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Report Highlights:
"What's New, Eh?" * Canada Launches WTO Challenge of U.S. Softwood Lumber Anti-Dumping Action * Canadian Cattlemen Pleased with U.S. Resolution * Cattle Identification Program Helps Canadian Beef Exports * CGC Amends Direct Hit Program * Quebec as a Market for U.S. Wines

...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.

CANADA LAUNCHES WTO CHALLENGE OF U.S. SOFTWOOD LUMBER ANTI-DUMPING ACTION: International Trade Minister Pierre Pettigrew announced that Canada has requested World Trade Organization (WTO) consultations with the United States concerning its October 30, 2001 preliminary finding that Canadian softwood lumber was dumped into the U.S. market. According to Minister Pettigrew, the new action is a backup measure in case discussions with the U.S. fail to find a resolution prior to the March 21 deadline for the U.S. Department of Commerce (DOC) final determination on dumping charges. Canada's request for consultations will examine the methods used by the U.S. Department of Commerce (DOC) for determining the anti-dumping duties imposed on Canadian softwood lumber producers. On August 21, 2001, Canada also initiated a WTO challenge of the U.S. DOC's preliminary countervailing duty determination. In separate proceedings, the Government of Canada filed notices of intent in February 2002 requesting the establishment of a binding panel under Chapter 19 of the NAFTA to review the U.S. DOC's final countervailing and dumping determinations (see GAIN report CA2018). The request for consultations is the first step in proceedings under the WTO Dispute Settlement Understanding.

CANADIAN CATTLEMEN PLEASED WITH U.S. RESOLUTION: In a report to members, the Canadian Cattlemen's Association (CCA) is pleased the U.S. National Cattlemen's Beef Association (NCBA) has passed a resolution to support voluntary, rather than mandatory, country-of-origin labeling of beef. The CCA has lobbied strongly against the draft U.S. Farm Bill amendment that would require beef and other agricultural commodities to be labeled with their country of origin if not born, raised and processed in the United States With the organization that represents U.S. cattle producers adding its powerful voice to other U.S. groups, including packers and retailers, who oppose mandatory labeling, CCA is a little more hopeful that the amendment will be removed. In the meantime, the CCA and the Canadian Embassy in Washington will reportedly continue to work with U.S. groups in lobbying against the amendment.

CATTLE IDENTIFICATION PROGRAM HELPS CANADIAN BEEF EXPORTS: According to the Canadian Cattlemen's Association, Canada's cattle identification and traceback system is helping to boost Canadian beef exports. While some beef exporting countries reportedly experienced a decline in sales to Japan of up to 30 percent after Bovine Spongiform Encephalopathy (BSE) was diagnosed in three Japanese cattle, Canadian exports increased 10 percent in the same period. The Canadian Cattle Identification Program is being credited with a big part of that success. As part of its efforts to regain consumer confidence, the Canada Beef Export Federation (CBEF) office in Japan launched a promotion campaign based on the Canadian Cattle Identification Program's traceable ear tag system, which became mandatory in Canada on July 1. The campaign was able to demonstrate the Canadian industry's commitment to food safety. More than three years under development, Canadian meat processors read the ID tags, which have either a bar code or electronic chip, and maintaining the identification to the point of carcass inspection. Should a disease or health problem arise, the Canadian Food Inspection Agency, is able to re-trace the animal's movements. For background information see CA8040; CA0057; CA0108; and CA0120.

CGC AMENDS DIRECT HIT PROGRAM: The Canadian Grain Commission (CGC) has changed the Direct Hit Program, citing changes in process and circumstances since the onset of the program in the early 1980's. Previously, direct hit shipments were defined as those shipments where Canadian grain was transferred from railcars and/or trucks directly to a vessel, without storage or with limited, identity preserved, unregistered storage. Inspection and weighing services could be provided either as the grain was loaded onto railcars in the prairies, from trucks or railcars at a licensed terminal or unlicenced bulk handling facility, or as the vessel was loaded. After consultations with industry stakeholders, the CGC has amended the 1993 Direct Hit Policy. Modifications have been made to the inspection, weighing, storage, monitoring, certification, and notification elements of the program and to the fee schedule. In order to give industry the time to prepare for the new program, the new Direct Hit Program is targeted to come into effect on August 1, 2002. For more information on the new Direct Hit Program, see the following website: http://www.cgc.ca/Pubs/policy/2002/direct_hit-e.htm

