

Quebec Farmers'

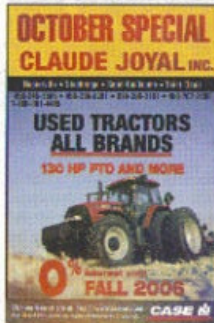
# Advocate

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## Debate still rages over dairy terms

Andrew McClelland  
Advocate Staff Reporter

For several years now, the agriculture industry has seen a number of squabbles and feuds over not only environmental regulations, or production costs, but just plain words. With more and more tradenames and "appellations" being declared for products like regional wines and cheeses every year, words have become a big deal in the food market.

No one understands that better than Canadian dairy producers, who have increasingly been seeing the names of foods that they produce—like butter, cream or cheese—appearing on the packages of a variety of imitation products in supermarkets.



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## “Oh, What a Feeling” – Co-operation

**Gib Drury**  
QFA President

With the closing of our export markets for ruminants in May 2003, Quebec and Canadian livestock producers have endured a horrendous ordeal for the past two years. But in Quebec, one thing is for certain: we are now emerging from this crisis more united than ever.

Be it the takeover of the Colbex-Levinoff beef processing facility, the acquisition of the Bilette plant for finished cattle, or the new Outaouais Valleys Fine Meats Co-operative, Quebec producers are flexing their collective muscle and taking their future into their own hands. This co-operative movement is alive and well in Quebec and reflects the producers' willingness to work co-operatively by pooling their resources and sharing the benefits equitably.

A wonderful feeling of optimism now pervades the Quebec livestock sector as the producers themselves take control of the marketing of their product and get a fairer share from the marketplace.

No one wants to beg welfare from the government when there are sufficient returns in the marketplace to compensate everyone within the production and distribution network. Producers are justified in asking their governments to enact appropriate legislation that would enable them to obtain their fair share of the wealth they produce. Fortunately, the governments are aware of this notion and are being called upon by their own leaders—Minister Wayne Easter and Senator Joyce Fairbairn among others—to develop an action plan that would assist producer-controlled marketing ventures such as co-operatives. The goal would be to redress the imbalance of power that currently exists in the marketplace.

The rejuvenation of the co-operative movement in agriculture will benefit all sectors in the long run as it removes the adversarial approach to marketing—the notions of “every man for himself”, “only the strong will survive”, “your loss is my gain”, and “the free market will decide”, will be replaced with a kinder less jungle-like philosophy of co-operation. “United we stand” will be the new mantra. Benefits will be divided according to the contribution made, better marketing strategies will be developed as producers pool their resources and collectively target their markets, and the interests of the whole group will take precedence over individual interests.

These are intelligent concepts and it is heartening to see their renaissance in Quebec’s agricultural scene. Maybe it was worth all the pain and agony of the mad cow fiasco as we now emerge, united and working co-operatively, after the crisis.

## **The UPA proposes a two per cent annual indexation for the 2005-2010 financing plan**

In a less than a favourable context, this fall, the UPA must take on the challenge of obtaining the support of its members for the adoption of a new financing plan for the next five years (2005-2010). In short, this plan makes provision for a two-percent indexation of the budgets in order to meet 95 per cent of the needs of the base syndicates, regional federations and UPA confederation. If adopted, it will result in a \$25 increase to the dues, starting in 2006, and a four per cent increase to the contributions.

For a dairy farmer producing 3,767 hectolitres, this would translate into a total increase of \$41 (\$25 for the fees and \$16 in contributions in 2006). For a pork producer, the increase would be \$46.

“The proposal was positively received by the UPA general council. The plan includes cuts ranging from three to five percent everywhere in the structure. Everyone recognizes that the timing is difficult and we are aware of the producers’ ability to pay. However, it should not be a problem considering the results obtained by the UPA since the last special congress on the farmers’ net income crisis. Think of the recurring \$25 million per year obtained for the

indexation of the specialized worker's salary. The plan proposes to maintain the current organization, nothing more," declared the president of the UPA, Laurent Pellerin. It is likely that the UPA will nevertheless have to dip into its reserves.

