

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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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.

BSE Case in United States Will Not Affect Trade, States Canadian Food Inspection Agency

On April 25, 2012, the Canadian Food Inspection Agency (CFIA) issued a press release stating that the bovine spongiform encephalopathy (BSE) finding in a U.S. dairy cow sent for rendering in California will not affect trade between the United States and Canada as both countries have implemented science-based measures to protect animal and human health. These science-based measures include prohibiting specified risk materials from entering the human food system and animal feed chains and testing cattle for BSE. U.S. officials, who made their announcement on April 24, 2012, have made clear that the BSE finding will not affect the country's "controlled risk" status for BSE (bovine spongiform encephalopathy) at the World Organization for Animal Health (OIE), nor is it expected to affect U.S. beef or dairy exports to any nations following OIE standards. USDA officials explained that the animal in question tested positive for atypical BSE, a form of the disease not generally associated with an animal consuming infected feed. U.S. officials have also confirmed that no part of the animal's carcass entered the food system. The statement from CFIA can be found at the following URL address: <http://www.inspection.gc.ca/about-the-cfia/newsroom/news-releases/bse/eng/1335311345275/1335311647373>

Health Canada Moves to Close Fortified Snack and Beverage Loophole

Health Canada issued a letter to the Canadian food industry earlier this week stating that it will no longer be accepting natural-health product (NHP) applications for products that are represented, packaged and sold as food. This move follows Health Canada's statement in 2010 that it will be working to resolve the confusion around food that are marketed as natural health products (NHPs) but which are packaged, marketed and consumed as food. This move will help close a loophole that health professionals have criticized as being dangerous to the public's health. The Canadian food industry has been using the natural health products designation as a way of getting fortified foods to market faster since, due to a significant backlog in license applications for natural health products, Health Canada had been allowing products on the market while they were in queue waiting for a license. However, some of these fortified food products awaiting natural health products licenses would not meet the safety standards under the food regulations due to fortification levels being too high and will need to be reformulated. Health Canada has announced that it will now begin transitioning the 1,000 food products awaiting natural health products licenses to the food regulatory system and hope to have completed the transition by December 2012. Health Canada

representatives have stated that the natural health products regulations were never about regulating food and that safety remains the main concern. The end goal of this transition is to ensure that products that look and are consumed like foods are regulated as foods.

Information on the transition process can be found at the following URL address: <http://www.hc-sc.gc.ca/fn-an/prodnatur/transit-process-food-aliment-eng.php>. More information on compliance with the Natural Health Products regulations in Canada can be found at the following URL address: <http://www.hc-sc.gc.ca/dhp-mps/prodnatur/legislation/docs/index-eng.php>.

Canadian Food Inspection Agency Publishes Notice of Intent with Respect to Importer Licensing Regime

On April 21, 2012, the Canadian Food Inspection Agency published in the *Canada Gazette* a notice of intent with respect to a proposal to establish an importer licensing regime for importers of agricultural products in the non-federally registered sectors. A pre-publication consultation process with industry stakeholders was held in 2010. The proposed regulations will be published in the *Canada Gazette, Part 1* in the fall of 2012. This initiative is part of the federal government's Food and Consumer Safety Action Plan that was announced in 2007. The licensing regime will apply to importers of food products that are considered to be agricultural products under the Canadian Agricultural Products Act (CAPA), but that are not currently regulated under other commodity specific regulations administered by the CFIA. This proposal would establish minimum food safety requirements for imported food, require record keeping, require the development of a recall plan, and impose a licensing requirement for the importation of these food products. To support such a licensing regime, a user fee will be proposed to recover costs incurred to issue the import licenses. It is anticipated that the cost for a license, which will be valid for two years from the date of issue, will not exceed \$300.00.

Interested stakeholders can comment on this intent to publish. The public comment period ends on May 20, 2012. Comments must be received in writing at the address below, within 30 days of publication of this notice by the Director, Imported and Manufactured Food Division, Food Safety and Consumer Protection Directorate, 1400 Merivale Road, Tower 2, Ottawa, Ontario K1A 0Y9. Comments can also be sent via email to IMFD/DAIM@inspection.gc.ca. Stakeholders will also be able to comment directly on the regulatory proposal when it is published in the *Canada Gazette, Part 1*, in the fall of 2012. As well, stakeholders now able to comment on the user fee proposal until June 18, 2012.

More information on the user fees and how to submit comments can be found at the following URL address: <http://inspection.sondages-surveys.ca/surveys/CFIA-ACIA/fee-frais-non-fed-reg-sec/?l=en>

More information on the licensing regime proposal can be found at the following URL address: <http://inspection.gc.ca/food/non-federally-registered/imports/regulatory-proposal/eng/1326141954943/1326142115688>.

Canadian Grain Sector Shakeup Expected with Potential Foreign Acquisition of Canadian Grain Company

A major grain sector shake-up has occurred with the March announcement of the takeover deal of Viterra, Canada's largest grain company. Glencore International, a global commodities trading giant, is reported to have agreed to pay approximately \$6.1 billion dollars for the acquisition. Glencore will recoup about \$2.6 billion dollars of the purchase price by selling some of its Viterra

assets (grain handling facilities, crop input and processing facilities) to two Canadian companies, James Richardson International, and Agrium. This is being done to ensure that the deal will pass the net benefits test which is a requirement under the Investment Canada Act for foreign acquisition of companies with assets over 312 million dollars. The legislation allows the federal Canadian government to step in and block the transaction if it is deemed not in the best interest of Canada. Viterra, which currently controls approximately 45 percent of the grain market in Canada, has been working to positioning itself to handle the wheat and barley when the Western Canada wheat and barley market becomes deregulated on August 1, 2012. With James Richardson International acquiring 23 per cent of Viterra's Prairie grain handling assets, certain agrifood processing assets and the rest of Viterra's retail business, for \$800 million, the deal will result in Glencore and Richardson owning close to equal market share of the Western Canadian grain handling facilities (each close to 35%). If shareholders approve the deal, the deal will still require approvals from the courts and the federal government, a review by the Saskatchewan government and an examination by the Competition Bureau of Canada. The Saskatchewan government has already commissioned the Canadian market research firm Informa Economics to conduct an analysis of the proposed takeover. According to the Saskatchewan government, the report will examine all aspects of the proposed deal including employment, impact on competition and the impact on the province's economy and revenues. The report is due May 7, 2012 and will be released to the public a few days later.

Exchange Rate: Noon rate, April 25, 2012 (Bank of Canada): U.S. Dollar = C\$0.9848

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