

United States Senate Committee on the Judiciary hearing, July 28, 2021
Opening Statement of Tim Schellpeper, JBS USA, President of Fed Beef Division

Introduction

Good afternoon Chairman Durbin, Ranking Member Grassley and members of the committee. Thank you for having me. My name is Tim Schellpeper, President of Fed Beef, JBS USA Food Company.

I am a 4th generation farmer and operate the farm my great-grandfather originally settled in Nebraska in 1887. I have led the JBS Fed Beef Division since 2017 and have been in the protein industry for over 35 years.

JBS USA Food Company

JBS USA and Pilgrim's Pride USA are leading producers of beef, pork, and poultry in the U.S. With 84 facilities across the United States, employing more than 66,000 team members, we contribute millions of dollars each day to local economies through purchases of livestock, poultry, and plant supplies.

It is JBS' mission to ensure the best products and services for our customers, a relationship of trust with our suppliers, profitability for our shareholders, and the opportunity of a better future for all of our team members. We do this through significant, targeted investments in every area of our business and by giving back to the communities where we live and work. For example, we are investing more than \$130 million in the U.S. beef industry to increase production capacity, and we are investing \$70 million in local communities through our Hometown Strong program.

The most significant challenge facing our industry today is labor availability. To operate our facilities safely, efficiently, and at capacity, we need consistent, skilled labor. In our beef division alone, we are investing more than \$150 million in annualized pay increases to attract and retain new workers. Today, average wages across our beef facilities are more than \$22 per hour and starting wages are approximately \$20 per hour. We also invest in our team's education through our Better Futures program, which provides upfront, free tuition to community college for our team members and their dependents.

Likewise, sustainability—achieving more with less—is at the forefront of our culture. JBS is leading the protein industry with a commitment to achieve net-zero emissions by 2040. We will invest more than \$1 billion over the next 10 years in emission-reduction projects, and \$100 million by 2030 in on-farm research and development.

COVID-19 Pandemic

Without question, the COVID-19 Pandemic challenged all of society and critical infrastructure industries, forcing everyone to make every resource available to face this unprecedented threat. Using the best guidance available, we immediately implemented health and safety procedures to keep our team members safe and to continue critical operations. Additionally, we invested more than \$600 million in our response to the pandemic which included voluntarily removing vulnerable populations with full pay and benefits, hosting vaccine clinics at our plants, and providing incentives for team members to receive vaccines. Today, nearly 75% of our JBS USA team members have been vaccinated.

Cattle Industry

The cattle and beef markets are cyclical and decisions made by producers today may not be realized until years from now.

United States Senate Committee on the Judiciary hearing, July 28, 2021
Opening Statement of Tim Schellpeper, JBS USA, President of Fed Beef Division

Historically, cattle were sold in lots and every animal in the lot received the same average price, preventing producers from receiving increased returns for higher quality beef that met consumer demands. Following the cattle crash in the 1970's and 1980's, when beef lost about 50% of the consumer market share, cattlemen joined together to create alternative marketing arrangements with processors.

These Alternative Marketing Arrangements, or AMAs, provide a mechanism for producers to realize premium prices for the investments they make in superior genetics, herd health, management, and marketing. They also help to ensure a consistent supply of high-quality cattle for processing that result in a consistent supply of high-quality beef options at the meat case for consumers.

It is important to note that JBS purchases from cattle feeders of all sizes. AMAs help ensure producers capture more of the consumer beef dollar in an industry where cattle often change ownership 2-3 times after they leave the farm or ranch.

Conclusion

JBS is committed to supporting innovation, transparency, and enhancing incentives to keep the U.S. cattle industry ahead of the competition here and abroad. We will continue to invest in our people, our processing facilities, and our communities to help ensure a sustainable, affordable, and resilient food supply.

Thank you for the opportunity to speak with you today, and I look forward to any questions you might have.