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Report Highlights:

* Canadian Industry Reaction to U.S. Dumping Duty on Live Hogs * Minister Mitchell Visits Asian Countries in Effort to Re-Open Beef Markets * Canadian Frozen French Fry Exports at Record Levels * Ontario Corn Producers May Find Themselves in an Unenviable Position * Prairie Harvest Considered Over * Tseshah First Nation Signs Forestry Agreement * Ontario Bans Junk Food in Elementary School Vending Machines * Ontario Sushi Chefs and Aficionados Happy Again

Includes PSD Changes: No
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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.

CANADIAN INDUSTRY REACTIONS TO U.S. DUMPING DUTY ON LIVE HOGS: On October 15, 2004 the U.S. Department of Commerce announced its affirmative preliminary determination in the antidumping duty investigation of live swine from Canada, with margins ranging from *de minimus* to 15.01 percent.

Canadian Pork Council: The Canadian Pork Council (CPC) is the national association representing hog producers. Clare Schlegel, President, said that the CPC is very disappointed with the announcement. "U.S. law is written to find dumping margins," (we) will continue to work to see these rates reduced or eliminated in the final decision." said Mr. Schegel. "Today's decision means that there will be - at least temporarily - added costs to shipping pigs and hogs to the U.S. "The imposition of dumping duties at this stage hurts Canadian and U.S. producers. The CPC will demonstrate that far from being harmful, Canadian pigs and hogs are essential to the continued prosperity of the U.S. industry, which is currently enjoying record high prices."

SaskPork: SaskPork, the representative organization of all Saskatchewan pork producers, warns that the U.S. dumping duty could encourage increased exports of live hogs to the United States in the short term (under the assumption that domestic prices will fall and that the duties will be returned after the final determination) and that Canada will become more a more aggressive pork processor and exporter to U.S. and international markets. Farmscape, a news service of Sask Pork and the Manitoba Pork Council also suggested that strong consumer demand for pork in the U.S. would create continued demand for Canadian live hogs despite the duty.

Ontario Pork: Ontario Pork, the provincial pork marketing association representing 3,800 Ontario hog producers, is the largest exporter of live hogs to the United States and was selected as one of the mandatory respondents in the investigation. Larry Skinner, Chair of Ontario Pork, said "This decision is unfair to Ontario hog farmers. Ontario hogs are fairly traded: there is one North American price, and we sell at that price in both Canada and the United States. Ontario farmers should not have to defend themselves against protectionist litigation." The cost of this duty will be carried by Ontario Pork through its normal export operations. These additional operating costs will be shared collectively across all Ontario market hog suppliers through a temporary marketing operations fee of C\$2.11/hog that will apply to every market hog in Ontario effective October 18, 2004. The DOC imposed a dumping duty 13.25% on Ontario Pork's live hog exports to the US. According to Ontario Pork, The marketing operations fee level will be recalculated approximately every 30 days. The new fee rates will be announced on the following dates: November 1, November 29, January 3, January 31, February 28, April 4, May 2 and May 30 (if needed). A fee will remain in place until the International Trade Commission (ITC) rules on final injury in April 2005.

MINISTER MITCHELL VISITS ASIAN COUNTRIES IN EFFORT TO RE-OPEN BEEF MARKETS:

Canada's Agriculture Minister Andy Mitchell was joined by a number of Canadian industry representatives on a mission to South Korea, Japan, China and Hong Kong in an attempt to open those markets to Canadian beef. Access for Canadian beef in these markets is denied by import restrictions related to Canada's BSE situation. Only a small number of countries including the United States and Mexico have partially lifted their BSE-related restrictions on Canadian beef. "The reopening of Asian markets to Canadian beef and other animal products is important for the long-term viability of our industry," said Minister Mitchell. "Our top priority is to normalize international trade as soon as possible, and we will continue to make every effort to meet with our international counterparts at both the political and technical levels to help achieve that objective."

