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Report Highlights:

Canada Requests Dispute Settlement Panel On South Korea's Continuing Ban On Beef * Agmin Ritz Pleased With Russia's Decision To Lift Import Ban On Canadian Meat * Pork Producers Reveal Strategic Transition Plan: A Proposal For Federal Support * Federal And Provincial Ministers Discuss Agricultural Issues * Long Awaited Slaughter Improvement Loan Program Application Available * Canada Launches Livestock Auction Traceability Initiative * Biotech Company Looks To Commercialize Semen Sexing Technology

General Information:

CANADA REQUESTS DISPUTE SETTLEMENT PANEL ON SOUTH KOREA'S

CONTINUING BAN ON BEEF: On July 9, 2009, Canada announced that it is requesting the establishment of a World Trade Organization (WTO) dispute settlement panel on the issue of South Korea's continuing ban on the importation of Canadian beef.

South Korea has banned Canadian beef since May 2003 after bovine spongiform encephalopathy (BSE) was discovered in an Alberta cow. Before the ban, South Korea was Canada's fourth-largest beef export market, valued at C\$50 million in 2002. In May 2007, the World Organization for Animal Health (OIE) officially categorized Canada as a "Controlled Risk" country for BSE. The WTO panel will be asked to determine whether South Korea's continuing ban on Canadian beef is

consistent with its international trade obligations under the WTO. It is Canada's view that South Korea's continuing ban is a violation of its WTO obligations in that the ban is not based on the relevant international standards or on science, and that it is discriminatory and restricts trade more than necessary. *COMMENT: Canada was hopeful that the South Korean market for beef would reopen following South Korea's acceptance of U.S. beef in April 2008 (see USDA [release 0106.08](#)). Despite discussions, access did not resume and on April 9, 2009, Canada requested WTO consultations with South Korea on the matter. The consultations, held on May 7, did not resolve the issue.*

AGMIN RITZ PLEASED WITH RUSSIA'S DECISION TO LIFT IMPORT BAN ON CANADIAN MEAT:

Late last week, Minister of Agriculture and Agri-Food Gerry Ritz and Minister of International Trade, Stockwell Day announced that Russia has agreed to lift restrictions on imports of meat products from Quebec and Ontario. Effective June 30, Russia has lifted H1N1-related restrictions on pork and pork products from Quebec produced before June 2 and after June 30. Russia also lifted restrictions against some Ontario products, including beef and poultry. In a press release Day said, "I received a letter from the Russian Embassy informing me that the bans on pork and pork products originating from Quebec and on other meat products from Ontario are essentially lifted by the Russian Federal Service for Veterinary and Phytosanitary Surveillance, citing close Canadian-Russian interaction as the reason for this decision." Ritz added, "I very much appreciate the responsiveness of the Russian ministers to my request that the ban be lifted." Ritz said Canada would continue to fight for full access for Canadian pork in markets that continue to impose restrictions on Canadian pork and swine, without scientific justification.

PORK PRODUCERS REVEAL STRATEGIC TRANSITION PLAN; A PROPOSAL FOR FEDERAL SUPPORT:

Faced with overwhelming and repeated challenges, the Canadian hog industry has prepared a comprehensive plan to guide the sector through the next 5 years. Prepared by the Canadian Pork Council (CPC), the national organization representing Canadian hog producers, and presented to the Honorable Gerry Ritz, Minister of Agriculture and Agri-Food, the Strategic Transition Plan provides guidance on the critical issues facing the sector. "Producers know that in order to be profitable in future, they must be committed to change," says Jurgen Preugschas, Chair of the CPC. "...this plan outlines a roadmap to ensure the industry is still here to take advantage of future opportunities." Essentially a proposal for federal support, the plan highlights three required elements the industry says are required for a successful transition, namely, a special H1N1 Recovery Plan Loan, adjustments to the Advance Payments Program emergency advances provision and a Hog Farm Transition Payment Program. The proposed roadmap through to 2014 includes the following goals:

