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Report Highlights:

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Canadian Pork Expected to Increase Sales to Korea

A recent news article indicates that Canada is expected to benefit from South Korea's decision to temporarily remove a 25 percent tariff on imported pork, as Seoul tries to stabilize pork prices during a severe outbreak of foot-and-mouth disease that decimated the country's hog herds. "The temporary removal of the tariff on pork by South Korea will create a vacuum for all major shippers of pork, including Canada," said Martin Rice, Executive Director with the Canadian Pork Council. Rice felt Canadian pork shipments to South Korea during December 2010 and January 2011 would be in the 6,000 to 7,000 metric ton range, and indicated Canada could possibly supply about one third of the 60,000 metric ton quota for which South Korea removed the tariff. While increasing imports, South Korea is expected to aggressively vaccinate all forms of animals susceptible to foot-and-mouth disease, including cattle, hogs and sheep. The recovery for South Korea's hog industry due to the outbreak could take some time, Rice said.

Government Releases First Grain and Oilseeds Outlook for 2011/2012

Agriculture and Agri-Food Canada (AAFC) has released its first Grains and Oilseeds Outlook for 2011/2012. AAFC forecasts that total production of grains and oilseeds will increase by about seven percent as a result of an increase in area seeded and less land being left fallow. The wet fall of 2010 and the snowy winter in the prairies mean that farmers from western Canada are hoping for a drier spring. With small price margins between crops, agricultural producer's planting decisions will be heavily influenced by crop rotation and disease control strategies. Exports of wheat, barley and oats in 2010/2011 will be limited by lower supplies resulting from production issues which delayed planting and then delayed harvest. Corn exports are expected to jump significantly in 2010/2011 due to high supplies and a strong demand. Corn exports in the first three months of the new marketing year have already exceeded the five-year average of total corn exports of 440 thousand metric tons (TMT). Trade numbers show the United States (131.0 TMT), Tunisia (80.4 TMT), Syria (70.4 TMT), Libya (63.9 TMT), and Spain (41.2 TMT) have been the major importers of Canadian corn between the months of September and November. AAFC's newest Outlook (January 31, 2011) can be requested at the following URL address: http://www.agr.gc.ca/pol/mad-dam/index_e.php?page=mail.

New Food Regulatory Advisory Committee Assigned to Sodium Reduction Strategy

Stakeholder consultations on sodium reduction targets and timelines for meeting those targets closed on January 31, 2011. The targets and timelines are the outcome of work done by a multi-stakeholder working group on dietary sodium reduction or the Sodium Work Group (SWG). The SWG's work culminated in July, 2010 in a multi-staged strategy that included (1) a voluntary reduction of sodium levels in pre-packaged processed food products and food sold in food service establishments, (2) education, and (3) research. The SWG's expectation was that it would be part of the ongoing monitoring and evaluation of voluntary compliance. Following dissolution of the SWG, this responsibility has been granted to the Food Regulatory Advisory Committee (FRAC). The FRAC, which met for the first time in September 2010, will provide expert strategic policy advice to Health Canada's Food Directorate on the Food Directorate's regulatory and administrative activities. There is significant representation from the food industry on the FRAC, something that worries some sodium experts. This, and the fact that the proposed sodium target levels use a sales-weighted approach which allows manufacturers to keep higher levels of sodium in some products as long as they are reduced in others, has led some to question Health Canada's sincerity in setting sodium

reduction as a priority. More on the Sodium Reduction Strategy for Canada can be found at the following URL address: <http://www.hc-sc.gc.ca/fn-an/nutrition/sodium/strateg/index-eng.php>. More on the Food Regulatory Advisory Committee can be found at the following URL address: <http://www.hc-sc.gc.ca/fn-an/consult/frac-ccra/index-eng.php>.

Cargill Will Export Meat to Russia

The federal government announced that Cargill Meat Solutions' Guelph facility has been granted access to ship its beef to Russia. Agriculture Minister Gerry Ritz congratulated the company on the news which means Ontario producers now have access to another market. Last week in Germany, Minister Ritz met with his Russian counterpart, Agriculture Minister Skrynnik, and highlighted the need for this facility to be approved for export. This process began when Minister Ritz led a trade mission to Russia in October, 2009 that kicked off rigorous negotiations and resulted in the agreement on conditions to export bone-in beef from cattle under 30 months of age and boneless beef from cattle over 30 months of age. Cargill estimates increased exports will result in over C\$2 million in new annual sales. This Cargill plant now joins a list of facilities in Canada already eligible for export to Russia.

Government Is Strengthening Traceability in Sheep and Goat Industry

The government of Canada announced an investment of more than C\$487,000 to the Canadian Sheep Federation (CSF) and the Canadian National Goat Federation (CNGF). This investment will go towards finalizing the development of a national animal identification and traceability plan, creating various communications products and educating the industry on the benefits of traceability. The project will help ensure that all farmers have access to and are educated on traceability equipment, which will help create an efficient way of tracking both sheep and goats. This initiative is another step forward towards the full implementation of a National Agricultural and Food Traceability System. Under the Canadian Industry Traceability Infrastructure component of Canadian Integrated Food Safety Initiative, the Government of Canada supports national organizations in the development and implementation of traceability processes and systems. To find out more about this initiative, please visit www.agr.gc.ca/cifsi.

Vaccine Bank Provides Vaccine to Korea

The Canadian government announced in a press release that the North American Foot-and-Mouth Disease Vaccine Bank, administered jointly by commissioners from the United States, Canada and Mexico, is providing the Republic of Korea with foot-and-mouth disease (FMD) vaccine needed to assist the country with its ongoing FMD outbreak. The vaccine bank will provide the antigen needed to manufacture 2.5 million doses of vaccine to vaccinate pigs and cattle in the Republic of Korea. Seoul is already vaccinating animals with vaccine they have purchased, but needs additional doses in order to facilitate emergency blanket vaccination. They requested assistance from the North American vaccine bank in order to facilitate the blanket vaccination and limit the need for large-scale animal depopulation. The North American Foot-and-Mouth Disease Vaccine Bank maintains a supply of vaccine antigen for this particular strain of the disease as a contingency to address an outbreak in North America, if required. Inventory levels will return to full supply by the end of the year at the latest.

Exchange Rate: Noon rate, February 8, 2011 (Bank of Canada): U.S. Dollar = C\$ 0.9955