National Farmers Union

Presentation to the Competition Policy Review Panel

January, 2008

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Introduction

The National Farmers Union (NFU) welcomes the opportunity to comment on Canada's competition and foreign investment policies as part of the consultation process undertaken by the Competition Policy Review Panel.

The National Farmers Union was founded in 1969 and is the only farm organization in Canada chartered under a special Act of Parliament. The NFU is a Canada-wide, non-partisan, direct-membership organization composed of thousands of family farmers who produce a wide range of commodities. We advocate policies which strengthen farmers' market power – thereby leading to higher realized net farm incomes. We also promote sustainable agricultural practices, protection of the environment and social justice.

The Competition Policy Review Panel document entitled "Sharpening Canada's Competitive Edge", released on October 30, 2007, outlines the government-appointed panel's underlying assumptions and overall objectives.

The panel's objectives include:
1. attracting increased levels of foreign investment by removing trade barriers; and
2. encouraging Canadian-based corporations to expand into foreign markets.

Two assumptions underlie the review panel's consultation paper:
1. Increased "productivity" leads to increased "competitiveness" and ultimately to higher incomes and living standards for Canadians; and
2. Free trade agreements are essential to economic prosperity.

However, the experience of Canada's farmers casts considerable doubt on both the validity of these assumptions and the desirability of these objectives.

Since 1989, when the Canada-US Free Trade Agreement was first implemented, Canadian farmers have been increasingly forced to compete against each other as well as farmers in other countries. The continual decline in commodity prices at the farm gate as a result of this "hyper-competition" among farmers has contributed heavily to their economic detriment. Despite tremendous gains in efficiency and productivity at the individual farm level, farmers have seen their incomes decline dramatically as a direct result of the steady erosion of their market power.

Meanwhile, the expansion of multinational agribusiness corporations globally and their increasing market share in Canada, acquired through a string of high-profile mergers and buy-outs in recent years, has boosted the profitability of these corporations to record levels. In addition, Canada's regulatory regime is being progressively undermined to accommodate the interests of these corporations. Regulations designed to protect the public interest are increasingly being replaced with a "risk management" system that places increased emphasis on maximizing trade flows. Regulatory agencies which at one time were seen as "watchdogs" for the public interest are being restructured to facilitate the shift to "self-regulation" in many industries.

Competition and "competitiveness"

In the panel's consultation paper, "competitiveness" is used as a synonym for "profitability." For example, the panel asks: "What changes to Canada's competition regime would enhance the competitiveness of Canadian firms in the global economy?"[1] The inference is that a firm which is profitable is therefore "competitive".

Ironically, however, corporations which have emerged as the most profitable in the current free trade environment are those which face the least amount of competition. Corporations which control a significant percentage of the marketplace are able to utilize "efficiency gains"[2] to their own advantage, regardless of the consequences to the public interest.

For multinational corporations, true competition – which has the effect of lowering profits - is actually a strategy to be avoided at all costs. The Competition Policy Review Panel acknowledges this reality in its consultation paper by referring to a growing trend among corporations to engage in "pro-competitive strategic alliances".[3] These misleadingly-labelled "pro-competitive" agreements actually result in a reduction in competition.

Corporations are mandated to maximize profits for shareholders. The larger the market share a corporation commands and the higher its level of vertical and horizontal integration, the greater its economic power, and the larger its profits. There is continual pressure on corporations in the 21st Century – just as there was in the periods of rapid capital accumulation in the late 19th Century and post-WWII era of the 20th Century - to

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[1] Sharpening Canada's Competitive Edge: A consultation paper issued by the Competition Policy Review Panel, October 30, 2007. Page 25.

[2] "Concerns have been expressed that the current [*Competition Act*] provision fails to adequately deter anti-competitive behaviour such as agreements between competitors to fix prices and allocate markets, customers or output. These concerns also question whether the current provision might discourage businesses from forming **pro-competitive strategic alliances** [emphasis added]…Another issue that has been the subject of debate had legislative proposals has been the treatment of efficiencies. The debate centres on balancing the efficiency gains that may be realized by producers against the losses that consumers may experience as a result of an anti-competitive merger. This issue has been fully considered by the Competition Tribunal and the courts only once, in the Superior Propane/ICG Propane merger case from 1998 to 2002." Sharpening Canada's Competitive Edge: A consultation paper issued by the Competition Policy Review Panel, October 30, 2007. Page 24.