In 2004, the UPA spent \$19 million on union activities while the revenues were \$17.4 million. The deficit was covered by the accumulated surplus and by the self-financed services such as *La Terre de chez nous* or the accounting and taxation services.

The proposed plan would increase the revenues from \$16.4 million in 2005-2006 to \$19 million in 2009-2010. The confederation would receive \$8.8 million, the regional federations \$8 million, the base syndicates \$1.7 million, the Professional Defence Fund \$780,000 and \$500,000 would go to the fund for the promotion of the profession.

### **Toward balance**

The UPA is financed by fixed dues from all its members as well as contributions that vary according to farm sales. Some producers believe that the dues are too high considering their sales. The plan will try to address this problem. On one hand, the UPA would get 57 per cent of its revenues from dues in 2009-2010, compared to 60 per cent currently, thanks to successive annual increases of four percent. Moreover, farms having revenues below \$10,000 per year would pay the dues only once even if they have more than one owner.

The UPA spent one million dollars for three year for the promotion of the profession primarily through the "Open house" program. Part of this money (\$500,000) came from the professional defence fund. The proposed plan would finance in part a fund for the promotion of the profession, which would allow for the assets of the professional defence fund to be maintained at the current level.

"The base syndicates that I visited adopted the financing plans during their annual general meetings," said Pellerin. This was not the case in Coaticook where the producers massively rejected the plan, stating in particular their financial insecurity.

*Jean-Charles Gagné*  
*LTCN 2005-10-06*

## **Debate still rages over dairy terms**

**Andrew McClelland**  
**Advocate Staff Reporter**

For several years now, the agriculture industry has seen a number of squabbles and feuds over not only environmental regulations, or production costs, but just plain words. With more and more tradenames and "*appellations*" being declared for products like regional wines and cheeses every year, words have become a big deal in the food market.

No one understands that better than Canadian dairy producers, who have increasingly been seeing the names of foods that they produce—like butter, cream or cheese—appearing on the packages of a variety of imitation products in supermarkets.

That is what clause 65.1 of Bill C-27, the Canadian Food Inspection Agency Enforcement Act, would change if adopted into legislation. The bill would put Canadian law in step with the Codex standards for the use of trade terms. Those standards were endorsed by Canada in 1999.

One of the most controversial aspects of Bill C-27 is the Dairy Terms amendment, which would limit the use of terms like “butter,” “cheese” or “cream” to products whose ingredients include butter, cheese or cream. It is a change that the Dairy Farmers of Canada (DFC) have been supporting for several years.

“It isn’t fair to be able to use terms like “buttery,” “or “creamery” on packages for products that contain not one per cent of those real ingredients,” says Richard Doyle, executive director of DFC. “ If you’re going to write “butter” on a label, you need to put butter in it.”

But the list of products that currently use dairy terms is long, and DFC has been steadily trying to stop food manufacturers who profit the most from promoting their products with reference to dairy ingredients.

“Popcorn is one of the biggest users of dairy terms in the marketplace,” says Doyle. “We’ve been trying to enforce a change to [Golden Valley Microwave Foods’ ACT II] Butter Lover’s Popcorn label for years, including going to court with them in 2000-2001. We don’t believe a company should be able to call a product ‘Butter Lover’s’ when it’s actually made of soybean oil or margarine.”

In the debate surrounding the Dairy Terms amendment to Bill C-27, a number of studies have been conducted to determine consumers’ responses to certain words and product names. According to a survey performed for the Canadian Food Inspection Agency (CFIA) in 2003, three-quarters of participants said that they expected butter to be a chief ingredient of a product that described itself as “buttery popcorn.” In the same survey, 90 per cent of respondents said that when the term “artificial flavour” is used, they still expect the product to contain at least ten per cent of the real product.

