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This Week in Canadian Agriculture, Issue 8 2002

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Report Highlights:

"What's New, Eh?" * Farm Cash Receipts up Sharply Last Year * Government Program Payments Just Shy of Record * Auditor General Releases Report on Canadian Wheat Board * Final Anti-Dumping Duties Announced on Greenhouse Tomatoes from Canada * Canada to Use NAFTA to Challenge Pending U.S. Lumber Decision * Canadian Soybean Imports up 220% * Up to 70% of Prairies in Grips of Drought * GM Wheat Not Economical Yet, Say Saskatchewan Researchers * Canadian Food & Beverage Show
...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.

FARM CASH RECEIPTS UP SHARPLY LAST YEAR: Statistics Canada reports that Canadian farmers received C\$36.2 billion (\$23.4 bil.) from agricultural commodities and program payments last year. This was a 9.7% increase from 2000 and an 18.5% gain over the average for the previous five years from 1996 to 2000. Farm cash receipts rose in every province; the largest advance, 17.2%, was in Manitoba, spurred mostly by sizeable increases in receipts for cattle, hogs, wheat, and oats. Program payments to Canadian farmers in 2001 reached C\$3.7 billion (\$2.4 billion), slightly under the record C\$3.8 billion (\$3.1 bil.) posted in 1992. This represented a 32.1% increase in government program payments during 2000, and more than double the previous five-year average. Most of the advance in the category was the result of higher payments from crop insurance and income disaster programs, as well as C\$190 million (\$123 mil.) from one-time program payments in Ontario.

PROGRAM PAYMENTS JUST SHY OF RECORD: Statistics Canada reports that government program payments reached C\$3.7 billion in 2001, just shy of the record \$3.8 billion set in 1992. This was a 32.1% increase over 2000, and more than double the previous five-year average. Most of this increase can be attributed to higher payments from crop insurance and income disaster programs, coupled with \$190 million from one-time program payments in Ontario. Crop insurance payments rose to \$1.0 billion, up 73.1% from 2000. Payments for income disaster programs reached \$627 million in 2001, up 48.6% from 2000. These include the Agricultural Income Disaster Assistance (AIDA) program, Canadian Farm Income Program (CFIP) and their related provincial disaster programs. Ontario producers received \$190 million through the Ontario Grain Stabilization Payment, Canada-Ontario Grains and Oilseeds Payment and the Canada-Ontario Edible Horticulture Payment. These one-time programs were introduced to help offset the income losses in 2000 due to inclement weather and severely depressed commodity prices. Farmers withdrew \$442 million from the government portion of the Net Income Stabilization Account (NISA) last year, down 3.1%.

FEWER FARMERS IN THE FIELD: Statistics Canada reports that Canadian farm employment slipped sharply during the period 1998 to 2001. At the end of 2001, an estimated 313,000 people were primarily employed in agriculture, 26% fewer than in 1998. This was the largest decline in about 35 years, according to data from the Labor Force Survey. While main-job farm employment has fallen dramatically in recent years, it has not meant the large-

scale abandonment of farmland. In fact, the number of hectares planted with major crops was at an all-time high in 2001. A host of factors, some of which are interrelated, may explain why main-job farm employment has fallen sharply in Canada without large abandonment of farmland or large drops in some key farm outputs. Fewer but larger farms and rising farm productivity are part of the explanation. Finally, many farm spouses and children are being drawn to off-farm work. Farmers' spouses and children are moving to off-farm work. As a result, the number of people mainly employed in agriculture per farming household has dropped. In 1998, in every 100 farming households, there were 143 people mainly employed on the farm. By 2001, this number had dropped to 131.