[3] "Sharpening Canada's Competitive Edge: A consultation paper issued by the Competition Policy Review Panel, October 30, 2007, page 24.

expand and capture greater market share at the expense of – or through strategic alliances with - their rivals.[4] In both cases, the ultimate object of competition is to *eliminate the competition*. Economists confirm that as corporations merge and become larger, there is not just one effect – increased efficiency due to economies of scale – but also a second and countervailing effect: increased oligopoly power. When increases in efficiency are smaller than increases in oligopoly power, prices will rise regardless of efficiency effects. Given the opportunity to charge less, but also the power to charge more, corporations will act predictably and in their own interests.

Most economists use the term "competitiveness" in reference to the overall economy, rather than in reference to specific corporations,[5] since a corporation may be extremely profitable as a result of its sheer market dominance.

While Canadian farmers are "competitive" by virtue of being one of the most "efficient" or "productive" sectors of the economy, this "competitiveness" has not led to prosperity for the vast majority of farmers. Farmers' productivity and efficiency is evident in the fact that the volume of production of major grains, oilseeds, vegetables and livestock has steadily increased since the 1970s, while farm gate prices for those products have remained relatively static.[6]

Farms have also declined in number while growing in size. Between 1988 and 2007, the number of farms in Canada declined from 293,089 to 229,373 – a rate of decline of 3,353 farms every year for nineteen years. The remaining farms have financed their expansion

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[4] The current pressure to relax national legislative and regulatory rules governing corporate activities is reminiscent of the post-Civil War years in the United States, when unbridled "competition" resulted in rapid consolidation of key industries by a few monopoly capitalists such as John D. Rockefeller in oil, Andrew Carnegie in steel, and J.P. Morgan in banking. *"The period, free of foreign or civil war, was nevertheless extremely warlike and fiercely contentious in its very day-to-day existence. In the accounts of the economic historians it is always seen as an age of "intense competition." The process of pre-emption…now declared itself more openly. Its objectives were clearly exposed, the prize at stake was ever larger, the race swifter, the collisions angrier….the whole business of the nation was also being seized upon and organized into larger units by "knots of adventurers." These adventurers expropriated or retired competitors in their territories; then as industrial barons, grouped in pools and combinations, they set to preying upon adjacent industries less organized than their own. So railroads would get the best of coalmine operators, then having conquered them, would exploit the industries which depended upon supplies of coal. Or syndicates owning grain elevators or slaughterhouses would enter into collusion with the railroads to exploit the producers of grain and of cattle; oil-refiners would exploit those who drilled for petroleum, then would conquer or combine with their erstwhile opponents to exploit the underlying consumers altogether."* Matthew Josephson, **The Robber Barons: The Great American Capitalists 1861-1901**, Harcourt, Brace and Company, New York, 1934. First Edition, page 180.

[5] "The three terms – productivity, competitiveness and prosperity can apply equally to people, firms, markets or even society. In the modern economy, however, it is more useful to assign the concept of productivity to the firm, competitiveness to the marketplace, and prosperity to the nation-state. The rationale for this assignment is that an individual's productivity is usually embodied in the products of firms; a firm's competitiveness provides many industry-wide spillovers and may reflect common resource pools, competition policy and regulatory frameworks; and finally prosperity is usually distributed over the country by some measure of government intervention." Daniel J. Shaw, November 22, 2000. Government of Canada Depository Services Program. www.dsp-psd.pwgsc.gc.ca

[6] "The Farm Crisis, Bigger Farms, and the Myths of 'Competition' and 'Efficiency'," NFU, November, 2003, www.nfu.ca

largely through increased debt loads. Farm debt rose from $22.5 billion in 1988 to $54 billion in 2007.[7] Still, as the NFU report pointed out, "farmers have not been rewarded for these impressive increases in size and efficiency." On the contrary, the evidence actually points to a startling conclusion: "farm size (efficiency) and farm prosperity appear inversely related. While output per farm has doubled, net incomes have declined."[8]

