



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/15/2004

GAIN Report Number: CA4076

Canada

Agricultural Situation

This Week in Canadian Agriculture - Issue 35 2004

Approved by:

Gary Groves
U.S. Embassy

Prepared by:

Christina Patterson and George Myles

Report Highlights:

* Suspension Lifted On Imports Of Chinese Apples * Canada And China Sign Two Protocols To Restore Trade In Livestock Genetics * Cattle Producer Co-Op Chooses Dauphin Manitoba For Beef Plant * Quebec Pork Processors Merge * Late Season Slows Canola Shipments * No Pumpkins For Halloween? * Ontario Corn Production Forecast To Increase For 2005 * Crop Update * Test Show Further Presence Of Potato Wart In Prince Edward Island * Increased Sugarbeet Area For Ontario In 2005

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.

SUSPENSION LIFTED ON IMPORTS OF CHINESE APPLES: The Canadian Food Inspection Agency (CFIA) confirms that the suspension on the importation into Canada of apples from Shaanxi province in China is lifted. Imports had been suspended by the CFIA due to interceptions of quarantine pests. In recent years, the importation of fresh apples from China has been subject to a trial importation period administered by the CFIA. Canadian plant health officials visited China in August and September where the CFIA inspection team visited orchards in Shaanxi and met with their Chinese counterparts. The inspection team determined that the Chinese had adequate control measures in place for a specific insect pest. Canadian imports of Chinese fresh apples have grown sharply since phytosanitary requirements for their importation were first established in 2002. During MY2003/04 (July June) Canadian imports of Chinese apples reached 3,299 metric tons making China the fifth most important supplier to the Canadian import market for fresh apples. The United States is the leading supplier of imported fresh apples into Canada with exports topping 95,000 metric tons in 2003/04 and accounting for 70% of the Canadian fresh apple import market.

CANADA AND CHINA SIGN TWO PROTOCOLS TO RESTORE TRADE IN LIVESTOCK GENETICS: During his first official visit to Beijing, Canada's Minister of Agriculture and Agri-Food, the Honourable Andy Mitchell today met with Mr. Li Changjiang, Minister of China's General Administration of Quality Supervision Inspection and Quarantine (AQSIQ). The ministers concluded agreement and signed two protocols which will see the re-opening of one of Canada's Asian markets for Canadian bovine genetics within the next month. The two protocols cover the import conditions for Canadian bull semen and cattle embryos to China. Rick McDonald, Executive Director of the Canadian Livestock Genetics Association welcomed the fact that these agreements will reopen a valuable market for Canada's genetics industry in China. " This breakthrough provides the opportunity for the Chinese dairy and livestock industry to regain access to Canada's world leading genetics and is a positive development for an industry that has faced a very difficult 17 months (i.e., BSE)", said Mr. McDonald. Minister Mitchell acknowledged the contribution provided by the Chinese Minister of Agriculture, Du Qinglin in approving the recent change to Chinese regulations to permit the importation of certain products from countries that have reported BSE. The Minister said Canada looks forward to continuing constructive dialogue with Chinese authorities towards normalizing trade in cattle and beef products.

CATTLE PRODUCER CO-OP CHOOSES DAUPHIN MANITOBA FOR BEEF PLANT: Rancher's Choice Beef Co-op has purchased a packing plant from the United States which curtailed operations shortly after the U.S. border was closed to Canadian live cattle following the May 20, 2003 finding of BSE in an Alberta beef cow. The modular plant was built in 1998 and began processing cows and bulls from Canada in 2000. Rancher's Choice intends to take it apart and reassemble it at a Dauphin, Manitoba location. The facility is expected to slaughter about 200 head per day with a targeted start up in the early spring of 2005. The plant will be federally inspected. Rancher's Choice says the purpose is to kill animals for the cull market that formerly were exported live to the United States. The Coop is reportedly seeking letters of intent to purchase processed meat from domestic buyers in order to displace imported offshore supplies.

QUEBEC PORK PROCESSORS MERGE: Supraliment, The meat division of Groupe Brochu, and Olymel, a subsidiary of La Coop fédérée, have announced that they have signed a partnership agreement to merge and integrate their assets and operations in the slaughtering, cutting, boning, processing and marketing of pork and poultry meats. The new company would become a leading processor at both the national and international levels. The deal will have to be approved by Canada's Competition Bureau. The company's aim is to generate sales of C\$2.5 billion from its operations in Quebec, Ontario, and Alberta. In a joint statement Olymel and Supraliment said they will continue to

operate their current commercial activities independently until regulatory approval is achieved. Last week, Olymel announced that it will expand its Red Deer Alberta pork production facility (formerly Fletcher's). The plant currently slaughters about 45,000 hogs per week. The expansion is expected to cost up to C\$15 million and nearly double slaughter capacity (CA4070).

LATE SEASON SLOWS CANOLA SHIPMENTS: The late harvest has much of the canola supply still inland, while ships are waiting to load more than 350,000 metric tons of canola on Canada's west coast. As of October 3, there were only 56,000 metric tons of canola at the Vancouver terminal, but Prairie elevators were holding 345,100 metric tons and 163,800 metric tons were on rail moving west. Farm deliveries were also starting to pick up. The rotating strikes by the Canadian Grain Commission workers (both the weighers and the grain inspectors) members of the Public Service Alliance of Canada (PSAC) could disrupt the canola shipments further, once the grain actually reaches the Vancouver terminals.

