

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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This Week in Canadian Agriculture - Issue 9

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Agriculture in the News

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Report Highlights:

Date Set for Federal Appeal of December 2011 Declaration on CWB Reform * Canadian Trade Minister in Australia and New Zealand to Lobby for Canada's Admission to the Trans-Pacific Partnership Talks * Canada and Israel to Work Together to Increase Canadian Market Access for Beef * Western Grain Transportation Costs Likely to Increase in 2012/2013 Crop Year * Canadian Government Amends Reportable Diseases Regulations to Include Low Pathogenicity Avian Influenza on Reportable Diseases List

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.

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Date Set for Federal Appeal of December 2011 Declaration on CWB Reforms

May 23, 2012 is the date set for the Federal Court of Appeal to hear the federal government's appeal of Justice Douglas Campbell's December 2011 declaration. The declaration described the federal government failure to follow manner and form procedural requirements when it introduced bill C-18, a bill that drastically changed the Canadian Wheat Board's marketing authority, as "an affront to the rule of law". This declaration provided the platform from which numerous other court challenges, both at the provincial level and federal level have been launched. This declaration and a provincial court challenge to halt the implementation of the Marketing Freedom for Grain Farmer's Act (Bill C-18) introduced a great deal of uncertainty into the grain marketplace in the early part of the year. The decision by a Manitoba court judge to reject the former Canadian Wheat Board's directors bid to block the implementation of the Act in early 2012 helped remove a great deal of the uncertainty and gave confidence to the Canadian grain industry to continue to get ready for the open market for Western wheat and barley which will begin on August 1, 2012.

Canadian Trade Minister in Australia and New Zealand to Lobby for Canada's Admission to the Trans-Pacific Partnership Talks

The Canadian government has been actively lobbying for entry into the Trans-Pacific Partnership this week as Ed Fast, the Minister of International Trade, concluded a week-long trade visit to Australia and New Zealand. He has recently visited eight of the nine current TPP member countries to promote the benefits of Canada being granted permission to join the talks. Canada has faced some opposition to its admission due to its policies regarding support for its supply managed sectors. The Minister released a press release to announce that Canada and New Zealand had signed a renewed double taxation convention that will contribute to the elimination of tax barriers to trade and investment between Canada and New Zealand.

The press release is available at the following URL address:

http://www.international.gc.ca/media_commerce/comm/news-communiqués/2012/05/03a.aspx?lang=eng&view=d

Canada and Israel to Work Together to Increase Canadian Market Access for Beef

Canada's Minister of Agriculture, Gerry Ritz, released a press release on May 2, 2012, announcing that Israel's federal officials have committed to working with the Canadian Food Inspection Agency and Canada's Market Access Secretariat to grant market access for Canadian beef. This will be a new export opportunity for Canadian beef producers. Israel's total beef imports in 2010 from all countries were valued at \$370 million. Canada and Israel have been making efforts towards modernizing the existing free trade agreement that entered into force on January 1, 1997. The original agreement eliminated tariffs on all industrial products manufactured in Canada and Israel as well as a limited number of agricultural and fisheries products. Since 1999 and 2003, additional agricultural and agri-food tariff reductions on goods, including agricultural goods, were successfully negotiated.

The news release is available at the following URL address:

http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2012&page=n120502. More information on the Canada-Israel free trade agreement is available at the following URL address:

<http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/israel/index.aspx?lang=eng&view=d>

Western Grain Transportation Costs Likely to Increase in 2012/2013 Crop Year

The Canadian Transportation Agency announced on April 30, 2012, a 9.5% increase in its volume-related composite price index (VRCPI), effective for the 2012-2013 crop year which begins August 1, 2012. The index is one factor in determining the revenue cap that is imposed on western grain freight in Canada. The hike is significantly higher than in the past due in part to changes in the methodologies used to calculate the railways cost of capital and for recognizing the railway's pension costs. The Western Canadian Wheat Growers Association responded to the index increase announcement and the methodology changes by calling for a full review of the railway revenue caps. They feel that the government needs to review the components of the revenue cap and come up with a better approach to ensure that the farmers are not hit with unwarranted freight increases. To add to the grain companies and grain farmer's frustration, Canadian grain companies and farmers will likely have to wait until the fall before the Canadian government will move forward with promised proposed regulations that will set out level of service agreements and balance the power between Canada's two railways and Canadian grain companies and farmers who rely on the railways to get their products to the markets. This was announced on May 3, 2012 by Canada's Transport Minister, Denis Lebel. He stated that the government will wait for a final report from the government-appointed facilitator assigned the job of trying to get Canada's grain companies and Canada's two railways to come up with a service level agreement on their own, without the government having to step in a regulate. After six-months of negotiations, the two sides remained greatly divided.

The Canadian Transportation Agency announcement, as well as more information on the Western Grain Revenue Cap Program is located at the following URL address: <http://www.otc-cta.gc.ca/eng/revenue-cap-inflation-factor-crop-year-2012-2013>

Canadian Government Amends Reportable Diseases Regulations to Include Low Pathogenicity Avian Influenza on Reportable Diseases List

The Canadian government has amended the Reportable Diseases regulations so that effective immediately, all suspected or confirmed cases of low pathogenicity H5 and H7, as well as highly pathogenic avian influenza viruses must be reported to the Canadian Food Inspection Agency. Avian influenza, often called the bird, flu, is a highly infectious and contagious viral infection that affects several species of food-producing birds (example, chickens and turkeys) as well as pets and wild birds. It may on rare occasions cause disease in humans. While outbreaks are infrequent in domestic poultry, Canada had a significant outbreak in 2004 which caused significant economic losses. The purpose of the amendments are to align the subtypes of avian influenza listed in the Reportable Disease Regulations with the OIE standards in order to protect Canada's poultry and poultry products from potential import restrictions by its major international trading partners. CFIA is careful to note that this change does not change the current normal diagnostic and surveillance activities carried out by provincial and federal agency laboratories.

Additional details on the amendments made to the Reportable Diseases Regulations are available at the following URL address: <http://www.gazette.gc.ca/rp-pr/p2/2012/2012-04-25/html/sor-dors75-eng.html>. The CFIA news release is available at the following URL address: <http://www.inspection.gc.ca/about-the-cfia/newsroom/news-releases/avian-influenza/eng/1335216460680/1335216963199>

Exchange Rate: Noon rate, May 4, 2012 (Bank of Canada): U.S. Dollar = C\$.9868

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