

Attorney General Brnovich Urges Investigation of Meat Packing Industry Practices

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PHOENIX – Arizona Attorney General Mark Brnovich and ten other state Attorneys General are urging the Department of Justice (DOJ) to pursue an investigation in collaboration with the States into suspected national price fixing by meat packers in the cattle industry.

In a letter sent to U.S. Attorney General William Barr (/sites/default/files/docs/press-releases/2020/letters/2020_05_05_Barr_AG_William.pdf) on Tuesday, the Attorneys General expressed concern over the likelihood of manipulation in the market for processed beef. The four largest meat packing companies control more than 80% of the beef processing in the United States. Recent pricing margins have shown that cattle prices are low and continue to decline, whereas current shelf prices for packaged beef are exceptionally high.

“In this current environment of food insecurity, rising unemployment, and reduced income, it is more important than ever to ensure competition to protect food prices,” said Attorney General Brnovich. “We ask DOJ to collaborate with the States and pool our collective resources towards promoting competition in the meat packing industry and protecting consumers.”

The concern over market manipulation has increased with beef prices reaching record levels as consumers purchase meat during the COVID-19 pandemic, but cattle prices remain low and are decreasing. The Attorneys General note that antitrust concerns about the cattle market are not new and that competition issues arising from agricultural markets existed before the COVID-19 pandemic and will persist long after.

The letter states: "Given the concentrated market structure of the beef industry, it may be particularly susceptible to market manipulation, particularly during times of food insecurity, such as the current COVID-19 crisis. During an economic downturn, such as that caused by the current pandemic, firms' ability to harm American consumers through market manipulation and coordinated behavior exacts a greater toll, providing an additional reason for conducting a careful inquiry into this industry."

The Attorneys General say the disparity between the price of live weight cattle and the retail cost of boxed beef sold to consumers is a sign of a market that lacks full and fair competition, potentially violating state and federal antitrust law. In addition to harming cattle producers, this potentially illegal practice hurts consumers nationwide, many of whom are struggling because of reduced or lost incomes.

Attorney General Brnovich and the other Attorneys General believe the situation warrants a full federal investigation because the alleged anticompetitive conduct harms consumers and cattle ranchers across the United States.

Arizona joined Colorado, Idaho, Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, and Wyoming in the letter to DOJ.

A copy of the letter (/sites/default/files/docs/press-releases/2020/letters/2020_05_05_Barr_AG_William.pdf).