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This Week in Canadian Agriculture Issue 30 2003

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Report Highlights:

U.S. First To Ease BSE Ban On Canadian Beef * Mexico Follows U.S. Lead, Partially Lifts Ban On Canadian Beef * Canada Announces Additional Measures To Help Canada's Beef Industry * Saskatchewan Joins Wheat Board In Fight Against GM Wheat * Saskatchewan Weather Stresses Crops Advances Harvest * Canadian Wheat Board Reduces Grain Tendering From 50% To 20% * One Case Of Blight Found In New Brunswick Field

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.

U.S. FIRST TO EASE BSE BAN ON CANADIAN BEEF: On August 8, 2003 Agriculture Secretary Ann M. Veneman announced that after a thorough scientific analysis, the U.S. Department of Agriculture will partially lift the ban on a range of ruminant derived products from Canada covering a significant proportion of normal ruminant meat and product exports to the United States. U.S. animal health experts thoroughly reviewed the scientific evidence and determined that the risk to public health on lifting the ban on imports of low risk ruminant products from Canada is extremely low. Following the announcement, Canadian cattle industry officials expressed relief but indicated that ranchers remained concerned that the U.S. ban will continue on live cattle which normally account for 50% of combined beef and live cattle trade to the United States. They fear that without bids for Canadian cattle by U.S. packers, plants in Canada will have a near monopoly and could keep prices low. Canada's Prime Minister issued a statement saying he was pleased that the United States initiated a phased re-opening of the border and he expressed hope that the NAFTA countries will work with the International Office of Epizootics and other partners to establish a new international standard for the treatment of countries expressing very low incidences of BSE.

MEXICO FOLLOWS U.S. LEAD, PARTIALLY LIFTS BAN ON CANADIAN BEEF: Following the U.S. lead, Mexico has partially lifted its ban on Canadian beef now that Canadian ruminant products are believed to be low risk for bovine spongiform encephalopathy (BSE). Mexico is Canada's number two export market for beef after the United States. The Mexican announcement follows by three days the U.S. action to reopen the border on August 8, 2003 which had been closed since May 20, 2003 following the confirmation of BSE in a single Alberta beef cow. Press reports said Canada exported about C\$200-million worth of beef products to Mexico last year, and according to statements by the Mexican embassy in Ottawa, the easing of the ban should allow nearly 85 per cent of Canadian beef shipments to resume. Mexico will continue to ban live-cattle shipments, but Canadian exports of has traditionally shipped only a minuscule amount of this category to its southern partner in the North American free-trade agreement. A Mexican embassy spokesperson said that Mexico will begin accepting requests for imports and Canadian shipments will likely start entering Mexico in early September. Canadian cattle industry officials are hopeful the partial lifting of the ban by Canada's NAFTA partners will prompt similar action in Asia markets.

CANADA ANNOUNCES ADDITIONAL MEASURES TO HELP CANADA'S BEEF INDUSTRY: On August 12, Agriculture and Agri-Food Minister Lyle Vanclief announced two new measures to further assist the Canadian livestock sector in addressing the impacts of Bovine Spongiform Encephalopathy (BSE). The first measure is a C\$36 million extension to the Government of Canada's commitment to the national BSE Recovery Program. The second initiative provides advance payments to producers as a transition measure until new business risk management programming is implemented nationally. The extension funding for the BSE Recovery Program is in addition to the C\$460 million in federal-provincial funding announced in June. The initial funding has been fully expended to successfully double slaughter capacity from late May, and move about 725,000 cattle into the domestic market, while providing improved returns to feedlots and processors in light of severely

depressed prices. With provincial participation, program extension funding could top \$60 million. The additional funding announced for the BSE Recovery Program will ensure that cattle and other ruminants priced by August 17 and slaughtered by August 31, 2003 will be covered by the program. Vanclief announced that disaster assistance will be advanced to producers, under bilateral agreements with provinces under the Agricultural Policy Framework (APF) and constitutes a transition measure until new business risk management programming is fully implemented across Canada. Transition funding will be equal to a portion of a producer's expected payment for this year when the new Canadian Agricultural Income Stabilization Program (CAISP) comes into force.