PESTICIDES POISONING CHILDREN SAYS RECORDING STAR: Raffi, recording star and children's troubadour, has thrown his support behind a World Wildlife Fund effort to reduce pesticide use and is urging Health Canada to increase the regulation of pesticides in the Canadian food supply with a goal to reduce and eliminate pesticide use in food production and other commercial uses. In an editorial comment to the *Globe and Mail*, Raffi linked pesticide use to environmental protection, which he called a human-rights issue. He claimed children, because of their body size and diet high in fresh fruit and juices, are absorbing proportionately more pesticides than adults. Raffi criticized the Canadian government for failing to significantly amend the Pest Control Products Act in recent years, further endangering the nation's children. Raffi Cavoukian was born in 1948 in Cairo, Egypt. His family immigrated to Canada when he was ten and began his career as a Toronto-based singer/songwriter in 1970. He began performing for young children in 1974 and his children's album sales in North America reportedly exceed 12 million.

AUDITOR GENERAL RELEASES REPORT ON CANADIAN WHEAT BOARD: On Wednesday, February 27, the Auditor General of Canada, Sheila Fraser, released the report on its special audit of the Canadian Wheat Board (CWB). In the report, Fraser pointed out four key deficiencies of the CWB: (1) Governance; (2) Strategic planning and processes; (3) Performance measurement and reporting; and (4) Information technology. While the auditors had no restrictions placed on the scope of the audit and had unfettered access to information, the Office of the Auditor General did not examine the role/mandate of the CWB as a monopoly exporter and therefore did not look into the marketing practices of the CWB. Spokespersons for the CWB indicated that they were satisfied with the report -- that they accepted the results of the report -- and that they generally agreed with the main opinions expressed in the report. As follow-up, the CWB will draft a corporate response and have an action plan in place over the next six months. For more information, see GAIN report CA2018.

FINAL ANTI-DUMPING DUTIES ANNOUNCED ON GREENHOUSE TOMATOES FROM CANADA: The U.S. Department of Commerce (DOC) released its final determination in the anti-dumping case concerning greenhouse tomatoes from Canada and made changes in its margin calculations. The DOC determined the percentage weighted-average margins for the period January 1, 2000, through December 31, 2000 as between 1.53% to 18.21%, considerably less than the

preliminary duties that ranged from zero to 33.95%. Some Canadian exporters saw increases while others saw decreases from their preliminary margins. In accordance with section 735(d) of the Tariff Act, the DOC has notified the International Trade Commission (ITC) of its final affirmative determination and the ITC will determine, within 45 days, whether these imports are causing material injury or threat of material injury to the U.S. industry.

CANADA TO USE NAFTA TO CHALLENGE PENDING U.S. LUMBER DECISION:

According to the Canadian Department of Foreign Affairs and International Trade, Canada has signaled its intentions of challenging the U.S. Department of Commerce's final softwood lumber subsidy duty determination under the North American Free Trade Agreement (NAFTA). The Government of Canada has filed a notice of intent requesting the establishment of a binding panel under Chapter 19 of NAFTA to review the U.S. Department of Commerce's final lumber countervailing duty determination. A notice of intent to request a panel is the first step in NAFTA proceedings. The intention to launch the NAFTA action complements other Canadian challenges of U.S. law and practice at the World Trade Organization (WTO) in defence of Canada's softwood lumber industry.

CANADIAN SOYBEAN IMPORTS UP 220% SAYS ONTARIO SOYBEAN

GROWERS: Kim Cooper, market coordinator with the Ontario Soybean Growers reported that Canadian soybean imports for the period of September to December 2001 totaled 447,000 tonnes, which compares to 139,000 tonnes for the same time period the year before. This represents a 220% increase in imports. Canadian soybean exports for that same time period totaled 212,000 tonnes, compared to 399,000 tonnes for the same period a year ago, representing a 47% decrease in soybean exports.

UP TO 70% OR PRAIRIES IN GRIPS OF DROUGHT: An estimated 70% of the Prairies are in a drought situation, with the need for replenishing spring rains becoming more and more critical to both the livestock and grain industry, according to weather specialists, reports the OsterDowJones newswire. "There is a huge moisture deficit in soil moisture across much of western Canada," Ted O'Brien, an agroclimate specialist with the Prairie Farm Rehabilitation Administration, tells OsterDowJones. "The situation in Alberta is especially reaching extreme proportions with this the third consecutive year of dry soil conditions." He says the amount of western Canada that is in a drought situation has expanded to 70% from 60% amid the movement into Manitoba. "The eastern part of Manitoba had some good soil moisture heading into the fall, but that's not necessarily the case anymore." O'Brien adds that even the southeast portions of Saskatchewan, where it was moist up until the growing season last year, is slowly getting drier. Bruce Burnett, with the crop and weather surveillance department of the Canadian Wheat Board says in some of the western regions of the prairies the soil moisture deficit is worse than in the 1930s. "I think overall, if you are looking at the whole prairie picture, we're probably the driest we have been in recorded weather history - if you take into account the largeness of the area."

