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Report Highlights:

Florida Freeze Driving Canadian Import Substitutions * Canadian Cattle Industry Plan to Capitalize on Traceability Requirement * The Ups and Downs of Canadian Canola * Canadian Pulse Industry is Posturing Future Trade to Asia

Florida Freeze Driving Canadian Import Substitutions

Canadian importers are moving quickly to replace products normally sourced from Florida with substitutes f Mexico, Spain and Egypt. The crops seriously damaged from the freeze include primarily strawberries, strin beans and bell peppers. Prices have risen for those three foods, but local marketers say it is too early to forec price increases. Citrus fruit from Florida was mostly protected from the chill by water spraying and fires in t citrus groves and is not expected to be seriously affected. Some stores are posting notices warning of shortag and higher prices. A one-pound container of berries from Mexico was recently priced at C$5.99, nearly doul recent prices for strawberries from Florida or California. In particular the industry is worried about the dama frost inflicted on young plants expected to mature in a month, affecting Canadian supply in March and April

Canadian Cattle Industry Plan to Capitalize on Traceability Requirement

As of January 1, 2010, radio frequency identification ear tags (RFID), which provide individual, electronic a identification, are mandatory for all cattle across Canada. When it comes to traceability, however, industry l have seen the advantage of building upon the mandatory tagging system to record even more information to enhance traceability along the beef value chain and improve information flow across sectors. Using RFID ta producers can associate important information to individual animals easily and in an electronic format that w facilitate trade. Age and animal health data add value to animals as they move through the production syster example, cattle under 20 months of age receive a premium because their meat can be exported to Japan and b intended for Halal markets must be hormone- and antibiotic-free. The Canadian Cattlemen's Association (C creating a Beef Information Exchange System (BIXS) with the intent of sharing important information acros sectors. BIXS will enable producers to benchmark and compare their production management system agains industry average and, over time, track their own improvements. The industry contends that eventually, as BI spans the value chain, it will facilitate business relationships and improve operational efficiencies and profita as well as overall beef product quality. The system will allow producers to link carcass information, such as meat yield and meat quality, back to genetics, allowing producers to use this information to help make better business decisions.

The Ups and Downs of Canadian Canola

The Canadian Canola industry continues to be shut out of moving canola seed to China, with no progress on lessening the current restrictions or in obtaining import permits. (See previous TWICAs.) Canada exported million tons of canola to China in 2008-09, and China had been poised to be another large Canadian custome 2009-10. In the meantime, however, Canada's canola export program to other destinations, including Japan, Mexico and Dubai, remains robust. Last week, Canadian Agriculture Minister Gerry Ritz announced fundin help canola producers gain improved access to international markets. The Canola Council of Canada receive C$7.8 million in federal funding and the national council added C$1.2 million to the project, for a total of C$ million. During the announcement, Ritz noted that the Canadian economic action plan, "is continuing to sup Canada's recovery by investing in a targeted market access strategy that will make sure Canadian canola proc have full and fair access to international markets so that they can get more buyers bidding on their product." funds are to be used by the Canola Council to develop a strategy to open new markets and examine current legislative, regulatory and administrative trade barriers. Canola contributes about C$14 billion annually to th Canadian economy.

Canadian Pulse Industry is Posturing for Future Trade to Asia

Saskatchewan, Canada's largest producer and exporter of peas, lentils and chickpeas, recently hosted Saskatchewan Pulse Growers (SPG) at Crop Production Week. During the meetings presenters contended th world's major economies are set to grow in 2010, providing export potential for both bulk shipping of produc countries such as China and India and value-added processing. Expanding Canadian pulse exports -- the maj of which originate in Saskatchewan -- during this period of economic growth will help build a stronger founc for the industry in overseas markets. In particular, SPG is looking to capitalize on growing Asian markets w protein-rich pulses are a dietary staple. In 2008 Canada exported more than three million tons of pulses worldwide, for a total value of over $1.8 billion. Nearly thirty-five percent, or just over one million tons of Canada's exports went to India. Other top export destinations included Turkey with over six percent of expo Cuba and China with five percent each, and the United States with four percent.

Exchange Rate: Noon rate, January 14, 2009 (Bank of Canada): U.S. dollar = C$1.03.