

December 21, 2012

The Honorable Eric Holder
United States Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Ms. Renata B. Hesse
Acting Assistant Attorney General
Antitrust Division
U.S. Department of Justice
950 Pennsylvania Avenue NW
Washington, DC 20530

Sent via e-mail and U.S. Mail: antitrust.atr@usdoj.gov

Re: Joint Request for Expanded, In-depth Review of Proposed Merger Between JBS USA and XL Four Star Beef Holdings in the United States

Dear Attorney General Holder and Acting Assistant Attorney General Hesse:

We, the undersigned organizations, urge the U.S. Department of Justice (Justice Department) to undertake an expanded, probing, and in-depth investigation into the proposal by JBS USA to acquire two U.S.-based beef packing plants owned by Canadian-based XL Four Star Beef. We firmly believe this proposed merger would reduce competition and seriously harm both cattle producers and consumers. We therefore request that no early termination of the antitrust evaluation regarding the acquisition of the two U.S.-based beef packing plants be granted and that the Justice Department make a second request for information to extend the investigation.

The Justice Department initiated antitrust enforcement action in 2008 that effectively prevented JBS USA from acquiring National Beef Packing Company (National Beef), the nation's fourth largest beef packer. This was a historic event that marked a long-awaited turning point in the heretofore unmitigated trend toward price-distorting, oligopolistic meatpacking concentration nationally. The concentration has been even more intense on the regional and local level, and the proposed merger could have a particularly harmful effect on the Idaho and Nebraska regional markets..

Some mergers are proposed and justified by allegations of urgency and crisis. It is important to remember that the "sky is falling" arguments advanced to support the prior JBS USA/National Beef Packing Company proposed merger – namely that no other firm would purchase the then ailing National Beef, thus causing it to fail and resulting in the reduction of major cattle buyers from four to three – proved false. Instead, National Beef's financial situation

improved and a third party (not previously involved in the beef packing industry) purchased National Beef and it remains the fourth largest meatpacker in the United States.

The Justice Department must not retreat from the historically significant effort it started in 2008 to curb the pervasive erosion of competition in both the U.S. cattle market and the consumers' beef market. This erosion has occurred, and continues to occur, in large part because antitrust enforcers significantly underestimated the degree to which prior mergers and acquisitions provided monolithic meatpackers both the means and license to manipulate prices, engage in coordinated, market-depressing activities, and exploit both independent cattle producers and U.S. beef consumers.

We urge the Justice Department to initiate an extension of the merger waiting period to provide more time to review the proposed merger. In its review, the Justice Department should request further information related to the cattle procurement practices in all of the regions where the merger participants presently operate, the level of competition that currently exists in all of those regions for the specific types of cattle each of the merger participants procure, the history of plant re-openings following JBS's previous acquisitions of closed packing plants, the number and nature of any complaints filed in any state or with the federal government against any of the merger participants, the number of occurrences where employees or agents of either of the merger participants have cooperated or coordinated their cattle-buying activities among or between each other or with other meatpackers or feedlots, and the historic price differential for the types of cattle procured in the marketing regions of the merger participants compared to the prices paid for comparable cattle in other regions, just to name a few examples of the nature of information the Justice Department would need to conduct an in-depth merger evaluation.

We would appreciate the opportunity to study these issues more closely and share our findings with the Justice Department.

Sincerely,

Agricultural Missions, Inc. (NY)
Campaign for Contract Agriculture Reform
Cattle Producers of Washington
Colorado Independent CattleGrowers Association
Contract Poultry Growers Association of the Virginias
The Cornucopia Institute
Crawford Stewardship Project (WI)
Dakota Rural Action of SD
Family Farm Defenders
Farm and Ranch Freedom Alliance
Federation of Southern Cooperatives/Land Assistance Fund
Food & Water Watch
Friends of the Earth U.S.
Government Accountability Project
Independent Cattlemen of Nebraska
Independent Cattlemen of Wyoming

Institute for Agriculture and Trade Policy
Land Stewardship Project (MN)
Missouri Rural Crisis Center
National Catholic Rural Life Conference
National Family Farm Coalition
National Farmers Union
National Latino Farmers & Ranchers Trade Association
National Sustainable Agriculture Coalition
Nebraska Sustainable Agriculture Society
Northeast Organic Dairy Producers Alliance
Northeast Organic Farming Association, Interstate Council (NOFA-IC)
Northern Plains Resource Council (MT)
Organization for Competitive Markets
Peach Bottom Concerned Citizens Group (PBCCG) (PA)
Powder River Basin Resource Council (WY)
R-CALF United Stockgrowers of America
Rural Advancement Foundation International - USA (RAFI-USA)
Rural Advancement Fund
Rural Coalition/Coalición Rural
Rural Development Leadership Network (NY)
Slow Food Nebraska
Slow Food USA
Small Planet Institute
South Dakota Stockgrowers Association
Weiser River Resource Council (ID)
Western Organization of Resource Councils (WORC)
WhyHunger

c.c. Mr. Mark Tobey, Special Counsel for State Relations and Agriculture, U.S. Department of Justice