GM WHEAT NOT ECONOMICAL YET, SAY SASKATCHEWAN RESEARCHERS:

According to coverage from *Good Morning Ontario*, growing genetically modified wheat could cost Canadian farmers C\$185 million a year in lost sales because of biotech-leery consumers, says research from the University of Saskatchewan. Four new university studies found the altered wheat could result in cost savings of \$6.67/acre over conventional wheat. It could also increase yields. But Canada would potentially lose several major export markets if genetically modified wheat were grown here but not segregated from conventional crops. The researchers estimate that would cost producers about 8.5% of their current sales revenue. The studies also concluded, however, it would not be economically viable to segregate genetically modified wheat as long as customers demand less than one per cent contamination in conventional wheat. For Richard Gray, a University of Saskatchewan researcher, the studies suggest Canada should not approve genetically modified wheat until customers want the technology.

CANOLA COUNCIL OF CANADA APPOINTS NEW PRESIDENT: According to the February 25 edition of *Canadagriculture Online*, Barbara Isman has been appointed president of the Canola Council of Canada (CCC), based in Winnipeg, Manitoba. Most recently, Isman was president and general manager of Durafibre Inc., and assistant vice-president of Cargill Limited. Before that, she was chief of staff for the Saskatchewan minister of education, and manager/executive director of the Western Canadian Wheat Growers Association. Previous CCC president Dale Adolphe left in December to become executive director of the Canadian Seed Growers' Association.

TEAM CANADA ATLANTIC HEADS TO NEW YORK CITY: Team Canada Atlantic will be heading to New York City for its upcoming trade mission in May. The mission will focus on business opportunities in a variety of sectors including value-added foods, consumer goods, construction and building materials, information technology, biotechnology and United Nations procurement opportunities. Last year's Team Canada Atlantic mission to Atlanta, Georgia, targeted trade and investment opportunities in the southeastern U.S. As a result, the 37 Atlantic Canadian companies that participated established projected sales of \$34.5 million and created 249 new jobs over a two year period.

CANADIAN FOOD & BEVERAGE SHOW: This fourth year of participation at the Canadian Food & Beverage Show, February 17-19, in Toronto proved to be the most successful Canadian trade show yet for the USA Marketplace Pavilion. A new location with better traffic flow and a record-setting attendance helped to make this show a resounding success for the U.S. Pavilion exhibitors. The pavilion was comprised of 13 exhibitor booths, representing a total of 35 companies; a U.S. business center; an American café; and a cooking demonstration area, where a local chef showcased products from the participating U.S. companies through cooking shows. On the second day of the show, FAS sponsored a well-attended marketing seminar for the U.S. exhibitors on "How to Export to Canada". Projected 12-month sales resulting from the show are expected to be approximately \$1.9 million!

Did You Know... that, according to the Canadian Restaurant and Foodservice Association, Veggie

Burgers were the number one "hot" item on restaurant menus in 2001. The announcement accompanied the launch of the 15th annual Canadian/International Food & Beverage Show at Toronto's International Centre.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA2013	Semi-Annual Livestock Report	2/06/2002
CA2014	This Week in Canadian Agriculture, 5	2/07/2002
CA2015	Rules and Procedures Governing the Administration of TRQs for Wheat, Barley and Their Products	2/12/2002
CA2016	This Week in Canadian Agriculture, 6	2/14/2002
CA2017	CWB Claims Victory in USTR Decision	2/21/2002
CA2018	Auditor General Releases Special Audit Report on CWB	3/01/2002

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