Increases in productivity at the farm level are also heavily dependent on increased input levels. Petroleum-based inputs including fuel, diesel, fertilizers, pesticides; as well as seeds, machinery and other technology have not only pushed up expenses for farmers far in advance of returns from commodities, but also created a heavy dependence on borrowed capital and off-farm income. As noted earlier, overall farm debt has doubled over the past two decades, while the percentage of farmers reliant on off-farm income has skyrocketed. According to Statistics Canada, small and medium-size farms rely on off-farm income for approximately 90% of their total income.[9] Meanwhile, even large farms with gross annual revenues between $100,000 and $499,000 rely on off-farm income for over half (52.1%) of their total income. And astonishingly, Canada's largest farms, with gross revenues over $500,000 annually, depend on off-farm income for between 25.9% and 33.5% of their total income.

Environmental degradation associated with the increasing quantities of non-renewable resources used in food production and distribution, as well as social costs associated with rural depopulation, tend to be "externalized" – with the costs picked up by farmers and society while profits are retained by the large corporations.

Market concentration and free trade

In the United States, market concentration is steadily rising, according to a study published in mid-2007.[10]

- The largest four corporations - Tyson, Cargill, Swift and National Beef Packing Company - control 83.5% of the beef packing capacity in the United States.
- Cargill, Tyson, and Swift – along with Smithfield Foods – are also the four largest pork packers in the US – controlling an estimated 66% of that country's pork packing capacity.
- Cargill, Archer Daniels Midland (ADM) and ConAgra together control 55% of the US flour milling capacity,
- Cargill, ADM and Bunge control 71% of US soybean crushing capacity.
- Monsanto and DuPont (Pioneer) control 58% of the corn seed market in the US.

A similar pattern of market dominance by many of these same corporations is apparent in Canada. In 2005, the NFU released a detailed study on the corporate profits of

[7] "Free Trade": Is it working for farmers? Comparing 2007 to 1988, NFU, October 2007. www.nfu.ca
[8] "The Farm Crisis, Bigger Farms, and the Myths of 'Competition' and 'Efficiency'," ibid.
[9] Statistics Canada, December 8, 2005 release. www.statcan.ca/Daily/English/051208/d051208e.htm
[10] Concentration of Agricultural Markets, April 2007, by Mary Hendrickson and William Heffernan, Dep't of Rural Sociology, University of Missouri. www.nfu.org/wp-content/2007-heffernanreport.pdf

multinational agribusiness corporations[11] which listed the top companies in each sector. This report showed that in virtually all sectors of agricultural inputs, processing, and distribution, a limited number of corporations exercised significant control over the market. Cargill, Tyson and XL Foods were identified as the three dominant firms that controlled the majority of the Canadian beef packing sector. In 2005, Cargill purchased Better Beef Inc. of Guelph Ontario, further consolidating its market share. In 2007, the estimated market share of the "Big Three" (Cargill, Tyson and XL) stood at 77.62%. Cargill and Tyson alone accounted for 67.43% of Canadian beef packing capacity.[12]

Cargill's takeover of Better Beef is a good example of the "hollowing out" of the Canadian economy which has resulted from the buyouts of Canadian companies. US-owned Cargill expanded its market share of the Canadian meat packing sector by nearly 10% in a single move when it bought Canadian-owned Better Beef, the largest Ontario-based meat packer. The buyout did not result in higher prices at the farm gate for cattle farmers. In fact, farm gate prices for all types of livestock are currently far below the level of 2005. Clearly, any benefits from "efficiency gains" made by Cargill as a result of this takeover have not been passed on to farmers.

The NFU made a formal presentation to the federal Competition Bureau in 2005 opposing the Cargill takeover of Better Beef.[13] In our brief, we noted that "over the past two decades, the open border and the integration of the North American beef sector has meant fewer buyers and less competition in the marketplace. It is unrealistic to expect that an open border in the future will reverse that trend."

