

**Prepared Statement by U.S. Senator Chuck Grassley (R-Iowa)**  
**Ranking Member, Senate Judiciary Committee**  
**Hearing titled Beefing up Competition: Examining America's Food Supply Chain**  
**Wednesday, July 28, 2021**

I'd like to thank Chairman Durbin and Antitrust Subcommittee Chairman Klobuchar for accommodating my request to have this hearing. This is an area that I've been concerned about for a long while, and now many other Senators are also hearing concerns from their own constituents.

So today's hearing will focus on competition matters within the meat supply chain, particularly in regards to beef. I'm pleased we have two Iowans here today as witnesses and look forward to their testimony. Thank you to all of our witnesses for being here today.

Family cattle farmers are the lifeline of rural communities across America and they're currently on life support. For more than two decades, I've expressed strong reservations about consolidation and concerns about competition in agriculture.

Today, only four packers – JBS, Tyson, Cargill and National Beef – control more than 80 percent of the cattle market. These companies hold a tremendous amount of market power.

Independent cattle producers in Iowa and across the country deserve a free and fair market. The amount of cattle traded on the cash market in the early 2000s was more than 50 percent, but today it has dropped to only 20 percent. All other cattle contracts use the cash market as base price for their negotiations.

I've heard from many Iowa cattlemen, like our witness Jon Schaben, who fought to keep auction markets open and functioning as close to normal during the pandemic because they are so vital to price discovery in the cattle industry. My home state has 60 percent cash trade, and Iowa cattle producers are frustrated that they're shouldering this burden of price discovery.

I've also heard that alternative marketing agreements, like formulas, offer advantages to some producers. However, these contracts have no price transparency. Captive supply is unfair and anticompetitive when packers use these types of arrangements to fill their needs and small producers can't get a bid for their fed cattle. Many of us believe that packers have so much power that they unfairly leverage it against other players in the market and to the detriment of consumers.

The pandemic has shed light on many problems within the Packers and Stockyards Division and its inability to preserve our nation's beef supply chain. According to USDA, for every one dollar Americans spend on food, only 14.3 cents go to farmers. Meanwhile, the retail price of beef for consumers has increased and remains high. I want to make it clear that I'm not upset about paying more for my beef. I'm upset the farmer isn't getting paid.

As the first link in our food supply chain, farmers and ranchers assume incredible risk with each planting and animal raised, but their livelihood depends on receiving a fair price. Even before the pandemic,

farmers and ranchers witnessed the price for their cattle fall while the price of boxed beef from the processor increased. The market's clearly not working fairly when demand is extraordinarily strong and supply is strong, but the packers are making record profits and ranchers are losing money.

That's why I believe it's important the Department of Agriculture, Department of Justice and Federal Trade Commission be engaged and aggressive in policing anticompetitive activity. A year ago last March, I wrote to Attorney General Barr and Secretary Perdue calling for an investigation about possible illegal practices in the cattle industry. I know that the Justice Department issued civil investigative demands in May 2020, but I'm disappointed that we've yet to learn anything from this investigation.

I currently have legislation pending to address the concerns some of my colleagues and I have about cash trade in the cattle market. I also have a bill with Senator Tester to create a Special Investigator for Competitive Matters within USDA's Packers and Stockyards Division to address anticompetitive practices and enforce our competition laws.

Most recently, I was pleased to hear the Biden Administration and Secretary Vilsack's announcement about restoring the Packers and Stockyards Act to fight unfair practices and rebuild a competitive playing field for farmers and ranchers.

I look forward to today's hearing to beef up competition in our meat supply chain.

