



**Iowa  
Cattlemen's  
Association**

September 29, 2022

The Honorable Richard J. Durbin  
Chair  
U.S. Senate Committee on the Judiciary  
Washington, DC 20510-6275

Dear Chairman Durbin:

The Iowa Cattlemen's Association submits the following response to written questions from Sen. Ben Sasse of Nebraska. We sincerely appreciated the opportunity to work with Mr. Jon Schaben as he testified before the Senate Committee on the Judiciary on July 28, 2021. Unfortunately, many of the same challenges we shared more than a year ago remain today. The Iowa Cattlemen's Association welcomes continued discussion on these important matters.

**Question 1**

- Your testimony mentions the closure of several meatpacking plants in Iowa. While many witnesses mentioned reduced packing capacity as a reason for bottlenecks and lower cattle prices, there have been multiple examples of communities rejecting the construction of new packing plants, in Nebraska, Kansas, and recently South Dakota. With substantial upfront construction costs, how can potential new packing plants overcome some of those issues and ensure that they are economically viable into the future?

Developing, expanding, or updating a packing plant is capital intensive. Today's inflation does not make it any easier. It's also challenging for any business to enter the market as a new competitor.

In the meatpacking business, the odds are not in favor of new, small or regional plants. Established packers, particularly the nation's four largest packers, are incredibly efficient, have access to labor, and can outbid competitors any day of the week. Their supply chain is supported by strong relationships with corporate feedyards and a captive supply that allows them to exit the market whenever they benefit most. The lack of competition in the meatpacking sector is not beneficial to most producers or consumers, which became increasingly evident at the height of the pandemic and months to follow.

While there are no guarantees for economic viability, there are opportunities to support new competitors in the meatpacking sector. The U.S. Department of Agriculture (USDA) has targeted programs, such as the Meat and Poultry Processing Expansion Program, Meat and Poultry Inspection Readiness Grant Program, and Meat and Poultry Processing Capacity Technical Assistance Program, to assist in the development and/or expansion of processing facilities. The aforementioned programs can be used to modernize equipment and technology, ensure compliance with packaging and labeling requirements, offset costs to become an inspected facility, and more. However, investing in new packers via USDA grants isn't an end all be all solution.

The actions of Congress today will improve supply chain resiliency and strengthen the food supply of tomorrow. The Iowa Cattlemen's Association implores you to take action on the following proposed solutions:

1. Request the Department of Justice provide a long overdue update regarding its antitrust investigation of Cargill, JBS, National Beef, and Tyson;
2. Restore price discovery and transparency in the cattle market by supporting the passage of the Cattle Price Discovery and Transparency Act (S. 4030); and
3. Require the USDA Packers and Stockyards Division to promulgate rules to promote robust competition in the meatpacking sector, including protections for new competitors.

## Question 2

- Your testimony mentions some of the differences between the pork and beef supply chains. The pork industry uses the producer cooperative model in some instances, with facilities constructed in recent years in Missouri, Michigan and Iowa under this type of partnership. Do you believe there is opportunity for greater occurrence of producer cooperatives partnering with packers to expand beef processing capacity? How would this opportunity impact cattle producers?

Unfortunately, there is constant pressure for the beef cattle industry to evolve by combining stages of production for the benefit of large corporate entities. The vertical integration that has taken place in the pork industry does not appeal to most independent cattle producers in Iowa. As stated in Mr. Schaben's testimony, "The greatest fear of independent cattle producers is to lose their livelihoods for the sake of meatpacking efficiency, i.e. vertical integration." Giving a few large packers more control of the food supply chain, with even fewer producers, does not benefit producers or consumers.

Not having read any academic literature on producer cooperative models for beef processing, it's difficult to fully realize pros and cons. It's possible that producer cooperatives may provide opportunities to some producers as an additional marketing channel.

## Question 3

- Is the domestic market for beef expanding or shrinking? What do the best projections show? Is the international market for beef expanding or contracting? What are the top three potential markets for beef exports, and what are some of the barriers blocking that trade access?

Mr. Schaben's testimony, provided on July 28, 2021, was not focused on domestic or international trade. The U.S. Meat Export Federation and USDA Economic Research Service are two reputable sources for this specific information.

Questions or comments related to this letter may be directed to Cora Fox, Director of Government Relations, at (515) 296-2266 or at [cora@iacattlemen.org](mailto:cora@iacattlemen.org).

Respectfully,



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