



FOR IMMEDIATE RELEASE

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LOANS NOT THE ANSWER—ACTION NEEDED ON MARKET POWER

Lavigne, Ontario —“The Federal Minister of Agriculture’s announcement of a cash advance repayment extension for hog and cattle farmers is welcomed but does not address the fundamental market problems faced by farmers. Action is needed by the Canadian government to ensure farmers receive a fair price for their animals”, said Dave Lewington, 1st Vice President, National Farmers Union.

In the United States, the broken livestock market is being addressed by the Obama Administration. The USDA (United States Department of Agriculture) has proposed regulations to protect farmers from unfair practices. The USDA states: *This increased contracting coupled with the market concentration has significantly changed the industry and the rural economy as a whole, making proposed regulations necessary, especially in those situations in which packers, live poultry dealers or swine contractors use their market power to **harm producers** ... Transparency, competition and financial integrity of the marketplace have also diminished.* [Emphasis added]

In Canada, two firms control 80 per cent of the beef packing industry. The federal government’s competition bureau has rubber stamped the super concentration of the industry to the detriment of farmers. Packers own cattle in feedlots (captive supply) to maintain low prices. Cattle prices, adjusted for inflation, are as low as the 1930s while the number of cattle farms is at its lowest level in 80 years. Clearly the family farm is under attack, said NFU Vice President Dave Lewington.

Canada has lost ten thousand hog farms in the last ten years. The federal Government’s solution is to have hog farmers bid against each other to go out of business through the Hog Transition Program. Agriculture and Agri-Food Canada (AAFC) 2010 net operating income forecast is that the average hog farm will barely break even and the average cattle farm will lose \$5,000. These farmers are receiving nothing for a year’s labour and their investment in animals, land, buildings and machinery. In contrast, supply management dairy and poultry farm average net operating income forecast is \$93,000.

Having Gerry Ritz, Minister of Agriculture flip burgers in China to increase exports may benefit the packing industry but will do nothing for farmers. The Canadian government must regulate the industry to ensure farmers receive a fair price for their product. The first step is to prohibit packer cattle captive supply.

“The government can choose to support the thousands of farmers who feed Canadians or the government can continue to serve the narrow interests of the few who control the markets”, concluded National Farmers Union Vice President Dave Lewington.

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Refer to National Farmers Union website for the cattle crisis report:

<http://nfu.ca/briefs/2008/LivestockEXECSUMFINAL.pdf>