We also pointed out that Cargill has its own international trade priorities, which do not necessarily coincide with Canada's national interests. Cargill's subsidiary in Canada does not directly "compete" with its parent company, but rather, pursues measures which will benefit the parent company's bottom line. The same conclusion was reached by the House of Commons Agriculture Committee, in a report released in April, 2004: "Cargill Foods and Lakeside Packers Ltd. are subsidiaries of US-based multinational corporations that benefit from considerable market infrastructure in, and information on, the United States, Japan, Mexico and other major meat-importing countries. Being part of this larger network requires their management to use Canadian cattle and beef in ways *to complement and coordinate, but not directly compete* with, their US-based plants. Competitive advantage is believed to be obtained from this type of corporate organization."[14]

Corporate concentration in the agricultural sector is also evident in other areas:

● Two US-based multinationals, ADM and Cargill, together control 63% of Canadian flour milling capacity. ADM owns 42% while Cargill owns 21% of Canadian flour milling capacity.

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[11] The Farm Crisis and Corporate Profits, November, 2005. www.nfu.ca

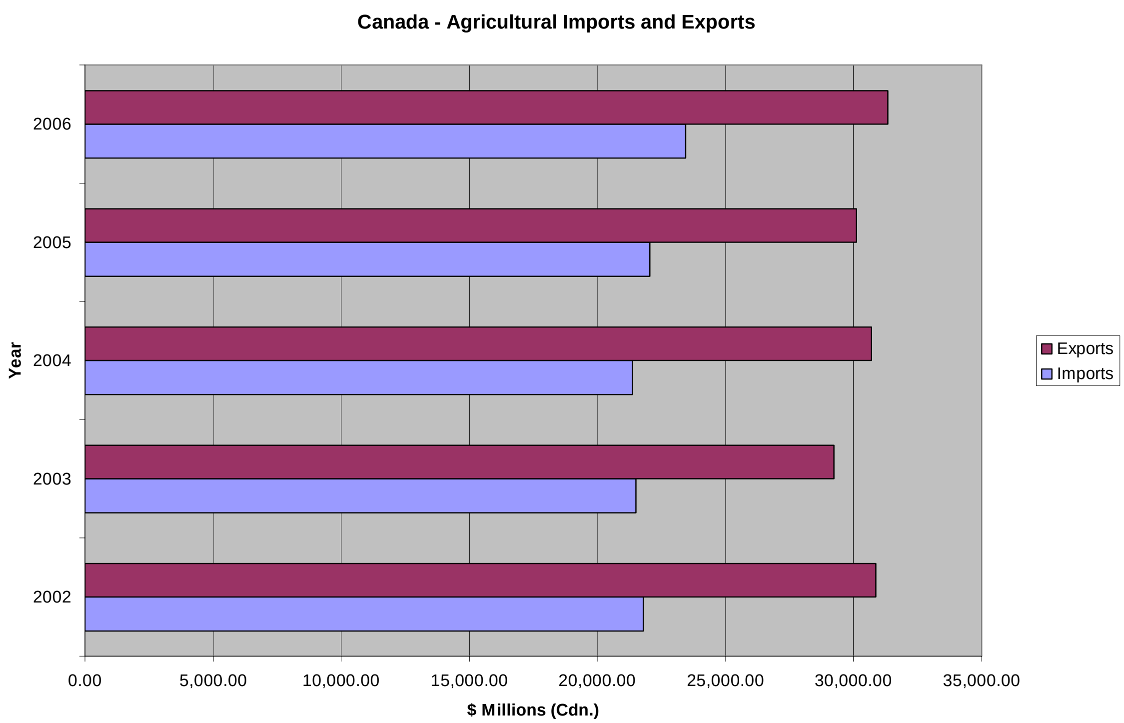
[12] NFU Research department, ongoing study on livestock due for release in the spring of 2008. Estimates based on data from Canfax.

