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### **This Week in Canadian Agriculture Issue 13**

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**Report Highlights:**

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## **U.S. Restrictions on Canola Meal Plant Lifted**

The United States Food and Drug Administration has lifted restrictions against imports of Canadian canola meal from a Bunge Ltd. plant in Hamilton, easing barriers that have sharply cut Canadian exports to the United States. The FDA had placed the Hamilton plant on its online list of plants on import-alert status because of concerns about salmonella bacteria in animal feeds. The restrictions were in place against the Hamilton plant since September 2009. Shipping restrictions remain in place against Bunge's Canadian canola plants in Nipawin, Saskatchewan and Altona, Manitoba. Two Archer Daniels Midland Agri-Industries plants and one owned by Viterra Inc. are also on the FDA's import-alert list due to salmonella concerns. In marketing year 2008/2009 Canada exported 1.86 million metric tons of rapeseed meal to the United States, but in the first ten months of the 2009/10 (Aug/July) marketing season, Canadian rapeseed meal exports to the United States slowed dramatically, totaling 0.94 MMT compared to 1.53 MMT in the first ten months of 2008/09.

## **Political Parties Push to Overhaul Food Safety Policy**

The Canadian Food Inspection Agency (CFIA) has issued at least 28 high-risk-food recalls already this year, and their expenditures have increased by about \$100 million to \$645 million since the 2004 outbreak of bovine spongiform. CFIA issues about 350 tainted-food notices a year; most are in the low-risk category. Political parties such as the federal Liberal Party and the New Democratic Party (NDP) have produced platform documents detailing comprehensive food policies, including broad outlines of proposed changes to CFIA. The Liberals' national food policy paper, *Rural Canada Matters*, includes a review of the CFIA, the Public Health Agency of Canada and a cash injection of C\$50 million to improve food inspection with an eye to extending Canadian food handling standards to products grown and processed in other countries for import to Canada. The NDP document *Food For Thought* supports local food production and human-scale agriculture, and requires foreign-produced foods adhere to the same standards as those made and grown in Canada. Canada's Conservative party produced the *Food and Consumer Safety Action Plan* in 2009, which focused on mandatory product recalls, tightening import safety regulations and the labels "Made in Canada" and "Product of Canada."

## **Canada's First Cloned Bull Goes Public**

This week Canada unveiled its first cloned bull, born and raised in one of the country's premiere artificial insemination centers. Starbuck II is on display at the St. Hyacinthe Agricultural Expo, at ten years old weighing in at 1,100 kilograms and standing 6 feet tall at his shoulder. For the first time, the test tube beast is outside the bio-secure facilities at the Artificial Insemination Centre of Quebec (CIAQ). Three scientific groups (CIAQ, Alliance Bovine and the Veterinary Department of the University de Montreal) took part in the groundbreaking cloning whereby cells from Starbuck were combined with host Ova, the female cells were removed and the in-vitro embryo placed inside receiver cows. Two years after the death of Starbuck, Starbuck II came into the world via caesarean section. Starbuck II may be the clone of a prize winning and very profitable stud, but neither his semen nor his flesh can be sold in Canada due to Environment and Health Canada regulations. According to CIAQ at one time there were 13 different cloned bulls in Canada but only two remain. Because of the time it takes to clone and the restrictions on the sale of the byproducts of the process, cloning is no longer a

priority for CIAQ.

### **Canada - FTA with Korea**

Bilateral talks between Korea and Canada scheduled for July 13, 2010 to discuss the resumption of Canadian beef imports into Korea were unexpectedly delayed. Press reports suggest the Korean Ministry of Food, Agriculture, Forestry and Fisheries notified their Canadian counterpart of the delay, stating that time is needed to gather data in order to hold talks effectively. Prior to negotiations with Canada, the Korean Agricultural Ministry reportedly plans to develop a domestic agreement involving Korean livestock and quarantine experts, producers and consumers. Canada has not exported any beef products to Korea since bovine spongiform encephalopathy (BSE) was found in Canadian livestock in May 2003, despite the World Organization for Animal Health (OIE) declaring Canada "a controlled BSE risk" country in 2007. Korea is currently reviewing its plan regarding Canadian beef imports after the Canadian government took the issue to the OIE for settlement of the dispute. The Korean government is anticipating further discussions with Canadian officials in August.

