

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: 6/20/2018

GAIN Report Number: CA18042

Canada

Post: Ottawa

Japan and South Korea Block Canadian Wheat Imports after GE Variety Discovered in Alberta

Report Categories:

Grain and Feed

Biotechnology - GE Plants

Agricultural Situation

Trade Policy Monitoring

Approved By:

Holly Higgins, Minister-Counselor

Prepared By:

Harvey Bradford, Agricultural Specialist

Report Highlights:

The Canadian Food Inspection Agency (CFIA) released an incident report on June 14, confirming that a genetically engineered (GE) herbicide tolerant wheat variety was discovered on a farm in the county of Strathmore, Alberta. Japan and South Korea have suspended Canadian wheat imports.

Keywords: Canada, CA18042, wheat, genetically engineered, GE, trade

The Province of Alberta informed the [CFIA on January 31, 2018](#), of the discovery of an herbicide tolerant wheat that had survived glyphosate application the previous summer. Subsequently, the CFIA released its incident report on the GE wheat finding on June 14, 2018. Some wheat production in western Canada is given a pre-harvest glyphosate application, which is applied to the crop seven to fourteen days (pre-harvest interval) prior to swathing or straight combining. This practice controls for perennial weeds such as thistle, quackgrass, toadflax and dandelion. Late last summer a contractor discovered the herbicide tolerant wheat beside an access road and notified the Province of Alberta. Industry experts say the herbicide tolerant wheat could either have survived the pre-harvest glyphosate application, or survived glyphosate application during targeted weed control measures.

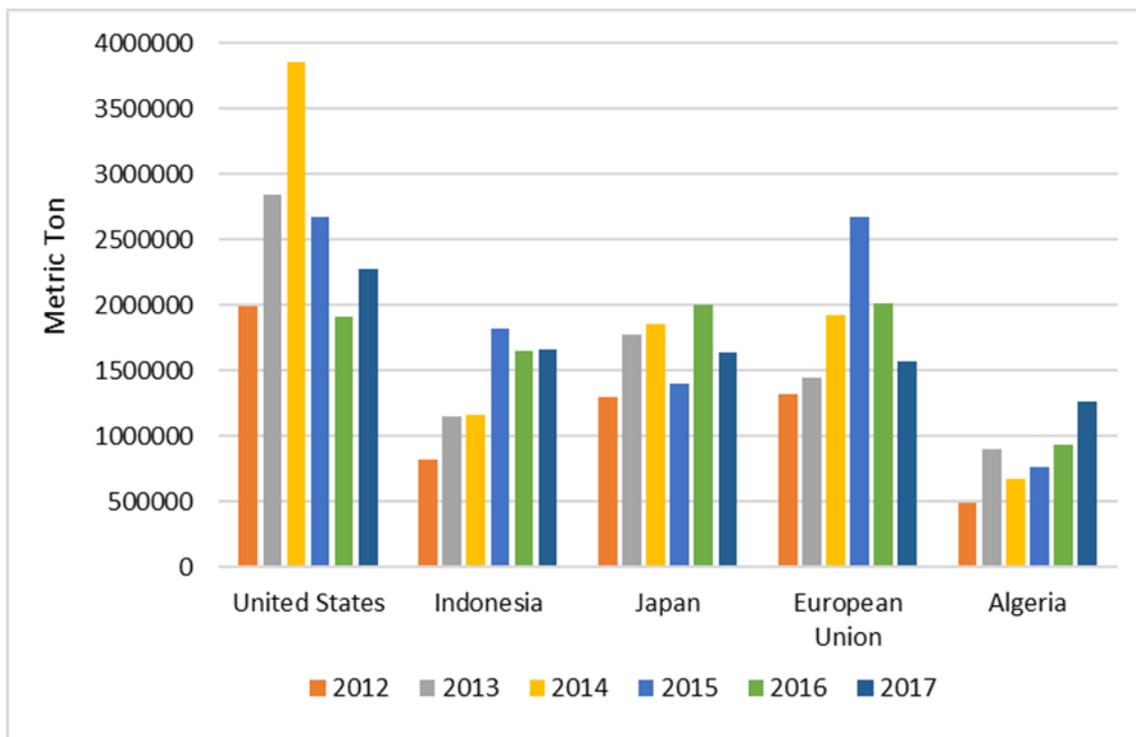
Following the Province of Alberta's notification of the GE wheat at the end of January 2018, the CFIA laboratory received samples of the wheat seed and began testing by mid-February ([timeline](#)). The CFIA took seven plants for testing, and the remaining plants were destroyed on site. After conducting extensive scientific testing, the CFIA has stated that there is no evidence that GE wheat is present anywhere other than at the isolated site where it was discovered, i.e. it is not present in Canada's grain or seed system, and it does not pose a food, feed or human health risk. They have also taken steps to increase confidence amongst buyers that [Canadian wheat is safe](#) and GE free.

Trade Implications:

Japan suspended the sale of Canadian wheat on June 15, and South Korea followed suite on June 18. According to media reports, Canada's Trade Minister, François-Philippe Champagne, has said he called European Trade Commissioner, Cecilia Malmström, about the incident.