[13] National Farmers Union submission to the Federal Competition Bureau

[14] "Canadian Livestock and Beef Pricing in the aftermath of the BSE crisis: Report of the Standing Committee on Agiculture and Agri-Food, Paul Steckle, MP, Chair, April 2004, Page 25. [Emphasis added]

● Three grain-handling companies, Viterra, Pioneer and Cargill, control 66% of western Canada's grain handling facilities. These companies' dominant control over port terminals increases their market strength.
● Three farm machinery companies – CNH, Jon Deere and AGCO - dominate the Canadian market.
● Two foreign-owned companies – InBev and Molson-Coors – control 95% of the production of Canadian breweries. Three companies – Cargill, Tiger Oats and Rahr Malting control 95% of the capacity of the malting plants in Canada.[15]

Over the past two decades, the implementation of free trade agreements has accelerated the process of corporate concentration in the marketplace, and increased the rate at which Canadian-owned agricultural processing plants are taken over by foreign-owned corporations. While these trade agreements have boosted the volume of agricultural commodity exports from Canada, there has also been a corresponding increase in the level of imports of food products into Canada. Canada is still a net exporter of agricultural and fishing products, but the gap between exports and imports is shrinking. In 2002, Imports of agricultural and fishing products into Canada totalled $21,779.9 million. In 2006, that number had grown to $23,453.5 million – an increase of $1,673.6 million over five years.[16]



[15] "Free trade: Is it working for farmers? Comparing 2007 to 1988", National Farmers Union, October 2007
[16] Statistics Canada, Imports of goods on a balance-of-payments basis, by product, http://www40.statcan.ca/101/cst01/gblec05.htm?sdi=agricultural

In 2002, Exports of agricultural and fishing products from Canada totalled $$30,872.8 million. In 2006, exports totalled $31,327.0 million – an increase of just $454.2 million in the same time period.[17]

While Canada remains a net exporter of agricultural products overall, the difference between exports and imports declined by $1,219.4 million between 2002 and 2006. If the objective of free trade is to increase exports and reduce imports while retaining existing domestic market share, then the evidence clearly indicates the strategy is not working. Canada's domestic market for its own agricultural production is being jeopardized.

Tender fruit processing plant shutdown: an example of the effects of "competitiveness"

Further evidence of the destruction of Canada's domestic agricultural sector can be found in the announcement on January 8, 2008, by CanGro Foods that it is shutting down its vegetable and fruit processing plants in St. Davids, Ontario and Exeter, Ontario.[18] The plants, which are scheduled to close their doors for good on March 31, 2008, will put hundreds of workers – many of whom have worked there for decades – out of work. In addition, an estimated 150 farmers who produce $2.5 million worth of clingstone peaches and $1.8 million worth of processing pears under contracts for the plants will be left hanging. The closures will have a devastating impact on the local economy because the processing plants were the only remaining fruit canning operations in North America east of the Rocky Mountains. The St. Davids plant has been in operation for over 100 years.

The closure comes less than a year after the plants were sold by Kraft Canada to CanGro Foods. An announcement in early 2006 was made to much fanfare that Kraft Canada had agreed to sell five manufacturing facilities in Ontario and Quebec – including the Exeter and St. Davids plants. CanGro was established specifically for the purposes of the transaction. The parent companies of CanGro, which took ownership of the five plants, was Sun Capital Partners Inc. and EG Capital Group, LLC. Both Sun Capital Partners and EG Capital Group are two private equity firms that specialize in "leveraged buy-outs"[19] of profitable companies. Sun Capital Partners, established in 1995, boasts in its website: "Sun Capital Partners Inc. is a leading private investment firm focused on leveraged buyouts, equity debt, and other investments in market-leading companies that can benefit from its in-house operating professionals and experience. Sun Capital affiliates invest in companies which typically have the number one or two market position in their industry, long-term competitive advantages, and significant barriers to entry. Sun Capital has offices in Boca Raton, Los Angeles and New York, and affiliates with offices in London, Tokyo and Shenzhen.[20] Similarly, EG Capital targets takeovers

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[17] Statistics Canada, Exports of goods on a balance-of-payments basis, by product, http://www.40.statcan.ca/101/cst01/gblec04.htm?sdi=agricultural

[18] "CanGro Foods closing; 149 jobs could be lost locally", Niagara Falls Review, January 8, 2008, http://www.niagarafallsreview.ca/PrintArticle.aspx?e=947766

[19] "Kraft Canada sells grocery assets to Sun Capital Partners and EG Capital Group", news release issued by AltAssets, 03/01/2006. http://www.altassets.com/news/arc/2006/nz7957.php

