Dear Colleague:

As we approach the finish line on negotiating Fiscal Year 2024 appropriation bills, we write to call your attention to the importance of promoting competition in the meatpacking industry. Improving competition is critically important to ensuring consumers have safe and affordable protein options at the meat counter, and family farmers and ranchers get a fair deal for their products. That’s why we write today to ask for your help opposing any policy rider in the FY 2024 Agriculture Appropriations bill that would prevent the United States Department of Agriculture (USDA) from enforcing the Packers and Stockyards Act to hold multi-national food manufacturers accountable.

Making ends meet raising livestock is a tough business under fair circumstances. It can be downright impossible when the deck is stacked against you by multi-national meat packers that have a concerning pattern of running roughshod over our nation’s anti-trust laws. Right now in the United States, four companies control over 80 percent of domestic beef processing, 60 percent of domestic hog processing, and 50 percent of domestic poultry processing. This level of concentration is a bad deal for consumers and a bad deal for family farmers and ranchers.

Unsurprisingly, this level of market concentration is very good for business if you are one of these giant meat packers. Many of these companies have reported record profits over the last few years while farmers and ranchers are struggling to make ends meet and consumers are paying sky high prices for proteins. The level of market concentration makes it way too easy for these companies to engage in price fixing tactics. While they have agreed to pay millions of dollars to settle price fixing lawsuits in recent years, those settlements are just a drop in the bucket compared to the massive profits they are reaping. The reality is there are not enough cops on the beat to prevent the constant anti-competitive actions by these monopolists. There are also not currently sufficient rules in place at USDA to hold them accountable to consumers and producers.

This is not a new problem. In 1921, Congress enacted the Packers and Stockyards Act (P&S Act) to combat consolidation and lack of competition in the livestock and poultry industries as meatpackers and processors gained too much control over livestock and poultry producers and began raising prices on consumers. Nearly 100 years later, Congress recognized this severe market consolidation persisted and passed provisions in the 2008 Farm Bill instructing USDA to use the P&S Act to tamp down on some of the most egregious examples of meatpackers abusing their market power.
Fast forward to 2024 and USDA is still trying to implement some of the most basic anti-competitive provisions from the 2008 Farm Bill. Provisions like a requirement that meatpackers must provide contract information to producers before they sign their name on the dotted line rather than after the producer has already signed a binding document. There are a handful of rules like this to address anti-competitive behavior that are set to go into effect this year, which is why the meatpackers are ratcheting up spending on lobbying against any new pro-American producer or pro-consumer actions by USDA. Why? Same reason they have been resisting oversight for over a 100 years, they want to abuse their market power to pay producers less and charge consumers more.

Congress must reject the latest push by these special interests to attach a rider to the FY 2024 Agriculture Appropriations bill to once again block USDA from implementing bipartisan reforms. Blocking FY 2024 riders is vital to lowering prices for consumers and to the health of rural America where our farmers and ranchers work hard every day to raise world-class products that deserve a fair market price.

Sincerely,

Senator Jon Tester

Senator Charles E. Grassley