Yet many industry representatives and critics point to the fact that a complete list of ingredients is mandatory on Canadian food packaging, and that information on a product’s contents is always readily available. It is an argument of which Richard Doyle is sceptical.

“In the studies we have seen, it’s not that simple. We found out that 97 per cent of people think that butter is an ingredient of Butter Lover’s popcorn after seeing the front panel of the box. Most people assume that what’s listed on the front is also an ingredient listed on the back, and many consumers don’t make it far enough to the real list of ingredients.”

Popcorn is far from being the only food using dairy terms to attract consumers at the supermarket. Many “buttertarts” are made with margarine, notes Doyle, and many new health products—like soy milk—include the name of the food for which they are a substitute.

“Soy milk and soy cheddar are other terms which should be used more carefully. Cheddar and milk are products with real definitions, and they should not be abused. These products are on the market and bear no relationship to the real dairy ingredient.”

While many might agree with the clarifications proposed by Bill-C-27, the Dairy Terms amendment has been drawing attention from various corners. Some manufacturers have been concerned over common foods that have been using dairy terms in their names for decades. Products like peanut butter, or cream of chicken soup, pose interesting problems.

“We’re not worried about products like that,” says Doyle. “In those cases, the public knows no actual dairy ingredients are involved. What we are really looking for is truth in advertising and labelling so that consumers can make an informed decision on the dairy by-products they purchase.”

## **Princeville must lower the tax evaluation of a sheep breeder**

A Princeville sheep breeder, Michel Thibodeau, won his case against the municipality of Princeville regarding the evaluation of his farm buildings. Following the contestation, the *Tribunal administratif du Québec* (TAQ) reduced the evaluation of the farm buildings belonging to *Ferme Germanie inc* by nearly \$200,000. Thibodeau will therefore pay \$3,000 less in taxes. The city of Princeville is not thinking of contesting the TAQ’s decision, which may give ideas to many producers who are unhappy about their municipal evaluation.

“I am pleased by the fact that the TAQ recognized the evaluation principle by virtue of comparables,” declared Thibodeau on September 26. “I had many comparables and it seemed obvious to me that something was wrong when I was comparing my farm buildings, evaluated at \$1 million, to the Olymel abattoir, evaluated at \$3 million.

### **Comparables**

The TAQ accepted the results of the evaluation made by Thibodeau’s expert appraiser, Daniel Sylvestre. The appraiser established the functional and economic obsolescence rate of the farm buildings at 60 per cent compared to 45 per cent by the municipality’s appraiser. The difference can be explained primarily by the choice of comparables. Sylvestre took into account the sale of comparable farming operations. According to the TAQ, because of the array in the sales of farms, the municipality used the “average value of a farm instead of the value of a sheep farm.” The TAQ stated “the choice of comparables distorted the conclusions of the municipality’s

appraiser”. The value of the farm buildings dropped from \$734,000 to \$540,400. Thibodeau did not contest the value of his farmland.

## **Refusal**

The TAQ increased the value of *Ferme Germanie inc.* by including some buildings that were qualified as having “no use for a sheep farm” by Thibodeau, who is even thinking of demolishing them. “The buildings are used and are therefore useable and have a certain value,” explained the TAQ. However, the TAQ rejected Thibodeau’s request to apply an obsolescence rate of 20 per cent on the evaluation of his main residence. There is an ancestral house beside the main residence. To justify his request, Sylvestre said that Thibodeau could not sell the houses separately, hence his request of an obsolescence rate of 20 per cent on the main residence.

According to the TAQ, Thibodeau failed to prove the existence and the extent of such obsolescence. Thibodeau remains convinced of the merit of his request that links the obsolescence of farm buildings and a main farm residence.

The members of the TAQ, Christian Beaudoin, lawyer, and Mathieu L’Écuyer, accredited appraiser, did not say that Thibodeau could get the fees he paid to obtain an expert reimbursed as nothing in the Law provides for such an action. Thibodeau said that the whole thing cost him approximately \$5,000. He would have appreciated some assistance from the UPA Professional Defence fund, as the case will benefit all the producers.

