

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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: 09/29/2010

GAIN Report Number: CA0034

Canada

Post: Ottawa

This Week In Canadian Agriculture Issue 16

Report Categories:

Agriculture in the News

Approved By:

Robin Tilsworth

Prepared By:

Bradford Barrett

Report Highlights:

Research Done on Canada – India Trade Agreement * Ottawa Looks to Expand Trade with Iraq * Country of Origin Labeling Ruling Expected Next Summer * U.S. Senators Tour Saskatchewan * China's Bid on Potash Corp. to Face Review * Canadian Government Helps to Fund New Grain Strands * Health Canada Urged to Clarify Regulations for Messages on Packaging

Research Done on Canada – India Trade Agreement

The Honourable Peter Van Loan, Canadian Minister of International Trade, announced on September 24, a public release of the results of a joint study on the benefits of free trade between Canada and India. The Minister made the announcement in Ottawa together with India's Minister of Commerce and Industry, Anand Sharma, following the First Annual Ministerial Dialogue on Trade and Investment. The study shows that freer trade in goods and services between Canada and India could also increase Canada's gross domestic product by at least \$6 billion, boost bilateral trade with India by 50 percent, and directly benefit Canadian sectors like agriculture, forestry, energy and manufacturing. Canada's exports to India are broad-based, ranging from industrial products and machinery and equipment, to agricultural and other resources-related products. Chemical products lead exports to India, accounting for more than 33% of total Canadian merchandises exports to India. This is followed by vegetables, fruits and nuts (mainly pulses including dried peas and lentils); as well as pulp and paper products, which represent 18% and 16% of total Canadian merchandises exports to India respectively. The comprehensive Memorandum of Understanding on Cooperation in the Field of Agriculture and Allied Sectors (MoU) was signed between India and Canada on January 13, 2009. The MoU provides an institutional mechanism for encouraging cooperation towards knowledge sharing on emerging technologies, agricultural marketing and animal development. The cooperation envisioned in the MoU is expected to be mutually beneficial for the two countries. It can also lead to increase in bilateral trade by creating new marketing opportunities benefiting the farmers and businesses of both countries. The MoU provides for setting up of working groups to address specific areas dealing with sharing of knowledge on emerging technologies, agricultural marketing and animal development. It will have representatives from all stakeholders including private sector. The first working group was held in March 2010, and work has reportedly begun on several projects.

Ottawa Looks to Expand Trade with Iraq

With Canada selling more wheat to Iraq last year than any other country but the United States, thought to furthering this trade relationship has peaked Ottawa's interest. Canadian wheat exports to Iraq jumped almost 450 percent in 2009, when the country bought 1.4 million tons, compared to the purchases from the United States of 1.7 million tons of wheat. Last year's sales to Iraq made up almost 10 percent of Canada's overall wheat exports. Agriculture Minister Gerry Ritz is now being urged to cultivate this Iraqi business partnership. The briefing notes, prepared at the request of Ritz's office, indicate that last year's spike in exports received a boost from factors such as Canada's bigger harvest and Iraq's yield drop after a second year of drought.

Country of Origin Labeling Ruling Expected Next Summer

A World Trade Organization (WTO) decision on the United State's move to require country of origin labeling on its beef and pork is expected next summer, following the first dispute panel hearings this in Mid-September. Canadian Cattlemen's Association president Travis Toews said the Canadian government presented compelling arguments that the labeling requirement violates the WTO agreement. The U.S. government has said the intent of the labeling is to inform customers and not restrict trade. Yet Canada argued the rule is "causing considerable economic harm for Canadian livestock, and submitted extensive evidence," the cattlemen's association said. Canada and Mexico have complained to the WTO that the food labeling law, which requires U.S. packers to notify customers of where farm products originated at every major stage of production, including at the retail level, is unfair. Canadian groups have argued that exports of cattle and hogs to the United States -- this country's biggest market -- have dropped because of the rule. Written submissions to the WTO panel and a second oral hearing in December will lead to a final panel decision in July 2011. Whatever the decision, it is expected to be appealed.

