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**national farmers union**

*In Union Is Strength*

**FOR IMMEDIATE RELEASE**

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**BEEF UP COMPETITION ACT, REIN IN MONOPOLY PACKERS, SAYS NFU:**

**RIMBEY, Alberta** – The federal government needs to beef up the Competition Act and rein in the three large packing houses which dominate the livestock industry in Canada, says the National Farmers Union (NFU).

In a letter to Hon. Andy Mitchell, Minister of Agriculture and Agri-Food today, NFU Alberta Coordinator Jan Slomp said the recently-announced \$50 million cash injection by the federal government to the Canadian Cattlemen's Association Legacy Fund fails to address the fundamental problem in the livestock sector.

The real difficulty lies in the "massive imbalance in market power between the major packing companies and family farmers," said Slomp. "Three large companies, two of which are US-owned, hold a virtual monopoly over the cattle sector in western Canada. These companies are taking advantage of the current crisis by extracting excessive profits." Slomp recommended the House of Commons Agriculture Committee recall representatives of Cargill and Tyson to open their books to Parliamentary scrutiny.

Slomp, who operates a dairy farm near Rimbey, Alberta, said the "predatory practices" of Cargill, Tyson and Excel Foods are reflected in recent price trends for fat cattle. He cited prices for fat cattle out of Lethbridge in the days leading up to and immediately following the decision by Judge Cebull in Montana granting a temporary injunction to R-CALF to keep the border closed. On March 2, the day before the ruling, fat cattle were selling at between \$1.51 and \$1.55 on the rail for a carcass of 925 pounds. On March 3, the day of the ruling, the packers did not buy any cattle from independent feedlots (illustrating their excessive market control through the use of pre-contracted cattle at packer-controlled feedlots). By March 4, the rail grade price had plummeted to \$1.36.

"What accounted for this price drop?" Slomp asked. "The objective conditions in the market had not changed – no cattle were moving across the border – yet the packers were able to take in an additional \$200 per head – at the expense of the farmer and feedlot operator."

Jan said it is not enough to simply expand slaughter and processing capacity, because the big players are increasing their grip on the market. "Simply pouring additional incentives into building up domestic slaughter capacity will not make any difference to farmers as long as the majority share of slaughter capacity and processing capability remains with Tyson, Cargill and Excel. Within the next five months, Cargill and Tyson will be slaughtering 5000 head per day each, up from 3000 head per day last year, thanks in part to government programs which are helping them consolidate their grip on the industry."

Slomp said this monopoly position of the big packers, and their ability to crush any smaller competitor, is the most important reason why banks are reluctant to finance independent slaughter and processing initiatives.

He concluded that while government-initiated set-aside programs may help in the short-term, farmers will still face problems when they end. "Are we going to be left with an even-greater problem of a surplus of low-priced animals, which farmers can neither afford to keep nor sell?" he said.

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