*Jean-Charles Gagné*  
*LTCN 2005-10-06*

## **From Disneyworld to Hong Kong**

### **Laurent Pellerin** **UPA President**

The North America – European Union Conference is an essential rendezvous for an organization like ours, which is participating under the auspices of the Canadian Federation of Agriculture (CFA).

The event, which is now being held every two years, is a privileged opportunity for the representatives of farmers from both continents to discuss their common concerns: international trade, concentrations of the marketing network, consumer requirements, new trends in agriculture, etc. Was it a sign that the conference was held in the kingdom of dreams and illusions par excellence: Disneyworld in Florida? It could not be more American than this...

Unlike the last two editions, which toyed (for some anyway) with the idea of a supply management concept at the global scale, this time we left with a feeling of disillusionment, with

all due respect to Walt Disney. The tone of discussions changed radically, particularly on the issue of international trade. On both sides of the Atlantic, we can feel the effects of the pressure placed on the agriculture of the new and old world. The speech from producers seems to be in line with the strategy of their respective government. If this is what is really happening, then there is a real hardening of their positions which does not bode well for the rest of the WTO negotiations.

Partisans of an old economic theory, the Americans, of who we do not know if they want the development of agriculture or of the agri-food business, would be ready to agree to a reduction of their subsidies at the condition that there would be, in return, a significant opening of the markets. The problem is that the Europeans do not agree. Dealing with the integration of ten new countries, they have their hands full trying to divide a budget for 25 instead of 15. Moreover, they intend to keep these new extended European markets for themselves. They are convinced that with the revision of the Common Agricultural Policy (CAP) and the reduction of subsidies, they have given enough already.

Therefore, there have been few debates on the solutions to obtain a better income from the markets, such as a better balance between supply and demand to obtain better prices. On the contrary, the challenge is with the development of new markets, seen as “the” panacea. Ten years of poverty that progressed in agriculture throughout the world does not change anything. It is symptomatic – and paradoxical – to see Europeans and Americans demand more from agriculture that has divested from food production solely. Alarmed by the increase of the price of oil, they rely on aggressive energy policies, banking notably on ethanol and biofuel. If the future is heading partly in that direction, we will then have to wait a long time in Quebec, where such projects take 20 years to achieve.

It would be surprising to see any changes between now and the Hong Kong deadline. In all likelihood and according to a logic that is off course, we will witness more negotiations focused on the increase of commercial trade as the final solution for the creation of wealth. At the risk of being repetitive, to negotiate with the idea of doing trade for the sake of doing trade only increases the revenues of multinational firms or of large marketing networks. Where is the farmers’ place in this Disneyworld when they should be in the heart of the debate? No doubt that we will have to be more vigilant than ever. It is possible that the failure of the agreement would be better than the success of a new agreement...making things worse.

*LTCN 2005-09-29*

## Back to normal for feeder calves in specialized auctions

While 2004 was a difficult year in the feeder calf sector, the 2005 season seems to be heading in a better direction.

“It’s wonderful; compared to last year, we can now talk about a good 50 cents per pound more. The animals that were sold at 80 cents per pound last fall are being sold today at \$1.30 per pound. Producers are selling their calves at a higher price, and it’s about time. In my opinion, the calf-cow production was the most affected by the mad cow crisis,” said the director of *Réseau Encans Québec*, Réal Sage. The last two years are still leaving their mark. “Producers are liquidating assets. It is surprising to see the number of beef cows at auctions. It is not normal for the month of September and it will be worse in October,” added Sage.

