

# Perdue orders price-fixing inquiry after Tyson plant fire

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Secretary Sonny Perdue on Wednesday directed the USDA's antitrust enforcement division to examine whether market manipulation occurred after an Aug. 9 fire at a beef processing plant in Kansas.

The fire led to the temporary closing of a Tyson Foods plant in Holcomb, Kan., which processed 6,000 heads of cattle daily, or about 5 percent of the total U.S. slaughter. In the aftermath, retailers scrambled to lock in supply, [driving up prices](#) for choice beef, which have stayed relatively high since.

"I have directed USDA's Packers and Stockyards Division to launch an investigation into recent beef pricing margins to determine if there is any evidence of price manipulation, collusion, restrictions of competition or other unfair practices," [Perdue said in the statement](#).

Meanwhile, prices paid to ranchers and feeders fell after the large slaughterhouse was taken out of the supply chain. As a result, profit margins in the already consolidated processing industry increased, prompting the new scrutiny from USDA.

"If you're viewing this as a producer, you're seeing prices you're getting for your cow go way down, but you're seeing prices for choice beef go up," said Greg Lardy, interim director of the North Dakota State University agricultural extension service. "You're sitting there saying, 'What gives?'"

Indeed, some producers in Kansas have expressed concerns "about the price reaction following the plant fire," said Todd Domer, vice president of communications at the Kansas Livestock Association.

"We hope the USDA will take a thorough but expeditious look," he said.

On Aug. 15, USDA Undersecretary [Greg Ibach said in a statement](#) that the Packers and Stockyards Division would "remain vigilant for any livestock marketing entities seeking to unfairly take advantage of the situation." If irregularities were detected, he said, USDA would investigate.

Tyson is one of the largest meatpackers in the world. It is part of the "big four" companies — along with JBS, Cargill and National Beef Packing Company — that process more than 80 percent of the fed cattle market.

This is one reason why producers are concerned about the possibility of anti-competitive behavior.

"The underlying thought process is that if there were more packers, there wouldn't have been as dramatic a downward pressure on cattle prices, and there wouldn't be as dramatic an upward pressure on choice beef prices," Lardy said.

Neither Tyson nor USDA replied to messages seeking comment in time for publication Wednesday evening.