



Saskatchewan Stock Growers Association

Media Release

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Canadian packing plant operator offers insights to Saskatchewan Cattle Producers

Brian Nilsson, co-owner of Nilsson Brothers XL Foods, addressed delegates to the Saskatchewan Stock Growers Annual General Meeting in Moose Jaw today.

Nilsson bucked the industry trend among industry leaders which has seen considerable attention focused on export markets and trade policies stating that, “given recent developments in global economics and trade, The Canadian domestic meat market is increasing in importance relative to our export markets.”

“Our industry needs to be careful about adopting costly measures, simply to increase export opportunities; especially given the fact that these measures have not proven particularly effective to date,” said Nilsson.

“Our company is committed to the domestic market and we welcome the trend toward seeing more cattle fed, processed and sold right here in Canada,” added Nilsson.

Nilsson argued that efforts intended to enhance exports such as stringent Specified Risk Materials removal regulations, may indeed have merit. Nonetheless they are proving to be more costly than the benefits they are purported to produce.

Nilsson responded to delegate questions concerning concentration in Canada’s packing house industry stating, “If anyone thinks that competition has been eliminated they are mistaken. Cargill is a very tough competitor, and they are not in business to keep our company in business. We also continue to face price pressure from packers in the U.S.”

Nilsson responded to producer concerns about the negative impact on prices brought about by the recent closure of XL’s Moose Jaw plant. “At the time we closed the plant, we indicated our intention was to reopen it in September, and that is still our plan.”

Nilsson indicated some of the factors which resulted in the Moose jaw plant closure such as a shortage of cull cows, and fat cattle from Manitoba will be moderated by fall. “However, the cost implications of Canada’s more stringent Specified Risk Materials regulations continue to make it about \$30 per head more costly to process cattle in western Canada than in the US which continues to frustrate the industry,” said Nilsson.

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