“In the cow-calf sector, the most affected producers are those who invested in the environment. Some producers are struggling, but at least we are now headed in the right direction,” confirmed the president of the marketing committee, Alain Juneau. According to Juneau, it is too early however to predict the results of the 2005-2006 season in feeder calf specialized auctions. “We are still at the beginning of the auction season. There are still two and a half months to go. There will be big auctions in October and November,” said Marcel Lampron, a producer from Saint-Étienne-des-Grès. “We are hoping that prices will remain stable. Usually, there is a decrease in October because of the surplus on the market. For a long time, we have been telling producers not to sell all their calves in October,” stated Juneau. So far, there has not been a rush at the auctions. As of September 11, only 252 calves more than last year had been sold at the auctions.

### Landing on their feet

The reopening of the American border to steers and feeder calves is no small part of the market recovery. “Since the opening of the border, the semi-finished calves from the Western provinces are shipped to the United States. There are less coming here,” explained Réal Sage. The price of gas is also favouring Quebec animals. It costs between one and one a half cents more per pound to ship Western animals into the province. The good economic situation in the steer sector is having repercussions in the feeder calf sector. “Steer producers are beginning to fill up their feedlots once again. There is more competition on the market,” stated the director of *Réseau Encans Québec*. “Producers have to go on. We have no other choice than to continue,” said Marcel Lampron, who owns an 800-head feedlot. According to the producer, the low prices of grain also had an influence on the improvement of the feeder calf market.

### Without sacrificing quality

The quality of the animals was maintained during the crisis. “Producers did not make cuts in the preparation of their animals. I take my hat off to them. They continued to work well,” declared Réal Sage. “The calves are in good condition. Producers have greatly improved over the last five

or six years,” pointed out Lampron. Since last year, the specialized auctions for feeder calves have been reserved for vaccinated animals only.

*Julie Mercier*  
*LTCN 2005-09-29*

## **Generalized protest movement against the expansion of Highway 30**

On September 27, the *Bureau des audiences publiques sur l'environnement* (BAPE) closed the hearings on the expansion of Highway 30 between Highway 15 and the Jean-Leman interchange. After some 50 presentations and the submission of more than 200 briefs, the opponents to the project are almost unanimous. Only the South Shore Chamber of Commerce and Industry support the route chosen by the ministry of Transportation (MTQ).

The Jean-Leman section stems from the choice of expanding Highway 30 through farmland (southern route) rather than along Highway 132 (northern route). The opponents are divided in two distinct groups. The first group is the citizens, ecological and farming community along with the municipality of Saint-Constant. The second group is developers and the other municipalities of the Roussillon MRC. They prefer an alternative that would see another 60 hectares of green zone destroyed. This route, proposed by Candiac, would promote the residential, commercial and industrial development of the city.

“[O]ur firm has only one objective for this land: to sell it for urbanization purposes, which would result in adequate income.... Like us, other real estate developers are noticing the potential for urban development,” admitted the spokesperson of *Développements urbains Candiac*, a company that owns land close to the future Jean-Leman section.

In addition, some unhappy residents denounced the time given to the City of Candiac to present its alternate route. They also filed a complaint to the BAPE against the president of the commission, François Lafond, who refused to listen to the arguments against the route through farmland. According to these citizens, the Jean-Leman section cannot be separated from the future route through the agricultural zone as it will be used to connect this route with the end of the existing Highway 30. “When you build a porch, you cannot build it without taking into account the house that it will be attached to,” said one participant.

### **Government sticks to its guns**

In the face of this controversy, the Ministry of Transportation felt the need to justify its position. Several days after the end of the hearings, the Ministry published a press release stating the “announced deadlines regarding all the sections of Highway 30 is still applicable and feasible.” The press release was also careful to mention that the route through the agricultural zone was

approved by the BAPE in 2002. “The work on the eastern part, south of Candiac, Delson and Saint-Constant will begin shortly with the construction of an overpass to allow traffic on Highway 30 coming from the west toward Highway 15 heading north,” announced the ministry. The opening of the highway through the agricultural zone is expected in 2006.

