R-CALF USA
PO Box 30715
Billings, MT 59107
Phone: 406-252-2516
Fax: 406-252-3176
Email: r-calfusa@r-calfusa.com
www.r-calfusa.com

March 28, 2019

The Honorable William P. Barr
United States Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

**Sent via e-mail: antitrust.atr@usdoj.gov and U.S. Mail**

**Re: Request to U.S. Department of Justice to Block the Proposed Acquisition of Iowa Premium by National Beef Packing Company**

Dear Attorney General Barr:

The Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) urges you to initiate antitrust enforcement action to prevent the proposed acquisition of Iowa-based Iowa Premium, LLC, ("Iowa Premium") by National Beef Packing Company, LLC ("National Beef"). National Beef is now majority owned by Brazilian-based Marfrig Global Foods ("Marfrig").[1]

National Beef is the fourth largest beef packer in the United States. Together, National Beef, JBS USA, Tyson Foods, and Cargill Protein make up the Big 4 packers that control 85 percent of all U.S. fed cattle slaughter.[2] National Beef dwarfs its fifth-place rival in the ranking of non-Holstein, English-bred beef packers by slaughtering nearly 76 percent more fed cattle than Greater Omaha Packing Company.[3]

National Beef competes with Iowa Premium for fed cattle in Iowa, particularly in the fall and winter when southern cattle supplies typically tighten.[4] Cattle purchased by National Beef in Iowa are typically transported to National Beef's Dodge City, Kansas, plant for slaughter.[5]

National Beef's acquisition of Iowa Premium will substantially reduce competition for fed cattle regionally as well as nationally, thus harming independent U.S. cattle producers. The acquisition will also likely substantially reduce competition for boxed beef, which will harm American consumers.

[1] National Beef Acquires Iowa Premium, Meat & Poultry, March 12, 2019, available at https://www.meatpoultry.com/articles/21002-national-beef-acquires-iowa-premium.
[2] *See* Packers and Stockyards Program 2016 Annual Report, USDA Grain Inspection, Packers and Stockyards Administration (GIPSA), at 11, available at https://www.gipsa.usda.gov/psp/publication/ar/2016_psp_annual_report.pdf.
[3] *See* Top 30 Beef Packers 2018, Cattle Buyer's Weekly (a publicly available report for 2013 is available at http://www.themarketworks.org/sites/default/files/uploads/charts/Top-30-Beef-Packers-2013.pdf).
[4] Author's interview of Iowa R-CALF USA member and cattle feeder.
[5] *Id.*

**The Proposed Acquisition Will Accelerate the Decline of the Fed Cattle Cash Market.**

Based on information and belief, Iowa Premium purchases most of its fed cattle needs in the competitive cash market.

Iowa Premium commenced slaughtering operations in Tama, Iowa, in November 2014.[6] Prior to its commencement, the beef packing plant, originally built in 1971, was shuttered for three years.[7] Iowa Premium slaughters approximately 1,100 head of fed cattle each day.[8] Based on Cattle Buyer's Weekly's 2018 ranking of the Top 30 U.S.-based beef packers, Iowa Premium is the 20th largest beef packer and it slaughtered 285,000 fed cattle in 2017.[9] Adjusting Cattle Buyer's Weekly's ranking based on beef packers that primarily slaughter non-Holstein, English-bred fed cattle, Iowa Premium is among the nation's 12 largest packers that primarily slaughter high quality English-bred fed cattle. The USDA GIPSA Livestock and Meat Marketing Study indicated there are no large beef packing plants (>500 employees) in Iowa and Iowa has only three small beef packing plants (10-499 employees) and one very small beef packing plant (<10 employees).[10]

The Iowa-Minnesota fed cattle procurement region, as so designated by the U.S. Department of Agriculture ("USDA"), is the U.S. cattle industry's last bastion of robust regional competition for fed cattle. The USDA data show that only in the Iowa-Minnesota ("IA-MN") procurement region are over 50 percent of fed cattle still procured through the competitive cash market.[11] As a result, the IA-MN fed cattle procurement region is vitally important for maintaining a sufficient volume of cash market cattle with which to ensure at least some semblance of competitive price discovery on a national basis, this in an industry suffering from ultra-thin cash markets that are shrinking at an alarming rate. For example, the national cash market volume has declined from over 52 percent in 2005 to under 26 percent in 2018.[12]

