

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

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### **This Week in Canadian Agriculture    Issue 29**

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

Cheese Processors Appeal Cheese Standard Ruling \* China Clarifies Position on Blackleg Spores \*  
Canadian Hog Herd Shrinks Further \* Inclement Weather Puts Harvest on Hold

**General Information:**

**Cheese Processors Appeal Cheese Standard Ruling**

Kraft and Saputo on November 5, 2009, filed an appeal against the compositional standard for cheese CS4C decision handed down by the Federal Court on October 7, 2009. The appellants maintain that the compositional standard is meant “to increase dairy farmers’ revenues by requiring the use of a certain quantity of Liquid Milk in cheese production.” Cheese regulations that came into effect in

December 2008 require dairy processors to use more fluid milk to produce cheese by limiting or prohibiting the use of milk ingredients such as whey protein and whey protein concentrates. While food regulations address health and safety issues, these regulations set non-food safety standards as there have been no government concerns about the health or safety of dairy products or their protein. The Federal Court ruled that the government has the constitutional authority to establish regulations, rejecting the plaintiff's (Kraft Canada, Saputo, and Parmalat) allegation that the regulation's purpose is to transfer an economic benefit to dairy farmers at the expense of dairy processors. An appeal hearing will probably be scheduled within eight months, with a decision likely within a year. The standards are in effect since the earlier request by the appellants to delay the implementation until the court proceedings were concluded was not granted.

### **China Clarifies Position on Blackleg Spores**

Press reports indicate that China's food import regulators have just clarified rules regarding blackleg in canola. For the balance of crop year (CY) 2009/10, China will accept shipments containing blackleg spores from both Canada and Australia at ports in 3 of 22 Chinese provinces where little or no rapeseed is grown. The ports can take an estimated 30 percent of normal inward volume. However, blackleg-free seed will be taken at all ports. China is requiring that Canadian shipments be tested by the Canadian Food Inspection Agency (CFIA) before departing port. After the start of CY 2010/11, China will impose a complete ban on any blackleg content. China is reported to be unwilling to contemplate any further discussion on the matter. Industry will continue to urge Ottawa to make a trade issue of this case. The main beneficiary may ultimately be exporters of alternative oilseeds, e.g. soybeans, however Canadian canola oil will continue to be exported to China without restriction since it is blackleg-free.

### **Canadian Hog Herd Shrinks Further**

Statistics Canada reports that hog inventories fell by 7.3 percent between the third quarter of 2008 and the third quarter of 2009. At the same time, hog breeding stock dropped by 4.5 percent. Press reports elaborate that hog producers are adversely affected by a combination of low prices, high feed costs, and a strong Canadian dollar. In addition, the confirmation of an outbreak of the H1N1 flu in an Alberta hog herd in April 2009 resulted in over a dozen countries banning Canadian pork imports – most of these countries have lifted their bans. As of October 1, Canada's farmers had 11.8 million hogs on their farms, down from 12.7 million in October 2008. Press reports attribute the drop in foreign demand for Canadian pork, which is forcing the downsizing of herds, to U.S. country-of-origin labeling (COOL) requirements. Producers allege that U.S. meat packers and feeders are reducing imports of Canadian hogs and cattle to avoid costs of segregating foreign from

domestic supplies. Hog farmers exported 1.6 million hogs during the third quarter, with year to date exports of five million head, down 35 percent from the same period in 2008.

CANADA - Hogs	Breeding Hogs		Total Hogs	
	2009 '000 head	Percent change from 2008	2009 '000 head	Percent change from 2008
British Columbia	17	3.0	113	-1.7
Alberta	157	-7.2	1,515	-8.2
Saskatchewan	91	-19.5	790	-12.2
Manitoba	329	-3.5	2,410	-9.7
Total Western Canada	594	-27.2	4,828	-9.5
Total Eastern Canada	759	-2.3	6,992	-5.6
Total Canada	1,353	-4.5	11,820	-7.3

Data as of October 1, 2009

Source: Statistics Canada and The Western Producer

### **Inclement Weather Puts Harvest on Hold**

The frequency of cool, wet weather has delayed the harvest in Western Canada for up to three weeks at a stretch in October. Saskatchewan Agriculture reports that 79 percent of the crop was harvested across the province by October 26. Nearly 40 percent of oats, 30 percent of canola, 22 percent of spring wheat, and 14 percent of barley however was still on the field. In neighboring Alberta, most of the cereal crop has now been combined. Nonetheless a sizeable portion of Alberta's canola crop still remains in the field. Manitoba has similarly experienced delays in its soybean harvest. Wet weather is forcing a number of producers to utilize dryers to lower moisture levels from 18 percent to more ideal moisture content levels of 13 percent. The canola harvest is facing similar conditions, placing grain dryers at a premium. If cool, wet weather continues through November, producers may be forced to take the unprecedented step of allowing their crops to overwinter in fields for harvesting in the spring.