Japan is Canada's second largest market for wheat exports after the United States, accounting for just over 8 percent of Canada's total wheat exports, or 1.6 MMT in marketing year (MY) 2016/17. Japan imported 29 percent of their wheat from Canada in MY 2016/17. Wheat exports to South Korea account for 1.14 percent of total Canadian exports, or 226,330 MT in MY 2016/17. The European Union as a whole imported 1.6 MMT of wheat from Canada in MY 2016/17, or 31 percent of total wheat imports. The EU, Japan and South Korea accounted for roughly 17 percent of Canada's 19.8 MMT wheat export market in MY 2016/17. The following graph shows the top five export markets for Canadian wheat over the last five years.

Canadian wheat exports by destination – Top 5 markets



Note: The European Union data is from the reporter 'EU27/EU28'

If trade restrictions remain in place it could potentially have a disproportionately negative effect on the three prairie provinces, considering they export 94 percent of Canada's wheat. The following table shows the top three Canadian wheat exporting provinces.

Top three wheat exporting provinces in Canada (MY 2016/17)

Province	Million Metric Tons	Percent of Total
Alberta	6.3 MMT	32%
Manitoba	2.9 MMT	15%
Saskatchewan	9.3 MMT	47%

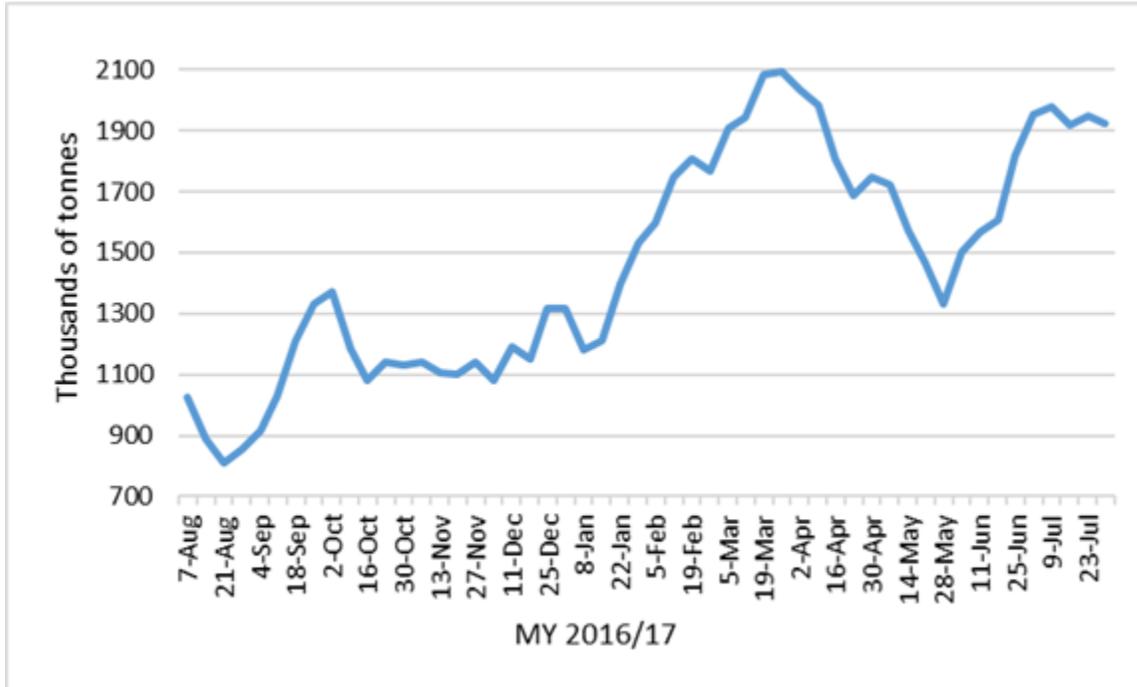
Source: Global Trade Atlas data

Per the [Canadian Grain Commission's](#) most recent weekly grain statistics (June 10, 2018), exports-to-date for wheat are 14 MMT, roughly 1.7 MMT higher than this time last year. Commercial stocks of wheat are 2.1 MMT, roughly 400,000 MT less than the commercial stocks at the same time during the previous year. Combined, these statistics show that more wheat has been moving out of the prairies this year compared with the previous year. As an indicator of annual fluctuation of wheat stocks in Canada, with a specific focus on trade with Asia Pacific markets, the following chart shows the commercial wheat stocks in primary grain elevators and Pacific terminals for MY 2016/17.¹ Primary elevators receive grain directly from producers for

¹ Data for Figure 2 comes from the Canadian Grain Commission, sourced from: <https://www.grainscanada.gc.ca/statistics-statistiques/gsw-shg/2016-17-en.html>. Commercial Wheat Stocks: Primary

storage, forwarding, or both, and the majority of them are located in Alberta, Manitoba and Saskatchewan.

Commercial Wheat Stocks: Primary Elevators & Pacific Terminals



Elevators & Pacific Terminals is the sum of 'Primary Elevators' and 'Pacific' for the category 'Wheat' from Commercial Wheat Stocks (in 000's of tonnes) starting with Week 1 (August 7, 2016) and ending with Week 52 (July 31, 2017). The current crop year was not used because it has not yet finished.