In 2015, the first full year of Iowa Premium's operations, national cash market procurement fell to an all-time low of 21.3 percent, the TX-OK-NM region fell to an alarming 2.6 percent, and the Kansas and Colorado regions each fell below 12.5 percent.[13] Had it not been for the nearly 57 percent of cash cattle purchased in the IA-MN region (and the nearly 33 percent procured in the neighboring Nebraska region), the Big 4 packers would have received an absolute windfall because the nation's already ultra-thin cash market could not have predicted a competitive price for which the Big 4 uses as a base price for their hundreds of thousands of formula cattle slaughtered each week. It is noteworthy that fed cattle prices fell further and faster in 2015 than at any time in history. U.S. live cattle producers suffered billions of dollars in losses when the national cash market volume fell to an historic low.

---

[6] Iowa Premium Beef Opens its Doors, Meat & Poultry, Nov. 11, 2014, available at https://www.meatpoultry.com/articles/10355-iowa-premium-beef-opens-its-doors.
[7] *Id.*
[8] National Beef Acquires Iowa Premium, Meat & Poultry, March 12, 2019, available at https://www.meatpoultry.com/articles/21002-national-beef-acquires-iowa-premium.
[9] Top 30 Beef Packers 2018, Cattle Buyer's Weekly (a publicly available report for 2013 is available at http://www.themarketworks.org/sites/default/files/uploads/charts/Top-30-Beef-Packers-2013.pdf).
[10] Volume 3: Fed Cattle and Beef Industries, Final Report, GIPSA Livestock and Meat Marketing Study, January 2007, at 1-10.
[11] Exhibit A, attached.
[12] *Id.*
[13] *Id.*

R-CALF USA called for an investigation into the 2015 cattle price collapse and the Government Accountability Office completed its investigation in 2018. The report found that cattle prices dropped 40 percent from late 2014 through 2016.[14] The report stated that in some fed cattle procurement regions (the report did not identify those regions), limited competition was associated with lower fed cattle prices in those regions and, therefore, the report suggested that "some packers may have been able to exercise market power."[15] The report also found that because fed cattle purchases are now concentrated to one to two days per week (a function of the increasing volume of formula contract procurement), an information gap exists caused by insufficient pricing signals.[16] Importantly, the limited trading window in which bids are confined to one to two days per week is a function of the Big 4's ongoing practice of shifting large volumes of cattle out of the cash market and into formula contracts. The report also found that the Packers and Stockyards Administration (now the Packers and Stockyards Division of the Agricultural Marketing Service), which is charged with ensuring that packers do not engage in anticompetitive practices, has not properly monitored the fed cattle market.[17]

An earlier report by the former Packers and Stockyards Administration, found that:

> [O]n average in the United States, every one percent of slaughter capacity taken up by AMAs [Alternative Marketing Arrangements consisting largely of formula contracts] depressed negotiated cash prices $0.0418/cwt. on a live weight basis. This estimate extrapolates to a total cash price effect of all AMAs of $2.29/cwt. lower on a live weight basis or, a little over 2.5 percent. The report found larger effects in some regions (Texas, Kansas and Colorado) and smaller effects in others (Nebraska and Iowa). AMA prices are impacted as well because many packer pricing formulas and contract prices are based on cash market cattle prices.[18]

Allowing National Beef to roll Iowa Premium into the Big 4 cartel will accelerate the ongoing decline of the U.S. cattle industry's most important price discovery market – the weekly cash market trade for fed cattle.

**The Proposed Acquisition Will Accelerate the Decline of Other than Big 4 Beef Packers.**

Based on information and belief, fed cattle producers in Iowa, Minnesota and eastern Nebraska realize increased competition, as evidenced by higher volumes of cash market sales, precisely because there are more, not less, small and mid-sized (*i.e.*, "Not Big 4") beef packers operating in their regions.

