



THE WHITE HOUSE
WASHINGTON

FACT SHEET: The Biden-Harris Action Plan for a Fairer, More Competitive, and More Resilient Meat and Poultry Supply Chain

In July, President Biden signed an [Executive Order on Promoting Competition in the American Economy](#) to create a fairer, more resilient, and more dynamic economy. Over the last few decades, we've seen too many industries become dominated by a handful of large companies that control most of the business and most of the opportunities—raising prices and decreasing options for American families, while also squeezing out small businesses and entrepreneurs.

The [meat and poultry processing sector](#) is a textbook example, with lack of competition hurting consumers, producers, and our economy.

Four large meat-packing companies control 85 percent of the beef market. In poultry, the top four processing firms control 54 percent of the market. And in pork, the top four processing firms control about 70 percent of the market. The meatpackers and processors buy from farmers and sell to retailers like grocery stores, making them a key bottleneck in the food supply chain.

When dominant middlemen control so much of the supply chain, they can increase their own [profits](#) at the expense of both farmers—who make less—and consumers—who pay more. Most farmers now have little or no choice of buyer for their product and little leverage to negotiate, causing their share of every dollar spent on food to decline. Fifty years ago, ranchers got over 60 cents of every dollar a consumer spent on beef, compared to about 39 cents today. Similarly, hog farmers got 40 to 60 cents on each dollar spent 50 years ago, down to about 19 cents today.

Even as farmers' share of profits have dwindled, American consumers are paying more—with meat and poultry prices now the [single largest contributor](#) to the rising cost of food people consume at home.

And, when too few companies control such a large portion of the market, our food supply chains are susceptible to shocks. When COVID-19 or other disasters such as fires or cyberattacks shutter a plant, many ranchers have no other place to take their animals. Our overreliance on just a handful of giant processors leaves us all vulnerable, with any disruptions at these bottlenecks rippling throughout our food system.

Today, President Biden will meet with farmers, ranchers, and independent processors from across the country to hear from them and to announce the Biden-Harris Administration's Action Plan for a Fairer, More Competitive, and More Resilient Meat and Poultry Supply Chain. The Action Plan includes

four core strategies for creating a more competitive, fair, resilient meat and poultry sector, with better earnings for producers and more choices and affordable prices for consumers:

The Biden-Harris Administration will dedicate \$1 billion in American Rescue Plan funds for expansion of independent processing capacity. USDA reviewed nearly 450 comments received over the summer in response to its request for input on how best to increase independent processing capacity. Through their analysis of stakeholder input, USDA identified an urgent need to:

- Expand and diversify meat and poultry processing capacity;
- Increase producer income;
- Provide producers an opportunity to have ownership in processing facilities;
- Create stable, well-paying jobs in rural regions;
- Raise the bar on worker health, safety, training, and wages for meatpacking jobs;
- Spur collaboration among producers and workers;
- Prompt state, tribal, and private co-investment; and
- Provide consumers with more choices.

To these ends, USDA has increased available funding and is releasing new program details to support the meat and poultry supply chain. Specifically, the Biden-Harris Administration will:

Expand independent processing capacity:

- **Increase competition and create more options for producers and consumers in the near-term by jump-starting independent processing projects that will increase competition and enhance the resiliency of the food supply chain.** This new processing capacity will build momentum in a currently concentrated market. For example, 50 beef slaughter plants owned by just a handful of companies currently process nearly all the cattle in the United States. USDA will provide gap financing grants totaling up to **\$375 million** for independent processing plant projects that fill a demonstrated need for more diversified processing capacity.
 - USDA will publish a Request for Proposals for Phase I of this initiative this Spring. Phase I will invest approximately **\$150 million to jump-start an estimated 15 projects**, focused on deploying financial support for projects with the greatest near-term impact. USDA will deploy an additional \$225 million to support additional projects in Phase II, which will open in Summer 2022. USDA will also ensure these funds truly expand capacity outside the largest meat and poultry processors, funding only independent operations.
- **Strengthen the financing systems for independent processors.** USDA will work with lenders to make more capital available to independent processors that need credit. To address the credit access gap, USDA will deploy up to **\$275**

million in partnership with lenders that will, in turn, provide loans and other support to businesses at rates and on terms that increase access to long-term, affordable capital. USDA will solicit applications from potential partners by Summer 2022, with an initial focus on lenders that provide financing in underserved communities.

- **Back private lenders that invest in independently owned food processing and distribution infrastructure.** From cold storage to specialized equipment, building a more distributed and resilient food system requires independent producers to have access to food processing and distribution infrastructure that enables them to move their product throughout the supply chain. To assist in the financing of this infrastructure, USDA has [deployed \\$100 million](#) in American Rescue Plan funds, to make **more than \$1 billion** in guaranteed loans available immediately. Applications for these guaranteed loans will be accepted until funds are expended; more information on how to apply can be found [here](#).

