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# Canada

# Agricultural Situation

# This Week in Canadian Agriculture, Issue 41

# 2004

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**Report Highlights:**
* Canada Releases Byrd Amendment Retaliation List * Parliament Approves Opposition Day Motion To Reduce Trans Fats In Foods * New Alberta Cattle Plant To Be Built * Canadian Farm Income Hits 25-Year Low * Cash Receipts For 2004 Up For First Time In Three Years * Disastrous Manitoba Corn Crop Leaves Industries Looking South To Fill Their Needs * More Soybean Plants For Western Canada * Canadian Seed Industry Supports Farmer's Ability To Save Seed

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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.

*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 RELEASES BYRD AMENDMENT RETALIATION LIST:** The Government of Canada announced that it is launching public consultations with Canadians on possible trade retaliation against the United States with regard to the World Trade Organization (WTO) ruling on the Byrd Amendment. The Byrd Amendment allows U.S. companies who support petitions for anti-dumping and/or countervailing duty investigations against foreign competitors to receive the duties collected as a result of the anti-dumping and/or countervailing duty orders. "Clearly, retaliation is not Canada's preferred option, but the U.S. has failed to live up to its international trade obligations and repeal the Byrd Amendment," said International Trade Minister Jim Peterson. "These consultations will help us assess what actions Canadians want us to take." The GOC also released its retaliation list proposing 100% surtax on imports of U.S. goods, many of which are agriculture, fish and forest products. It is also considering an option to suspend the injury requirement for the application of duties on U.S. dumped and subsidized goods.

**PARLIAMENT APPROVES OPPOSITION DAY MOTION TO REDUCE TRANS FATS IN FOODS:** Canada's Parliament has passed a New Democratic Party motion calling for strict limits on the amount of trans fats in food products sold in Canada. The House of Commons voted 193-73 this week to support the motion, which calls upon the government to create a task force and urges the government to develop regulations, or if necessary, present legislation that limits the processed trans fat content of any food product sold in Canada to the lowest level possible. At about 10 grams a day, Canada has one of the world's highest consumption rates of trans fats. In the last year, several Canadian food manufacturers responded to concerns about trans fats in the diet by reducing or eliminating them in their products. Many prepackaged food items for sale at retail, particularly bakery product items, now include package advertising claiming the products are free of trans fats. Denmark has the strictest regulation on the use of industrially produced trans fatty acids. Since January 2004, oils and fats in processed foods are strictly limited.

**NEW ALBERTA CATTLE PLANT TO BE BUILT:** The Rancher's Beef Partnership, made up of 50 partners consisting of ranchers, farmers, and feedlot owners from across Alberta as well as from British Columbia announced that it will proceed with construction of a Calgary area slaughter plant that will have capacity to process about 800 head per day by the fall of 2005. Current slaughter rates in Alberta range about 8,000-9,000 per day. The initiative for the project was the result of the BSE crisis and the loss of U.S. live cattle markets. The major equity owners include Sunterra Farms and Cor Van Raay Farms. Cattle for the plant will be provided by the producer-owners, and from feedlots currently owned by Sunterra Farms Ltd. The Sunterra feedlots are located in Czar, Alberta and Acme, Alberta and have a current capacity of over 40,000 head. Several key business conditions were required for the project to proceed including C$32 million of committed owners' equity capital, development approvals from the municipality and commitments from the Province of Alberta and the municipality for commercial water and sewer services.

**CANADIAN FARM INCOME HITS 25-YEAR LOW**: The combined effect of BSE and the drought helped drive Canadian net cash income down to its lowest level in 25 years in 2003. According Statistics Canada, the net cash income tumbled 39.1% to $4.4 billion. Producers in the prairies were the hardest hit, with net cash income plummeting 65.2% in Alberta, 61.5% in Saskatchewan and 45.0% in Manitoba. The only provinces that recorded gains were Nova Scotia, Quebec, and British Columbia. Canadian farmers received $34.5 billion from all revenue sources in 2003, down from 5.4% from 2002. This is the lowest level since 2000, but still above the average for the previous five years. Revenue from livestock dropped 11.0% to $16.2 billion, while receipts for crop producers fell 9.5% to $13.2 billion. Program payments increased 41.2% to $4.8 billion, shattering the previous record of $3.8 billion set in 1992.

