

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Voluntary - Public

Clearance Office: Office of Global Analysis (OGA)

Date: 4/17/2009

GAIN Report Number: CA9022

Canada

Post: Ottawa

This Week in Canadian Agriculture Issue 15

Report Categories:

Agricultural Situation

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Report Highlights:

* TRADE MINISTER SAYS PATIENCE RUNNING THIN ON U.S. MANDATORY COOL LEGISLATION *
CFIA RELEASES INVESTIGATIVE REPORTS ON RECENT BSE CASES * CANADA AND MOROCCO
EXPLORE FREE TRADE

General Information:

TRADE MINISTER SAYS PATIENCE RUNNING THIN ON U.S. MANDATORY COOL LEGISLATION:

According to the *National Post*, Canada's international trade minister, Stockwell Day told reporters that U.S. COOL is "dissuading" the purchase of Canadian cattle and hogs and that he plans to be "aggressive" in defending Canada's interests. In recent days, representatives of the Canadian cattle and hog industries have made public statements on the alleged adverse impact they claim COOL has had on their industries. The Canadian Cattlemen's Association estimates COOL's cost to date at C\$400 million, or C\$90 per head caused by price discounts and costs associated with finding U.S. packers that will take their cattle. The Canadian Pork Council claims live hog exports to the United States will drop by almost 40% to 5.6 million, from 9.3 million last year. "We have time limitations on how long we will let this draw out," Mr. Day told reporters. The *National Post* story said that Gerry Ritz, the federal Minister of Agriculture, told reporters in a call that a WTO challenge is "ready to go" should conditions not change. "There is a frustration with the U. S. with the way things are going," he said. "This is not good for the free flow of goods across markets."

COMMENT: In mid-January 2009, Canada suspended its pursuit of a formal WTO complaint after the COOL final rule was published and allowed for more flexibility on labeling requirements in the U.S. for meat from animals of American and Canadian origin that are brought together during a production run. However, the issue rose to the forefront again in Canada following Secretary Vilsack's letter to U. S. meat-packers in which he asked that the U.S. industry undertake additional "voluntary" measures. The National Post reported that Minister Day said Canadian officials are trying to determine what Mr. Vilsack's end-game is. "Is this a way of saying, 'Do it our way or else?' If so, we are going to have problems."

CFIA RELEASES INVESTIGATIVE REPORTS ON THE 14TH AND 15TH BOVINE SPONGIFORM

ENCEPHALOPATHY (BSE) CASES: The Canadian Food Inspection Agency (CFIA) has released the investigative reports into the country's most recent BSE detections that occurred in August 2008 in a 6 year-old Alberta beef cow and in November 2008 in 7 year-old dairy cow in British Columbia. Although the findings were inconclusive in both cases, the agency claimed that feed was the likely source of contamination by infective specific risk material (SRM), tissues that have been demonstrated to have the potential to harbor BSE infectivity. According to the CFIA, the detection of these cases does not change any of Canada's BSE risk parameters. Canada is officially categorized under the OIE's science-based system as a controlled BSE risk country.

CANADA AND MOROCCO EXPLORE FREE TRADE: The Governments of Canada and the Kingdom of Morocco held discussions concerning bilateral trade this week and Canadian Agriculture Minister Gerry Ritz met with Agriculture Minister Aziz Akhenouch and Trade Minister Abdellatif Mazouz in Rabat, Morocco, to discuss opportunities for the negotiation of a free trade agreement. In a press release, Ritz said, "The Kingdom of Morocco is engaged in a progressive liberalization process. A mutually beneficial free trade agreement offers tremendous opportunities for the Moroccan and Canadian people. Our meetings with Minister Akhenouch and Minister Mazouz are the kind of conversations that are needed to get the ball rolling toward a comprehensive and reciprocal trade relationship." According to Ritz's office, bilateral trade between Canada and Morocco reached C\$450 million in 2008 with agricultural products accounting for about two-thirds of the total.

Exchange Rate: Noon rate, April 16, 2009 (Bank of Canada): U.S. Dollar = C\$1.2062

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