

For Immediate Release

Wednesday, February 29, 2012

Grassley Works to Ban Packer Ownership of Livestock

WASHINGTON – Senator Chuck Grassley today said he’s introducing his bill that would make it unlawful for a packer to own or feed livestock intended for slaughter.

“The 2012 farm bill is a great opportunity to deal with vertical integration before it’s too late. The ag concentration forums provided a real opportunity to make progress, but unfortunately the administration failed to follow through on any of the grass roots input and we’re still at square one.” Grassley said. “Outlawing packer ownership of livestock would make sure the marketplace works for the farmer just as much as it does for the slaughterhouse.”

Grassley’s Packer Ban excludes single pack entities and packers that are too small to participate in the Mandatory Price Reporting program. The bill also exempts farmer cooperatives where the members own, feed, or control the livestock themselves.

Grassley said that the CEO of a major slaughter house once told a group of farmers: You wonder why we own livestock? Well, we own livestock so that when prices are high we can kill our own and when prices are low we can buy from the farmer.

“This statement shows their intent and unfairness to the family farmer,” Grassley said. “Vertical integration leaves the independent producer with even fewer choices of who to buy from and sell to. And, it hurts the ability of farmers to get a fair price for their products.”

Here is a copy of the statement Grassley entered into the Congressional Record upon introduction.

Prepared Floor Statement of Senator Chuck Grassley

Introduction of the Packer Ban

Wednesday, February 29, 2012

Mr. President, today I am introducing legislation designed to help family farmers across this nation have a more level playing field when it comes to livestock markets. The bill would prohibit meat packers from owning livestock. The ownership of livestock by packers compromises the marketplace and hinders the ability of the farmer to receive a fair price. It is simple, as one meat-packing executive once told me, packers own livestock so that when prices are high, they slaughter their own livestock. When prices are low, they buy from farmers.

I would love to say opportunities for independent producers have gotten better since the last time we debated this bill during the 2008 Farm Bill. But that simply isn't the case. We are to the point where most farmers have to deliver their livestock to one of a few very large packers.

Farmers' bargaining power is diminished by the sheer size and economic position of the packers. But beyond that, farmers have to compete with the livestock owned by the packing plant itself. The packer ban would make sure the forces of the marketplace work for the benefit of the farmer as much as it does for the slaughterhouse.

I'm sure there will be folks in the packing industry that point out that farmers are doing okay right now, and that's great that farmers are experiencing a good period. I am pleased anytime the hard work of livestock farmers results in a good price. But I don't want my colleagues here in the Senate to be lulled to sleep and think just because prices are good right now means we don't have competition issues in the livestock industry that need to be addressed. This is about ensuring farmers are able to get fair prices for years to come. We need to work today, and implement this reform, to ensure the next generation of independent farmers has an opportunity to raise livestock and receive fair prices as a result of their hard work.