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## Canada

### Agricultural Situation

### This Week In Agriculture, Issue 21

**2004**

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**Report Highlights:**

\* Minister Speller Predicts Border Re-Opening \* Canadian Wheat Board Draws The Ire Of Farmers \* Canadian Hog Exports To The U.S. Predicted To Reach Record Level \* Unseasonable Weather Causes Crop Problems In Western Canada \* Prices For Lumber Expected To Drop \* Canada's Agricultural Leaders Discuss Canada's Beef Industry Future \* Damage May Further Reduce Corn Production In Ontario

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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.

**MINISTER SPELLER PREDICTS BORDER RE-OPENING:** Canada's Minister of Agriculture and Agri-Food, Bob Speller, predicted that the U.S. border could re-open to live Canadian cattle exports by mid-August. Many in Canada's cattle industry are skeptical about such a prediction and feel such a statement only brings false hope to producers who are struggling. Currently, the USDA is reviewing public comments on the proposed rules. There is speculation on both sides of the border that the border won't re-open until after the U.S. elections in November. For additional information on the impact of BSE on Canada's cattle producers see CA4044.

**CANADIAN WHEAT BOARD DRAWS THE IRE OF FARMERS:** The *Regina Leader Post* recently reported that farmers opposed to the Canadian Wheat Board (CWB) are accusing the board of violating elections rules through their recent advertisement. The farmers have complained to Elections Canada, claiming that CWB's recent ad falls within the definition of election advertising because the CWB takes a position on an issue with which a registered party is associated. The farmers are claiming that the CWB's ad is being run during the federal election and it is targeting the Conservative Party, the only federal party to publicly state they would end the CWB's monopoly within their first term in power. The CWB denounces the charges, stating that the ad was in response to recent information campaign run by the Alberta government, challenging the CWB's monopoly.

**CANADIAN HOG EXPORTS TO THE U.S. PREDICTED TO REACH RECORD LEVEL:** The June 23, 2004 edition of *AgriLine* is reporting that live Canadian hog exports are on track to reach a record 8.4 million in 2004. For January-April, total live exports were up almost 44%, feeder pig exports were up 31.5% and slaughter imports were up 76.4% from 2003. If the trend continues, it is predicted that Canada is on track to export 1 million more hogs than last year.

**UNSEASONABLE WEATHER CAUSES CROP PROBLEMS IN WESTERN CANADA:** Manitoba, Saskatchewan and Alberta have all been subject to unseasonably cool, wet weather, which is resulting in flooding, frost, delays in spraying and slower crop development. According to the department of Agriculture in Alberta some crops have been subject to damage as a result of frost. The cool, wet conditions have also delayed spraying for weed control, which is estimated at less than two-thirds complete. Despite the delays, the department is reporting that crops are mostly in good to excellent condition, with slower crop development. The department of Agriculture in Saskatchewan is reporting a very similar situation as Alberta. The cool, wet weather has contributed to good soil moisture in many areas, but has slowed crop development in others. Roughly 80% of crops are behind normal development. In general, crop conditions in Saskatchewan are reported as good to excellent for at least 74 per cent of all crops, with the exception of winter wheat and flax crops. Flooding, insects and frost were the main sources of crop damage during the last week. The department of Agriculture in Manitoba is reporting that in all regions of the province, slower than normal crop development is occurring due to excess moisture and cool temperatures. Four out of the five regions received additional rain in the past week. Crop yellowing is occurring in areas that have been wet for a long time. In the eastern region, roughly 75% of the intended acreage for soybean was not seeded. The wet conditions are making spraying difficult in some areas, making weeds a concern.

**PRICES FOR LUMBER EXPECTED TO DROP:** *The Globe and Mail* is reporting that B.C., facing a massive beetle infestation, is increasing the annual tree harvest in three timber supply regions near Prince George by 30% (an additional 5.5 million cubic meters). According to B.C.'s chief forester Larry Pederson, the higher harvest rate is needed to prevent the spread of the beetle infestations that threatens 80% of the available Lodgepole pine trees in the interior of the province. Prices for lumber have already fallen after reaching peak levels earlier this year and the downward trend is expected to continue due to the speculation of rising interest rates reducing the demand for lumber in key housing markets in the United States. The increased harvest levels are expected to accelerate the price drop,

according to Graham Dallimore, a senior vice-president with Global Futures, Corp., a Vancouver commodities trading firm. The Coalition for Fair Lumber Imports, the group who spearheaded the trade dispute over softwood lumber between Canada and the U.S., is concerned that the additional harvest and drop in price will see increased imports of cheaper lumber from Canada. For the latest information on the softwood lumber dispute between Canada and the U.S. see CA4043.

**CANADA'S AGRICULTURAL LEADERS DISCUSS CANADA'S BEEF INDUSTRY FUTURE:** Leaders from the Canadian Federation of Agriculture (CFA), Canadian Cattlemen's Association (CCA) and the National Farmers Union (NFU) met in Regina to discuss ways to revamp Canada's cattle industry. The focus was on determining how to change and build the industry to cope with market interruptions. The Canadian cattle industry has lost roughly \$2.1 billion in exports as a result of the border closures. The plan includes increasing the slaughter capacity and finding new markets, increasing federal and provincial support, long-term debt refinancing, and continued testing of animals to international surveillance standards, but with the ability to increase the standard to secure new markets. The plan will be discussed with provincial counterparts.

**DAMAGE MAY FURTHER REDUCE CORN PRODUCTION IN ONTARIO:** Cool temperatures have resulted in corn being relatively short for being in the leaf stage, according to Ontario's department of Agriculture. This is expected to have some impact on the yield potential of the corn crop. Some cornfields have also been stressed by crusted, waterlogged soils and soil erosion due to heavy rains. Chafer, cutworms and millipedes are also causing problems, potentially resulting in decreased quality and production levels. Ontario's corn acreage has already significantly dropped from previous years to approximately 1.5 million acres (roughly 607,000 hectares) and production is predicted to be around 170 to 175 million bushels (4.3 to 4.4 million tones) range. This is a significant drop from 2003, which had a production level of 219 million bushels (5.6 million tones).

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