[20] "Overview", Sun Capital Partners website, http://www.suncappart.com/index.php?page=overview

of highly-profitable businesses for its clients: "The firm is focused on buy-outs of, and growth capital for, small and medium sized companies with strong management in attractive industries in both the United States and Canada. EG Capital targets established and profitable businesses, primarily in consumer products (e.g. food, beverage, personal care and household products, retail and restaurants)…"[21]

When CanGro took over the fruit processing plants in the first quarter of 2006, a spokesperson for Sun Capital Partners, Jason Neimark, stated: "Upon completion of this sale, CanGro will hold a leading market position in the Canadian food industry with its Del Monte, Aylmer, Ideal, Primo, Roma, and Il Migliore brands. We plan to assist CanGro's talented management team and employees in their efforts to develop and implement a growth strategy that will further advance the Company's market position and strengthen the Company's strong customer relationships with leading Canadian retailers."[22]

It is clear from the language in the announcement that the tender fruit processing plants in the Niagara area are not only profitable, but actually among the leaders in the sector, supplying high-quality, locally-produced fruit products not only to Canadians but also for export. The company vowed to build on an already profitable base to "further advance the company's market position". This infusion of foreign direct investment is precisely the type of strategy the Competition Policy Review Panel calls for in its consultation paper.

Yet less than two years after the sale, CanGro declares that the plants are suddenly uncompetitive. A letter sent to producers under contract, dated January 8, 2008, stated: "This letter is to inform you that as a result of adverse economic and competitive pressures within our fruit processing sector, CanGro Fruit Inc. will be either selling the business or ceasing operations at its St. Davids facility prior to the fruit delivery season."

For the contract growers, the letter was an unexpected, and devastating, shock. One farmer described it as "a kick in the teeth" – pointing out that his investment was significant – both in terms of money and time.[23] He is now left with no market.

Similarly, hundreds of workers – some of whom have worked at the plant for nearly four decades – were not expecting to have the new owners throw them out of work so quickly. But they understood full well the rationale for the company's decision. "It's devastating," said one worker, "There was work here, but it was a price thing. With free trade they are able to import their product cheaper from China." Given the brief interlude of time the plant was owned by CanGro, the sale by Kraft Canada to a group of investment bankers must be viewed in the broader context. The closure of this profitable plant may even have

[21] EG Capital website, http://www.egcapitalgroup.com/
[22] "Kraft Canada sells grocery assets to Sun Capital Partners and EG Capital Group", http://www.altassets.com/news/arc/2006/nz7957.php
[23] "Plant workers fear future looks bleak", Niagara Falls Review, January 9, 2008, http://www.niagarafallsreview.ca/PrintArticle.aspx?e=849379

been planned for some time, and undertaken, ironically, because it actually provided competition to the company's overseas sources of supply.

If foreign direct investment and unfettered free trade are designed to actually bolster Canadian companies' viability, CanGro Foods provides a very poor example.

Farmers' market power

The earliest efforts to curb the excess power of large corporations, particularly in the grain trade, were made through legislation and regulation. In 1912, the Canada Grain Act was passed by Parliament to regulate the grain trade specifically "in the interests of producers." While this legislation was important, it was clear to farmers that additional steps needed to be taken.

Early in the last century, farmers realized that in order to compete in a marketplace that was dominated by a relatively few very large corporations, they needed to organize their own marketing agencies to bargain on their behalf. In western Canada, the prairie wheat pools began an organizing drive in 1923, and four years later, the Alberta, Saskatchewan and Manitoba Wheat Pools collectively accounted for over 50% of the wheat exported out of Canada. Unfortunately, the voluntary co-operatives fell victim to adverse global market conditions in the early 1930s and had to scale back their operations significantly. In 1935 the federal government formalized its position as guarantor for wheat exports and established the Canadian Wheat Board on a voluntary basis. Unfortunately, the voluntary CWB was not strong enough to challenge the private grain traders' monopoly power. During periods of falling prices, the CWB received substantial amounts of grain because it offered a "floor price", but finding markets for that grain was difficult. In periods of rising prices, the private trade got most of the farmers' grain. Farmers realized they needed more strength in the marketplace and pressed government to implement a "single-desk" sales mechanism. In 1943 the CWB single-desk was established, which greatly increased farmers' market power and did much to stabilize wheat prices at levels which provided farmers with a decent return. This system of orderly marketing provided farmers with equality of access to the market through equalized delivery opportunities; and also ensured farmers received good returns regardless of when they delivered throughout the year.

