

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agriculture in the News

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Report Highlights:

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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.

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Canada and the European Union Announce Agreement in Principle Reached in the Canada - European Union Comprehensive Economic and Trade Agreement:

On October 18, Canada and the European Union announced that they had reached an agreement in principle in trade negotiations of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). The CETA is a large and complex pact with implications for nearly every sector of the Canadian economy. In agriculture, 95% of the tariffs will come down over the next seven years, and some increased access in dairy was given to gain increased access for Canadian pork and beef into the EU market. The Canadian government is now engaged in a media blitz in all the provinces to highlight the benefits of the trade deal. Reactions to news of the deal have been positive for the most part. The provinces, which may need to amend their provincial regulations in order to comply with the trade agreement, have declared their support for the agreement in principle, but some are demanding compensation to those sectors that may be negatively impacted by the deal (example Quebec for dairy, Ontario for wine etc). For dairy in particular, the federal government has stated that it will provide compensation to the extent that the industry will suffer injury but feel that the additional access will have a small impact since, by their calculations, the domestic cheese market has been growing by 6,000 tons a year. The Liberal Party of Canada, which has been a defender of the supply management sector of long standing, surprised many by issuing a news release congratulating all those involved in the effort of finalizing the deal and stated that the party is broadly supportive of the CETA. Thomas Mulcair, leader of the New Democratic Party of Canada (official opposition party at the federal level) sided with the Dairy Farmers of Canada lobby organization who expressed a sense of betrayal by dairy being affected. Other export oriented agricultural organizations issued press releases in support of the deal. Work will continue to fine tune the details and it will likely be a year before the legal text makes it was into the public domain. Information of the CETA can be found at the following URL address: <http://actionplan.gc.ca/en/content/ceta-aecg/canada-eu-trade-agreement>

Canadian Food Inspection Agency Joins Health Portfolio:

On October 9, 2013, the Government of Canada quietly announced that the Canadian Food Inspection

Agency (CFIA) will now report to the Minister of Health. The rationale stated in the press release is that the Government wishes to group the federal authorities responsible for the food safety regime under the same Minister. The three authorities under the Minister of Health responsible for Canada's food safety will now be the Health Canada (HC), the Public Health Agency of Canada (PHAC) and the food-safety responsibilities of the Canadian Food Inspection Agency (CFIA). Agriculture and Agri-Food Canada (AAFC) will continue to oversee the non-food safety agricultural activities of the CFIA such as the economic and trade issues, as well as the animal health and plant protection work. The CFIA's budget, however, will now be the responsibility of the Minister of Health. Additional information on this change in reporting relationship, can be found at the following URL address: <http://www.hc-sc.gc.ca/ahc-asc/media/nr-cp/2013/2013-137-eng.php>.

New National, Multi-Stakeholder Commission for Cereals Formed:

Following the changes to the Canadian Wheat Board in August of 2012, discussion began on the need for the formation of a national cereals commission that could bring together partners from all sectors of the cereals value chain, similar to what has been done with the formation of the Canola Council of Canada. Cereals Canada was recently incorporated and is being billed as an organization whose mandate is "to enhance domestic and international competitiveness of Canadian cereals for the benefits of Canadian members of the value chain". Canadian cereals that will be represented include wheat, barley, oats, rye and triticale. Three main stakeholder groups have been identified: (1) producers, (2) lifescience and seed companies, and (3) handlers, exporters and processors. Cereal specific lobby groups such as Alberta Barley, the Saskatchewan Barley Development Commission and the Prairie Oat Growers Association have issued press releases expressing support for the organization and have stated that they look forward to working together to advocate for Canadian agriculture.

Large Crop Tests Domestic Storage and Transportation Capacity:

Agriculture and Agri-Food Canada (AAFC) has released its latest production, supply and demand estimate for marketing year 2012/2013 and has confirmed that it is banner year in terms of volume. The production of Grains and Oilseeds (G&O) in Canada is estimated at a record 80.8 million tonnes (Mt), an increase of 14% over year 2012 levels. Canada's large storage capacity is being tested by the large crop and farmers have reported having to leave crops in uncovered mounds amid a shortage of silage bags, as well as a lack of space at grain elevators and export depots. The president and CEO of Canadian National (CN) says the large crop is also testing rail capacity and that prompt rail car loading in the Prairies, steady railway movements from country to port and efficient car unloading at port terminal will be critical. The ability to achieve these objectives is threatened by the possibility of a labor dispute between CN and its rail workers. Canadian National is optimistic that it will resolve the dispute before October 29th, the earliest date for a strike or lockout.

Further Consolidation of Canadian Grocery Market Could Impact Access of U.S. Products:

The Canadian food and beverage retail market is already heavily consolidated with the top four grocery companies accounting for approximately 71 per cent of total food and beverage retail spending in 2012. Canada's grocery retailers are altering their business plans in response to increased competition from non-traditional retailers and new-to-market competitors. With the Canada's Competition Bureau's approval of the

Sobey's and Safeway grocery chains merger, the further consolidation of the retail market has raised concerns that it be more difficult for U.S. products, particularly those not currently sold in Canada, to gain access to the proper buyers needed to get their products on the shelf. In addition, it is expected that the retail chains will begin to make more demands on suppliers in order to cut costs. More information can be found in the GAIN report *Increased Competition Brings Changes in Canadian Grocery Market* which is available at the following URL address:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Increased%20Competition%20Brings%20Changes%20in%20Canadian%20Grocery%20Market_Ottawa_Canada_10-1-2013.pdf

Deadline Reminder for Crop Variety Registration Options Paper:

Agriculture and Agri-Food Canada (AAFC), the Canadian Food Inspection Agency (CFIA) and the Canadian Grain Commission (CGC) have collaborated on an options paper that describe the current crop variety registration system in Canada and outlines four potential options being considered to modernize and stream line the system. All members of the grain are encouraged to submit the comments on the initiatives presented. The deadline for comments is November 30th, 2013. The options paper is available at the following URL address: <http://www.agr.gc.ca/eng/about-us/public-opinion-and-consultations/crop-variety-registration-engagement/crop-variety-registration-in-canada-issues-and-options/?id=1374783569676>. Feedback on these options can be done through the *Crop Variety Registration in Canada Questionnaire* which is available at the following URL address: <http://agr.sondages-surveys.ca/surveys/AAFC/crop-variety-registration-engagement/?l=en>

Exchange Rate:

Noon rate, October 25, 2013 (Bank of Canada): U.S. Dollar = C \$ 1.0450

Most Recent Reports from FAS/Ottawa:

Report #	Name of Report	Date Submitted
CA13057	Dairy and Products Annual	10/24/2013
CA13053	Potatoes Annual	10/04/2013
CA13050	Increased Competition Brings Changes in Canadian Grocery Market	10/03/2013
CA13047	This Week in Canadian Agriculture – Issue 14	09/16/2013
CA13046	2013 Livestock Annual	09/06/2013