*Julie Mercier*  
*LTCN 2005-10-06*

## **Producers could take leadership in riparian buffer strips**

Agricultural producers from the Quebec City region could become leaders in the protection of riparian buffer strips. The three area federations, Lévis-Bellechasse, Rive-Nord and Lotbinière-Mégantic, are currently proposing to their members to go ahead with a large mobilisation project in order to protect all watercourses flowing through farmland by 2008.

“We want to create a dynamic and positive movement around riparian buffer strips,” explained the president of the *Lotbinière-Mégantic Federation*, Maurice Vigneault. He also pointed out that while the project’s main objective is to preserve the quality of water and protect the shores, it also aims at raising public awareness. Despite efforts made in the environment, the opposition to agricultural development projects is still increasing. Producers are also noticing an increase in the municipal regulations that are progressively more restricting.

“We think that producers have invested significantly in the environment. They spent money on fertilization plans, storage structures and other things. By filtering the last remaining part, we think the riparian buffer strips will complete the cycle. Let’s be leaders and let’s not wait until we are forced to do it. Let’s move forward,” added Vigneault.

In order to verify the producers’ perceptions, the project is currently submitted to the various base syndicates and a decision should be taken in October during the regional congress of the UPA federations.

If the project is accepted, an inventory should quickly demonstrate that more than half of the producers have adopted measures to adequately protect watercourses. It is estimated that each farming operation currently has one and a half kilometres of riparian buffer strips. Regarding costs, Vigneault believes that the work should be self-financed.

“We are talking about a three-metre strip with one metre at the top to prevent collapsing. Common sense will certainly prevail.”

*Pierre Yvon-Bégin*  
*LTCN 2005-09-29*

## **\$600 per hectare to develop shores**

The *Financière agricole du Québec* (FADQ) will offer \$600 per year for five years to producers who will give up land for the complete development of the shores of ten rivers in Quebec. It is the first time that producers will be able to participate voluntarily in an environmental measure while receiving financial compensation for the associated loss of long-term income. “I see that as a breath of fresh air. The door has been opened to a new approach,” declared Christian Lacasse, 1<sup>st</sup> Vice-President of the UPA, who believes that this kind of financial incentive is much more promising than the regulatory approach, which was the preferred method of the government until now. The conservation of watercourses is one of the major elements of the UPA’s next agri-environmental strategy.

The Saint-Pierre River is the first of the ten watercourses chosen by the UPA and the *Fondation de la faune du Québec* and supported by the FADQ as well as other partners such as the City of Mirabel and the Nature Action group. Nature Action and the advisory group *Profit eau-sol* will be in charge of the work evaluated at \$1.6 million. The work will deal with soil conservation, stabilisation of culverts and drain outflow, vegetation cover in the buffer strips, wind-breaks, cleaning and development of the shores, installation of nesting boxes and development of spawning grounds.

### **\$600 per hectare**

The \$600 per hectare assistance from the FADQ should compensate for the losses incurred by the producers who give up land for the development of the riparian buffer strips. The maximum payment to producers will be \$2,000 per year. The compensated areas will not be eligible for the income stabilization program or crop insurance. Many see this as a new kind of “voluntary eco-conditionality” as opposed to the compulsory version that was in effect until now. “There will be no improvement to farmland if it is not the farmers themselves who are the main project managers,” declared Bernard Beaudin, president of the *Fondation de la faune du Québec*, who hopes to be able to develop a model from the Laurentian experience to create “green corridors” throughout the province.

Approximately 60 producers will give up time and machinery to develop their 100 kilometres of shores along the Saint-Pierre River, which translate into a participation rate of 95 percent. More than 500 producers throughout Quebec are likely to participate in the program.

### **A society project**

This pilot project could lead to the creation of additional similar projects and increase the assistance requests for the development of other watercourses throughout Quebec. The current experiment will be looked at very closely in order to measure the effects and find the best working methods. “We will be able to propose more overall solutions for Quebec,” declared Normand Johnson, vice-president of the FADQ, who described this possibility as a “society project”. However, the FADQ’s budget, currently of \$350 million per year until 2006, will have to be increased to take into account this new environmental objective.

