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Report Highlights:

Opposition to Artic Apples Continues * Frozen Pizza Manufacturing Plant Celebrates Opening * Grain Movement Improving

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OPPOSITION TO ARTIC APPLES CONTINUES:

Artic apples which possess a non-browning trait through genetic modification continue to face opposition from anti-GMO groups in the province of British Columbia. The lobby organization GE Free BC, whose purpose is to prevent the adoption of biotechnology, issued a press release on May 26, 2014 demanding that the provincial government in BC conduct a review of the apples before they can be approved by Health Canada and the Canadian Food Inspection Agency (CFIA), the Canadian regulatory bodies that review the safety of plants with novel traits. Regulatory bodies in Canada and the United States that oversee food safety are currently both reviewing the company's submission seeking approval for unconfined environmental release for commercial planting purposes. At the time that the submission was made to Health Canada and the CFIA in 2012, a number of the province's municipalities expressed significant concerns. The provincial government of British Columbia responded at that time by stating that should the federal government grant the approvals, that they recognized that there may be implications the production of genetically engineered fruit trees and their products may have implications for market acceptance in export and domestic markets. It also promised to explore the GE fruit issue, as well as the request by BC municipalities to ban GE fruit production, and to share its findings with the Union of British Columbia Municipalities (UBCM). GE Free BC is demanding that the government conduct the study promised in 2012.

Okanagan Specialty Fruits submitted a risk assessment petition for non-browning apples to the United States Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) in late 2010. This was the first petition that USDA has received for genetically modified apples. In 2012, a similar submission seeking approval for unconfined environmental release for commercial planting purposes, livestock feed and food use for apple (*Malus x domestica*) events GD743 and GS784 which have been genetically engineered to be non-browning was given to the CFIA. According to information posted on the company website, the non-browning effect is achieved by silencing the polyphenol oxidase enzyme. Okanagan Specialty Fruits believes that non-browning apples will help apples capture a segment of the fresh-cut produce market which it has eluded them due to, the company believes, the unappetizing appearance of apples that have been pre-cut. They will be marketed under the name "Arctic."

More information on this submission is available at the following URL address: http://www.inspection.gc.ca/plants/plants-with-novel-traits/notices-of-submission/okanagan-specialty-fruits-inc-/eng/1335141426301/1335142810470. More information on the non-browning apples can be found on the company website: Okanagan Specialty Fruits.

FROZEN PIZZA MANUFACTURING PLANT CELEBRATES OPENING:

Although it has been in operation for several months, Dr. Oetker, the Germany-based frozen pizza manufacturer, had its ribbon cutting ceremony for its new London, Ontario plant. The 100-million dollar plant, which was built with the help of 19 million dollars in grants from federal and provincial governments will serve the North American market and currently has the capacity to make 27 million pizzas a year. The company hopes to nearly double its production capacity over the next 4 years with an additional investment of 35 million dollars to add a warehouse and distribution center. London, Ontario is an attractive location for food manufacturers due to the fact that it has an experienced manufacturing workforce, transportation corridors into the Unites States, and some of the lowest business taxes in North America.

Ontario-based agricultural groups expressed pleasure with the plants' opening as the company has said that it will source a good portion of its grain, tomatoes, meat and dairy locally. Despite the import restrictions which protect Canada's dairy industry, and the high domestic prices charged for cheese, the frozen pizza company will have access to discounted prices on cheese under class 5A and will allow the frozen pizza manufacturer to compete in the NAFTA market.

Frozen pizza statistics:

According to a report on the frozen processed food in Canada, by Euromonitor International, sales of frozen pizza has grown nearly 20% in the last five years, with sales estimated to reach 886.5 million in 2013.

For 2013, Statistics Canada reported that Canada imported 42 million metric tons of pizza and quiche (tariff number 1905.90.51.00), with the United States accounting for 74% of the share and Germany accounting for 25% of the share. The imports are valued at approximately 148 million dollars.

GRAIN MOVEMENT IMPROVING:

The Senate Committee for Agriculture and Forestry began its review of Bill C-30, the Fair Rail for Farmers Act this past week. Mark Hemmes , president of Quorum Corp, the federally appointed company which monitors the Canadian grain handling and transportation system, reported that the order in council that the federal government put in place in early March is having the desired impact. Mr. Hemmes reported that Western Canadian grain shipments have increased significantly since early March, and have helped put total west coast shipments back on pace with the previous year's levels. Overall grains shipments are still below the previous year's levels due to a late start at the Thunder Bay terminals due to colder than average weather that delayed the passage opening.

Statistics Canada trade data from August 2013 until the end of March 2014 shows wheat exports 12% above the previous year's level for the same time period. Barley exports are down 22% from the previous year's level. Canola exports are slightly above the previous year's pace, due to a significant increase in canola exports reported in March.

The progress of Bill C-30, as well as testimony from witness on the potential impact of the bill on industry can be found at the following URL address: http://openparliament.ca/bills/41-2/C-30/