**CASH RECEIPTS FOR 2004 UP FOR FIRST TIME IN THREE YEARS**: The first nine months of 2004 have seen an increase in cumulative farm cash receipts for the first time in three years, according to Statistics Canada. Higher crop revenues were one of the main reasons for the increase. Farmers received $26.1 billion from all three sources (livestock and crop receipts and program payments) from January to September, a 6.4% increase from 2003. Crop revenues increased 13.4% to $10.7 billion, the biggest nine-month total since 1996, as production returned to more normal levels after two years of drought in Western Canada. Program payments climbed 4.2% to $3.1 billion, as a result of additional assistance programs to offset the impact of BSE and record withdrawals from producers' NISA accounts, as producers begin to shut down their accounts. Total livestock revenues improved as a result of higher returns for hogs and dairy products and in spite of decreases in cattle and calf receipts, which are still suffering from the impact of BSE. Livestock receipts increase 1.6% to $12.3 billion.

**DISASTROUS MANITOBA CORN CROP LEAVES INDUSTRIES LOOKING SOUTH TO FILL THEIR NEEDS**: While corn producers in the United States have more corn than they know what to do with, corn producers in Manitoba are facing some of their worst losses ever. Between rain, snow and cold weather, Manitoba's corn crop has virtually been written off, leaving those industries that rely on corn looking towards the plentiful bounty in the U.S. as the solution to their needs. Many poultry and hog operations and the distillery in Gimli rely on corn. The lack of locally produced corn is forcing these industries to import larger quantities of corn from the United States. Last year Manitoba produced roughly 450,000 metric tons of corn and imported 758,000 metric tons of U.S. corn. There is the possibility that the import of corn from the U.S. could reach 1 million metric tons this year in order to fulfill the needs of the hog and poultry industries and the Gimli distillery. Despite the large amount of feed grains in Western Canada this year, many hog producers prefer a corn diet to provide the required energy and protein levels needed for rations. The Gimli distillery requires 46,000 to 51,000 metric tons of corn, which it will not substitute any other grain for. This is a vastly different situation in comparison to Alberta, in which U.S. corn will only be brought in if it is cheaper than the local barley, and right now that is just not the case.

**MORE SOYBEAN PLANTS FOR WESTERN CANADA:** As reported in TWICA CA4083, Manitoba has recently signed a memorandum of understanding (MOU) for a Chinese company to develop a soybean processing facility in Portage la Prairie. This week it is Saskatchewan's turn. A1 Soybean Enterprises Ltd. announced on Tuesday of this week that two abandoned plants in Wynyard, Saskatchewan will be turned into soybean processing facilities. The project will be financed by private investors, primarily Chinese Canadians and will be completed by late spring or early summer of 2005. The plants are expected to create 50 to 60 jobs for local residents and 10 to 12 specialists will be relocating from Saskatoon. A1 is planning to produce soy beer, which would be marketed in China, as well as soy wine, elixirs and energy drinks.

**CANADIAN SEED INDUSTRY SUPPORTS FARMER'S ABILITY TO SAVE SEED**: According to the Canadian Seed Trade Association (CSTA), it has urged the Canadian Government to move forward with amendments to the Plant Breeders' Rights legislation, which would enshrine a farmer's ability to save seed and grow it the next year. There had been rumors that CSTA opposed a farmer's opportunity to replant seeds under Plant Breeders' Rights, which the CSTA categorically denies. The CSTA states that it has always advocated for balance of farmers' and breeders' rights under the legislation. The proposed amendments to the legislation suggest that the PBR legislation actually state a farmer has the ability to replant seed on his/her farm. The current version of the PBR is silent on this point. The CSTA states that is supports the move to enshrine this privilege and that it hopes to work with farm groups to further clarify how this will operate for the mutual benefit and success of farmers and the seed industry.

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