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**FOR IMMEDIATE RELEASE**

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**COMPETITION BUREAU AND PM MUST INTERVENE IN TYSON-XL SALE**

**SWIFT CURRENT, Sask.**—In a letter today to Canada’s Competition Bureau and the Prime Minister, the NFU raised concerns regarding the proposed sale of Tyson Food’s packing plant and other assets to XL Foods Inc. (That letter is available on request from [nfu@nfu.ca](mailto:nfu@nfu.ca).) The NFU called on the Bureau and the Prime Minister to intervene aggressively to protect the public’s interest in having markets that function fairly, properly, and transparently.

The NFU letter pointed out that the Tyson-XL sale, as proposed, would leave XL with nearly half of national meat packing capacity. Further, the sale would leave XL and Cargill with virtually *all* of western Canadian capacity. The letter said: “If the government facilitates the XL-Tyson purchase, in so doing it will create one of the most concentrated markets in the North American food system.”

The NFU pointed to XL’s extensive ownership of auction facilities. “The proposed sale would not only make XL Canada’s biggest packer, it would also make XL a major cattle supplier, and leave XL as the largest owner of auction facilities. If the sale is allowed to proceed, XL will be buyer, seller, and auctioneer. The Canadian government cannot be an accomplice to creating this type of competition-distorting corporate entity,” said the NFU letter.

The letter also highlighted the issue of captive supply—wherein packers own feedlots or control cattle on feed. It appears that, post sale, XL would be able to provide more than 20% of its cattle needs from its own feedlots or from cattle it controls. “Government must take action to stop the competition-subverting and price-depressing practice of captive supply. These practices harm family farmers and independent sellers of fed cattle. When these captive supply practices are compounded by vertical integration that includes control of sales facilities and by massive concentration of packing plant ownership, the harms increase dramatically,” said the NFU.

The NFU proposed two alternative solutions to deal with the competition-suppressing potential of the proposed sale:

- 1) block the proposed sale to XL and ensure the ongoing operation of Tyson’s Brooks plant (either by Tyson or an interim operator) until a sale can be arranged to:
  - a. a farmer-controlled co-operative structure, or
  - b. a buyer who has significant food processing assets but does not currently own North American cattle processing facilities; or
- 2) allow the packing plant sale but require XL to divest 100% of its cattle production, finishing, and marketing assets—its cattle on feed, feedlots, and auction rings (and ensure that XL does not control cattle through contracts or other arrangements).

The NFU will be corresponding further with the Competition Bureau, meeting with representatives, and working to protect the interests of independent cattle feeders and cow-calf producers.

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For More Information:

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