Support workers and the independent processor industry

- **Build a pipeline of well-trained workers and support safe workplaces with fair wages.** New and expanded meat and poultry processing facility capacity will create new job opportunities in rural communities. Building a well-trained workforce and ensuring that meat and poultry processing jobs are safe requires dedicated attention and investment. USDA will dedicate **\$100 million** to support development of a well-trained workforce, safe workplaces, and good-paying, quality jobs by working closely with partner organizations, including labor unions, with expertise in workforce development and worker health and safety.
- **Promote innovation and lower barriers to entry via publicly accessible expert knowledge.** Meat and poultry processing is a complex and technical sector that requires strict adherence to a host of environmental, food safety, and worker safety requirements. Creating new business models that support both workers and producers is similarly complex and time-intensive. At the same time, processors need access to new and emerging innovative practices and technologies. USDA will invest an estimated **\$50 million** in technical assistance and research and development to help independent business owners, entrepreneurs, producers, and other groups, such as cooperatives and worker associations, create new capacity or expand existing capacity.
- **Provide \$100 million in reduced overtime inspection costs to help small and very small processing plants keep up with unprecedented demand.** With bipartisan support in Congress, USDA [is reducing](#) the financial burden of overtime and holiday inspection fees for small and very small poultry, meat, and egg processing plants, by 30 percent and 75 percent respectively, which provide farmers and ranchers with local alternatives to process livestock

and poultry.

- In addition to the above investments from the American Rescue Plan, **USDA has made \$32 million in grants to 167 existing meat and poultry processing facilities to help them reach more customers by becoming Federally inspected through the [Meat and Poultry Inspection Readiness Grants Program](#).** With this grant funding, meat and poultry processing businesses can cover the costs for improvements, such as expanding existing facilities, modernizing processing equipment, and meeting packaging, labeling, and food safety requirements needed to achieve a Federal Grant of Inspection under the Federal Meat Inspection Act or the Poultry Products Inspection Act, or to operate under a state’s Cooperative Interstate Shipment program. These changes will allow these facilities to serve more customers in more markets. An additional round of funding for this program will be made available through a forthcoming Request for Applications.

The Biden-Harris Administration will strengthen the rules that protect farmers, ranchers, and consumers. Specifically, in 2022, the Biden-Harris Administration will:

- **Issue new, stronger rules under the Packers and Stockyards Act—the law designed to combat abuses by the meatpackers and processors.** The law was systematically weakened by the Trump Administration USDA, and in the Biden Administration, USDA has [already begun work](#) on three proposed rules to provide greater clarity and strengthen enforcement under the Act. USDA is also currently working with the Federal Trade Commission to prepare a report on access to retail and competition’s role in protecting new market entrants in meat processing.
- **Issue new “Product of USA” labeling rules so that consumers can better understand where their meat comes from.** Under current labeling rules, meat can be labeled “Product of USA” if it is only processed here—including when meat is raised overseas and then merely processed into cuts of meat here. We believe this could make it hard for American consumers to know what they are getting. USDA has [already begun](#) its top-to-bottom review of the current labeling rules and consumers’ understanding of the labels, with the goal of new rulemaking to clarify “Product of USA” standards.

It is the policy of the Administration to promote vigorous and fair enforcement of the existing competition, and to ensure “all of government” works together to promote competition:

- **Today, DOJ and USDA are announcing a new joint initiative to better coordinate their efforts—including launching within 30 days a new portal for reporting concerns about potential violations of the competition laws.** The President’s Executive Order on Promoting Competition established the White House Competition Council to coordinate a “whole of

government approach” to promoting competition. In furtherance of this approach, Competition Council members USDA and DOJ will provide a new joint channel for farmers and ranchers to report complaints of potentially unfair and anticompetitive practices in the agricultural sector to them—whether under the Sherman and Clayton Acts or the Packers and Stockyards Act. This joint channel will facilitate the agencies’ ability to work together based on a common understanding of farmers’ and ranchers’ concerns. The agencies will protect the confidentiality of the complainants to the fullest extent allowed under the law. The agencies also announced their commitment to the strongest possible whistleblower protections. DOJ and USDA further announced that they will enhance their collaboration on referrals, information sharing, and identifying areas of the law in need of modernization.

The Biden-Harris Administration will work to increase transparency in cattle markets so that ranchers can get a fair price for their work:

- **USDA is using its existing authorities to increase transparency to the extent possible.** Right now, meatpackers have outsized power in setting the prices for beef. The dominance of opaque contracts and insufficient competition undermine price discovery and fairness in the independent livestock markets, which ultimately lock producers into prices that aren’t the product of free and fair negotiation. In August, USDA began issuing [new market reports](#) on what beef-processors pay to provide additional insight into formula cattle trades and help promote fair and competitive markets. USDA is looking at what more can be done under existing authorities.
- **The Biden-Harris Administration will also work with Congress to make cattle markets fairer and more transparent.** The Administration is encouraged to see bipartisan legislation in the Senate by Senators Grassley, Fischer, Tester, and Wyden, and in the House by Representatives Axne and Feenstra, that seeks to improve price discovery in the cattle markets and facilitate actual negotiation of prices between livestock producers and packers. We look forward to working with Congress on these important issues, and we hope that they will also look for ways to ensure farmers and ranchers have fair access to processing capacity.