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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 6 2009

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**Report Highlights:**

Record U.S./Canada Bilateral Agricultural Trade in 2008 \* Canada Posts First Merchandise Trade Deficit in 32 Years but Agrtrade Remained Vibrant Last Year \* Agriculture Minister's Meeting Focuses on Economy, Food Safety and Competitiveness \* Standing Committee on Agriculture Meetings Resume \* Low Path Avian Influenza Detected on Second Farm in British Columbia

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[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.

**RECORD U.S./CANADA BILATERAL AGRICULTURAL TRADE IN 2008:** U.S./Canada bilateral agricultural trade during 2008 reached a record \$34.2 billion according to U.S. Bureau of Census statistics released via the Foreign Agricultural Service's [BICO](#) trade data. Canada is the number one export market for U.S. food and agricultural exports and during 2008 the northern neighbor accounted for \$16.2 billion, or 14% of total U.S. agricultural exports, just slightly ahead of Mexico at \$16.0 billion. In other words, almost 30% of total U.S. agricultural exports of \$115.4 billion were to NAFTA partners last year. The record \$16.2 billion in U.S. food exports to Canada was up 15.5% from \$14.1 billion in the previous year. Canada buys about 60% of its food and agricultural imports from the United States. The value leaders among U.S. food sales to Canada in 2008 included snack foods, \$1.4 billion, up 17.8% from last year; red meats, which exceeded \$1.0 billion for the first time, up 16.1% from 2007; fresh fruit, \$1.4 billion, up 12.6%; coarse grains, \$522 million, up 34.1% and; pet food, \$509 million, up 16.0%. Canada exported a record \$18.0 billion in food and agricultural products to the United States in 2008, 18.1% greater than the \$15.2 billion exported during 2007. As a result, the agricultural trade deficit with Canada increased from \$1.2 billion in 2007 to \$1.8 billion in 2008. Canada's value leaders among food sales to the United States during 2008 included snack foods, \$2.5 billion; live animals, \$2.0 billion; red meats, \$1.6 billion; vegetable oils, \$1.5 billion, processed fruit and vegetables, \$1.2 billion and; wheat, \$1.0 billion.

**CANADA POSTS FIRST MERCHANDISE TRADE DEFICIT IN 32 YEARS BUT AGTRADE REMAINED VIBRANT LAST YEAR:** The release this week by Statistics Canada of total merchandise trade data showed that Canada recorded its first trade deficit since 1976. Merchandise imports in December 2008 outstripped exports by C\$458 million reflecting a downturn in exports lead by energy products and industrial goods. In addition there was a broad-based contraction in imports. The deficit figure contrasted sharply with the previous month's trade performance when Canada recorded a C\$1.2 billion surplus in November 2008. However, although exports and imports have been declining in recent months, trade in agricultural and fishing products has generally been on the rise throughout 2008. According to Statistics Canada, agricultural and fishing products exports dropped 7.0% to C\$3.4 billion in December. The sector had been trending upward since June 2006. Decreases in exports of wheat, meat and meat preparations, and canola accounted for most of the sector's decline last month. However, for all of 2008, Canadian agricultural and fishery exports increased 18.8% while imports of food and fish products increased 17.7% from December 2007 to December 2008. For information on U.S. bilateral agricultural trade with Canada, see the highlight summary above.

