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Report Highlights:

Prime Minister Paul Martin Announces New Federal Cabinet
Prime Minister Martin Impatient with U.S. Ban on Live Canadian Cattle Exports
Canadian Farm Groups Comment on the Draft WTO Framework
Manitoba Crop Update

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

PRIME MINISTER PAUL MARTIN ANNOUNCES NEW FEDERAL CABINET: On Tuesday, July 20, 2004, Prime Minister Paul Martin announced his new federal cabinet. Mr. Andy Mitchell was appointed Minister of Agriculture and Agri-Food, replacing Bob Speller, who was defeated in the federal election on June 28, 2004. Mr. Mitchell previously served as Secretary of State for Parks and then Secretary of State for Rural Development and the Federal Economic Development Initiative for Northern Ontario in Prime Minister Chretien's government, and Minister of Indian Affairs and Northern Development in Prime Minister Martin's government prior to the June 28th election. Mr. Mitchell represents the riding of Parry Sound-Muskoka in Ontario, and has been a sitting Member of Parliament since 1993. The Honorable Wayne Easter was appointed the Parliamentary Secretary to the Minister of Agriculture and Agri-Food. Mr. Easter has represented the riding of Malpeque, Prince Edward Island since 1993. Mr. Easter has an extensive background in agriculture, including serving as president of the National Farmers Union for 12 years. The Honorable James Peterson remained Minister of International Trade, a position Prime Minister Martin originally appointed him to in December 2003. The Honorable Mark Eyking moved from the position of Parliamentary Secretary to the Minister of Agriculture and Agri-Food to the position of Parliamentary Secretary to the Minister of International Trade with special emphasis on emerging markets. The Honorable Reg Alcock remained the Minister responsible for the Canadian Wheat Board. The Honorable Ralph Goodale remained Minister of Finance.

PRIME MINISTER MARTIN IMPATIENT WITH U.S. BAN ON LIVE CANADIAN CATTLE EXPORTS: During a breakfast at the Calgary Stampede, Prime Minister Martin voiced his displeasure at the ongoing trade ban by the United States to the import of live Canadian cattle. The border has been shut to live cattle exports from Canada since the discovery of BSE in a cow in Alberta on May 20, 2003. Prime Minister Martin clearly stated that the border should be reopened by now and laid the blame at the feet of a small faction of the U.S. beef industry for injunctions and litigation, which has delayed the process. Prime Minister Martin stated that he believed the Canadian government and the U.S. administration were making progress towards the reopening of full trade. These comments come at a time when the Canadian cattle industry is facing the largest calf crop in 25 years, set to come to market in the fall, and a possible massive cull of older cows if the U.S. border does not reopen as of the Labor Day weekend in September.

CANADIAN FARM GROUPS COMMENT ON THE DRAFT World Trade Organization (WTO) FRAMEWORK: Following the release of the draft WTO framework, Canadian farm groups waded in with their comments. The Canadian Agri-Food Trade Alliance (CAFTA) was pleased with the draft, stating that the draft was a positive step forward and if accepted by WTO members, the draft would form the foundation for the next steps towards a conclusion to the negotiations. CAFTA was pleased with the elements in the framework that would allow for the negotiation of rules that would end all forms of export subsidies, make substantial reductions in trade distorting domestic support, and that will substantially increase market access for all products. The Grain Growers of Canada (GGC) expressed very similar sentiments to CAFTA. The GGC felt the draft was a positive step forward, though did not liberalize their sector as aggressively as the GGC would have liked to see, but felt the draft was a good step towards accomplishing many trade liberalization goals. The Canadian Federation of Agriculture (CFA) was disappointed with the draft. The CFA felt the draft failed to address the inequities created by the last WTO round. The CFA believes that the new draft will only hurt Canada's export and domestic supply-managed agriculture sectors. The draft would undermine Canada's ability to maintain its orderly marketing systems, while providing no guarantee of increased global market access for Canadian exporters. The CFA has taken the position that the Canadian negotiators should not sign the draft in its current form and that a lot of work would have to be done to make the draft even remotely acceptable. Canada's supply-managed sectors expressed very similar sentiments as the CFA. Canada's supply-managed sector is made up of dairy, poultry and egg producers, who have outright rejected the draft. The SM-5 claims the draft jeopardizes the fundamental pillars of supply management. The new text is calling for a reduction in over-quota tariffs, which the SM-5 does not want reduced. The SM-5 also feels that the text does not address the failings of the Uruguay Round, rather it widens the gap between countries' abilities to compete in the world market.

MANITOBA CROP UPDATE: According to the provincial department of Agriculture in the **Southwest** region most cereal crops are 70-80% headed out, canola is in the early bloom stage and flax is just starting to flower. Corn and sunflowers are developing well, but are still slightly behind their normal growth stages for this time of year. Grasshoppers are causing damage in some areas. In the **Northwest** region roughly 70% of the wheat fields are headed out. Most canola fields are in stage

between bolting and flowering. In the **Central** region hot, humid weather conditions have resulted exceptional crop growth, especially in corn, soybeans and field beans. Spring wheat, barley and oat crop staging ranges from boot to heading with some of the earliest fields beginning to flower. Canola is in the bolting to full flower stage. The humid weather is contributing to disease development.

Grasshoppers are also becoming a problem. In the **Eastern** region most cereal crops are in the shot blade to heading stage, while 75-80% of canola is flowering. Soybeans, corn and sunflowers are in the seedling and vegetative stages. In the **Interlake** region rapid crop growth and development has occurred as a result of the heat and moisture. Spring wheat is 40% fully headed, barley 50% and oats 30%. Canola is variable and corn and soybeans are looking better weekly.

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