

It's the Valley of the Jolly (ho, ho, ho) Green Giant. Not. February 1996 Column - Country Life in BC

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In a media release of December 19th, Pillsbury Canada President Barbara Thomas announced their decision to close the doors on their Fraser Valley Foods Division — the once-locally-owned Sardis, B.C. vegetable and fruit processing facility and Abbotsford distribution centre — on April 1996.

In a Dickensian move unfortunately-reminiscent of parent-conglomerate Grand Met Foods' British registry, Pillsbury advised its 500 or so employees of the impending plant closures a scant five days before Christmas.

"Market trends in the food industry have made Fraser Valley Foods division unprofitable and the decision to close necessary" explained Thomas.

But for the 275 workers who suddenly lost secure, full-time, year-round jobs, watching their kids opening shiny new presents Christmas morning likely became a whole new — and undoubtedly poignant — experience. For the plant's 225 seasonal workers — mostly non-unionized farm labour — failure to find replacement jobs to qualify for seasonal UIC may well mean welfare.

No mention is made in Pillsbury's media release of the implications for area farmers. Indeed, the farmers who grew crops for Pillsbury are given no mention at all. This, despite the fact that the fall-out for farm families and communities will be substantial.

According to local farmers, shut-down of the Sardis processing facility forecloses contract production options for 35 percent of the Valley's current processing crop acreage. Put another way, *one out of every three acres* which just last summer produced the local corn, beans or peas very likely sitting in plastic bags in the freezers of British Columbian kitchens today *now no longer has a job*.

This, in turn, severely limits crop rotation potential and hence sustainable soil management options for some of Canada's most fertile and highly-productive agricultural land. This, despite the best efforts of some of Canada's most skilled and highly-productive farmers.

Why? Lots of rumors. "Heard they might have had some union problems." "Heard they were in line for a big fine for dumping corn water into the creeks." "Heard they weren't making any money".

Speculation from numerous sources that the December 19th announcement is "just part of Pillsbury's across-the-board sell-off of its Canadian fruit and vegetable divisions" is by far the most interesting. Purportedly arguing, in part, cheaper labour in Mexico and the U.S., Pillsbury has apparently shut down six or seven similar facilities in Ontario in the past 2 years.

When Pillsbury's Fraser Valley Foods Division closes it's doors in a few weeks, the company's fruit and vegetable processing facility in Quebec— the as-yet-sole-survivor of similar corporate divestment in that province — will become Pillsbury's one remaining Canadian operation.

Apparently, Pillsbury's move out of vegetable processing is not limited to Canada — industry sources indicate the company is either in the process of selling or has already sold most of it's fruit and vegetable operations in the U.S. to American-based Seneca Foods. And one of these divisions, Green Giant Foods, has reportedly been quietly buying up land across the border in Mexico.

What are the options for Valley vegetable farmers? To date, the two remaining area processors have apparently indicated little interest in picking up the crop acreage previously under contract to Pillsbury. Many farmers are worried. Some are expressing renewed interest in wheat given recent strengthening of international markets for that commodity. But switching from processing crops to wheat requires considerable investment in farm machinery. For many, the loss of traditional

processing crop markets could well be the final straw that pushes farm families to actively campaign for abolition of the ALR on economic grounds.

What a pity. Just when the glow of a highly profitable niche market may be brightening the horizon.

It is my understanding that a local company has been actively test-marketing an organic line of frozen corn — this year contracting 70 acres from area farmers and processing it on a custom-contract basis through Pillsbury's Fraser Valley plant. Local farmers are under the impression that market test results were promising.

If this is true, serving the high-unit-value organic consumer market *may* make economic sense for full-time, commercial operators, who can relate to organic *processing* crops because the marketing and distribution channels are normalized (frozen organic peas, beans and corn would move through identical marketing and distribution channels as non-organics, handling and shelf life problems traditionally associated with organic marketing would disappear, producers would no longer be required to be "farmer Joe at Granville market" in order to sell their crop).

It would appear that Pillsbury/Grand Met foods is not interested in such niche markets. But rumour has it that one of this province's two remaining processors may be actively considering purchasing the operation.

If there is a new, exciting market opportunity, shouldn't local producers have the opportunity to play — e.g. to organize, assess the situation and potentially put in a competitive bid?

(Apparently, one area farmer is considering just that — testing the water for interest amongst his peers in a cooperative purchase. However, one month after the announced shut-down of Fraser Valley Foods, rumours continue to outnumber facts by ten to one and, despite its economic importance to area farmers, the matter remains shrouded in mists.)

If there is sufficient interest, Country Life in B.C. is willing to sponsor a half day facilitated discussion to help Valley vegetable farmers explore more fully the implications of this issue and their various options — bringing in a financial expert, facilitating a blue-sky, no-holds-barred discussion where all options are put on the table and explored for their individual merits, perhaps inviting the processors for lunch and participation in a post-lunch panel.

If this option interests you (and if the proposed purchase by another processor is not finalized in the meantime), **come join myself, Larry Martin** (Canada's competitiveness guru) **and Malcolm Turnbull at an early bird breakfast session hosted by Country Life from 7 to 8:30 a.m. on Saturday morning, February 3rd at the Delta Pacific Resort and Conference Centre** to toss around some preliminary ideas.

Farmers don't have to be registered for Farm Business Challenges (Saturday's meetings commence at 9 a.m.) to attend this early bird session.