CANADIAN FROZEN FRENCH FRY EXPORTS AT RECORD LEVELS: Total exports of Canadian frozen french fries are on pace to exceed 1.0 million metric tons this year according to trade data through August 2004. Canadian and foreign investment in new processing plants over the past ten years has boosted potato processing capacity particularly in western Canada. More than 80% of Canada's frozen french fry exports are sold into the U.S. market. In fact, this year frozen french fries are tied with live hogs as the third most valuable Canadian agricultural export to the United States after beef and pork. In the January to August period of 2004, Canadian frozen french fry exports to the United States reached 574,000 metric tons, valued at \$379 million. For more information about Canada's frozen French fry industry and trade developments, watch for the annual Frozen Potato Product report available in early November on the FAS homepage.

ONTARIO CORN PRODUCERS MAY FIND THEMSELVES IN AN UNENVIABLE POSITION:

According to *farmassist.ca*, Ontario corn producers may find themselves in an unenviable position, resulting from uncertain local demand, poor prices and no place to store their corn crop. With a bumper corn crop south of the border and the original forecast of poor corn production in Ontario, Ontario's biggest end users of corn were buying up American corn this fall, with the possibility that there are at least two vessels of U.S. corn landing in Ontario ports as late as December of this year. Despite the original predictions of a terrible crop year, some of the early yields in Ontario have been exceptional, with reports of up to 200 bu/ac or beyond in some isolated areas. With the higher than expected level of production and the imports of U.S. corn, the market demand for Ontario corn will be reduced. Compounding the possibility of a reduced market is tight storage space, with nearly 40% of the provincial wheat crop still in commercial and on-farm storage bins. To make matters even worse, the poor wheat crop on the Prairies has resulted in a larger than normal feed wheat supply, pushing prices low enough that it is beginning to flow east in Ontario, possibly decreasing the demand for corn in this province. Ontario producers may be stuck with their corn crop and no place to put it.

PRAIRIE HARVEST CONSIDERED OVER: Rain, snow and cold temperatures across the Prairies in the last week have effectively ended the 2004 harvest. Up to a foot of snow has fallen in parts of Alberta and Saskatchewan. Western Manitoba has received about 6" of snow and other regions have received over 1" of rain. Daytime highs are expected to barely climb over freezing. According to the provincial department of Agriculture in Manitoba, roughly 15% of the crops are still on the fields. There is the expectation that some of the fields will be finished in the spring, while others will be plowed under. According to the provincial department of Agriculture in Saskatchewan, harvest was 88% complete prior to the snow.

TSESHAHT FIRST NATION SIGNS FORESTRY AGREEMENT: The Tseshaht First Nation have signed a forestry agreement with B.C.'s provincial government. Under the agreement the Tseshaht will gain access to 236, 250 cubic meters of timber over five years from Tree Farm Licence 44 near Port Alberni. As well, the Tseshaht will receive \$2.18 million in revenue sharing over five years. About half the timber in the agreement is undercut volume; the remainder will be available once the province-wide timber reallocation process is complete. The goal of the agreement is to help create a sustainable economy for the Tseshaht community through the creation of employment and wealth. The signing of the agreement was a part of an ongoing commitment by the provincial government through their Forestry Revitalization Plan to reallocate timber to communities, woodlot operators and First Nations to diversify the forest economy.

ONTARIO BANS JUNK FOOD IN ELEMENTARY SCHOOL VENDING MACHINES: The provincial government of Ontario has directed school boards to remove all junk food from vending machines in its elementary schools. School boards have until January 2005 to report back on their progress. Sales of food and beverage items in vending machines will be restricted to milk, yogurt-based drinks, 100 per cent fruit juice, vegetable juice, water, certain granola bars, muffins, yogurt, cheese, pretzels, and popcorn. The decision falls short of what some parents and food experts had been calling for: a total ban on junk food in all Ontario schools, including high schools, and penalties for schools that fail to get rid of the banned items. The Ontario government did not define "junk food", but news articles suggested that many schools offered items such as chocolate bars, potato chips, and fruit "drinks" in vending machines.

ONTARIO SUSHI CHEFS AND AFICIONADOS HAPPY AGAIN: The Canadian Restaurant and Foodservices Association (CRFA) reports that the Ontario government has suspended its regulation that required commercial food establishments that prepare fish that is intended to be consumed raw, (including raw-marinated and partially cooked fish), to be frozen prior to preparation (see CA4070). The CRFA said that faced with intense pressure from the industry, the media and consumers, Ontario's Ministry of Health suspended the requirement that raw fish be frozen prior to consumption. It originally came into effect Sept. 1, but is now on hold pending further study.

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