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This Week in Canadian Agriculture, Issue 29

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Report Highlights:

Cattlemen Want GOC to Suspend FTA Talks With South Korea * Canadian Sugar Beet Industry Concerned Over U.S. Tariff Status of Sugar Beet Thick Juice * Hog Numbers Continue to Fall * Persistent Rains Delay Winter Wheat Seeding in Ontario

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.

CATTLEMEN WANT GOC TO SUSPEND FTA TALKS WITH SOUTH KOREA: According to press reports, The Canadian Cattlemen's Association (CCA) wants the Canadian government to suspend free trade talks with South Korea until that country accepts Canadian beef again. South Korea ranked fourth as the most important export market for Canadian beef prior to Canada's initial BSE detection in May 2003. The annual value of Canadian beef exports to the Asian country prior to the 2003 BSE incident was almost \$30 million. Canada and South Korea embraced a Free Trade Agreement (FTA) in November 2004 and there have been two rounds of exploratory discussions since that time. For Canada, there is potential export market growth in South Korea in wood pulp, mineral fuels, metals, electrical machinery, shellfish and a wide variety of agricultural products. Korean exports to Canada cover a broad range of sectors, including: vehicles, electrical machinery, computers, rubber, and steel. The CCA is frustrated that Canada has made no progress on re-opening beef access to South Korea. Access for U.S. beef into Korea resumed on September 7, 2006.

CANADIAN SUGAR BEET INDUSTRY CONCERNED OVER U.S. TARIFF STATUS OF SUGAR BEET THICK JUICE: Canada's sugar beet industry is concerned over recent Federal Register notices by the Department of Homeland Security and the USDA's Commodity Credit Corporation (CCC) that are soliciting comments after a petition was filed by the U.S. Beet Sugar Anticircumvention Coalition requesting the reclassification of imports of sugar beet thick juice from a duty free, quota free, HS category to a HS category subject to quota. The coalition contends that the beet juice product competes directly with sugar and should be subject to tariff-rate quota restrictions. The issue has implications for the domestic sugar allotment provisions of the 1938 Agricultural Adjustment Act of 1938 administered by the CCC. In 2005, U.S. imports from Canada of sugar beet thick juice under HTSUS 1702.90.4000 reached 35,690 metric tons, valued at \$12.5 million. The GOC has expressed its intention to file its concerns within the respective comment periods that conclude by mid-November, 2006. Raw cane sugar, refined sugar, sugar syrups, and specialty sugars enter the United States primarily under two tariff-rate quotas (TRQs), which are provided for in Chapter 17 of the Harmonized Tariff Schedule. In recent years the refined sugar TRQ has been allocated by USTR to Canada, Mexico, a portion which is open to all importers on a first-come, first-served or "global" basis, and a portion for specialty sugar.

HOG NUMBERS CONTINUE TO FALL: This week's Statistics Canada data release of the hog inventory survey shows that Canadian hog numbers fell for the fifth consecutive quarter. Canadian hog farmers reported 14.1 million hogs on their farms as of October 1, 2006, according to the survey taken in early September. This was down 2.4% from the second quarter of 2006, and 5.3% below the same date last year. The number of hogs in Eastern Canada, as of October 1, 2006, was down a substantial 8.0% from the same time last year, while Western Canadian inventories fell by 1.8%. As mentioned in the Livestock Annual CA6038, diseases, such as porcine circovirus and others, have had a severe impact on hog industry productivity in Quebec and Ontario. Since the second quarter 2005, the rate of losses to disease has been double that of prior years.

PERSISTENT RAINS DELAY WINTER WHEAT SEEDING IN ONTARIO: Ontario farmers normally seed about 1.0 million acres of winter wheat each fall but this year, persistent rain and wet soils have delayed planting intentions. Ontario accounts for approximately two-thirds of the total Canadian production of winter wheat. The harvest of the province's edible bean crops is also delayed by the wet fall and quality deterioration is a real possibility. The provincial department of agriculture reports that the soybean harvest is highly variable across the province. About half the soybeans are harvested, but areas with heavy soil types have not been able to harvest significant acres to date. The Ontario Corn Producers Association reports that a small amount of the corn crop has been harvested with yields above average in most cases.

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