- Domestic disappearance of Canadian pork totaling 730,000 MT, an increase of 150,000 MT over 2008
- Exports of 4 million live hogs to the United States, 5.3 million fewer than 2008
- Total pork exports of 1.0 MMT, 20% of which will be to the United States
- Total domestic slaughter of 21.5 million head, 0.2 million fewer than 2008
- A reduction in total production from 31 million in 2008 to 25.5 million pigs
- Domestic market share of 88% compared with 75% in 2008

FEDERAL AND PROVINCIAL MINISTERS DISCUSS AGRICULTURAL ISSUES:

Canada's federal, provincial and territorial Ministers of Agriculture held their annual meeting in

Niagara-on-the-Lake this week to discuss issues affecting the agriculture sector. Ministers discussed developments in agricultural policy and global economic challenges, as well as domestic factors such as adverse climate conditions, and how these factors are affecting farmers' sustainability and profitability. Ministers discussed the situation of the pork industry and how current programming is responding. Proposals put forward by the Canadian Pork Council were also reviewed. Ministers are working with the industry to address the current challenges and move towards a sustainable and profitable industry.

Ministers, with the exception of Saskatchewan, committed to develop a comprehensive national traceability system for livestock and poultry, which is critical for managing animal health and food safety issues, as well as expanding market access and driving efficiencies. They agreed that a mandatory comprehensive national system for livestock will be in place by 2011 and that implementation will be supported by national funding and regulatory framework. Ministers committed to working together and with industry in identifying and taking full advantage of market access opportunities, and addressing bilateral and multilateral trade matters, including trade restrictions related to H1N1, U.S. country-of-origin labeling (COOL) and South Korea's treatment of Canadian beef exports. Ministers also reiterated support for advancing Canada's trade interests at the World Trade Organization (WTO) and in bilateral Free Trade Agreement negotiations, notably with the European Union, to benefit Canada's entire agricultural sector, including export-oriented and supply-managed industries. For the full press release, [click here](#).

LONG AWAITED SLAUGHTER IMPROVEMENT LOAN PROGRAM APPLICATION

AVAILABLE: The new federal Slaughter Improvement Program (SIP) was first announced in January 2009 in the federal budget. The three-year, C\$50-million program is now accepting applications for interest-free loans that would support private investment or provincial or local governments in improvement projects at packing plants, such as modernization or increasing slaughter capacity especially where a demonstrated regional gap is constraining sector growth. The program, delivered through Agriculture and Agri-Food Canada, will reportedly loan up to 50 per cent of eligible costs, for projects that must be completed by March 31, 2012.

CANADA LAUNCHES LIVESTOCK AUCTION TRACEABILITY INITIATIVE: On July 10, 2009 Agriculture and Agri-Food Minister Gerry Ritz and Revenue Minister Jean-Pierre Blackburn announced a new Livestock Auction Traceability Initiative. Ritz said the federal government will provide up to C\$20 million through the program to upgrade handling systems in facilities to keep track of individual animals as they are mixed with other herds in auction marts and other facilities such as community pastures. Funding for this program will come from the C\$500-million Agricultural Flexibility Fund, announced as part of the Economic Action Plan in early 2009 to help the sector adapt to current pressures and improve its competitiveness. Ritz also said that the traceability plan would enhance the marketability of Canadian meats around the world and provide a vital link in the traceability chain for consumers. "(The federal government) is making investments in traceability systems that will deliver real benefits to both livestock producers and to families at the local grocery store. Quebec and Alberta are implementing their own innovative traceability initiatives and the government wants to build on that success by helping all regions to build a national system." said Blackburn in the press release.

BIOTECH COMPANY LOOKS TO COMMERCIALIZE SEMEN SEXING

TECHNOLOGY: Microbix Biosystems, Mississauga, Ontario has filed key patent applications based on its novel semen sexing discoveries and has announced it will embark on the commercialization of the technology. The company says the technology should provide a more cost-effective platform for semen sexing and significantly improve yields and quality of the sperm produced compared to the current commercial sexing technology. Semen sexing is instrumental to the dairy industry due to the growing international demand for female offspring and the negligible value of dairy bull calves. For more information, go to: <http://www.microbix.com/Public/Home.aspx>