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**national farmers union**

***In Union Is Strength***

**FOR IMMEDIATE RELEASE**

**AUGUST 31, 2005**

**COMPETITION BUREAU DECISION WILL AGGRAVATE FARM INCOME CRISIS**

The decision by the federal Competition Bureau to approve Cargill's takeover of Better Beef marks a failure to acknowledge the real root causes of our current farm income crisis, says Don Mills, Ontario Coordinator of the National Farmers Union (NFU) and chair of the NFU's national Livestock Committee.

The Competition Bureau released the results of its inquiry on August 30, 2005. It concluded that "a merger of Cargill and Better Beef was not likely to result in a substantial prevention or lessening of competition in any relevant market." Mills said the criteria on which the Competition Bureau made its judgment shows there are flaws in the whole process. "Prior to the merger, the four big packers: Cargill, Tyson, XL Foods and Better Beef, controlled 85% of Canadian slaughter capacity. The fact that there was little competition in that marketplace shouldn't be used as justification for further consolidation."

The takeover will give Cargill 50% of Canadian beef processing capacity, allowing the vertically-integrated agribusiness giant to continue expanding its already-excessive market control. "We saw over the past two years how badly the market failed farmers – farm families have lost a lifetime of hard-earned equity while the big packers made excessive profits and consumers paid ever-increasing prices for beef at the retail level."

Mills added that by allowing the takeover by Cargill, the Competition Bureau has effectively ruled out any other options. "It's a missed opportunity to expand the Canadian-owned packing sector in Ontario by drawing in other potential players," he stated. "Instead, we're turning more of our capacity over to a US-owned multinational. He cited the recent report by Hon. Wayne Easter entitled "Empowering Canadian Farmers in the Marketplace", which pinpointed corporate concentration in the marketplace as a primary cause of the farm income crisis.

Jan Slomp, NFU Alberta Coordinator, added the ruling is extremely disappointing for Alberta cattle farmers, who have felt the negative impact of market concentration for many years. "The BSE crisis and the border closure merely highlighted the imbalance in the market system," he said. "While there weren't many cattle from Alberta shipped east to the Better Beef plant in Ontario, the fact

that it was an option helped to offset Cargill's dominance. Now that positive influence is gone from the marketplace."

The Competition Bureau concluded that prices of cattle received by farmers at the farm gate would not be affected significantly one way or the other by the takeover. The Bureau also noted that because of the significant market concentration by a few big players at the retail level, there would also be little impact on beef prices for consumers. Mills said this finding should serve as a "wake-up call" that the Competition Act needs a major overhaul, and that there is a need to conduct a broad investigation into the effects of ever-increasing consolidation in the processing and retail sectors.

The NFU made a number of representations to the Competition Bureau Inquiry over the past several months, advocating the takeover bid be challenged under Section 92 of the Competition Act.

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