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**national farmers union**  
*In Union Is Strength*

**FOR IMMEDIATE RELEASE**

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**FLOOR PRICE FOR CATTLE NEEDS TO BE IMPLEMENTED IMMEDIATELY**

**GRANTON, ONT** - The federal government should move immediately to implement a floor price that packers would have to pay when buying cattle, says Don Mills, Ontario Coordinator of the National Farmers Union (NFU) and Chair of the NFU Livestock Committee.

Mills said a recent decision by the Ontario Cattlemen's Association (OCA) to endorse government intervention in the marketplace in the form of a floor price proves the major beef packing companies are taking unfair advantage of producers during the ongoing Bovine Spongiform Encephalopathy (BSE) crisis. A similar recommendation in favour of a floor price is slated to go to the Canadian Cattlemen's Association (CCA) board.

An article in the June 9, 2004 edition of the Ontario Farmer quotes CCA President Stan Eby as saying he has discussed government intervention in the marketplace with Agriculture Minister Bob Speller. Eby is also quoted as saying people have lost confidence in the market and are selling at distressed prices because of fears the situation will deteriorate even further.

Mills said it is good to see the cattlemen's organizations finally getting the message that beef farmers are being squeezed unfairly by the packers. Family farmers have been pushing for changes to the marketplace since the BSE crisis began over a year ago.

The NFU sent a letter to federal Agriculture Minister Bob Speller in early March, 2004 calling on the federal government to implement a floor price mechanism. In that letter, the NFU pointed out that the large packing companies are reaping large profits at the expense of farmers.

Since then the two largest packers have refused to comply with a request from the House of Commons Agriculture Committee to provide financial information to forensic auditors and have been found in contempt of Parliament. Even agricultural economists have expressed dismay at the packers' insistence on maintaining excessive profit levels by driving cattle prices lower and lower. The Ontario Farmer quotes Kevin Grier, an economist at the George Morris Centre, as saying packers are behaving in a "shocking" fashion. "I was expecting packers to keep things steady," Grier told the Ontario Farmer newspaper. "It was entirely

their choice. There is nothing influencing the market here except them. The packers could have continued to make money and keep their heads down at the same time.”

In recent weeks, fed cattle prices have plummeted, and are likely to continue in a free fall as cattle held over the winter come onto the market at the same time as the leading edge of the seasonal calf run comes on stream.

The NFU’s Don Mills said floor prices should be set at a level that returns to farmers the same percentage of the retail value of beef that they were receiving before BSE was found in North America. This ensures a level of fairness to all sectors of the industry.

“The retail value of a steer has changed very little over the past year,” he said. “Unfortunately, farmers are no longer receiving their fair share of those grocery store dollars. The BSE crisis has highlighted a serious structural problem within the beef sector. Cargill and Tyson control 74% of the Canadian beef packing capacity. That level of corporate concentration has led to a loss of price transparency and a rise in price manipulation through contracting with large feedlots.”

While the OCA says the floor price would remain in effect only until the border opens, Mills says farmers are looking for long-term changes, not temporary, stop-gap measures. “We need to address excessive concentration and price-fixing in the beef sector,” he said. “Those problems will still be there even if the border opens later this year.”

The NFU also advocates mandatory testing for BSE of all slaughter cattle over 30 months of age, and a ban on all animal byproducts from all animal feeds for all animals destined for human consumption.

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