

United States Senate

WASHINGTON, DC 20510-2509

April 29, 2020

Federal Trade Commission
600 Pennsylvania Avenue N.W.
Washington, DC 20580

Dear Chairman Simons, Commissioner Phillips, Commissioner Chopra, Commissioner Slaughter, and Commissioner Wilson:

One of the most effective tools in the FTC's arsenal is its power to investigate and analyze the practices of specific industries under section 6(b) of the Federal Trade Commission Act. 15 U.S.C. § 46(b). We write to urge you to exercise that authority to investigate the growing concentration in the meatpacking and processing industry, and any anticompetitive behavior resulting from this concentration.

The domination of a select few companies in the American meatpacking industry is cause for serious concern. Four companies process 85 percent of all the beef in the United States: Tyson Foods, Cargill, JBS S.A., and Smithfield Foods.¹ Just three of these multinational firms—Tyson Foods from the United States, JBS from Brazil, and Smithfield from the People's Republic of China—control 63 percent of America's pork processing.²

This market consolidation has led to the increased concentration of meat production in just a handful of plants. For instance, over the last several decades, the number of slaughterhouses processing more than one million hogs annually has more than doubled: among those slaughterhouses processing more than 50,000 hogs every year, 90% are these "mega-slaughterhouses."³ Cattle slaughterhouses have also seen increased concentration, with the average number of cattle slaughtered per plant doubling between 1976 and 2006.⁴

This physical plant concentration, in turn, has undermined the stability of America's meat supply and become an issue of national security. Following a spate of COVID-19 infections among plant workers, in recent days these oligopolistic companies have closed three pork plants indefinitely, resulting in the shutdown of a staggering 15 percent of America's pork production.⁵ As a result, farmers cannot process their livestock—which are costly to maintain—and consumers risk seeing shortages at grocery stores, exacerbating the food insecurity that all too many Americans are currently experiencing. These harms might have

¹ <https://finance.yahoo.com/blogs/daily-ticker/how-four-companies-control-the-supply-and-price-of-beef-pork-and-chicken-in-the-u-s-eat-prices-224406080.html>.

² Philip H. Howard, "Corporate Concentration in Global Meat Processing: The Role of Feed and Finance Subsidies," *in* *Global Meat: Social and Environmental Consequences of the Expanding Meat Industry* (2019), at 31.

³ <https://www.justice.gov/sites/default/files/atr/legacy/2011/09/09/AGW-15639-a.pdf>.

⁴ *Id.*

⁵ <https://www.cnn.com/2020/04/26/business/meat-processing-plants-coronavirus/index.html>.

been mitigated if the meatpacking industry was less concentrated. The current COVID-19 crisis has exposed the vulnerabilities of American supply chains and the importance of ensuring that, when disaster strikes, America's food supplies are not in the hands of a few, mostly foreign-based firms.

Yet even before the immediate COVID-19 crisis, the effects of concentration in meatpacking have broadly proven disastrous for America's farmers, ranchers, and consumers. Between 1980 and 2009, the price a rancher was able to obtain per pound of beef declined from \$1.97 to 93 cents (adjusted for inflation).⁶ Likewise, between 1999 and 2008, real consumer prices for ground beef increased by 24 percent (adjusted for inflation), from a monthly average price of \$1.89 a pound in 1999 to \$2.34 a pound in 2008.⁷ And, of course, these numbers assume that all sales took place in good faith, an assumption which may not be warranted: mega-meatpacker JBS was fined in 2018 for underpaying family farmers and ranchers by claiming cattle weighed less than they did.⁸ Similar dynamics have played out in the hog industry: between 1992 and 2007, hog prices fell by 30% as producers became increasingly concentrated.⁹

As America begins to look ahead to a post-pandemic future, the FTC has the power to shed light on these growing competition and security problems in our food supply. The Commission should ask probing questions about major meatpacking firms' conduct, pricing, and contracting, as well as how their commitments to overseas interests impact the U.S. market and national security. Moreover, because a competitive food industry is so critical to the public interest, you should make the findings of any investigation public. 15 U.S.C. § 46(f).

Thank you for your attention to this matter. We look forward to your action on this urgent issue.

Sincerely,



Josh Hawley
United States Senator



Tammy Baldwin
United States Senator

⁶ <https://grist.org/food/2011-04-14-ranchers-struggle-against-giant-meatpackers-economic-troubles/full>.

⁷ <https://www.foodandwaterwatch.org/sites/default/files/beefconcentration.pdf>.

⁸ https://www.washingtonpost.com/politics/this-foreign-meat-company-got-us-tax-money-now-it-wants-to-conquer-america/2019/11/04/854836ae-eae5-11e9-9306-47cb0324fd44_story.html.

⁹ https://www.ers.usda.gov/webdocs/publications/45936/12767_err52.pdf?v=41056.