Farmers organized in the 1960s and 1970s to implement supply-management - another version of "orderly marketing" for dairy, poultry, eggs and turkeys. Farmers realized that large companies took advantage of "surplus" production to drive down prices at the farm gate. So farmers decided they could attain higher prices if they exercised self-discipline and produced only enough to supply the market. In effect, they took a leaf from the pages of the big industrial corporations and applied it to their own situation. Supply-management systems also incorporate two other features:
1. Import controls to prevent unpredictable inflows of foreign-produced products which would undercut Canadian farmers' prices; and
2. Cost of production pricing formulas to ensure efficient farmers are able to make a decent return on their labour and investment.

The supply-management system is funded entirely by farmers and is not subsidized by consumers. It provides stability and predictably for farmers and processors, treats farmers equitably with regard to price, and provides Canadians with a guaranteed supply of high-quality milk and poultry products at stable prices comparable to, and usually below, those in the US and other markets.

It is widely recognized that expanding and strengthening orderly marketing systems for farm commodities will increase farmers' market power, thereby restoring more balance to the overall economy. Implementing orderly marketing for systems for livestock, potatoes, vegetables, fruit, oilseeds and other farm commodities will allow farmers to increase their market power, and hence, their profitability.

Rather than attack farmers' marketing agencies – which are essentially self-defence mechanisms designed to balance the monopoly powers of large corporations – the federal government should be defending these systems.

Unfortunately, the federal government is actively engaged in a process of dismantling existing orderly marketing systems, while utilizing international free trade agreements to block the implementation of new orderly marketing agencies. Regulatory and legislative amendments to the Canada Grain Act are also designed to weaken a structure designed to protect farmers' interests. In order to actually restore prosperity to rural Canada, it is essential that farmers' market power be strengthened, not weakened. The federal government must adopt policies that retain, expand and encourage orderly marketing and supply management systems for farmers.

Conclusion

If national prosperity and a higher standard of living for a majority of Canadians is to be achieved, the Competition Policy Review Panel must look beyond the flawed assumptions inherent in its consultation paper. It is clear from farmers' experience, as well as the data from Statistics Canada, that the free trade policies of the past two decades have failed to raise farmers' standard of living, despite increased exports of farm commodities and rising gross incomes. Farmers' realized net incomes have not only failed to keep pace with the increased productivity of their farms, they have actually fallen further and further behind. Farm debt has more than doubled since the 1980s, and a majority of farmers across Canada rely on off-farm income to remain afloat financially.

The federal government's policy of promoting free trade has undermined farmers' marketing agencies – further contributing to farmers' financial crisis. Free trade has also weakened regulatory structures, including the federal Competition Bureau and the Canadian Grain Commission, which have traditionally protected the public interest.
If the federal government is serious about building a foundation of prosperity for Canada, it must recognize that Canadian political and economic sovereignty is of fundamental importance. Given Canada's over-dependence on free trade policies over the past two decades, that sovereignty has been seriously jeopardized by the growth of corporate

concentration in the economy, and the extent to which our economy is controlled by foreign multinational corporations.

Canada must strengthen its Competition laws so that multinational companies are prevented from consolidating oligopoly positions. It is widely recognized by economists that when three or four companies hold a virtual lock on market share, there is very little competition between them. At the same time, it is also virtually impossible to prosecute these companies under the criminal conspiracy provisions of the Competition laws. But rather than loosen the provisions of the Competition Act to accommodate so-called "pro-competitive strategic alliances", as recommended in the Competition Policy Review consultation paper, the laws need to prevent the legitimization of these alliances. In addition, the powers of the federal Competition Bureau need to be strengthened to permit investigators greater access to the financial records of companies under investigation.

It is also imperative that the Canadian regulatory regime – which historically was put in place to protect the interests of Canadians - not be weakened. There is tremendous pressure to lower Canadian health and safety regulations, food safety regulations, financial regulations, and a host of other standards, in order to "harmonize" with our trading partners, particularly the United States.

All of which is respectfully submitted
by the
National Farmers Union