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CANADA

Canadian Soybeans Come Under Heavier Chinese Scrutiny

Lobbying group memo raises possibility that soybeans could be the next export targeted by China



China is the top export market for Canadian soybean growers, with the most recent annual data indicating sales of nearly 1 billion Canadian dollars. PHOTO: JOHN MINCHILLO/ASSOCIATED PRESS

By Paul Vieira

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OTTAWA—Chinese customs authorities have escalated their inspections of Canadian soybean imports, with at least two shipments rejected this week, according to a memo from the lobbying group representing growers of the seed.

The memo raises the possibility that soybeans could be the next Canadian export targeted by the Chinese government. China revoked import licenses for Canadian canola seeds in March, a move Canadian Prime Minister Justin Trudeau last week linked to the geopolitical dispute between the U.S. and China.

That dispute has ensnared Canada because of its decision to arrest senior Huawei Technologies Co. executive Meng Wanzhou at the request of the U.S. under terms of an extradition treaty.

The memo, sent this week by the trade group Soy Canada and reviewed by The Wall Street Journal, said customs authorities are delaying inspections of soybean imports and casting a wider net for possible contaminants, some of which are not tested for by Canadian food inspectors before receiving approval for shipment to China. The memo didn't indicate that import licenses for Canadian soybeans have been revoked.

“As of this moment, it is known—as reported by Canadian exporters—that two separate shipments have been rejected this week, both occurring at the Yantian port of entry,” the memo said. It urged members to be aware of the enhanced testing for an increased number of pests, and the risk of shipment rejection.

Through a spokeswoman, Canadian Agriculture Minister Marie-Claude Bibeau said officials haven't received a noncompliance notice from China related to soybeans. She said the government recognizes the pressure faced by farmers, and is ready to support other agrifood producers “should other trade actions occur.”

China's embassy in Ottawa didn't respond to a request for comment.

China is the top export market for Canadian soybean growers by a wide margin, with the most recent annual data indicating sales of nearly 1 billion Canadian dollars (\$743 million) in 2017.

Canadian officials said a few weeks ago they were aware of stepped-up inspections by Chinese customs agents of other Canadian agriculture products, outside of canola, at several Chinese ports.

The message was relayed in a late-April memo from the Canadian government to agriculture-sector stakeholders, and also reviewed by The Journal.

On Thursday China said it formally arrested two Canadian citizens on espionage charges, five months after the pair were first detained, advancing a case seen as retribution for the arrest of Ms. Meng.

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