

# Senator Warren Calls for DOJ Investigation into Top Poultry Companies' Anticompetitive Practices as Americans Face Record-High Turkey Prices Ahead of Thanksgiving

United States Senator Elizabeth Warren (D-Mass.) today sent a letter to Jonathan Kanter, Assistant Attorney General of the Antitrust Division, calling on the Department of Justice (DOJ) to investigate major poultry companies' anticompetitive practices that have lined the pockets of executives and shareholders while raising prices for families at the grocery store ahead of Thanksgiving. The price of turkey has increased by 24% over the past year, far outpacing other Thanksgiving foods, while poultry prices soared to all-time highs this year. Poultry is one of the most heavily concentrated industries with the dominant "Big Four" poultry companies – JBS Foods, Tyson, Perdue, and Sanderson – holding a combined 54% of the market. In her letter, Senator Warren called out big poultry companies' corporate greed and urged the DOJ to investigate schemes to eliminate small competitors while raising prices for consumers, cutting pay for American farmers, and reporting massive profits.

"Lack of competition in the poultry industry is allowing these massive companies to squeeze both American consumers and farmers to fuel record corporate profits and payouts to shareholders. When companies have monopoly power as massive suppliers, they can jack up prices of the goods they sell. And

when those same companies have complete or substantial market power as large employers or buyers of inputs, also known as monopsony power, they can suppress their own costs for those inputs, including workers' wages. This is the worst of all worlds, where wages are held back while prices are jacked up," wrote Senator Warren.

Major poultry companies – which have a history of price-fixing and inflating prices for consumers in order to increase CEO pay, increase profits, and pay more in dividends and buybacks – have enjoyed record profits and shareholder payouts this year. Tyson raised the prices of chicken 19% during its fiscal fourth quarter and announced its intention to continue increasing prices in 2022 to offset "inflationary costs." But in 2020, Tyson Chairman of the Board John Tyson and CEO Noel White received pay raises for the third year in a row, earning approximately \$11 million each in total compensation. Additionally, JBS Foods – owner of Pilgrim's Pride, the second-largest chicken company in the U.S.– "had ample cash to buy back shares and reduce net debt by 17%," and proposed a 74% increase in dividends, a record payout for shareholders. Pilgrim's Pride annual net sales increased by 24% with a nearly 14% increase in marginal profits in 2021.

Meanwhile, several lawsuits and investigations into big poultry's price-fixing schemes have found evidence of collusion that has inflated prices for Americans at the grocery store and dinner table. Simultaneously, farmers have been getting paid less. The National Chicken Farmers reported that chicken farmer pay has fallen more than 6% since 1988. Farmers have long argued that major poultry companies were a "cartel" engaging in anticompetitive and predatory behavior, and just this year, Perdue Farms and Tyson agreed to a \$35 million settlement with chicken farmers over allegations that they used long-term contracts to lock farmers into "unprofitably low" compensation ranging between \$12,000 and \$40,000 a year.

Senator Warren continued: "Given the apparent connection between rising poultry prices for consumers and the history of anticompetitive practices in the poultry industry, I ask that you open a broad investigation into the impact of price-fixing, wage fixing, and consolidation in the poultry industry on consumers and farmers."

Senator Warren asked for a response by December 20, 2021.