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Agricultural Situation

This Week in Canadian Agriculture, Issue 43

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Report Highlights:

"What's New, EH?" * Extension Granted on the Use of "5 a Day" Promotional Logo *
Reaction to Anti-Dumping Duties Imposed on Softwood Lumber * Ben Thorlakson to
Chair Beef Export Group * Canadian Imports of Corn Will Hit Record Levels * New Hog
Processing Plant for Ontario * Short Crop Results in Short Season for Potato Dehydration
Plant * Potato Wart Compensation Package

...AND MORE!

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. Substantive issues and developments are generally also reported in detail in separate reports from this office.

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.

EXTENSION GRANTED ON THE USE OF "5 A DAY" PROMOTIONAL LOGO:

Canada has announced an extension of the enforcement date for compliance with Canadian requirements for pre-packaged fresh fruits and vegetables which will permit the use of the "5 a Day for Better Health" logo on imports of pre-packaged produce from the United States until August 31, 2002. The action represents an extension of nine months beyond the original deadline of December 1, 2001. For more information see CA1152.

REACTION TO ANTI-DUMPING DUTIES IMPOSED ON SOFTWOOD LUMBER: In a news release from the Canadian Department of Foreign Affairs and International Trade, Trade Minister Pettigrew called the decision by the US Department of Commerce to levy (on average) duties of 12.58% on Canadian softwood lumber "totally unjustified" and "unfounded." Individual duties on six companies ranged from 5.94% to 13.64%. According to one article from the *Globe and Mail*, the Canadian softwood lumber industry, already facing a 19.3% countervailing duty, would be "hard hit" by these additional charges. The duties could also "kill many small Canadian producers." Another *Globe and Mail* article quoted British Columbia Forest Minister Mike de Jong as saying the duties were a "kick in the teeth." The same article said that the Canadian forestry industry is "bitterly disappointed" with the slow progress the Canadian government has been making with the United States over softwood lumber.

BEN THORLAKSON TO CHAIR BEEF EXPORT GROUP: Ben Thorlakson, the Alberta feedlot operator who was at the helm of the Canadian Cattlemen's Association when it opposed the "R-Calf" push for a U.S. anti-dumping duty two years ago, has been elected chairman of the Canadian Beef Export Federation (CBEF). The CBEF is an independent, non-profit organization committed to promoting Canadian beef exports. It was established in 1989 and its members are comprised of producers, packers, processors, and exporters of Canadian beef.

CANADIAN IMPORTS OF CORN WILL HIT RECORD LEVELS: The October 30 edition of *Good Morning Ontario* reported that Canadian imports of U.S. feed grains, mostly corn, will likely hit record levels in 2001-02. The target to import 2.7 million tonnes of grain will top the record of 2.54 million tonnes, established in 2000-01, sources said. Beef producers in Canada, notably Alberta, are being forced to rely on imported corn from the U.S. to feed their cattle. The drought in western Canada has drastically reduced stocks of barley, driving prices higher. These higher prices are enticing farmers to hold onto stocks, which means even less barley in the market, according to Mike Jubinville, an analyst with the farm advisory service Profarmer Canada. Dennis Jackson, a coarse grain analyst with Agriculture Canada, says imports

of feed grain into Canada began "picking up considerably at the end of the summer." Mr. Jackson had imports of barley to Alberta at 16,000 tonnes at the end of August. He expected the numbers to be up considerably in September and the months ahead. There are approximately 1 million tonnes of corn on the way to Alberta currently, somewhere in the area of 75,000 tonnes per month. "When you add the U.S. barley and feed wheat which has been coming in also, it adds up to 100,000 tonnes per month," said Errol Anderson of Promarket Canada.

NEW HOG PROCESSING PLANT FOR ONTARIO: A new hog processing plant is being constructed in the southwestern Ontario town of Mitchell. The plant is scheduled to commence operations in May 2002 and will be known as West Perth Packers. It expects to process about 5,000 hogs per week and may compete locally for live slaughter hogs which are currently being exported to the United States for slaughter. In 2000, Ontario hog slaughter reached approximately 3.5 million head, or about 67,000 per week. There are six main plants, but the top 4 plants account for 90% of total kill in the province. In a North American context, the West Perth Packers facility is relatively small. For more information see CA1154.

SHORT CROP RESULTS IN SHORT SEASON FOR POTATO DEHYDRATION

PLANT: According to local press sources, Agrawest Foods of Souris, Prince Edward Island closed months ahead of normal for the season due to a shortage of raw product. Not only did the summer drought on the island reduce the yield prospects for the potato crop by as much as 20-25%, but P.E.I. fresh potato packers reportedly dropped their minimum size standards for fresh potatoes shipped off the Island. In a normal year, those undersize tablestock potatoes would make up about 20 per cent of Agrawest's product procurement.

POTATO WART COMPENSATION PACKAGE: Next week, the Government of Canada will publish the details of a compensation package to compensate Prince Edward Island potato growers for losses incurred due to costs related to regulatory measures placed on the use of their land and on potatoes, processing operations and equipment removed from affected fields due to the presence of potato wart fungus. The compensation regulations will be published in the November 7, 2001 edition of the Canada Gazette.

AGRICORE AND UGG COMPLETE MERGER: Agricore United announced on November 1 that Agricore and UGG completed their previously announced merger transaction to form a leading western Canadian farmer-directed agri-business. The merger proposal was announced July 30, 2001 after the Boards of both UGG and Agricore gave their unanimous support for the merger. On August 30, the shareholders and delegates of Agricore approved the merger, paving the way for the November 1 announcement. Agricore United is pleased to have reached an agreement with the Commissioner of Competition which allows the merger of Agricore and UGG to proceed. In order to address certain concerns raised by the Competition Bureau, Agricore United has agreed to divest up to seven primary grain handling elevators in Western Canada and one port terminal elevator in Vancouver.

“MILK SUCKS” PROGRAM TARGETS ONTARIO SCHOOL KIDS: The animal right's

group, People for the Ethical Treatment of Animals (PETA), is targeting Ontario school kids with its "Milk Sucks" campaign this week, complete with trading cards with crude pictures and stories of milk drinkers suffering obesity, gas, acne and excessive phlegm. The group's Vegan Campaign coordinator Sean Gifford, joined by a giant "cow," hands the cards out to kids as they leave school. At mid-week, PETA targeted a London, Ontario school for three, four, five and six year-olds and had plans for additional demonstrations in Toronto and Ottawa later in the week.

"Kids would spit out their milk if they knew how calves suffer in the dairy industry." said PETA's Sean Gifford in a press release. However, the media reported that many kids were bringing their own signs in support of milk

Did You Know...that two out of every three fresh strawberries consumed in Canada originates from the United States.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA1149	Mandatory Labeling Bill C-287 Defeated	10/24/2001
CA1150	Canada Releases Trade Objectives for 4 th WTO Ministerial	10/25/2001
CA1151	Fresh Strawberry Annual	10/29/2001
CA1152	Extension Granted on Use of 5 A Day Promotional Logo	10/30/2001
CA1154	New Hog Processing Plant for Ontario	10/31/2001
CA1155	This Week In Canadian Agriculture, Issue 42	10/27/2001

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