

05/26/2002 Entry: "Suits Charge Cargill, ConAgra in Cattle Market Manipulation"

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Lawsuits have been brought against Cargill Inc. and ConAgra Foods Inc. alleging that their beef businesses, Excel Corp. and ConAgra Beef Co., respectively, are engaged in market manipulation through captive supplies and other special arrangements. Both lawsuits are similar to one already pending against IBP inc. charging that its beef business is involved in market manipulation.

The new suits are both class actions and say each of the two classes could exceed 15,000 cattle feeders who sold cattle in the cash markets to Excel and ConAgra Beef in the class periods, which are defined as three to four years prior to the filing of the suits, or a longer period "as is applicable under federal law." Both suits ask for jury trials and seek a judgment that the two companies violated the Packers & Stockyards Act, injunctive relief that would prevent "continuing and further violations" of the act, damages and recovery of attorney fees and other expenses.

Producers seek investigation of market concentration

A group of livestock producers have requested a congressional investigation of the meat industry -- including packers and retailers -- to deal with concentration they believe has made meat wholesalers and retailers so powerful that they have disproportionate power they may be using to manipulate the livestock and meat markets. The group met May 11, and R-Calf USA marketing committee chair Jay Miller, at the meeting, introduced the resolution calling for the investigation. He said the investigative team should be comprised of congressmen and women and senators rather than an appointed committee whose members might reflect the biases of organizations. Furthermore, the investigators should have authority to subpoena all relevant records of businesses in the industries under investigation, he said in a statement this week.

KLA, TCFA call for expert study to identify 'problems, opportunities'

The executive committees of the Kansas Livestock Assn. (KLA) and Texas Cattle Feeders Assn. (TCFA) issued a statement this week that their two organizations reaffirm their opposition to political solutions to beef cattle industry problems and said they will seek an analysis by experts outside the industry to identify "specific problems and opportunities" in the beef cattle industry. The statement followed a joint meeting Tuesday between the two committees, the first-ever such meeting. The statement said KLA and TCFA are both opposed to attempts to limit business options or the freedom of individual livestock producers to be innovative in management and marketing and to government involvement in those management and marketing options. The two associations said there is no single solution to the current livestock market situation "because there is no single

problem" in the markets. Accordingly, they agreed on a number of steps they will pursue, including the analysis of problems and opportunities.

CME, NCBA form joint group
to study futures

Leaders of Chicago Mercantile Exchange Inc. (CME) and the National Cattlemen's Beef Assn. (NCBA) have established a joint working group to evaluate proposals to enhance futures contracts and proposals to establish new instruments for managing market risks, including a boxed beef contract, according to an announcement. The group will consider a number of long-standing beef cattle industry issues, including cash settlements, weight specifications that are consistent with carcass delivery, serial contracts and heifer delivery, the announcement said, and will deliver a progress report to the Cattle Industry Summer Conference in July. Additionally, CME and NCBA said they will develop an education program in risk management for producers.

NFO petition would seek DOJ investigation

At a meeting May 11 called by the Nebraska Cattlemen's Assn., Organization for Competitive Markets and R-Calf USA, the National Farmers Organization (NFO) initiated a petition that would ask the U.S. Department of Justice (DOJ) to investigate packer concentration and recent "unexplained forces" that have pushed the cattle and hog futures lower. The petition notes that the decreases in the futures were coincidental with approval of a ban on packer livestock ownership by the U.S. Senate, overreaction to routine testing for foot and mouth disease (FMD) in Kansas and the expiration and subsequent renewal offers for pork producer supply contracts. The petition is available for signing at NFO's web site, www.nfo.org, and will be up until June 14.