As shown in the chart below, FOB prices paid by beef packers in the IA-MN procurement region immediately following Iowa Premium's commencement track closely with the average weighted FOB prices paid in the USDA's 5-Area fed cattle procurement region.

---

[14] Additional Data Analysis Could Enhance Monitoring of U.S. Cattle Market, Government Accountability Office (GAO), GAO-18-296 (April 2018), at 8.
[15] *Id*, at 16.
[16] *Id*, at 19.
[17] *Id*., at 21-24.
[18] Investigation of Beef Packers' Use of Alternative Marketing Arrangements, USDA Grain Inspection, Packers and Stockyards Administration, July 2014, at i, 26, and 28.


This suggests that despite the much higher percentage of cash market cattle purchased in the IA-MN region, the region's prices do not deviate markedly from the 5-Area average. It is R-CALF USA's understanding, however, that this is not counterintuitive; but rather, it is misleading because many of the cattle purchased in the northern U.S., including Iowa and Minnesota, are not purchased Free on Board ("FOB"). Instead, R-CALF USA believes that because of the competitiveness that remains in this particular region, it is the beef packer that frequently pays shipping costs from the feedlot to the packing plant (including Iowa Premium) and it is the beef packer that then reports the price at the packing plant *after* the shipping cost is deducted. Thus, based on information and belief, cattle feeders in the IA-MN region are indeed rewarded for shunning the Big 4's formula contracting schemes (including National Beef's) and are instead maintaining a robust cash cattle market that is fast disappearing in other cattle procurement regions.

It is important to note that the Big 4 benefit greatly from this practice because by reporting prices paid for cattle *after* they deduct shipping costs associated with those cattle, the 5-Area weighted average price is not elevated by actual prices paid for cattle purchased in the IA-MN region. This facilitates the Big 4's desire to minimize the 5-Area average weighted price upon which hundreds of thousands of the Big 4's formula contract cattle are based each week.

R-CALF USA believes that the smaller beef packers operating in and around Iowa, *i.e.*, the Not Big 4 beef packers, conduct their operations differently and more competitively than do the Big 4. For example, albeit with some exceptions, the Not Big 4 packers use formula contracts infrequently if at all; they are more inclined to offer forward contracts with a known base price or a price tied to a known cattle futures price as an alternative to the cash market; they are not inclined, as are the Big 4, to refuse to buy cattle on a live weight basis and to offer bids only on a carcass weight basis (which then subjects cattle sellers to shipping costs); they often "step-out" of the Big 4's weekly narrow cash trading window to offer higher bids for cattle earlier in the week; they are not inclined, as is National Beef and other Big 4 beef packers to dictate production standards to independent cattle producers as a condition of market access as opposed to offering price premiums for value add-ons;[19] and, they often specialize in particular quality traits so the resulting beef can be marketed in more specialized consumer markets, thus affording consumers more choices.

The 2014 report from the former Packers and Stockyards Administration revealed that Iowa was among the regions in which the measurement of competition that is reduced by concentration is overstated because Iowa has smaller packing plants like Iowa Premium that enhance the competitiveness of the region despite the unprecedented market shares now held by the Big 4:

> In Iowa, Midwest and Mid North (The Mid North region includes MT, SD, ND, and UT), "Other" packers have collectively the second largest market share. Since "Other" typically includes more than one packer, the CR3s are overstated for those regions. The HHIs are overstated for every region where "Other" includes more than one packer.[20]

Iowa Premium is among those Not Big 4 beef packers that contributes to, if not leads, the IA-MN procurement region's competitiveness and its innovation, and all of that will be lost if National Beef is allowed to roll Iowa Premium into the folds of the Big 4's cartel through the proposed acquisition. Independent cattle producers will be financially and economically harmed, and consumer choice will be reduced if the U.S. Department of Justice does not block the proposed acquisition of Iowa Premium by National Beef.

