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national farmers union

In Union Is Strength

FOR IMMEDIATE RELEASE

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MERGER OF BEEF PACKERS WILL LEAD TO HIGHER RETAIL PRICES

The decision by the federal Competition Bureau to facilitate a merger between Lakeside (Tyson) and XL Foods will lead to higher meat prices at the retail level and lower prices at the farm gate.

National Farmers Union Manitoba Coordinator Fred Tait says the merger now leaves only two companies – Cargill and XL – in control of virtually the entire beef packing capacity in Canada. “Cattle farmers are already struggling with record low prices,” he said. “This will only make the situation worse.”

Tait said with only two companies controlling the market, there will neither be competition nor regulation in the marketplace, and that will lead to predictable outcomes which are bad for producers and consumers.

“The Competition Bureau has become a joke,” he said. “It is more appropriate to call it the Consolidation Bureau. This decision allows XL to attain a 48% market share of the beef packing industry in Canada, as well as acquiring auction markets, cattle finance companies and cattle insurance companies. It already had control over virtually all the largest auction markets in Saskatchewan, and this merger strengthens its captive supply of cattle going into its plants.”

Tait said the cattle marketing system has become a full-fledged “command and control” operation that will operate solely for the benefit of the two big companies. “The current Canadian government has long expressed the opinion that we should deregulate the market and replace regulation with competition. But it now appears they have abandoned competition altogether. Farmers are left exposed and under the thumbs of these two companies that will dictate the market.”

He concluded that in 2005, the federal Competition Bureau allowed Cargill to buy out Better Beef, which was a large Ontario beef packing company. The result of that merger is that cattle prices in Ontario are the lowest in the country. “Now western farmers can expect to see the same thing, and consumers can expect to see higher retail prices.”

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