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FOR IMMEDIATE RELEASE

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**NFU ASKS COMPETITION BUREAU TO
BLOCK MAPLE LEAF TAKEOVER OF SCHNEIDER'S**

BRUSSELS, Ont.—"Stopping Maple Leaf Foods' proposed acquisition of Schneider's would be an important first step in restraining growing corporate power over family farm hog producers. As these companies merge, they eliminate their competition and are able to push down prices to farmers, push down wages to workers, and simultaneously push up prices to consumers. This takeover would give Maple Leaf a virtual monopoly in parts of Canada," said NFU Youth President and independent hog producer Dave Lewington.

The NFU has written to the Competition Bureau asking them to investigate and block Maple Leaf's acquisition of Schneider's. Lewington and NFU staff have participated in conference calls with Competition Bureau officials to discuss the Maple Leaf-Schneider's deal.

The proposed Maple Leaf acquisition would give that corporation a very large chunk of Ontario pork processing capacity. And it would give Maple Leaf a virtual monopoly on slaughter capacity in Manitoba and Saskatchewan: giving it 80% of Saskatchewan slaughter capacity to compliment its existing 80% share of Manitoba capacity. "With deals like this, we are not even maintaining the pretext of competition," said Lewington.

Lewington worried that the Competition Bureau may be evaluating the proposed acquisition based on some faulty assumptions. "In talking to the Competition Bureau, it seems that they may consider the U.S. an alternative market for Canadian hogs and that the Bureau may consider U.S. packers and processors as competitors to an expanded Maple Leaf. Our past experience with countervailing duties on hogs, our current experience with BSE-triggered border closures, and the possible future imposition of U.S. Country of Origin Labelling all indicate that the U.S. market is one that we must not count on. Further, the more live hogs that cross the border, the higher the chance that the U.S. will impose a countervailing tariff," said Lewington.

Lewington identified several problems with Canada's evaluation process for mergers and acquisitions. "Basic data that farmers and citizens need to understand these

acquisitions and to participate in the evaluation process—data such as processing capacity and market share—is denied to us, called ‘confidential’ by the Competition Bureau,” said Lewington.

Since 1988, 2/3 of Canada’s independent, family farm hog producers have been pushed out of production and the market has become increasingly dominated by corporate producers vertically-linked to increasingly-powerful packers. In the 1990s, many governments unilaterally dismantled farmers’ single-desk hog marketing systems, making it more difficult for smaller, independent producers to receive the same market price as larger operations that are aligned with packers.

The NFU continues to work with farmers and with the Competition Bureau to block the Maple Leaf acquisition and to maintain what is left of competition in the Canadian hog processing sector.

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