## ***Terroir* must be reserved for geographical tradenames according to the UPA**

The use of the word *terroir* (local product) must be restricted to products having a geographical tradename (*appellation*) by virtue of the *Loi sur les appellations réservées* (Law on reserved tradenames). That was the recommendation made by the UPA during the parliamentary commission mandated to study Bill 113. The purpose of the bill is to assure consumers on the authenticity of local products, which have an appellation of origin (AO) or a protected geographical indication (IGP).

According to the UPA, authorizing the use of the expression “local product” for products that do not have a reserved appellation is absurd. While the UPA is in favour of the introduction of specificity appellations in the law, it also demands, like most stakeholders, the withdrawal of the Minister of Agriculture’s regulatory project regarding the names “farmer” and “artisan.” The bill makes provision for the adoption of a regulation allowing producers and processors to use these two terms by adding mention of *method*, *type* or *preparation*. This shortcut would allow them to avoid the obligation of respecting the requirements as stipulated in an application for an attestation of specificity.

“Unfortunately, by proposing a compulsory registration system for farm type or artisan method products, the government is directly attacking the logic and effectiveness of the legal provision introduced in the bill,” stated the UPA brief.

Along with asking that reserved and specificity tradenames remain public property, the UPA is expecting that the laws and regulations in effect will also apply to products imported from other provinces. This request was also made by several other organizations.

The UPA remains dissatisfied that the developing production sector of alcoholic beverages is still not included in the bill. According to the UPA, the Quebec government must support the push by farm operations to draft requirements. The UPA cites ice ciders as an example, a technique resulting from the mind of Quebec artisan cider producers, which is being copied elsewhere in Canada.

### **One billion dollars**

At the opening of the parliamentary commission, the Quebec Minister of Agriculture, Laurent Lessard, indicated that 19 briefs had been submitted. Lessard stated that the potential demand for regional and niche products could represent a sum of approximately one billion dollars, which is four per cent of the food demand.

Lessard also promised to announce a financial assistance program to help groups of producer and processors to acquire a reserved appellation. In his last budget, the Minister of Finance announced that three million dollars will be spent over the next three years for the development of regional and niche products.

According to the official opposition, this bill is a far cry from expectations. Maxime Arseneau, agriculture critic for the opposition, does not believe that the bill has to be rejected. He questions the pertinence of asking the ministry inspectors, who are already overworked, to become the “label” police. For the *Action démocratique*, Janvier Grondin mentioned the concern of organic producers regarding imported products. According to the Beauce-Nord MNA, supporting regional products will increase the rural population and the existence of family farms.

*Pierre-Yvon Bégin*  
*LTCN 2005-09-29*

## Concentration of abattoirs a strong trend

The sale of the main buyer of steers in Quebec, the Ontario abattoir Better Beef, to the giant Cargill has many people wondering. While some were still doubtful, it is now obvious that Quebec is not excluded from the beef abattoir concentration phenomenon.

“For producers, the best tool to fight concentration is their joint plan. It is always worrisome for producers-sellers when the number of buyers decreases,” declared the president of the *Fédération des producteurs de bovins du Québec* (FPBQ), Michel Dessureault.

The FPBQ asked to meet the new owners of the abattoir, which buys more than 70 per cent of the steers in Quebec. “They’re a buyer with a good reputation. If the people at Cargill can work with our joint plan, we will have an excellent relationship with them,” believes Dessureault. Cargill said it still intends to get its supplies from Eastern Canada, a region that it considers as a market distinct from the West.