### **CFIA Ponders Lighter Scrutiny**

The Canadian Food Inspection Agency (CFIA) is looking to reduce the time and money spent on field inspections for certified seed crops. This worries seed growers, who argue that alternative inspection methods could translate to higher inspection costs as fewer inspectors are available. Seed growers currently pay around 75 cents per acre for inspections on fields of certified seed, though fees are higher for plot inspections involving higher generations of seed. CFIA announced to seed growers and industry officials at the Canadian Seed Trade Association's annual meeting in Kelowna July 6-10 that the agency will review its field inspection services and identify alternative inspection methods which could be implemented as early as 2011. Suggestions include an expansion of private inspections by independent third party inspectors, self-inspection of certified seed crops by authorized employees of seed production companies or self-inspection by seed producers themselves. A similar system is used for corn seed production in Ontario.

### **Dairy Sector Warms to National Pool**

More than fifteen years after the contentious idea first was debated, Canadian dairy farmers appear to be on the road to creating a national dairy pool. Canada's current dairy supply management system was developed and is still operated under provincial leaderships, and based on three principles; production management, predictable imports and pricing mechanism. However, the regional pools have led to regional friction over promotion programs and decisions about product treatment. National pooling was first discussed after the conclusion of the last World Trade Organization deal in 1994 that ended volume-based import quotas for protected supply managed sectors, but failed due to regional and provincial sensitivities. Despite this setback, in a private session during last week's Dairy Farmers of Canada (DFC) annual general meeting, delegates agreed to begin negotiating the details of a national pool arrangement that would end the need for separate pools in Western Canada, Eastern Canada and Newfoundland. DFC hopes to have a proposal to present at the February 2011 policy conference in Ottawa.

### **Canadians' Dairy Consumption in Decline**

Canadian milk drinkers are a shrinking group, a development which has the Dairy Farmers of Canada (DFC) worried. There are two reasons for the decline in milk consumption, said the chief executive officer of Ipsos Global Public Affairs — an aging population and the fact that Canada's population growth is coming through immigration. Canadians drink less milk as they age, according to DFC research and many of the main origins of new immigrants are cultures in which milk and dairy consumption are not primary parts of the diet. Statistics Canada estimates that by 2031 one in four Canadians will be foreign born, many coming with pallets not raised on milk drinking. Members of the DFC argued that if the industry is flexible and creative, the arrival of hundreds of thousands of immigrants every year and the growing portion of elderly Canadians in the population are opportunities for the industry.

### **New Brunswick's Chicken Industry Must Evolve**

In the United States the chicken industry is integrated, whereas in Canada, the industry is separated into farmers and processors. In New Brunswick, tension is mounting as the farming organization Groupe Westco expands their role in the processing of chickens. Last week there were allegations that the Chicken Farmers of New Brunswick allowed Groupe Westco to gain control over almost 80 percent of the chickens raised in New Brunswick. This week, Groupe Westco defended itself against an opponents' editorial. The editorial cited the necessity of the Government of New Brunswick's mandatory intervention in an effort to maintain "stability" in the chicken industry through the protection of existing processors. Groupe Westco argues that it is not the Government of New Brunswick, nor a dysfunctional supply management system that is contributing to the monopoly threats, but that of rival Nadeau/Maple Lodge chicken processors. Nadeau is the provinces only existing chicken processor, and Groupe Westco argues that Nadeau excludes all potentially new competitors in the market. Groupe Westco supports the Government of New Brunswick's actions to bring together the two sides through dialogue, legislation and mediation. However, Groupe Westco believes that no progress will come until Nadeau/Maple Lodge's relaxes their "uncompromising resistance to growth and progress."

**Exchange Rate:** Noon rate, July 29, 2010 (Bank of Canada): U.S. Dollar = C\$1.04.