



May 2, 2022

The Honorable David Scott  
Chairman of the House Agriculture Committee  
468 Cannon House Office Building  
Washington, D.C. 20515

The Honorable Glenn Thompson  
Ranking Member of the Agriculture Committee  
400 Cannon House Office Building  
Washington, D.C. 20515

Dear Chairman Scott, Ranking Member Thompson, and other members of the House Agriculture Committee:

We sincerely appreciate the hearing *An Examination of Price Discrepancies, Transparency, and Alleged Unfair Practices in Cattle Markets* your committee held on April 27th. We have been extremely concerned by some of the anti-competitive price manipulations we have noted, demonstrated by farmers' substantially reduced share of the consumer dollar and meatpackers' record-high profits. We are glad to see Congress addressing this critical flaw in our food supply system, and applaud your efforts to bring this issue to the forefront of the debate.

During the hearing, we noted several occasions where participants mentioned disruptions caused by the fire at the Tyson processing plant in Holcomb, Kansas. We wanted to bring to your attention how the consolidation of the meatpacking industry has allowed dominant corporations to benefit from unethical price manipulation schemes that manipulate disruptive events, such as the fire in Holcomb, to benefit themselves at the cost of the producers and the consumer.

On Friday, August 9, 2019, a fire in Holcomb, Kansas shuttered a Tyson plant that handled five to six percent of beef processed in the U.S. By Monday morning, the packers' dire warnings of shortages caused retail grocers to make a run on beef in order to secure the expected Labor Day sales. Beef packers simultaneously cut the price paid to cattle producers with excuses about lost processing capacity.

By August 24th, the result was a 67% spread in what beef packers paid the cattle producer and how much they charged the retail grocery. To put this in perspective, this spread reflected a 143% increase over the average from 2016-2018. What is most telling about the market power of the dominant beef packers is that in the three weeks that followed the fire, the

beef industry actually slaughtered 5,000 more cattle than the three weeks prior to the fire.<sup>1</sup> In reality, the packers had the processing capacity to replace the Holcomb plant's capacity all along.

We maintain that this is not an isolated incident and that meatpackers continue to use the pandemic and its related supply chain issues to hike prices excessively. While farmers earn less and consumers pay more than ever, meatpackers are reporting record-high profits.<sup>2</sup>

Again, we would like to thank you for your close examination of this issue. We highly encourage you to consider the testimonies of Gilles Stockton and Coy Young and to continue to pursue your investigation into price manipulation and transparency in the beef market.

Sincerely,



Joe Maxwell  
President, Farm Action

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<sup>1</sup> United States Department of Agriculture, *Boxed Beef & Fed Cattle Price Spread Investigation Report*. Washington: USDA, 2020,

<https://www.ams.usda.gov/reports/boxed-beef-and-fed-cattle-price-spread-investigation-report>

<sup>2</sup> Javier Blas, "Crop Giant Cargill Reports Biggest Profit in 15 Year History," *Bloomberg*, August 6, 2021, <https://www.bloomberg.com/news/articles/2021-08-06/crop-giant-cargill-reports-biggest-profit-in-156-year-history>; Tom Polansek and Ananya Mariam Rajesh, "Tyson Food Shares Set Record as High Meat Prices Fatten Profits," *Reuters*, February 7, 2022,

<https://www.reuters.com/business/retail-consumer/tyson-foods-beats-revenue-estimates-higher-meat-prices-2022-02-07/>