

Chairman Durbin, Ranking Member Grassley, and members of the committee, thank you for the invitation to testify this afternoon. I am Rob Larew and I serve as president of National Farmers Union. Our organization works to ensure that family farmers and their communities are respected, valued, and enjoy economic prosperity and social justice. Founded in 1902, Farmers Union is made up of 200,000 farm families across the country.

Our organization was started in part to help to restore and enhance competition in agriculture. While there are many challenges that face our members, having a fair marketplace remains a central issue for Farmers Union and for the economy as a whole. As President Biden said recently: “Capitalism without competition isn’t capitalism; it’s exploitation.”

Family farmers and ranchers – and our communities – are worse off because of the domination and market manipulation by multinational meat companies like those represented here today.

The four largest companies in each sector of the meat industry have grown dramatically in the last few decades. Today, those companies control:

- 85 percent of beef packing,
- 70 percent of pork processing,
- and 54 percent of broiler chicken processing.

In beef, there’s been a shift toward Alternative Marketing Agreements and a thinning cash – or spot – market, which gives packers even greater control over the cattle supply.

The concentrated markets also increase the opportunity for manipulation, and there’s been a raft of price fixing litigation against processors. Allegations have touched all three major meat sectors – cattle, hogs, and broiler chickens – and both of the corporations represented here today among the companies that have paid fines or settled lawsuits for price fixing.

The danger of an uncompetitive livestock market is not only economic, it is also felt in food security. This was clear in the first few months of the pandemic. Closures or slowdowns at meatpacking plants resulted in lost markets for farmers, endangered our food supply and the health of workers, and led to higher prices for consumers. Soon after, family farmers and ranchers endured historic spreads between live animal prices and retail meat prices.

We saw similar issues with the fire at Tyson’s Holcomb plant in 2019 and the cyberattack against JBS earlier this year. These corporate entities are too big; and when they fail or take advantage of their power, we all suffer. We must learn from this experience. Greater emphasis must be placed on resilience in the food supply and unbridled corporate power must be checked.

Farmers Union is not the only producer organization that has joined in the call for swift and meaningful reform. Despite the very independent nature of groups that represent ranchers, the vast majority of these groups got together and agreed on what needed to be done. With that in mind, the time for action is now.

Fortunately, there are steps that Congress, this Committee, and the Administration can take to support a food supply chain that is competitive and resilient. These reforms can be investments and incentives but must also include regulatory and enforcement actions.

- First, USDA can support the Packers and Stockyards Act by implementing rules that ensure specific protections for family farmers and ranchers. This idea features heavily in President Biden's recent executive order on competition and is a monumental step forward.
- Second, Congress and USDA can enact reforms to price reporting and labeling that will provide accurate, reliable, and timely information. This should include a minimum level of cash transactions, contract libraries, and the reauthorization of mandatory price reporting.
- Third, there needs to be greater investment in local and regional marketing and processing options. USDA has already committed \$500 million from the American Rescue Plan to help in this effort and more will be needed.
- And fourth, we need to better scrutinize mergers with legislation like Senator Klobuchar's "Competition and Antitrust Law Enforcement Reform Act." Furthermore – it is time to push for much more vigorous antitrust enforcement to rein in the unchecked power of the packers, and if need be, bust them up.

I look forward to working with this Committee to bring about greater fairness for family farmers and ranchers. Thank you for the opportunity to testify and I look forward to answering your questions.

Things to mention:

COVID-19

Drought

CR4s

Phoenix

Holcomb Fire

Cyberattack

Big Antitrust

U\$DA

Packers and Stockyards Act

Total # of Farms

50/14, etc

The consolidated meatpackers, represented at this table today, have

After suffering corporate abuse for so many years, it is reassuring that farmers may finally get a level playing field.

The U.S. Department of Agriculture “prices received” by farmers and ranchers index showed a six percent decrease from April through July 2020 as compared to the same period in 2019. Farmers’ losses have not been passed on to consumers, who instead are paying more for food. So far in 2020, the Consumer Price Index for food is three percent higher than 2019.

We focused on:

- packer concentration,
- price transparency and discovery,
- packer oversight,
- enforcement of the Packers and Stockyards Act,
- levels of captive supply,
- and packing capacity.

Specifically, the group agreed to consider the renewal of USDA's Livestock Mandatory Reporting, including formula base prices subject to the same reporting requirements as negotiated cash and the creation of a contract library. The group also showed interest in the issuance of a Department of Justice (DOJ) public investigation status report and as warranted, conduct joint DOJ and USDA oversight of packer activity moving forward.

This list of issues is not comprehensive;

Accusations of collusion began to shadow the broiler chicken industry in late 2016 with the filing of the Maplevale lawsuit. The suit alleged that large poultry companies coordinated prices between 2008 and 2016, resulting in a 50 percent price increase for broiler chickens, despite a roughly 20 to 23 percent decrease in input costs over the same period.

- The Department of Justice later intervened in the Maplevale case, and in June 2020, the first indictments of chicken-industry executives were announced.
- In October 2020, Pilgrim's Pride, which is majority-owned by JBS, pled guilty to one count of conspiracy in restraint of competition, and agreed to pay a fine of \$110.5 million.

There have also been multiple civil lawsuits against beef packers and the pork industry. For pork, there were settlements of:

- \$24.5 million from JBS in December 2020
- another \$20 million in March 2021
- and \$12.75 million in April 2021.

Last month, news broke that Smithfield Foods would pay \$83 million to settle its price fixing case.