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### This Week in Canadian Agriculture Issue 20

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#### Report Highlights:

\*Exporter Group Pushes for Resumption of WTO Negotiations \* The Canadian Wheat Board Lowers Production Estimates 20 Percent \* Canada Outlines Environmental Carbon Market Plan; Farmers Eligible to Receive Offset Credits \* Revised Regulations Proposed for Bottled Water

#### General Information:

**EXPORTER GROUP PUSHES FOR RESUMPTION OF WTO NEGOTIATIONS:** The Canadian Agri-food Trade Alliance (CAFTA) says it strongly supports the Cairns Group Ministers' call for an intensified global effort to conclude the WTO Doha Round of agriculture negotiations. After the Cairns Group Ministers issued a [communiqué](#) following their June 7-9 meeting in Bali, CAFTA issued a press release saying it echoed the Ministers' appeal for a reversal of the protectionism many nations are employing in response to the current economic crisis. "CAFTA agrees that free trade in agricultural goods is seriously threatened by increased protectionism in agriculture, such as the recent resumption of dairy subsidies by the United States and the European Union. Erecting new trade barriers is not a productive response to the world economic slowdown,

says CAFTA President Darcy Davis. "We need to recommit to the multilateral negotiation process. Domestic and export subsidies and market access barriers will slow economic recovery, while also undermining the WTO process. It's urgent that all countries rededicate themselves to completing the Doha Development Round. We urge Canadian Ministers to take a leadership role in re-engaging WTO members in these negotiations at the earliest opportunity." Davis stressed that the success of Canada's agricultural sector is highly dependent on trade. The WTO ranks Canada as the 4th largest agriculture and agri-food exporter in the world, after the EU, the U.S. and Brazil. Almost 80 per cent of total farm cash receipts in Canada come from export-dependent commodities. CAFTA is a coalition of national and regional organizations, associations and companies which support a more open and fair international trading environment for agriculture and agri-food. CAFTA's members include producer organizations, processors, marketers and exporters from the major trade dependent sectors in Canada. Together, CAFTA's members produce almost 80 per cent of Canada's agriculture and agri-food exports, conduct about C\$40 billion in business annually and directly employ close to 500,000 Canadians.

### **THE CANADIAN WHEAT BOARDS LOWERS PRODUCTION ESTIMATES 20**

**PERCENT:** The Canadian Wheat Board's (CWB) production estimates for western Canadian wheat, durum and barley have been lowered significantly from initial estimates due to the dry, cool spring in the western provinces of Alberta and Saskatchewan. As a result of the late start, the CWB anticipated that harvest dates will be delayed by two weeks, with maturity dates now being projected for the last week of August/the first week of September. The CWB is forecasting a 20% decrease in wheat, durum and barley production to 29.7 million tonnes in 2009 from 2008's level of 36.7 million tonnes. This is the lowest initial projection in seven years. Canola is also reported to be under stress in western Saskatchewan, the largest producer of canola in Canada. The lack of moisture in central Alberta and west-central Saskatchewan is reported to be stressing the plants to the extent that some producers are considering re-seeding. How successful this strategy will be is contingent on whether or not there is a return to more seasonal temperatures and precipitation within the next week or so. The window of opportunity is quickly closing as the optimal planting dates for wheat, durum, barley and canola have passed.

### **CANADA OUTLINES ENVIRONMENTAL CARBON MARKET PLAN; FARMERS**

**ELIGIBLE TO RECEIVE OFFSET CREDITS:** Canada's Environment Minister, Jim Prentice, has outlined Canada's plan to develop a carbon market and the Offset System for Greenhouse Gases. "The Offset System is an important part of Canada's efforts to reduce greenhouse gases" said Minister Prentice. Canada plans to utilize an Offset System that will establish tradable credits and encourage greenhouse gas reductions in sectors that will not be covered by planned federal greenhouse gas regulations, like the forestry and agriculture. For example, potential offset projects could include methane capture from landfill gas, the creation of new forests, or agricultural soil management. Farmers using reduced or no-till farming methods, which help store carbon in their fields, could be eligible to receive offset credits for the amount of carbon stored and companies that are subject to greenhouse gas emissions regulations would be able to buy offset credits on a Canadian carbon market and use those credits for compliance with their regulated targets. In addition, small businesses, individuals and travelers, would be able to voluntarily buy credits to offset the greenhouse gas emissions from their activities. Two draft guides will be published in the *Canada Gazette* on June 12 to propose rules and guidance on the requirements and processes used to generate offset credits and to verify the eligible greenhouse gas reductions achieved from a

registered project. Interested parties will have 60 days to comment on these guidance documents. The release of these two draft guides follows the publication of the first draft guide in August 2008, which proposed the rules and guidance to quantify greenhouse gas reductions for projects in Canada's Offset System. The final versions of all three Offset System guides are expected to be published in the fall of 2009 after all comments have been reviewed. More information about Canada's Offset System is available on Environment Canada's Web site at: [www.ec.gc.ca/creditscompensatoires-offsets](http://www.ec.gc.ca/creditscompensatoires-offsets)

**REVISED REGULATIONS PROPOSED FOR BOTTLED WATER:** The regulation of bottled water sold in Canada is shared by Health Canada (HC) and the Canadian Food Inspection Agency (CFIA). HC establishes health and safety standards for bottled water and develops labeling policies related to health and nutrition while the CFIA is responsible for the inspection and enforcement of standards related to packaging, labeling and advertising. Since 2002, HC and the CFIA have been consulting on proposed regulatory changes for bottled water and prepackaged ice. The latest [summary of consultations and comments received on proposed revisions to food and drug regulations on prepackaged water and ice](#) up until November 2008 has been posted as a next step in this process to develop regulations. According to HC, the feedback received to date will be incorporated into a revised regulatory proposal. Interested parties will have the opportunity to review and comment on the regulatory proposal when it is published in the *Canada Gazette Part I* as a part of the regulatory process. No official date for publication has been scheduled. Bottled water and prepackaged ice have a long and positive safety record in Canada. To date, there have been no documented outbreaks related to bottled water or prepackaged ice in Canada. In Canada, bottled water is defined as water which has been packaged in sealed containers for human consumption. The water can come from a variety of sources including springs, aquifers, or municipal supplies and may be treated to make it fit for human consumption. *COMMENT: France and Italy are the leading suppliers to the Canadian import market for natural, unsweetened or unflavored bottled water. The United States ranks third with exports to Canada during 2008 exceeding \$13.0 million. Existing and prospective U.S. exporters interested in the latest in developments in Canadian bottled water regulation such as microbiological standards, acceptable treatments and labeling requirements can click on the above link for additional information.*

**FAS OTTAWA GAIN REPORTS:** FAS's Global Agricultural Trade Network (GAIN) system has been redesigned to incorporate many enhancements and improvements to foster more robust and timely reporting by FAS Attachés overseas. This new system will stand separate from the Legacy GAIN System, which will continue to remain available [here](#). Reports released after 02/16/2009 can be found in the new system at the link below: <http://gain.fas.usda.gov/Pages/Default.aspx> Use the "Advanced Search" feature to retrieve all the publicly available reports authored by FAS Ottawa.

**Exchange Rate:** Noon rate, June 12, 2009 (Bank of Canada): U.S. Dollar = C\$1.1177