U.S. Senators Tour Saskatchewan

Three U.S. senators toured Saskatchewan in Mid-September to talk about the province's clean energy resources and technology, the second visit by U.S. senators in less than a year. Republican Senators Saxby Chambliss of Georgia and Lindsey Graham of South Carolina, and Senator Kay Hagan, a Democrat from North Carolina, will meet with Premier Brad Wall, senior government officials and Saskatchewan business leaders in Saskatoon before leaving on Sunday. The delegation is primarily interested in Saskatchewan's rich uranium reserves and carbon capture and storage technologies. Agriculture is also on the agenda, says a government news release. Chambliss is the lead Republican on the Senate Agriculture Committee, and Wall intended to raise the issues of country of origin labeling and new U.S. food safety regulations that hinder Saskatchewan agricultural exports.

China's Bid on Potash Corp. to Face Review

A Chinese-led buyout of Potash Corp. would face regulatory scrutiny like all other bids, federal Agriculture Minister Gerry Ritz said. The federal government would review any foreign takeover of the world's biggest potash producer to ensure it is of net benefit to the country, he said. Ritz said Ottawa would work to ensure any takeover is also in the best interests of Saskatchewan, where Potash Corp. is based and which collects rich royalties from production of the mineral, which is a vital ingredient in fertilizer. The province's main concern with Chinese involvement is that China may seek to weaken potash prices because it is the world's biggest consumer of the crop nutrient. A Chinese business magazine reported that a state-owned Chinese chemical company is seeking cabinet approval to make a competing bid against mining giant BHP Billiton Ltd.'s \$38.5 billion offer for Potash but says such a deal might be too big and impractical. Beijing has expressed unease that a BHP Corp. takeover of Potash Corp. might create a "potash monopoly" that would boost prices and hurt China, a major importer of the mineral used in fertilizer. Potash Corp. rejected BHP's initial bid last month as too low and says it has talked with other parties in what is likely to be a lengthy process.

Canadian Government Helps to Fund New Grain Strands

The federal government announced this September in Saskatoon nearly \$11 million in funding to help scientists develop new wheat and barley varieties. "Grain farmers struggle against challenges like drought, floods and pests so that families in Canada and around the world can enjoy safe, healthy and high-quality food," said David Anderson, parliamentary secretary to the minister of natural resources and the Canadian Wheat Board. The government's \$8-million investment under the Canadian Agri-Science Clusters initiative, along with funding from the Western Grains Research Foundation, will create the Canadian Wheat Breeding Cluster.

Ottawa is also investing \$2.8 million under the Developing Innovative Agri-Products initiative for barley breeding and related research.

Health Canada Urged to Clarify Regulations for Messages on Packaging

Bill Jeffery, national coordinator of the Ottawa-based Centre for Science in the Public Interest, says new federal rules are needed to require food and beverage companies to highlight key facts on the front of packs, such as high sodium content or the scarce amount of vegetables in vegetable soup. Without specific regulations concerning simplified nutritional claims, symbols and logos for front-of-the-package labeling can be misleading. For example consumers may find a "healthy" product on a store shelf that contains higher than the recommended amount of salt, or a "smart" snack can be fatty, or a "vitamin" drink can have high amounts of sugar. According to a nutrition policy consultant who has been working closely with Health Canada on this issue, the trickiest question for regulators like Health Canada is whether to assess the term "healthy" in relative terms. In Canada, companies are required to list the calories and the amount of 13 nutrients in a chart on the back of packaging. Health Canada also requires a minimum or maximum amount of an ingredient or nutrient to make specific composition claims on the front, such as low in sugar, high in fiber or to promote the presence of Omega-3 fatty acids.

Exchange Rate: Noon rate, September 28, 2010 (Bank of Canada): U.S. Dollar = C\$1.03