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Report Highlights:

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This Week in Canadian Agriculture is a review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press article summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

Canadian Government's Federal Appeal on CWB Declaration Heard, Decision Reserved, No Change in Implementation Timeframes: On May 23, 2012, Canada's Federal Court of Appeal heard arguments in the federal government's appeal of a lower court's December 2011 ruling that the Canadian Minister of Agriculture broke the law when introducing legislation to change the Canadian Wheat Board mandate. On May 24, 2012 the judge reserved judgment on the case and the timeframe for releasing a decision is unknown. Should the government win its appeal, the Friends of the Canadian Wheat Board has stated that they will take the case to the Supreme Court of Canada. The case has not slowed the transition ending the Canadian Wheat Board's single-desk status on August 1, 2012.

On December 7, 2011, a federal court judge made the declaration that the law was broken when the Minister of Agriculture introduced into Parliament bill C-18, also known as the *Marketing Freedom for Grain Farmers Act*. Bill C-18, which became law in mid-December 2011, eliminates the Canadian Wheat Board's exclusive marketing control over the wheat and barley grown in Western Canada and sold for export or domestic food use, repeals the Canadian Wheat Board Act, and attempts to transition the Canadian Wheat Board from a quasi-crown corporation to a commercial entity over a period of five years. In his declaration, the judge stated that the government failed to follow the manner and form requirements that existed in the Canadian Wheat Board Act which requires the Minister of Agriculture to consult with the Canadian Wheat Board and to also seek approval for the change by Western Canadian grain producers. The government filed the appeal December 9, 2011. It should be noted that the December 7 ruling did not look at the legality of the *Marketing Freedom for Grain Farmers Act*, only at the Minister's actions.

Canadian Rail Strike Cut Short by Back to Work Legislation: The Canadian government has introduced back to work legislation thereby cutting short the strike by Canadian Pacific railway workers which began on May 23, 2012. Rail service by Canadian Pacific is to resume on Friday, June 1, 2012. The rationale given by the Canadian government for the legislation was that the strike was costing the Canadian economy C\$500-million a week. Bill C-39, *An Act to*

Provide the Continuation and Resumption of Rail Service Operations (or the *Restoring Rail Service Act*), received quick passage through the Canadian Parliamentary system due to the Conservative government's majority status in both the House of Commons and the Senate. The law, which received Royal Assent and therefore entered into force on May 31, 2012, requires the resumption of freight rail services at Canadian Pacific and sends all unresolved issues from the stalled talks between the rail company and its striking workers to binding arbitration. While the Canadian government is being criticized by some for interfering once again in a collective bargaining right, many agricultural commodity groups who are completely dependent on the rails to get their products to market are very happy about the government's quick action.

More information about the *Restoring Rail Service Act* is available at the following URL address:

<http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Language=E&Mode=1&billId=5606773>

Press releases regarding the impact of the strike on the grains industry are available on the Grain Growers of Canada website (under "latest news") at the following URL address:

<http://www.ggc-pgc.ca/>.

New Grain Producer Check-Off Program Draft Regulations Published: On May 26, 2012, the Canadian government published in the Canada Gazette (Canadian equivalent to the Federal Register) draft regulations to create a new grains producer check-off program that would temporarily replace current wheat and barley research, market development, and technical assistance support provided through the Canadian Wheat Board (CWB). The CWB producer funded check-off for Western Grains Research Foundation (WGRF) ends on August 1, 2012, and the CWB direct research funding to the Canadian International Grains Institute (CIGI) and the Canadian Malting Barley Technical Center (CMBTC) ends in the spring of 2012. The draft regulations, which are on track to be in place for August 1, 2012, name the Alberta Barley Commission as the new administrator. The Alberta Barley Commission currently administers the Alberta barley check-off program. The check-off will be done at point of sale and will allow producer funding for the WGRF, the CIGI and the CMBTC to continue in the short run. Canadian producers will have a choice of whether or not to participate in the check-off program and can opt-out and be refunded. These regulations are temporary and will only be in place over the course of the CWB's 5-year transition phase from a quasi crown corporation to a commercial entity. In the impact analysis statement, the rationale given for this timeframe is that this will give time for the Canadian grain industry to develop a long-term funding model for its future research activities. The *Marketing Freedom for Grain Farmers Act*, which became law in mid-December 2011, includes an amendment to the *Canada Grain Act* that allows the Governor in Council to establish by regulation wheat and barley research, market development and technical assistance check-off. This means that the draft regulations do not need to go through the Canadian Parliament in order to be put in place.

Additional details about the check-off program and how it will work are available at the following URL address: <http://www.gazette.gc.ca/rp-pr/p1/2012/2012-05-26/html/reg1-eng.html>

Feedback Requested on Canadian Food Inspection Agency's Newly Proposed Food

Inspection Model: On June 1, 2012, the Canadian Food Inspection Agency (CFIA) issued an invitation for comments on its proposed approach to modernizing its inspection practices for all food commodities, either imported or domestically produced. The newly proposed food inspection model and the reasons for the proposed change can be viewed at the following URL address: <http://www.inspection.gc.ca/about-the-cfia/accountability/inspection-modernization/case-for-change/eng/1337194116466/1337194257540>. Information on how to provide comments and feedback about this model is available at the following URL address: <http://www.inspection.gc.ca/about-the-cfia/accountability/inspection-modernization/2012-06-01/eng/1337792559076/1337793040268>. Comments must be submitted no later than July 31, 2012.

Update on Upcoming Importer Licensing Draft Regulations: The Canadian Food Inspection Agency has published A Guide to Identifying Food Products Affected by the Proposed Imported Food Sector Product Regulations in order to help industry prepare for compliance with the proposed regulations. The guide can be found at the following URL address:

<http://www.inspection.gc.ca/eng/1334784241708>. More on the proposed regulations can be found in *This Week in Canadian Agriculture, Issue 8, CA12016*, and which is available at the following URL address: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/This%20Week%20in%20Canadian%20Agriculture%20Issue%207_Ottawa_Canada_4-25-2012.pdf

City in British Columbia (Richmond) Votes to Ban Genetically Engineered Plants and

Trees: On May 22, 2012, the City Council for Richmond, British Columbia, passed a motion to ban the further cultivation of genetically engineered plants and trees in Richmond. The ban was ratified on May 28, 2012, and makes Richmond the first predominantly agricultural jurisdiction in British Columbia to enact such a ban. According to information on the city's website, the supporter for the ban comes from safety concerns about long-term effects, despite Canada's rigorous regulatory standards. In addition to the ban, the council calls for strengthened senior government management of genetically engineered plants, as well as mandatory labeling requirements. The media release is available at the following URL address:

<http://www.richmond.ca/news/city/CouncilvotesnoGEplantstrees20120528.htm>

Exchange Rate: Noon rate, June 1, 2012 (Bank of Canada): U.S. Dollar = C\$1.0380

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