



FACT SHEET \_\_\_\_\_ OCTOBER 2007

## BANNING PACKER OWNERSHIP OF LIVESTOCK MYTHS & FACTS

A ban on the ownership of livestock by meatpackers, fair prices for producers and open access to markets would afford family farmers the opportunity to remain independent and retain control over their operations. Allowing packers to own the animals they slaughter reduces competition for livestock raised by independent farmers and ranchers. The deadly combination of high market concentration and the increased use of captive supplies - livestock owned outright by packers or controlled through contracts with farmers and ranchers - has meant lower prices, a smaller share of the retail dollar and shrinking markets for farmers and ranchers:

- Four beef packers slaughter over 80% of all U.S. fed cattle, up from 30% in the 1960's.
- From 1993 and 2004, the number of cattle producers dropped 20% to below 1 million.
- 65% of hog producers have gone out of business in the past 10 years. During this period, the open-market price for hogs plummeted
- In 1994, the top five meatpacker/pork-producing corporations owned 5.2 percent of the U.S. sow herd. In 2006, the top six pork-producing corporations have 38% percent of the U.S. hogs under contract.

### Support the Packer Ban on Livestock Ownership

A prohibition on packer owned livestock would restore fair markets and open competition in the livestock industry by prohibiting the market manipulation inherent in packer ownership of livestock.

The packer ban would only apply to packers who are already required to report their prices through the mandatory price reporting law. This includes packers who slaughter over 120,000 head of cattle each year.

Ownership arrangements entered into within 14 days of slaughter of the livestock by a packer would be permitted under the provision. Furthermore, any cooperative or entity owned by a cooperative is exempt from the ban.

The packer ban would amend the already existing Packers and Stockyards Act of 1921, to make it unlawful for a packer to own, feed, or control livestock intended for slaughter. This bill amends section 202 of the Packers and Stockyards Act of 1921, which applies exclusively to packer transactions. Therefore, this Act only applies to livestock ready to slaughter. It would not affect other sectors of the livestock economy.

A few myths and facts about the Packer Ban:

#### Myth

Packers need to own livestock to improve meat quality and to keep the price affordable.

#### Fact

Packers can get high quality cattle by competing for them. "Let the packers be packers and buy our product on a competitive basis," say five former Presidents of the Texas Cattle Feeders Association.

#### Myth

The forced sale of packer owned livestock will flood the market and collapse the price.

#### Fact

The bills allow beef packers six months to get out of the cattle feeding business, long enough to turn all of the cattle they own into boxes of beef. Pork packers will have 18 months.

## Myth

Livestock producers are divided and confused about the Packer Ban bill.

## Fact

WORC, the National Farmers Union, R-CALF USA, and the National Coalition for Sustainable Agriculture are just four of the 215 groups that favor the Packer Ban. The National Cattleman's Beef Association and the National Pork Producers' Council, which oppose the ban, have packer representation on their boards of directors.

## Myth

Banning packer ownership is a radical intrusion into the operation of free markets.

## Fact

Banning packer ownership is consistent with prohibitions against anticompetitive practices Congress adopted 85 years ago in the Packers and Stockyards Act. It is illegal for packers to own livestock auction yards, and auction yards are barred from many other related businesses. This kind of regulation has been applied to many other industries.

## What Can You Do?

- 1) Support the Packer Ban and vote to include this provision in the Farm Bill
- 2) For more information contact Jeri Lynn Bakken, WORC, 701-376-7077 or [jerilynn@worc.org](mailto:jerilynn@worc.org); Cyndi Bartell, Senator Johnson's Ag L.A. at 202-224-5842; Amanda Taylor, Senator Grassley's Ag L.A. at 202-224-3744  
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