NO PUMPKINS FOR HALLOWEEN? If you were Charlie Brown out searching for your pumpkin patch in Western Canada, you would be searching for a very long time. Grains and oilseeds were not the only crops that suffered as a result of the poor weather this summer. Pumpkin patches across the Prairies have produced very few, if any pumpkins this summer, leaving all those desiring to adorn their front steps with jack-o-lanterns come Halloween, pretty much out of luck. For those lucky enough to find a coveted pumpkin, it may mean paying significantly more. According to Larry McIntosh, chief executive of Peak of the Market, they normally sell about 1.2 million pounds of pumpkins each year and this year the cupboard is bare. Pumpkins require between 100 and 120 days of favorable conditions for the best results and as many of those living in Western Canada this summer know those types of conditions just did not exist. Saskatchewan and Manitoba seem to have the shortest pumpkin supply on the Prairies this year. The poor growing conditions were compounded by the August 20th frost. Vendors across the Prairies are scrambling to get their hands on any available pumpkins they can find. Larger stores like Safeway are planning on shipping pumpkins from Washington State, British Columbia and select suppliers in Alberta. So fear not all you pumpkin lovers, there will be pumpkins to carve come Halloween!

ONTARIO CORN PRODUCTION FORECAST TO INCREASE FOR 2005: The Ontario Corn Producers Association (OCPA) has released the estimates for corn for 2005-2006. Producers will most likely start with 43.1 million bushels and harvest 1.7 million acres, with a yield 120 bu/acres, resulting in the production of 204 million bu. This estimate is higher than what is expected to be produced in Ontario for 2004-2005. The OCPA has estimated production to be 195.2 million bu of corn for 2004-2005, which is actually higher than the 190.4 million bu forecast in September. The increase in production was as a result of larger yield due to better weather conditions in September and early October.

CROP UPDATE: According to the provincial department of Agriculture, harvest in Saskatchewan has progressed to 76%. In just 2 weeks farmers have harvested almost half the 2004 crop. Spring wheat is 79% harvested, durum 75%, barley 81%, oats 62%, canola 73% and flax 25%. As of October 3, Alberta's harvest is 73% complete. Warm weather helped speed up the progress, but crop quality has been reduced by rain, snow and frost. Yields are expected to be higher than last year and above the long-time average. The majority of spring wheat is expected to grade no better than 3CW and supplies of milling oats and malting barley are expected to be tight. According to provincial department of Agriculture in Manitoba, good drying conditions allowed harvest to advance in most regions of the province. Overall harvest was approximately 75% complete. Much of flax in the southwest may be a write-off due to frost. Some corn, soybeans and sunflowers may not be worth harvesting. Cereal crop quality is poor with most wheat grading 3CW or feed.

TESTS SHOW FURTHER PRESENCE OF POTATO WART IN PRINCE EDWARD ISLAND: The Canadian Food Inspection Agency (CFIA) confirmed last week that potato wart, a quarantine pest, was found again on the same farm in Prince Edward Island (PEI) that has been under quarantine restrictions due to a detection of potato wart in 2002. According to CFIA, the find demonstrates the effectiveness of the surveillance and risk management activities specified in the Canada/U.S. operational workplan implemented after the disease was discovered in PEI in 2000. The area affected is extremely small (10.3 hectares in total) and is directly related to a previous detection on the farm in 2002. When the disease was originally detected in 2000, the United States closed the border to P.E.I. potatoes for nine months and there were also restrictions on domestic potato movement. Close to

20,000 fields have been inspected and found free from potato wart during the last 4 years of the Canadian surveillance program.

INCREASED SUGARBEET AREA FOR ONTARIO IN 2005: Ontario sugarbeet growers may be planting more sugarbeets next year. Michigan Sugar Company, which is partly owned by Ontario growers, has reportedly recently announced that it will buy Monitor Sugar Company, also of Michigan. The move could increase planted sugarbeet area in southwest Ontario by about 1,000 acres. Currently, almost 10,000 acres of sugar beets are produced in southwest Ontario and trucked to a processing facility in Croswell, Michigan. While beet processing plants have existed in Ontario, Quebec and Manitoba at various times in history, the only remaining processor is in Alberta (Rogers Sugar, Taber, Alberta). Sugar production in Canada is limited to the sugar refined from about 30,000 acres of sugar beets in Alberta. Sugar from sugar beet production accounts for about 8% of Canadian sugar supply.

Find FAS on the World Wide Web:

Visit our headquarters' home page at <http://www.fas.usda.gov> for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA4075	Buyer Alert Report	10/15/2004
CA4072	Canadian Health Food Assoc. Trade Show & Mission	10/14/2004
CA4071	Fishery Products Annual	10/07/2004
CA4070	This Week in Canadian Agriculture, Issue 34	10/08/2004
CA4069	This Week in Canadian Agriculture, Issue 33	9/24/2004
CA4067	This Week in Canadian Agriculture, Issue 32	9/17/2004
CA4065	Deciduous Fruit Annual	9/13/2004

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov