



Concerns grow over beef packing merger

By Sara Wyant

© Copyright Agri-Pulse Communications, Inc.

A possible mega-merger of three of the country's five largest beef packers with the largest beef processor has the attention of the American Farm Bureau Federation (AFBF) and the National Farmers Union (NFU) because of its likely impact on all segments of the U.S. beef industry. AFBF President Bob Stallman expressed farmers' and ranchers' concerns about the proposed deal by Brazil-based JBS Swift in a letter sent to Douglas Ross, the special counsel for agriculture in the Justice Department's antitrust division.

"Our farmers and ranchers, especially our beef producers, expect a thorough review and analysis by the Department of Justice (DOJ) to determine what impact this will have at the producer level and the cattle markets," Stallman wrote. "The proposed \$1.5 billion transaction would combine the nation's third-, fourth-, and fifth-largest beef packers with the nation's largest cattle feeder. It would make JBS Swift the largest American beef processor by a significant margin and remove an important independent bidder from the fed cattle market."

"Farm Bureau understands and appreciates that beef packers operate within a tight profit margin environment just like cattle feeders, stocker operators and cow-calf producers," Stallman wrote. "However, livestock producers are faced with a rapidly concentrating market as it is. Our farmers and ranchers are questioning the potential for market manipulation and further downward pressure on prices received by the producer."

In a separate letter to U.S. Attorney General Michael B. Mukasey Friday, National Farmers Union President Tom Buis said the JBS-Swift proposal to purchase the United States' fourth and fifth largest beef processors and largest cattle feedlot operation is of deep concern to American family farmers and ranchers.

Buis urged Mukasey to conduct a thorough and comprehensive anti-trust investigation before allowing the acquisition to proceed.

"Independent livestock producers have witnessed the control of the beef processing market rapidly consolidate into the hands of a few companies," Buis said. "Without free, fair and transparent markets, independent livestock producers cannot survive. Further consolidation of the beef processing market will not foster competition."