Products Annual	10/17/2001

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