

August 4, 2021

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Secretary Vilsack,

I write to urge you to immediately conduct an exhaustive investigation into the largest food processing and meatpacking businesses and revoke inspection services in order to hold these companies accountable for fraudulent and anticompetitive behavior. As Secretary, it is critical that you leverage the full extent of your authority provided by Congress to restore competition, safeguard farmers and ranchers, and ensure food security for all Americans.

After years of consolidation in the beef, pork, and chicken processing industries, the food supply chain in the United States has become dangerously fragile. For example, in the last several decades, the number of slaughterhouses processing one million hogs per year has more than doubled, while the average number of cattle slaughtered per plant doubled between 1976 and 2006.¹ When their shares are aggregated, three multinational meatpacking companies—Tyson Foods, JBS of Brazil, and WH Group of China—control 63 percent of pork packing, 46 percent of beef packing, and 38 percent of poultry processing in the United States.² During the COVID-19 pandemic, shutdowns of a handful of processing plants, such as those operated by WH Group-owned Smithfield Foods, led to shortages across the country.³ As a consequence, small producers and ranchers face dramatic price swings that can threaten the viability of their business. The fact that several of the biggest processors are foreign-owned suggests that American farmers and consumers are not adequately protected in times of crisis.

Market concentration is also driving a rise in criminal anticompetitive activity by the largest firms. Earlier this year, Pilgrim's Pride, a subsidiary of JBS and one of the largest chicken processors in the United States, pled guilty to a criminal conspiracy to fix

¹ Clement E. Ward, "Economics of Competition in the U.S. Livestock Industry" (Jan. 2010), <https://www.justice.gov/sites/default/files/atr/legacy/2011/09/09/AGW-15639-a.pdf>

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.cnn.com/2020/05/07/heres-why-meat-shortages-are-likely-to-last-during-the-pandemic.html>

prices.⁴ Under federal law, you have the clear authority to “refuse to provide, or withdraw, inspection service” when the applicant for inspection services or anyone reasonably connected to the applicant has been convicted of a felony or “any other act or circumstances indicating a lack of the integrity needed for the conduct of operations affecting the public health.”⁵ Similar authorities also exist for refusing or withdrawing inspection services for meat,⁶ eggs,⁷ and even grain.⁸ I urge you to use this authority where appropriate with respect to Pilgrim’s Pride and all large food processors operating in the United States under your jurisdiction that have been convicted of crimes that trigger these statutes.

The biggest firms will not curb their anticompetitive practices unless they face a penalty that impacts their bottom line. Big companies require big penalties. Federal statute provides you with robust authority to revoke inspection services following convictions for fraudulent behavior in the marketplace. Therefore, as a complement to any current, ongoing investigations with the Department of Justice concerning violations of the provisions of the *Packers and Stockyards Act*,⁹ you must also aggressively use this inspection authority to ensure that the biggest firms are both held accountable for anticompetitive practices and make commitments that will reduce fraudulent behavior, industry concentration, and foreign control of those businesses critical to the food security of the United States.

Thank you for your attention to this matter important to producers and consumers in Missouri and across America.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Hawley". The signature is fluid and cursive, with the first name "Josh" being particularly prominent.

Josh Hawley
United States Senator

⁴ U.S. Department of Justice, Press Release, *One of the Nation’s Largest Chicken Producers Pleads Guilty to Price Fixing and is Sentenced to a \$107 Million Criminal Fine* (Feb. 23, 2021), <https://www.justice.gov/opa/pr/one-nation-s-largest-chicken-producers-pleads-guilty-price-fixing-and-sentenced-107-million> ; *United States v. Pilgrim’s Pride Corporation*, No. 1:20-cr-00330, Doc. 58 (D. Colo. Feb. 2, 23, 2021), available at <https://www.justice.gov/opa/press-release/file/1369896/download> .

⁵ 21 U.S.C. § 467(a).

⁶ 21 U.S.C. § 671.

⁷ 21 U.S.C § 1047.

⁸ 7 U.S.C. § 87.

⁹ Pub. L. 67-51, 42 Stat. 159 (Aug. 15, 1921) (codified at 7 U.S.C. §§ 181–229b).