

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 3/16/2010

GAIN Report Number: CA0010

Canada

Post: Ottawa

This Week in Canadian Agriculture - Issue 5

Report Categories:

Agriculture in the News

Approved By:

Robin Tilsworth

Prepared By:

Robin Gray

Report Highlights:

“Enviropig” Clears Initial Regulatory Hurdle * U.S. Pest Rules for Tomato Imports * Reining in the Canadian Wheat Board? * Canadian Premiers Plead Their Case in the United States * Cattle and Hog Inventories Hit New Lows * Canadian Exporters to Resume Shipping Pork to China

'Enviropig' Clears Initial Regulatory Hurdle

Environment Canada recently determined that the genetically engineered Enviropig is not toxic to the environment under the Canadian Environmental Protection Act. The developers of Enviropig, the University of Guelph, applied for approval for commercialization both in Canada and the United States. This is the first of three regulatory hurdles which must be met in Canada. Full regulatory approval will also be dependent on other essential considerations such as consumer and market acceptance via Health Canada and the Canadian Food Inspection Agency. The Enviropig, the world's first transgenic animal created to solve an environmental problem, was created in 1999 with a snippet of mouse DNA introduced into their chromosomes, which causes the pigs to produce reduced phosphorus feces.

U.S. Pest Rules for Tomato Imports

Tomatoes coming into Canada from countries known to have pest problems with tomato leafminer, a small moth that mainly attacks tomato crops, now need a temporary phytosanitary certificate declaring that the tomatoes originated in an area where tomato leafminer doesn't occur and that they were inspected and found free of the moth. While the moth can "severely" damage tomato crops in many countries, it can't survive Canadian winters. It can, however, pose a risk for hothouse tomato crops and for export trade with the United States. The Canadian Food Inspection Agency (CFIA) is enforcing these temporary requirements until permanent measures are developed. The decision to implement the certification requirement follows new import requirements in the United States, under which tomatoes imported to Canada from countries infested with tomato leafminer will not be allowed into the United States without first meeting additional import requirements. The United States requires additional certification for tomatoes coming from Albania, Algeria, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, France, Greece, Italy, Morocco, Netherlands, Paraguay, Portugal, Spain, Switzerland, Tunisia, Uruguay or Venezuela.

Reining in the Canadian Wheat Board?

The Canadian Supreme Court recently declined to consider the case of the Canadian Wheat Board (CWB) v. Attorney General of Canada, and brought an end to a long, rancorous debate over the question of who, ultimately, has authority over the CWB. The Court's decision means the CWB remains a creature of government, answerable to Canada's elected representatives. Changes made under the previous Liberal government, allowed a majority of directors to be elected by farmers, reducing Ottawa's appointees to a minority. The Conservative government elected in 2006 began to unwind the CWB's 75-year-old monopoly over Western barley and wheat sales. The CWB's directors declared war on the government and unleashed an advertising, public relations and legal campaign designed to frustrate the government's work, using funds collected from Western farmers who pay for the CWB, some of whom support deregulation.

In 2006, Chuck Strahl, then the agriculture minister in charge of the CWB, issued a directive to the board's directors that the revenues they collect were to be spent on the orderly marketing of grain, not on politics. The CWB directors took him to court, insisting the minister was not the one who was controlling and calling the shots for the organization. A federal judge initially agreed with the directors, but an appeals court found that ruling was made in error. With the Supreme Court's refusal on Jan. 21, to reconsider the decision, that ruling stands, a victory for Parliamentary primacy.

Farmers seem to generally agree that democracy is the proper way to guide the CWB. However, determination of the actual voters list has also become an issue. The current Minister of Agriculture, Gerry Ritz, instructed the CWB to limit the list to only those farmers who delivered wheat or barley to the CWB in the 2007-08 or 2008-09 crop years. Farmers appealed to the court. The Court determined that it found no evidence that any of the individuals who filed the CWB's application had been directly affected, or might be directly affected, by Ritz's order. In other words, Ritz's approach was upheld by the court. The Conservative government may be gearing up for a further attempt to dilute or dismantle the CWB. In last week's federal throne speech it was promised that the government "would ensure the freedom of choice" for western barley farmers.

Canadian Premiers Plead Their Case in the United States

Seven Canadian premiers recently attended the winter meeting of the National Governors Association in the United States. While in Washington the seven premiers spent the weekend wooing U.S. governors, Washington-based think-tanks and senior U.S. officials in environment, agriculture and finance in an attempt to plant Canadian concerns in their minds. The centerpiece of the visit was two roundtables held Saturday to discuss energy and the environment. During the meeting the premiers urged the United States to resist protectionist trade policies that would undermine the economies of both countries. While the premiers noted that the Obama Administration seems to have "a greater level of receptivity to Canadian concerns," they also cited Obama's ambitious target to double U.S. exports during the course of the next five years and expressed concern on how Canada factors into that strategy. Furthermore, they noted that even though the recent storm over "Buy American" provisions has been resolved, they worry about further trade protectionism surfacing elsewhere.

Cattle and Hog Inventories Hit New Lows

Statistics Canada reported recently that farm inventories of cattle fell to their lowest level in 15 years, down 1.3 percent from January 2009. This was the first time since data has been collected that the number of cattle farms has fallen below 100,000. The Canadian dairy herd fell 0.2 percent during 2009, while the total beef herd fell 1.4 percent. Cattle and calves slaughter levels in Canada in 2009 were down 3.7 percent from the previous year. At the same time, Canadian exports of live cattle and calves fell 31.6 percent. Inventories of hogs were reported at a 12-year low, down 4.5 percent from January 2009. During 2009, total hog exports amounted to 6.4 million head, down 31.9 percent from 2008. This was well below the peak of 10 million head in 2007. Since 2007, increased demand for ethanol has caused a surge in feed grain prices, affecting feed costs for livestock producers. The appreciation of the Canadian dollar reduced the competitiveness of the Canadian export market. The combination of these events over the last decade has affected profit margins in the cattle and hog industries.

Canadian Exporters to Resume Shipping Pork to China

China imposed a ban on imports of Canadian pork in May last year following the outbreak of the H1N1 influenza. China lifted its ban on pork imports from Canada, the United States and Mexico in December. However, Canada is the first to meet China's certification requirements which, according to Canadian Agricultural Minister Ritz, should give Canada a short-term competitive advantage. China imported C\$47 million worth of Canadian pork in 2008, and is a priority market in Canada Pork International's export market development strategy.