Many Ontario breeders believe that the purchase of Better Beef by Cargill is simply changing four quarters for a dollar. “Whether it is Better Beef or Cargill, we have only one major buyer and abattoir in Ontario. I do not see it as being the loss of a competitor,” declared Ian McKillop, president of the Ontario Cattlemen’s Association, to the magazine *Ontario Beef Farmer*. The opinion differs at the National Farmers’ Union, which fears excessive control of the market. The director of public affairs at Cargill was more reassuring. “The first thing to do is to sit down with the producers .... Our way of doing business is very open and transparent,” explained Rob Meier to the *Ontario Beef Farmers*. It is likely this line of thinking that prompted Cargill into refusing to open its books to the Competition Bureau, which was asked to enquire on the price of beef. For the 2005 fiscal year, Cargill had net profits of \$1.53 billion, a 15 per cent increase compared to last year.

## **Cargill spreads its tentacles**

Cargill was founded in 1865 by William Wallace Cargill. Started as a grain elevator, the company is now active in the following industries: eggs, meat, animal nutrition, oil extraction, salt, malt, chocolate, natural gas, steel and farm inputs for cash crops. It has been active in the beef processing industry since 1979. Cargill employs more than 100,000 people in 60 countries. Its headquarters are located in Minneapolis. In Canada, the head office is in Winnipeg, Manitoba. Its High River abattoir, in Southern Alberta, has a slaughtering capacity of 4,000 head per day. Cargill also owns a cutting plant in Chambly, south of Montreal.

In October 2004, Cargill purchased Caravelle Foods, a Canadian company specializing in the manufacturing of hamburger patties for fast food restaurants. Last April, Cargill bought out the Ontario abattoir Better Food, which slaughters 8,500 steer per week. The prolonged closure of the United States border is no stranger to the fact that Cargill is increasing its presence in Canada. In following with this, it would not be surprising to see its next acquisition in Canada to be in the cull cow sector. The company has reached an agreement for the purchase of five processors in Fresno, California. The conglomerate has sales of \$500 million and has supply contracts with Wal-Mart. Even though it is large, it is not the biggest slaughterhouse and processing company in the United States. The Tyson company holds this title.

## **Difficult for new players**

According to the Canadian Food Inspection Agency (CFIA), there are 33 federally inspected abattoirs in Canada. In 1998, there were 47. In Quebec, the only major abattoir is the *Abattoir Zénon Billette*, which will reach a slaughtering capacity of 1,100 steers per week by the end of 2005. There are also some sixty small abattoirs in the province. In 2003, these abattoirs slaughtered approximately 5,000 steers, or four per cent of the Quebec production. Currently, nearly three quarters of the Quebec steers are sent to the Ontario abattoir Better Beef. The situation has changed significantly in the past few years because in 1997, Better Beef's purchases represented only 19 per cent of the Quebec production. The remoteness of the abattoirs is penalizing local producers, who saw a price decrease compared to the price in Western Canada. The FPBQ estimated that in 2003, this price difference led to a loss of revenue of \$10.3 million, not including transportation costs of \$2.2 million. Despite an obvious slaughtering under-capacity, the Quebec market leaves little room for new players. "The last permit issued goes back to 1999 and we are now in 2005. We have applications. I have fifteen applications in my drawer, but that's as far as it goes," stated Marcel Mathieu, senior inspector of agricultural products and food for the Quebec Ministry of Agriculture.

## **Global consolidation**

In 1976, there were 210 abattoirs in the United States with an annual slaughtering capacity exceeding 50,000 head. Today, there are approximately 50 left. Of this number, four players control 80 per cent of the market. The scenario is similar in Canada where four companies process more than 90 per cent of the steer volumes each week. Two of them, Cargill and Lakeside Packers (Tyson) belong to American interests. According to the George Morris Centre,

the reduction in the number of abattoirs can be explained by the economy of scale factor. In the United States, the dominant companies realized that and now have a slaughtering capacity exceeding 4,000 head per day.

The consolidation of the slaughtering sector is not only limited to North America. It is happening throughout the world. In Brazil, the Friboi Company is on its way to becoming the second largest beef processor in the world. With the acquisition of the Argentinean giant, Swift Armour, Friboi will control more than half of the world's beef processing market.

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