

Cargill to build canola plant in Clavet

New facility to double production in province

Cassandra Kyle

The StarPhoenix

Wednesday, August 29, 2007

Cargill Ltd. announced plans Tuesday to double its canola processing capacity in Saskatchewan with a second plant in Clavet.

The company says the new canola processing plant will be built adjacent to the existing plant, which began operations in 1996.

Cargill would not say how much the new plant will cost, but it will create 25 new jobs, boosting Cargill's total employment to 150 full-time equivalent employees in the community about 30 kilometres east of Saskatoon.

Already boasting the largest plant of its kind in Western Canada, the new Clavet plant will increase Saskatchewan production to 1.5 million tonnes annually, with both plants processing 750,000 tonnes each year. A plan to expand the existing facility by 25 per cent, announced in July 2006, has been scrapped in favour of the new plant.

"After we started analyzing the cost for the additional tonnage and what that would require, we said it makes more sense to build a new stand-alone plant right beside the existing plant rather than trying to tweak our existing facility," said Ken Stone, Cargill's Canadian oilseed manager, from Winnipeg. "It's a sizable stake in the province."

The company holds several long-term agreements to supply major food customers with canola oil, and with the popularity of specialty oils on the rise, such as high oleic canola oils that are low in saturated fat and have zero trans fat, the new plant will help meet demand. In addition to forecast North American needs, overseas buyers from Asia and Europe are playing a growing role in the market as well. Stone said the new plant will allow Cargill to participate in the growth of the market well into the future.

And with Saskatchewan holding more than half of western Canadian canola acres, Cargill expects that number to grow as the sector expands. Just this year, Saskatchewan farmers seeded a record 7.2 million acres of canola, according to a Statistics Canada survey, up nearly 20 per cent from the year before. When it comes to the central location of the site, Stone says it has advantages.

"When we first looked at construction at Clavet we did a pretty exhaustive search in Western Canada and really believed in the growth of the acres that would occur and the production that would occur in Saskatchewan. And then when it came time to expand or try to build somewhere else, we kept coming back to (the fact that) we believe we've got a very, very good site, if not the best site in Western Canada," he said. "We have access to railways, it's in the centre of production and we believe that there will be continued growth of the acres and the oilseed canola production in Saskatchewan in the years to come."

Cargill also believes that as Saskatchewan demand for biofuel products grows, the company's role will develop in that industry as well. Judie Dyck, executive director of the Saskatchewan Biofuels Development Council, said confidence in Saskatchewan canola is leading to larger projects.

"I think that this bodes well for Saskatchewan and it demonstrates that this is where it's happening in terms of production and crushing, and we hope the same for biodiesel production," Dyck said. "It's jobs for Saskatchewan, it's value-added here at home, and we hope this will attract people to come and put up

biodiesel plants here. Certainly there is a demand out of Europe for canola-based biodiesel and hopefully we can be a player in that marketplace."

The construction of a new, large capacity canola processing plant is one of many anticipated Saskatchewan projects with a strong biofuel link, and Dyck is glad to see it.

"All of these play on each other and all of them are pieces of the puzzle and it's the momentum that we want to keep moving as an industry," she said.

Blair Bentley, mayor of the village of Clavet, said the project should attract people to the community of 350. Construction workers in the area, including Saskatoon, he said, will benefit from the construction of the plant.

Groundbreaking on the new facility will take place in the coming months, with construction completed and production underway by November 2008, Cargill says.

ckyle@sp.canwest.com

© The StarPhoenix (Saskatoon) 2007

CLOSE WINDOW

Copyright © 2007 CanWest Interactive, a division of CanWest MediaWorks Publications, Inc. . All rights reserved.