

United States Senate

WASHINGTON, DC 20510

April 23, 2020

The Honorable William P. Barr
Attorney General of the United States
Department of Justice
950 Pennsylvania Ave NW
Washington, D.C.

Attorney General Barr:

We are reaching out today to request that the Department of Justice, in conjunction with the U.S. Department of Agriculture Inspector General, open an investigation into reports of price fixing in the cattle market. The profit discrepancies between packers and independent ranchers are egregious, and merit a long-overdue antitrust investigation into the consolidated meat packing industry. The Federal government must act on this issue soon or America's cow calf operators, as well as small and medium size feeders, will go out of business while multi-national corporations continue to reap record profits.

The gap between the price of boxed beef and the price at the farm gate has been widening for the past decade, but recent events further illuminate the alarming impact of price manipulation by meatpackers. In August 2019, a fire heavily damaged a Tyson's plant in Holcomb, Kansas that processed nearly 6,000 animals per day, roughly 6 percent of U.S. capacity. The Holcomb fire sent irregular shocks throughout the beef market. It harmed consumers who faced increased prices at grocery stores and independent ranchers who saw lower prices for live cattle. This irregularity suggests that meat packers used this event to further line their pockets. This type of behavior does not reflect free market forces and is absolutely unacceptable.

After beef prices leapt for consumers, but fell for cattlemen in the weeks after the fire, Secretary Perdue launched a Packers and Stockyards Division investigation into beef pricing margins to determine if there was evidence of price manipulation, collusion, restrictions of competition, or other unfair practices. Nearly eight months later, this investigation is still ongoing and thus inconclusive.

Evidence of price fixing is now even clearer as the nation reacts to the COVID-19 pandemic. Yet again, as the demand for beef increases nationwide, live cattle futures are sinking. We are hearing from ranchers that it is not feasible to sell their cattle at such low futures and still hope to break even. In a time when Americans are consuming more beef than ever before, it is confounding that ranchers are struggling, while meat packers take home record profits.

Although allegations of pricing fixing in the cattle industry are reaching national prominence as a result of recent crises, these are not new issues. The industry is highly concentrated, as four meatpacking firms control 80 percent of the market.

The nation's food supply chain is an issue of national security, which is why it is essential that you open an investigation into cattle price fixing. Keeping our independent ranchers and feeders in business means keeping food on America's plate, and providing crucial food security during the unprecedented COVID-19 crisis. If this is not done quickly, we will see generational changes in the cattle industry that will make the country less safe. Please do not hesitate to reach out if we can provide information on the troubling impact of price fixing on American's ranchers and feeders.

Sincerely,



U.S. Senator Jon Tester

/s/ Doug Jones
U.S. Senator Doug Jones

/s/ Cory A. Booker
U.S. Senator Cory A. Booker

/s/ Jeffrey A. Merkley
U.S. Senator Jeffrey A. Merkley