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Changes to Grain Act May Help Level the Playing Field

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Report Highlights:

Bill C-48, a bill to modernize the Canada Grain Commission, proposes some changes to the Canada Grain Act that will help level the playing field for U.S. farmers delivering to Canadian grain elevators. Proposed changes to the Canada Grain Act will make it possible for U.S. farmers to receive a Canadian statutory grade if the variety being delivered is of a variety that is registered for use in Canada.

Proposed Changes to Grain Act May Help Level the Playing Field

Bill C-48, whose short title is Modernization of Canada's Grain Industry Act, was introduced into the House of Commons on December 9, 2014. The bill is sponsored by the Minister of Agriculture and Agri-Food and is part of the government's continuing efforts to modernize and streamline the Canadian Grain Commission's operation while reducing costs to the grain sectors. The Canadian Grain Commission is a crown corporation that regulates grain handling in Canada and works to establish and maintain quality standards for Canadian grain. Of particular interest to the U.S. grain industry is the proposed changes to the Canada Grain Act with regards to the issuance of inspection certificates.

Current legislation does not allow for foreign grain, even if it is of a variety that is registered to be grown in Canada, to be issued a grade by the Canadian Grain Commission. Under current legislation, U.S. wheat delivered to a Canadian grain elevator is sold as either feed grade (lowest grade) or sold according to a specification at any price agreed to by the buyers and sellers. Should the amendments to inspection certificates proposed in Bill C-48 be adopted, U.S. varieties being delivered to Canadian grain elevators will be eligible to be given a statutory Canadian Grain Commission grade and class. Co-mingled shipments will be certified as "Mixed Canadian and Imported Grain" due mainly to sanitary and phytosanitary requirements.

Of note, should these amendments be adopted, only varieties that are registered for use in Canada would be able to receive the statutory grade. Canadian farmers' adoption rate of new varieties is slower than in the United States, in large part due to a required varietal registration system that requires new varieties be vetted by recommending committees before being approved for use in Canada. The Canadian Food Inspection Agency is currently working to modernize the varietal registration system so that it is more flexible. This change requires changes to the Seeds Regulations under the Canada Seeds Act.

The specific proposed changes to the inspection certificates section of the Canada Grains Act are presented below.

Current Legislation - Original Paragraph 32(1):

Inspection certificates

- **32. (1)** Subject to this Act, an inspector, after making an official inspection of grain pursuant to this Act, shall issue an inspection certificate in prescribed form,
 - (a) where the grain was grown in Canada,
 - (i) assigning to the grain a grade established by or under this Act or, if the grain is eligible to be assigned more than one grade, assigning to the grain the grade constituting the highest level of excellence for which the grain is eligible, and
 - (ii) stating the dockage to be separated from the grain in order that it may be eligible for the grade so assigned; or
 - (b) where the grain was grown outside Canada, stating the country of origin of the grain or stating that the grain is foreign grain.

Proposed Change to Paragraph 32(1) in Bill C-48 (in red):

- **32. (1)** Subject to this Act, an inspector, after making an official inspection of grain pursuant to this Act, shall issue an inspection certificate in prescribed form,
 - (a) where the grain was grown in Canada,
 - (i) assigning to the grain a grade established by or under this Act or, if the grain is eligible to be assigned more than one grade, assigning to the grain the grade constituting the highest level of excellence for which the grain is eligible, and
 - (ii) stating the dockage to be separated from the grain in order that it may be eligible for the grade so assigned; or
 - (b) if the grain was grown outside Canada, stating the grain's country of origin or stating that the grain is imported grain and, in the prescribed circumstances,
 - (i) assigning to the grain a grade established by or under this Act or, if the grain is eligible to be assigned more than one grade, assigning to the grain the grade constituting the highest level of excellence for which the grain is eligible, and
 - (ii) stating the dockage to be separated from the grain in order that it may be eligible for the grade so assigned; or

The progress of the bill through the Canadian Parliamentary process can be seen at the following URL address:

<http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Language=E&Mode=1&Bill=C48&Parl=41&Ses=2>