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This Week in Canadian Agriculture, Issue 23 2008

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Report Highlights:

More Than C\$300 Million Exit Package For Tobacco Farmers * Mexico to Lift Temporary Import Restrictions on Alberta Potatoes * Alberta Seed Potato Growers Get C\$23.5 Million to Compensate for Nematode Losses * Quebec Updates Dairy Regulations

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly 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 report 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.

MORE THAN C\$300 MILLION EXIT PACKAGE FOR TOBACCO FARMERS: The Canadian federal government has announced more than C\$300 million in funding to help Ontario's flue-cured tobacco producers to exit tobacco growing. The Tobacco Transition Program will provide C\$286 million for producers to leave the industry and another C\$15 million for community development initiatives. The industry has been facing a dramatic drop in demand for flue-cured tobacco over the last number of years. In 2005, producers grew nearly 84 million pounds of raw-leaf flue-cured tobacco. The expected crop size for this growing season is estimated to amount to approximately 20 million pounds, a decline of approximately 75% since 2005. According to the government [press release](#), increases in domestic manufacturers' use of cheaper raw tobacco imports as well as offshore production and reductions in Canadian smoking rates have all contributed to the decline in demand for Canadian flue-cured tobacco. Tobacco producers who accept transition assistance and exit the industry will not be able to re-enter tobacco production. According to a Health Canada report, a similar type of program was provided to producers under the C\$67 million 2004 federal Tobacco Adjustment Assistance Program. Between 1986 and 1999, the federal government contributed C\$69.5M towards a tobacco diversification plan, which also included a buy-out of some basic production quota (BPQ). Again, in 2005, the federal government purchased BPQ from 120 farmers for a total of C\$67.17 million. During the same year, the provinces of Ontario and Quebec committed additional funds.

MEXICO TO LIFT TEMPORARY IMPORT RESTRICTIONS ON ALBERTA POTATOES: Mexico will lift the temporary restrictions it imposed on imports of Alberta potatoes in December 2007 because of concerns over the detection of golden nematode, a species of potato cyst nematode (PCN), in two soil samples from two Alberta farms in the fall of 2007. In a [press release](#), the Canadian Food Inspection Agency (CFIA) said that CFIA reached an agreement with Mexico to immediately resume the export of Alberta seed and table-stock potatoes to their country. The CFIA added that Canada and Mexico remain committed to working together to prevent the spread of PCN. The agreement allows for the import of Alberta's seed and table-stock potatoes from areas not under quarantine restrictions for PCN. Comment: On May 5, 2008 The U.S. Department of Agriculture and the CFIA announced [modified guidelines](#) to allow for the continued trade of potatoes should there be future detections of potato cyst nematodes in either the United States or Canada.

ALBERTA SEED POTATO GROWERS GET C\$23.5 MILLION TO COMPENSATE FOR NEMATODE LOSSES: On a 60/40 cost-shared basis, the Canadian federal government and the province of Alberta announced C\$23.5 million in funding to assist Alberta seed potato growers affected by Potato Cyst Nematode, a potato pest detected in Alberta in 2007. Up to C\$14.1 million federal and C\$9.4 million of provincial money will be available under the 2008 Alberta Seed Potato Assistance Program, through [AgriRecovery](#). The program is intended to help Alberta potato growers cover costs such as disposal of genetic plant stock, disposal costs to destroy inventory and compensation for the loss of export markets. AgriRecovery, is the disaster relief component of the suite of Canada's [Business Risk Management programs](#) for farmers. Assistance is also available under the AgriStability component, which covers larger margin declines caused by production losses.

QUEBEC UPDATES DAIRY REGULATIONS: On July 31, 2008, new provincial regulations for dairy products produced and sold in Quebec came into effect. The announcement was made by Quebec's minister for Agriculture, Fisheries and Food, Mr. Laurent Lessard. Nine regulations pertaining to the dairy sector have been repealed and replaced by a single chapter that is part of the province of Quebec's Food Regulations. These new measures include alternatives to the mandatory 60 day storage rule for certain raw cheeses, a stricter compositional standard for yogurt, and the repealing of a rule which disallowed yellow coloring in margarine. With regards to raw milk cheeses, producers and processors/distributors would still be subject to the strict rules that ensure the safety and

wholesomeness of the products. This will include accurate record keeping (herd health, temperatures, acidity) as well as some laboratory tests. The new compositional standard for yogurt will require that yogurt produced and or sold in Quebec be made from milk and not milk powder or other reconstituted milk ingredients. The rules governing the implementation of the new standard will take into account the fact that yogurt is often enriched with other milk-derived ingredients, omega-3s and omega-6s, as well as other vitamins, minerals and microorganisms. The regulation that forbids margarine from being butter-colored, and that has long been an interprovincial trade irritant, has been removed.

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