

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 21**

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

Act to Reorganize the Canadian Wheat Board (CWB) Introduced in Parliament \* Maple Leaf Foods  
Consolidates Its Operations

*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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### **Act to Reorganize the Canadian Wheat Board (CWB) Introduced in Parliament**

On October 18, 2011, Bill C-18 was introduced in parliament to "reorganize the Canadian Wheat Board and to make consequential and related amendments to certain Acts." Called "The Marketing Freedom for Grain Farmers Act", the 38-page bill and 8 pages of explanatory notes includes many amendments and repeals of existing acts and the framework for the transition of the CWB from mandatory to voluntary pooling. Changes include the replacement of the 15-member board of directors (10 elected, 5 appointed) with a 5-member appointed board and specified dates by which the new entity must develop a commercial viable business plan (August 1, 2016) and a date for full privatization or dissolution (August 1, 2017). As had already been announced, the bill states the cutoff for CWB's sales monopoly as August 1, 2012.

The introduction of the bill was preceded by a press conference by Agricultural Minister Gerry Ritz where he stated that this bill will "give Western Canadian grain farmers the right to choose how they sell their wheat and barley." During the first two days of debate on the bill criticisms have lambasted the bill for providing inadequate support for a voluntary pool arrangement, for "ignoring the farmers vote" (referring to CWB's earlier poll) and for making the "biggest, unilateral trade concession" at a time when the United States is introducing new Buy America requirements. Press reports quote supporters of the CWB as criticizing the bill for not providing adequate funding/capitalization or continued regulated access to handling or port facilities. While no legal actions have yet been reported, Allen Oberg, CWB board chairman, said "We're willing to put whatever resources are necessary to make sure farmers' rights are upheld." Some reports criticize the inadequate support included for the Port of Churchill facilities and others criticize the exclusion of corresponding support for other ports such as Thunder Bay and Vancouver.

The bill is expected to be sent to committee on October 21, 2011, where it is anticipated that the Conservatives will limit debate since the stated goal is to get the bill enacted by "the end of the year." Meanwhile the Intercontinental Exchange (ICE, based in Winnipeg) announced it will launch futures contracts based in Canadian dollars for milling wheat, durum wheat, and feed barley. The announcement notes the competition for the milling wheat contract in Minnesota but highlights this is the first contract for durum and sets the launch date as soon as the bill is passed.

**Maple Leaf Foods Consolidates Its Operations**

According to the media, the Canadian maker of processed meats and other foods said it engages in a three-year C\$560 million restructuring plan expected to boost competitiveness and profitability. Maple Leaf will close processing plants in Kitchener, Hamilton and Toronto in Ontario; in North Battleford, Saskatchewan; Moncton, New Brunswick and a small plant in Winnipeg, Manitoba by the end of 2014. The company said the plan will create 1,150 new jobs but the associated plant closures will more than offset that, resulting in a net loss of 1,550 positions from among its 21,000 employees. Maple Leaf said it will build a new prepared meats plant in Hamilton, Ontario, and will also invest in plants in Winnipeg, Saskatoon and Brampton, Ontario. The company will also close four of its distribution centers – in Moncton, Burlington and Kitchener, Ontario, and Coquitlam, British Columbia – consolidating distribution for Eastern Canada in a new facility in Ontario and using an existing facility in Saskatoon as its Western Canadian hub. Maple Leaf has been streamlining for much of the past two years in a bid to improve its profitability and become more efficient. This new announcement is the biggest move so far by the maker of Maple Leaf and Burns and Schneiders meats and seller of Tenderflake lard and Dempster's and other breads.

For the company's press release, please follow this link:

<http://investor.mapleleaf.ca/phoenix.zhtml?c=88490&p=irol-newsArticle&ID=1619258&highlight=>

**Exchange Rate:** Noon rate, October 20, 2011 (Bank of Canada): U.S. Dollar = C\$1.0218

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