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# GAIN Report

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### **This Week in Canadian Agriculture Issue 19**

#### **Report Categories:**

Agriculture in the News

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#### **Report Highlights:**

Trends in Canadian Diet Good News for U.S. Agricultural Exporters \* Canada Confirms 16th Case of BSE \* AgMin Ritz Leads Trade Delegation to Columbia and Peru and Promotes Free Trade Agreements with Meat, Grains & Pulse Focus \* Cairns Group Issues Statement on U.S. Dairy Export Incentive \* Traveling to Canada to Market U.S. Foods & Agricultural Products? New Border Re-Entry Requirements for U.S. Citizens Returning Home After June 1, 2009

#### **General Information:**

##### **TRENDS IN CANADIAN DIET GOOD NEWS FOR U.S. AGRICULTURAL EXPORTERS:**

Statistics Canada (SC) released its report on 2008 food availability this week and the findings provide good news for U.S. agricultural exporters in several food categories. According to the SC data, on a per capita basis, the Canadian diet in 2008 included more tea, yogurts, breakfast cereals, berries, processed fruits, asparagus, poultry meat and wine. Consumption was less for oils, red meats and soft drinks. Breakfast cereals were more popular than ever, reaching 4.1 kg per person last year. Rice available for consumption rose by 1.8 kg from 2007 to reach 7.0 kg per person in

2008. Canadians ate 79.5 kg of vegetables – fresh as well as processed – per person, a fractional decline from the level three years earlier. Fresh asparagus intake doubled in the past 20 years to 0.2 kg per person. Carrots, lettuce, onions and tomatoes, representing 27 per cent of the fresh vegetable portion of the diet, dropped by nine per cent from 2007. Total available fruit, both fresh and processed, reached a record of 47.5 kg per person in 2008. *COMMENT: During 2008, sales of U.S. fresh fruit, fresh vegetables, breakfast cereal, rice, processed fruits and vegetables, poultry meat and wine to Canada all reached record levels. In 2008, U.S. exports of fresh and chilled red meat to Canada topped \$1.0 billion for the first time despite the SC data that show lower red meat consumption. Although in recent years U.S. fresh asparagus exporters have faced increasing competition from Peru and Mexico in the Canadian import market, U.S. fresh asparagus exports to Canada increased by 36% during 2008 over the 2007 value and reached \$15.0 million.*

**CANADA CONFIRMS 16<sup>TH</sup> CASE OF BSE:** There was no TWICA issue last week when the Canadian Food Inspection Agency (CFIA) confirmed bovine spongiform encephalopathy (BSE) in an 80-month-old dairy cow from Alberta. The agency said that the animal's birth farm has been identified, and an investigation is underway. The CFIA said that the case was detected through the national BSE surveillance program, and added that the age and location of the infected animal are consistent with previous Canadian cases. Canada is a Controlled Risk country for BSE, as recognized by the World Organization for Animal Health (OIE). The CFIA does not expect the latest case to affect exports of Canadian cattle or beef. For more information about Canada's previous BSE cases and the CFIA's follow-up investigations, [click here](#).

**AGMIN LEADS TRADE DELEGATION TO COLUMBIA AND PERU AND PROMOTES FREE TRADE AGREEMENTS WITH MEAT, GRAINS AND PULSE FOCUS:** Agriculture Minister Gerry Ritz recently returned from leading a Canadian trade delegation to Colombia and Peru to advance implementation of the free trade agreements (FTA) signed with the South American countries last year. On March 26, 2009, the Canadian government introduced legislation in Parliament to implement the [Canada-Colombia FTA](#) and [the Canada-Peru FTA](#). Once passed, Canada will be in a position to implement the agreements at an agreed upon date with the governments of Colombia and Peru. The trade mission included representation from the Canadian beef, pork, grains and pulse sectors. In a press release Ritz said that he is hopeful that Colombia will soon fully reopen its market to Canadian beef and livestock, which Colombia banned after Canada detected BSE in May 2003. The Canadian Cattlemen's Association estimates the Colombian market to be worth C\$6.0 million for Canadian beef exporters and the Canadian Beef Breeds Council estimates the increased exports of breeding stock and genetics would be worth about C\$1.0 million. The Canadian Wheat Board (CWB) reports that vital Canadian market share in Colombia and Peru is facing increasing competition from U.S. and Argentine exporters. CWB sales of wheat and barley to Colombia and Peru are worth about C\$230 million. Canadian wheat and barley exports to Colombia and Peru face applied tariff that historically average 15 per cent. Canadian exports of pulse and specialty crops to Colombia are worth C\$80 million. Ritz said that without a Canada-Colombia FTA, Canadian pulse and specialty crops producers will face a 15 per cent tariff disadvantage. Canadian exports of pulse and specialty crops to Peru are worth C\$19 million and according to Ritz, Canadian producers will face a 25% tariff disadvantage for lentils and peas and a 12% tariff disadvantage for canary seed without a Canada-Peru FTA.

**CAIRNS GROUP ISSUES STATEMENT ON U.S. DAIRY EXPORT INCENTIVE**

**PROGRAM:** Canada and the other 18 countries in the Cairns Group of agricultural exporters issued a Cairns Group press release sharply critical of U.S. and EU dairy export subsidies. The press release described U.S. Agriculture Secretary Tom Vilsack's recently-announced allocations under the Dairy Export Incentive Program as a "backwards step." On May 22, 2009, Secretary Vilsack [announced allocations](#) under USDA's Dairy Export Incentive Program for the July 2008 through June 30, 2009 period, as allowed under the rules of the World Trade Organization. The program helps U.S. dairy exporters meet prevailing world prices and encourages the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries. The Cairns Group was established in 1986 in Cairns, Australia, by a group of small and medium-sized agricultural exporters to pursue common agricultural trade liberalization objectives in the Uruguay Round. Members of the Cairns Group include Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand, Uruguay and Peru. To view a copy of the Cairns Group press release, [click here](#).

**TRAVELING TO CANADA TO MARKET U.S. FOOD AND AGRICULTURAL PRODUCTS? NEW BORDER ENTRY REQUIREMENTS FOR U.S. CITIZENS**

**RETURNING HOME AFTER JUNE 1, 2009:** U.S. exporters of food and agricultural products to Canada this summer should be aware that all U.S. citizens returning home after June 1, 2009 will be required to present a valid U.S. Passport, an Enhanced Drivers License, or another of the five secure forms of identity to gain re-entry. For more information, consult the Western Hemisphere Travel Initiative information page on the U.S. Customs and Border Protection website: [http://www.getyouhome.gov/html/lang\\_eng/index.html](http://www.getyouhome.gov/html/lang_eng/index.html)

**FAS OTTAWA GAIN REPORTS:** FAS's Global Agricultural Trade Network (GAIN) system has been redesigned to incorporate many enhancements and improvements to foster more robust and timely reporting by FAS Attachés overseas. This new system will stand separate from the Legacy GAIN System, which will continue to remain available [here](#). Reports released after 02/16/2009 can be found in the new system at the link below: <http://gain.fas.usda.gov/Pages/Default.aspx> Use the "Advanced Search" feature to retrieve all the publicly available reports authored by FAS Ottawa.

**Exchange Rate:** Noon rate, May 28, 2009 (Bank of Canada): U.S. Dollar = C\$1.1124