

National Office
2717 Wentz Ave.
Saskatoon, Sask.
S7K 4B6
Tel (306) 652-9465
Fax (306) 664-6226
E-Mail: nfu@nfu.ca



national farmers union

In Union Is Strength

FOR IMMEDIATE RELEASE

DECEMBER 3, 2004

LIVESTOCK CRISIS SYMPTOM OF CORPORATE CONCENTRATION: NFU

TORONTO, Ontario – The crisis facing Canadian livestock farmers is a result of excessive corporate concentration in the meat packing industry, according to Don Mills, a farmer from Granton, Ontario who serves as Coordinator of the National Farmers Union (NFU) in that province.

In a presentation to the Canadian Auto Workers – Canada (CAW-Canada) convention in Toronto December 3, Mills said simply re-opening the US border to live Canadian cattle will not solve the long-term structural problems facing family farms.

“The Bovine Spongiform Encephalopathy (BSE) crisis has certainly contributed to farmers’ financial difficulties,” he pointed out, citing a recent Bank of Montreal study which pegged farmers’ losses since May, 2003 at about \$5 billion. “But farmers’ share of the consumers’ food dollar has been continually shrinking while concentration of ownership in food processing companies has increased.”

Today, two major US-owned packing companies, Tyson and Cargill, control over 70 percent of the Canadian meat processing industry, and while they are paying rock-bottom prices to farmers for Canadian cattle, they’re still making top dollar by exporting large amounts of boxed beef to the lucrative US market. Canadian consumers also continue to pay high prices because of the domination of the market by a relative handful of processors and retailers.

“The closed border provided the big packers with the opportunity to drive down prices for Canadian cattle while boosting profits from beef exports,” Mills said. “In 1984, farmers earned 62.5 cents of every \$1 of beef sold in grocery stores. By 2001, the farm share had dropped to 46 cents, and when the BSE crisis hit, the farmer’s share fell to only 21 cents. Meanwhile, packer gross profit per head rose from about \$75 to about \$210.”

Alberta farmers suffered the most serious drop in net income because they were the most vulnerable and most dependent on the US market. Both Tyson and Cargill have large export-oriented packing plants in Alberta. Mills said Alberta’s net farm income last year was *negative* \$412 million, by far the lowest in the country.

Mills said while the border closure aggravated the crisis, the long-term trend is clear. Net farm income has declined steadily for the past thirty years, from an average of approximately \$30,000 per farm in 1973 to a loss of *negative* \$20,000 per farm in 2003. While gross incomes for farmers have risen over that period, their costs have risen even faster, squeezing the average margin of family farms to unprecedented negative levels. While farmers posted huge gains in productivity over that time frame, the benefits flowing from these increased efficiencies were captured by corporate processors and input suppliers.

The negative consequences of this high level of corporate concentration in the meat packing sector could be repeated in the seed sector if proposed changes to the Plant Breeders Rights Act and other legislation are allowed to proceed, warned Mills. "At present, ten companies control one-third of the global \$23.3 billion global seed market. They are pushing countries to implement laws which limit farmers' ability to save and re-use seed on their own farms. This in turn will lead to less control by farmers and consumers over the food system."

CAW delegates from across the country later showed their support for Canadian family farmers by holding a beef barbecue under a huge tent in Toronto's city hall square. The Canadian-raised beef was supplied by NFU members in Ontario.

The NFU welcomes the opportunity to work with the CAW, and with all Canadians, on food issues.

- 30 -

Contact: Don Mills, NFU Ontario Coordinator (519) 225-2163
Barry Robinson, NFU Ontario Board Member (613) 349-9024
Terry Pugh, NFU Executive-Secretary (306) 652-9465
Jim Pare, CAW Communications Director (416) 723-2224