**AGRICULTURE MINISTER'S MEETING FOCUSES ON ECONOMY, FOOD SAFETY AND COMPETITIVENESS:** Agricultural policy is a shared responsibility in Canada and federal, provincial and territorial Ministers of Agriculture met in Ottawa this week to discuss agricultural policy issues. These meetings occur once or twice a year in addition to an annual conference, usually held in the summer. In a press release following the Ottawa meeting, ministers said they discussed the current economic situation, both within Canada and globally, and are particularly cognizant of the ongoing economic difficulties facing the livestock sector. They reiterated a commitment to strengthening food safety so that consumers and trading partners view Canadian food products with confidence and initiated a goal to implement a national agriculture and food traceability system. Ministers also discussed recent advances in market access issues, including the (previously announced) establishment of the Market Access Secretariat (see [CA9002](#)) to exploit new commercially-significant market access. Ministers stressed the importance of a successful conclusion to the Doha Round of trade negotiations at the World Trade Organization and agreed to work with industry to assess and address the impacts of U.S. Country of Origin Labeling (COOL) labeling requirements. Ministers reiterated their goal to complete bilateral (i.e., federal/provincial) agreements (under the banner of [Growing Forward](#), the overall

agricultural policy framework), get new programs up and running in all provinces and territories by April 1, 2009, and to review the existing suite of [business risk management programs](#). The next ministers meeting will be the annual conference to be held July 9-10, 2009, in Niagara-on-the-Lake, Ontario.

**STANDING COMMITTEE ON AGRICULTURE MEETINGS RESUME:** Canada's Standing Committee on Agriculture and Agri-Food has resumed meetings after not having met since just before the summer break. Meetings scheduled in the fall were cancelled due to an election being called and then postponed again after Parliament was prorogued before an attempt could be made by opposition parties to bring down the Conservative government on a confidence vote. With an economic recession facing Canada, efforts to form a coalition government have subsided and members of Parliament are now focused on the economy and are getting back to business. [Larry Miller](#) (Conservative) was elected to chair the Standing Committee on Agriculture and Agri-Food. [Andre Bellavance](#) (Bloc Quebecois) and [Mark Eyking](#) (Liberal) are the co-vice chairs on the committee. The committee is made up of an additional 9 other members. Despite the fact that the Conservative government did not manage to win a majority government in the last election, the party did win more seats. As a result, the number of members of the government versus opposition party members on the committee is now tied. Prior to the October 2008 election, opposition party members outnumbered Conservative party members 7 to 5. A list of [current members](#) is available on the Standing Committee on Agriculture and Agri-Food website. Of note, committees under a Parliamentary system play a different role than that of committees under a Congressional system like that of the United States. Under a parliamentary system, a standing committee is a permanent committee established by the Standing Orders of the House of Commons. The mandate of a standing committee is to examine relevant legislation, the activities and expenditures of the department, and the department's policies and programs. The committee then submits reports and recommendations back to the House of Common on the issues that were examined. For example, a bill may be referred to committee for review. The committee would bring in witnesses and examine the bill clause by clause and may or may not make amendments to the bill before sending it back to the House for a vote. Unlike in the United States, policy directives/bills do not originate in the committees.

**LOW PATH AVIAN INFLUENZA DETECTED ON SECOND FARM IN BRITISH COLUMBIA:** The Canadian Food Inspection Agency (CFIA) has confirmed the presence of H5 avian influenza virus in a second commercial poultry operation in southern British Columbia. The latest detection was the result of surveillance activities within a three kilometers radius of the commercial turkey operation where low pathogenic H5N2 avian influenza was detected in late January 2009 (for background click [here](#)). According to the CFIA, all birds on the new infected premises will be euthanized and the CFIA will oversee cleaning and disinfection procedures. In order to limit any potential virus spread, the CFIA is applying movement restrictions on commercial operations within three kilometers of the new infected premises. The three-kilometer radius around the new infected premises overlaps the three-kilometer radius around the index premises. The CFIA is placing quarantines on an additional 10 premises as a result. Three farms outside the three-kilometer radius around the first infected premises recently completed a 21-day monitoring period and met the requirements for quarantine release. Thirty-three (33) farms remain under quarantine as a result of the first detection.

**Exchange Rate:** Noon rate, February 13, 2009 (Bank of Canada): U.S. Dollar = C\$1.2389

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<a href="#">CA9002</a>	<b>This Week in Canadian Agriculture, Issue 2</b>	1/16/2009
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