SASKATCHEWAN JOINS WHEAT BOARD IN FIGHT AGAINST GM WHEAT: According to the August 8 Saskatoon *StarPhoenix* and *Broadcast News*, officials from Saskatchewan Agriculture, Food and Rural Revitalization plan to send a letter soon to the Canadian government to outline their concerns to genetically-modified (GM) wheat. The articles say that the provincial government is a strong supporter of agricultural biotechnology, but officials worry about the potentially devastating impact GM wheat could have on the Prairie farm economy. In an interview with the Saskatchewan News Network, Jim Stalwick of Saskatchewan Agriculture, Food and Rural Revitalization was quoted as saying, "The (Saskatchewan) government has a view that it should not be approved until the market concerns are addressed and the agronomic environmental concerns as well. Clearly we're monitoring it." Jamie Oxley, deputy director of cross-sectoral policy development for Agriculture and Agri-food Canada, was cited as saying the federal government isn't sure whether it will consider the economic impact of GM wheat in its review, adding, "We're looking at what role the government should play. We're at the analytical stage."

SASKATCHEWAN WEATHER STRESSES CROPS ADVANCES HARVEST: Hot, dry weather continued to stress crops and advance the development of the harvest, according to Saskatchewan Agriculture, Food and Rural Revitalization's weekly crop report. Combining of the 2003 crop increased slightly last week to four percent, with a further nine percent lying in the swath. Fifty-eight percent of the fall rye, 51% of the winter wheat, 26% of the peas, 15% of the triticale, and 12% of the lentils have been combined. Sixty percent of the spring cereals are ahead of normal development, as well as 56% of the oilseeds, 62% of the pulses, and 55% of the fall cereals. The majority of the spring crops are falling into the fair category, which means below average yields, however, the majority of the fall crops are reported in good to excellent condition. Topsoil moisture conditions improved in some areas as a result of scattered thundershowers during the past week, but overall, crop, hay, and pasture land are reported as being short or very short of topsoil moisture. Insect, heat, and drought stress were the main sources of crop damage during the past week. Grasshoppers continue to cause damage in many areas across the province. Other insects causing damage include aphids, flea beetles, saw flies, diamondback moth larva, bertha armyworms, and Lygus bugs. Ninety-six percent of the first-cut hay crop has been baled or put into silage and a further three percent has been cut. Quality is reported as good. Four percent of the second-cut hay crop has been baled or put into silage and a further 19% has been cut. More than 60% of Saskatchewan's crop reporters do not expect to harvest a second cut.

CANADIAN WHEAT BOARD REDUCES GRAIN TENDERING FROM 50% TO 20%: According to the Canadian Wheat Board (CWB), following several months of discussions with grain companies across Western Canada, the CWB announced that a new agreement on car awards had been reached. This agreement calls for 40% of exports of wheat, durum and barley through the ports of Vancouver, Prince Rupert, Churchill and Thunder Bay to be moved to the ports through a combination of tendering and advance awards. Advance car awards will provide grain companies with earlier notification of how many rail cars will be allocated to them. This will enable them to plan ahead for the most efficient use of their facilities. Tendering will be limited to 20% or less of export movement. Of the 26 companies that were

in discussion with the CWB, 24 have indicated support for this new agreement. *Comments: Canadian farm media report that the two largest grain companies, Winnipeg-based Agricore United and Regina-based Saskatchewan Wheat Pool, wanted the tendering percentage increased, not decreased. The two companies said that an increase in tendering would foster more competition and save farmers more in transportation costs. The CWB has acknowledged that the reduction in tendering will likely result in reduced savings to western Canadian farmers on transportation costs.*

ONE CASE OF BLIGHT FOUND IN NEW BRUNSWICK FIELD: On August 10, *CBC Online* reported that New Brunswick confirmed its first case of potato late blight in the Fredericton area, and warned that all regions are susceptible to the fungal disease. "The humidity is (ideal) for blight and other fungi," Potatoes NB executive director Patton MacDonald told the *New Brunswick Telegraph-Journal*. The fungus, which is spread by spores, can destroy an entire unprotected potato crop within two weeks. About 10 years ago, it caused \$5 million in damages to the province's crops. However, MacDonald says that won't happen again because farmers are more proactive in preventing the fungus. "(They're) out every day checking fields and if they do find some, they will act quickly," MacDonald said. The province's agriculture department says if late blight is detected, the affected field and surroundings should be top-killed immediately and the rest of the field should be sprayed at intervals.

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