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In Union Is Strength

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SENATE AG COMMITTEE REPORT A STEP IN RIGHT DIRECTION, SAYS NFU

A report released by the Senate Agriculture Committee contains several positive recommendations for increasing Canada's independent livestock packing capacity, says Don Mills, Chair of the National Farmers Union (NFU) Livestock Committee.

"The Senate Committee is moving in the right direction by recognizing some of the systemic problems with the marketplace and recommending ways of correcting those problems," he said.

The report, entitled "Cattle Slaughter Capacity in Canada", contains six recommendations aimed at providing significant long-term assistance to independent co-operative and farmer-owned processing plants. The Senate report recognizes that corporate concentration of the packing sector is a major factor in depressing cattle prices at the farm gate, noted Mills. "It's clear from this report that the crisis is not simply due to the border closure alone. The report aims to ensure smaller packing plants are able to survive in the long run even after the border re-opens."

The report acknowledges that while Canada's packing capacity is increasing, ownership of the facilities is concentrated in the hands of Cargill, Tyson, XL Foods and Better Beef. If Cargill takes over Better Beef, it will further consolidate the industry, with Cargill controlling 50% of the federally-inspected fed cattle slaughter in Canada. "When a small number of large firms dominate, they can exert significant control over purchasing prices," stated the report. "That concentration of market power enables these firms to generate higher profits, especially when conducting business with much smaller and less organized participants, like farmers."

The NFU opposes Cargill's proposal and has called for public hearings on the takeover.

Mills praised the Senate Committee's recommendation that aid be provided to producer groups working to acquire existing packing facilities. "The real issue is: who owns the slaughter capacity?" said Mills. "The goal is to encourage independent ownership of packing plants so farmers can get a decent price at the farm gate."

The NFU also backed the Senate Ag Committee's suggestion that provincially-inspected processing facilities be encouraged. "Enhancing local food purchases and local food processing is a good thing," he said. "This provides benefits to both producers and consumers."

Mills said while the Senate report acknowledged the extent of corporate consolidation in the packing sector, it did not examine the level of concentration in the retail sector. "Even if all the recommendations are implemented, there will still be major problems because of the economic power wielded by the big retailers," he concluded. "Retailers will still be able to squeeze the independent, smaller packing plants, and that issue will also have to be addressed."

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