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PRESS RELEASE

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Court Ruling a Major Victory for U.S. Cattle Ranchers

Bush Administration Should Act to Enforce Antitrust Laws Against Agribusiness Cartels

Minneapolis - In a major victory for U.S. cattle ranchers today, a federal court awarded \$1.28 billion to farmers who had been the victim of manipulated prices by Tyson Foods/Iowa Beef Packers (IBP) - the nation's largest beef packer. The decision should spur action the Bush Administration to enforce antitrust laws to address the dangerous levels of market concentration within a number of U.S. agricultural sectors, said the Institute for Agriculture and Trade Policy (IATP).

"This ground-breaking legal action was only necessary because federal law agencies have turned their back on U.S. farmers," said Dennis Olson, director of IATP's Trade Program. "Fewer and fewer companies control major sectors of our farm economy - and they are often vertically and horizontally integrated. It is time for federal agencies to step in on behalf of farmers and restore fairness to the marketplace."

The lawsuit was filed in 1996 by plaintiffs representing some 30,000 independent cattle producers who sold to IBP exclusively on the cash market from 1994 to 2002. IBP was purchased by Tyson in 2002. The cattle producers demonstrated during the trial that Tyson depressed prices by an average of 5.1 percent over the eight year period through a practice known as "captive supply."

Four companies (Tyson/IBP, Cargill /Excel), Swift and Co/Conagra, and Farmland National Beef) now control 82 percent of the beef slaughter market, up from 36 percent in 1980. Market domination by a few agribusiness companies is also present in other sectors. In pork, the top four companies control 59 percent of the market. In poultry, the top four companies control 50 percent of the market.

The ranchers argue that Tyson/IBP violated the 1921 Packers and Stockyards Act, which prohibits packers from employing any "unfair, unjustly discriminatory, or deceptive practice or device" or from making preferential agreements. The Packers and Stockyards Act was passed expressly to break up the dominance of five major packing companies -- but they, at that time, controlled a smaller share of the market than the big four in the beef-packing industry control now.

"After decades of the US Department of Agriculture failing to enforce the Packers & Stockyards Act in the face of unprecedented concentration and manipulation of prices in the cattle industry, the U.S. court system has given a hopeful and desperately needed victory to independent cattle producers across the country," said IATP's Dennis Olson. "It is both disgraceful and inexcusable that secretaries of agriculture under both the Clinton and Bush administrations for years stood idly by and abandoned independent cattle producers to the predatory practices of the meatpacking cartel. This Alabama jury has provided a ray of

light for cattlemen and producers alike to follow out of the darkness of the predatory, anti-competitive jungle, and towards the light of fair, open and transparent markets.

The USDA has refused to implement a rule proposed by the Western Organization of Resource Councils under the authority of the Packers and Stockyards Act that would require meatpackers to bid in open, competitive manner for captive cattle supplies. Additionally, legislation to ban packers from owning livestock has been introduced in Congress repeatedly, but each time it has failed under the weight of industry pressure.

For legal documents related to the case, go to: <http://endcaptivesupply.lawoffice.com/>

The Institute for Agriculture and Trade Policy promotes resilient family farms, rural communities and ecosystems around the world through research and education, science and technology, and advocacy.