

Cargill

U.S. agri-business giant, builds \$53-million plant in Saskatchewan

The dateline for one of Canada's biggest agri-business investment stories in recent years has been one of its smallest towns.

The community is Clavet, Saskatchewan, (population 200) on the Canadian prairies, where Cargill Ltd., Canadian subsidiary of Cargill Inc., the world's third-largest food

company, has completed a \$53-million plant for crushing and processing canola seed into oil and meal products.

In an interview with *Canada Investment News*, Ken Stone, Plant General Manager, said that in planning the new facility Cargill set its sights

high. "Our objective was to establish a plant that could produce oilseed products at a cost-per-unit ratio as low as any in the world. To do that we needed to build it big."

Cargill's new facility, with a workforce of only 55 people, fulfils that vision. Its seed-crushing capacity of 600,000 tonnes makes it the largest canola processing plant in Canada and, by itself, increases the nation's

total oil-processing capacity by 25 per cent.

With world demand rising at an annual rate of two million tonnes, Cargill expects that it will eventually need all of that production muscle.

Off to a running start

Ken Stone says that, despite one of the harshest winters in Canadian history, the plant came in within budget and two months ahead of schedule, opening in mid-1996. "We have completed our tenth month of operation and the plant is performing exceedingly well."

Cargill sees many competitive advantages in the Canadian location including, notably, access to raw material. "This is one of the best areas in North America to produce canola," says Guillaume Bastiaens, President of Cargill's Food Sector.

In addition, the plant is only 25 miles from Saskatoon, a city of 200,000 and home of the University of Saskatchewan, a major centre of agri-business-related research.



"Because of the university, we have access to a pool of trained engineers, technicians and other professionals in areas important to us," says Stone. Saskatoon's Innovation Place, an agri-business industrial park, is also the site of one of the world's leading clusters of agri-biotechnology firms, including several subsidiaries of U.S. and European firms. Also located in the cluster are several university and government research laboratories that focus on canola research. (See *Canada Investment News*, November 1995.)

Another advantage, says Stone, is easy access to Cargill's markets. "We are well positioned relative to both the southeast and west-coast United States." The plant also has direct railway links to Canada's two transcontinental lines, Canadian National and Canadian Pacific.

These, Stone says, provide "excellent connections to both Canadian and U.S. markets and also to Vancouver, for our shipments to Japan, Korea, Thailand and other Asian destinations."

Cargill Inc. is a privately-held merchandiser, processor and distributor of agricultural and other commodities. Earlier this year, the company announced 1996 earnings of US\$902 million on sales of US\$56 billion. ♦



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