SWINE BARNS POSE NO DOWNWIND HEALTH THREAT: According to researchers at the Veterinary Infectious Disease Organization (VIDO), a non-profit research institute wholly owned by the University of Saskatchewan, air 600 meters downwind of swine barns is as 'fresh' as air 2.4 kilometres upwind of a swine barn. The study is important for pork producers and their neighbors concerned about potential environmental impacts and health safety issues surrounding hog production. "The study was designed to address the question: Are there microbial products that can be detected in dust downwind from swine barns?" says Dr. Phil Willson, VIDO Program Co-ordinator – Bacteriology. "One of the reasons we initiated this study was to provide some scientific basis for addressing the concerns of people living or working near existing or proposed livestock confinement facilities." For more information, visit the VIDO webpage at www.vido.org

PRIVATIZATION OF LIQUOR BOARD IS AN ISSUE IN PROVINCIAL LEADERSHIP CAMPAIGN: In late March, 2002 party delegates for the Progressive Conservative Party of Ontario will convene in Toronto to choose a new party leader to replace Mike Harris, the provincial Premier, who is stepping down. One of the issues in the leadership campaign has been the proposed privatization of the province's liquor control board. The Liquor Control Board of Ontario (LCBO), is a state run monopoly and a big money earner for the province. In 2002-2001, the LCBO transferred a record C$850 million dividend to the province. That's an increase of C$50 million over last year's record and marks the third straight year that the LCBO's total transfer – its profits and provincial sales tax combined – has topped C$1 billion. The Premier, Mike Harris, supports privatization and has initiated an internal study on the monopoly policies of the LCBO. Proponents of privatization believe that the economic stimulus and tax revenues would be even greater if the province privatized the LCBO. Currently, the LCBO dictates product listings, markups, store locations, etc. Privatization could be a win-win situation for the provincial treasury and for smaller wineries in both Canada and the United States who might benefit if the LCBO's iron grip on listing policies is loosened.

QUEBEC AS A MARKET FOR U.S. WINES: Quebecers drink over 15 liters of wine per capita per annum for a total of roughly 100 million liters or one-third of Canadian wine consumption. Although the Quebec Liquor Board (SAQ) controls the Quebec market through its position as the sole legal importer of wine, beer and distilled spirits, with the disappearance of tariffs on U.S. wines and increasing liberalization of SAQ policies and practices, U.S. wines have some potential in niche markets in Quebec. For more information, see GAIN report CA2021.

WARM WINTER WEATHER THREATENS ICE WINE PRODUCTION:
According to *Bar and Beverage Business* Magazine, unusual warm weather in Ontario this winter has played havoc with the harvest of Ice Wine grapes. For Ice Wine production, temperatures must sit between minus 8 Celsius and minus 12 Celsius for the grapes to be optimum and meet Vinter's Quality Alliance standards. This year, temperatures have been higher across southern Ontario, leaving wine producers with thin skinned grapes that are declining in quality and threatened by birds and fungus. Last year, the Ontario wine industry was able to get the grapes off the vines early creating a large yield of Ice Wine grapes and strong export sales of Ice Wine.

RESEARCHERS TACKLE ISSUE OF FAKE ICE WINES: Canadian researchers at the Cool Climate Oenology and Viticulture Institute at Brock University, in St. Catharines, Ontario, have launched a four-year, C$500,000 study of how to distinguish genuine ice wines from fakes. The results could help the country's wine industry tackle a growing problem with the production and sale of fraudulent ice wines. According to the *Wine Spectator*, the researchers will analyze key compounds specific to ice wines made from grapes naturally frozen on the vine and compare them with "icebox" wines made from grapes harvested early and frozen artificially. The *Wine Spectator* says that in recent years, several incidents of fake ice wine have been uncovered in Asian countries, where the product is highly regarded and quite popular. Although all the fakes produced so far have been traced back to Canada, the article claims none of them was found to be made by licensed Canadian wineries. "The issue is serious," said Paul Speck, president of Henry of Pelham winery and chair of the Wine Council of Ontario, the industry's trade association. "We signed an agreement with Germany and Austria last year and were granted entry into the European market. We're serious about protecting the image of Canada's best-known wine export.

MANITOBA CO-OPERATOR LAYS OFF HALF OF STAFF: According to the *Winnipeg Free Press*, the Manitoba Co-operator, a prominent farm newspaper in Manitoba for 60 years, is facing major layoffs. Nine staff, including the publisher, were given dismissal notices. The layoffs stem from the merger between Agricore and United Grain Growers who formed Agricore United. Agricore United cited "business synergies" and "getting rid of duplication" as reasons for the layoffs, noting that layoffs have occurred throughout the newly merged company. The paper will continue to publish, relying on freelance writers to fill in for the laid-off employees. The paper was owned for most of its history by Manitoba Pool Elevators, which later became

Agricore in the merger of Manitoba Pool and Alberta Wheat Pools. The paper reportedly has a readership of 14,500.

Did You Know... that in 2000, Ontario produced 329,000 liters of Ice Wine.

Recent Reports from FAS/Ottawa:

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CA2021	Quebec as a Market for U.S. Wines	3/05/2002

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