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U.S. House of Representatives

Committee on Agriculture

Room 1301, Longworth House Office Building

Washington, DC 20515-6001

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August 7, 2020

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The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave. SW
Washington, DC 20250

Dear Secretary Perdue:

As you are aware, the U.S. beef sector has experienced unprecedented stress due to the COVID-19 pandemic. Labor disruptions in the meatpacking industry have resulted in fluctuating cattle and beef prices. At the same time that some industry segments have experienced meat shortages, others have experienced high prices at the consumer level and demand disruptions at the restaurant level. Meanwhile, prices received by ranchers have declined. This situation has led to questions arising regarding the vulnerability of the beef supply chain and the level of concentration in the industry.

Under the authority granted in 7 U.S.C. 3155, the Secretary can utilize policy research centers to conduct research and education activities. In light of these recent and ongoing events, we are writing to request that the Office of the Chief Economist engage the policy research centers to address the following:

- Current issues and trends in cattle markets, including structure of the industry, price discovery and methods to address deficiencies, price reporting, purchasing mandates, and barriers to entry in the packing sector. As appropriate, the policy research centers could commission work from national experts and initiate regional/national workshops.
- Beyond addressing the general topics above, we also request that the policy research centers provide an in-depth description of today's beef packing sector. This research would address a series of questions:
 - How did the sector get to its current structure and what are its advantages and disadvantages for producers as well as consumers?
 - Is the current capacity sufficient for the industry to thrive and grow?
 - What are the impediments to expansion for both new and existing firms of varied sizes?
 - Are there policy options to expand capacity or increase price discovery regionally or nationally, and would those options address current concentration and supply chain vulnerability concerns?
 - What common success factors for small to medium packing plants, including producer-owned processing can be documented, and is there a set of generalizable strategies for success?

We would request that the policy research centers engage other experts from across the country, including critical private industry members and industry associations, to ensure this research has appropriate regional representation.

We also request that the policy centers provide quarterly briefings for the Committee staff to provide timely updates on findings and progress.

From a legislative perspective, we see this as an opportunity to fully examine and bolster the beef sector, ameliorating current concerns and ensuring food security for America's future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Collin C. Peterson", with a long horizontal flourish extending to the right.

Collin C. Peterson
Chairman

A handwritten signature in blue ink, appearing to read "K. Michael Conaway", with a large, stylized flourish at the end.

K. Michael Conaway
Ranking Member