

## **11/02/2003 Entry: "Canadian Boxed Beef Latest Form of Captive Supply Market Abuse"**

A Project of the Organization for Competitive Markets

Date: October 30, 2003

FOR IMMEDIATE RELEASE

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CCMP: Canadian Boxed Beef Latest Form of Captive Supply Market Abuse

Lincoln, NE ~ With the recent volatility in boxed beef and fat cattle prices, and the slow-down in domestic slaughter while live to cutout spreads and retail prices are on the increase, the Cattlemen's Competitive Market Project (CCMP) says Canadian frozen boxed beef is the latest form of captive supplies used by the packing industry to manipulate U.S. markets and depress prices.

Dick Gosman, Lima, MT, CCMP Steering Committee member said today that packer-owned Canadian cattle in frozen boxed beef form are negatively impacting the price surge the cattle industry has experienced during the past several months. "Packers like Tyson and Cargill have been snapping up cheap cattle in Canada taking advantage of the fallout from the BSE outbreak, sometimes at prices as low as ten cents. Those cattle were, and continue to be, transformed into frozen, boxed beef at their packing plants in Canada and are now being dumped into U.S. markets. That's why we're seeing a slowdown in weekly domestic slaughters and why we're seeing a live cattle and domestically produced frozen boxed beef price depression here in the U.S.," explained Gosman.

"When USDA chose to lift the ban on imports of Canadian boxed and fresh beef, the trucks began rolling and the impact of that influx of packer-owned product is now showing up in our markets. While producers are suffering the impact of extreme volatility in feedlot prices, the packers and retailers are harvesting record profits. During the last two weeks we've seen less competition in the marketplace which we believe is a direct result of the importation of frozen, boxed captive supply cattle. Adding insult to injury, the Canadian cattle industry has been heavily subsidized in recent months with emergency aid packages designed to provide relief to Canadian producers," commented Gosman.

According to recently released USDA figures, during the month of September the retail price per pound of beef in the U.S. was a record-setting \$3.70 per pound while the live to cutout spread was at a historical high of \$211.19. Since the embargo was lifted on Canadian boxed beef, approximately 65 million pounds of

fresh or frozen boxed beef has crossed the border into U.S. markets. Canadian live cattle were trading at 60 cents on Tuesday, October 28.

Randy Stevenson, Wheatland, WY, and a CCMP Steering Committee member concurred saying, "This is just more evidence of how the packing industry uses captive supplies to manipulate the markets and depress prices. With the Canadian boxed beef supplies pouring over the border and no tariff rate quotas in place to protect U.S. producers from injury, we're facing a rollback of the price surges experienced during the past several months that put U.S. producers in a profitable position. These are the issues that CCMP was built to address, and address them we will," asserted Stevenson. "The first step is in getting the information out and into the hands of producers and then issuing a call to action. We'll be conducting an analysis of market data in the coming weeks, and we'll make that information available to producers and the consuming public as we progress, while we move forward with a full court press for antitrust reform," noted Stevenson.

Rick Fox, Hermosa, SD, Vice-President of South Dakota Stockgrower's Association and CCMP Steering Committee member added, "When the live cattle captive supply river from Canada dried up this summer the packers were forced to bid competitively for U.S. cattle. The direct result of that competition was a price surge, which proved definitively what competitive markets can do for independent cattlemen in America. While that was going on, they were slaughtering and processing cheap Canadian cattle to bring into the U.S. knowing those supplies would depress cash markets and reap obscene profits for packers and retailers. We have the right to an equal chance to earn a profit. We will not sacrifice that right at the altar of packer and retail market manipulation. Let the message go out today that American cattlemen have had enough, there's an antitrust revolution at hand, and its pivot point is CCMP."

CCMP was established in December 2002 by the Organization for Competitive Markets and works to increase funding for pro-competition organizations in the cattle industry through 50 cent and one dollar per head voluntary contributions. Funds are dedicated to research, education and advocacy to reduce captive supplies and retail market power.