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Report Highlights:

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Canadian Food Inspection Agency to Become More Transparent

At the I.E. Canada Food Forum held on February 17, 2011, Canadian Food Inspection Agency (CFIA) Vice President George Da Pont described his vision of the direction the CFIA will be taking in the future. This vision includes greater efforts to publicize CFIA's work, with more openness and transparency in order to maintain the Canadian public's confidence. To this end CFIA updated its Compliance and Enforcement Operational Policy (CEOP). The revised CEOP will be available on the CFIA website on February 25, 2011. Similar to initiatives by the United States Food and Drug Administration (FDA) and the United States Food Safety and Inspection Service (FSIS), starting in March 2011 CFIA will make quarterly postings to its website with information on its enforcement activities. According to a recent CFIA news release, the type of information available on the website will eventually expand to include the confiscation of food products that could not be brought into compliance, penalties, federally registered food establishments whose licenses have been suspended, cancelled or re-instated, and names of companies that have received Notices of Violations.

Canada Considering Opening Trade Talks with Japan

While in Vancouver, British Columbia to promote Canadian trade relations with Japan and India, Canada's Minister of International Trade, Peter Van Loan, announced the launch of a joint study to examine the potential for an economic partnership agreement with Japan. The study will examine the economic impact of such an agreement and consider benefits for workers and exporters in both countries. This study is the first step in deciding whether to pursue free trade negotiations. Japan is an important export market for Canadian grain, oilseeds, beef and pork. The Canadian grain industry expressed support of the initiative. While the Canadian Pork Council (CPC) issued a press release supporting the initiative, they expressed concerns that this initiative could cause delays in talks with South Korea and that further delays could erode any potential gains as Canada's competitors negotiate and conclude free trade agreements with Korea.

The press release issued by Canada's Department of Foreign Affairs and International Trade (DFAIT) announcing the joint study with Japan can be found on the following website: http://www.international.gc.ca/media_commerce/comm/news-communiqués/2011/077.aspx. The press release issued by the Canadian Pork Council and Canadian Pork International is available at the following URL address: <http://www.cpc-ccp.com/news.php?rev=e&ID=273&article=1&year=2011&da=0&incl=0>. The press release issued by Grain Growers of Canada is available at the following URL address: <http://www.ggc-pgc.ca/docs/2011-02-23-JapanFreeTrade-FINAL.pdf>. The press release issued by the Canadian Meat Council is available at the following website: http://www.cmc-cvc.com/english/news_e.asp#Feb232011.

"A Good First Step:" Canada Reacts to News that the EU May Allow Trace Amounts of Genetically Modified Material in Animal Feed

The Government of Canada issued a guarded reaction to the European Union (EU) vote in favor of allowing trace amounts of genetically modified (GM) material in animal feed, stating that it would, "continue to push for a solution that respects sound science and includes access for Canadian crops for uses in food." The Canadian response is likely influenced by the ongoing struggle to normalize Canadian flax trade with the E.U. Trade disruption occurred in 2009 when a trace amount of CDC Triffid, an unapproved genetically modified material, was discovered in Canadian flax shipments to the

E.U. Prior to the shut-down, the European Union was Canada's largest flax market. The E.U. Commission states that the new rule, which would allow traces of unapproved genetically modified material in animal feed imports, is necessary in order to avoid supply disruptions. The E.U. member governments and lawmakers have three months to approve or reject the committee's decision, which sets the threshold at 0.1 percent. If it is approved, it will be adopted by the E.U. as executive law.

The Government of Canada press release is available at the following URL address:

http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2011&page=n110223b.

2010 One of the Top Five Years for Canadian Farmers

Statistics Canada released the farm cash receipts received by Canadian farmers in 2010. A summary follows:

1. Farm cash receipts received by Canadian farmers were C\$43.8 billion in 2010, down 1.7% from the previous year, but still 6.7% above the previous five-year average.
2. Market receipts (program payments excluded) were C\$40.7 billion in 2010, down 1.5% from 2009.
3. Crop receipts were C\$21.9 billion in 2010, down 6.3% from 2009 due to price decreases.
4. Livestock receipts were C\$18.8 billion, an increase of 4.7% from 2009, due to higher cattle and hog prices.
5. Receipts from supply-managed commodities (dairy, poultry, and eggs), which make up more than 43% of the total livestock receipts, declined only marginally (0.1%).

Also of note: the Canadian Wheat Board (CWB) has released its annual report for crop year 2009-2010. The CWB reports gross revenues of C\$5.2 billion, which is 34% below 2009 levels, but which is still among the top five years.

The full report is available on the Statistics Canada website at the following URL address:

<http://www.statcan.gc.ca/daily-quotidien/110223/dq110223c-eng.htm>. The CWBs annual report is

available on the CWB website at the following URL address:

<http://www.cwb.ca/public/en/about/investor/annual/>

Exchange Rate: Noon rate, February 25, 2011 (Bank of Canada): U.S. Dollar = C\$ 0.9809