**The Proposed Acquisition Will Allow the Brazilian Cartel to Weaken the U.S. Cattle Industry.**

R-CALF USA is deeply concerned with the fact that National Beef is now majority-owned by the Brazilian firm, Marfrig. Marfrig followed Brazilian-owned JBS to America to gain additional control over U.S. marketing outlets upon which nearly three-quarters of a million U.S. cattle producers rely to establish a competitive price for their cattle. Those marketing outlets are, of course, the U.S. beef packing industry. Currently, the Big 4 control approximately 85 percent of the U.S. fed cattle market and of the Big 4, JBS is the largest beef packer while National Beef the fourth.[21] When Marfrig acquired National Beef, approximately 36 percent of America's fed cattle market fell under the control of these two Brazilian firms, which, based on information and belief, are controlled in whole or in part by the Brazilian government itself.

---

[19] Exhibit B, attached, (National Beef has joined in a cartel with Tyson and Cargill to demand that all cattle suppliers be certified under Beef Quality Assurance ("BQA") as a condition of market access while offering no premiums to the producers that expend the time and money to provide this value-added standard to the beef supply chain. It is noteworthy that National Beef does not specify any particular production standard that it wants met. Indeed, it does not need to because by joining the cartel, the three Big 4 packers know they possess sufficient market power to force producers into compliance, including producers whose cattle are not purchased by National Beef or the other three packers.).

[20] Investigation of Beef Packers' Use of Alternative Marketing Arrangements, USDA Grain Inspection, Packers and Stockyards Administration, July 2014, at 17-18.

[21] Top 30 Beef Packers 2018, Cattle Buyer's Weekly (a publicly available report for 2013 is available at http://www.themarketworks.org/sites/default/files/uploads/charts/Top-30-Beef-Packers-2013.pdf).

Like its Brazilian counterpart JBS, Marfrig comes to America with a documented history of being a bad actor. In 2007, Marfrig and JBS were each required by the antitrust division of the Brazilian Justice Department to pay upward of $7.6 million in fines for engaging in anticompetitive cattle procurement practices, including coordinating price agreements among themselves to lower cattle prices paid to cattle producers.[22] Consequently, Marfrig and JBS are known cartels. As evidenced by international reports now implicating these two companies in additional criminal activities, the amount of this early fine was an ineffectual slap on the wrist for cartel partners JBS and Marfrig. More recently, these same cartel partners have been accused of working in parallel, if not together, to cheat and potentially cause physical harm to American consumers by, *inter alia*, bribing Brazilian food safety officials into approving the export of unsafe beef, including unsafe beef destined for America.[23]

As documented by the Institute for Agriculture and Trade Policy ("IATP") in its report, *The Rise of Big Meat, Brazil's Extractive Industry*,[24] both JBS and Marfrig are a product of the Brazilian government's "National Champions Policy," which was implemented by the Brazilian National Development Bank (Banco nacional de Desenvolvimento Econômico e Social ("BNDES") to catapult Brazil into a global beef packing superpower. The IATP describes a relationship between the two cartel partners and the state-controlled BNDES as that of a state-owned enterprise ("SOE"). As such, the IATP states the cartel partners receive not only subsidized loans, but also large volumes of resources through the purchasing of debentures and company shares through BNDES's investment arm.

It is evident that Marfrig and JBS are state-supported, cartel enterprises that are attempting to swallow up America's critical food production facilities and gain control over America's food-production supply chain, particularly its live cattle supply chain. Whereas the Trump Administration has determined China is threatening our economic and national security through theft of intellectual property, Brazil is similarly threatening our economic and national security by sending forth cartel partners that cheat cattle producers through anticompetitive buying practices and consumers through willful violations of basic food safety standards.

The U.S. Department of Justice should take decisive action to prevent Marfrig-owned National Beef from acquiring Iowa Premium on the grounds that Marfrig demonstrates an unrepentant propensity for: i) exploiting cattle producers through anticompetitive buying practices; ii) exploiting consumers through the production and sales of unsafe beef; iii) violating basic food safety standards; and, iv) engaging in cartel behavior with JBS.

---

[22] *See* Exhibit 16 of R-CALF USA's letter to then Assistant U.S. Attorney Thomas Barnett, April 9, 2008 (Brazil Justice Dept. Fines Major Beef Cos in Cartel Case, Dow Jones Newswires, November 28, 2007), available upon request.
[23] *See*, e.g., Brazilian Federal Investigation Places Marfrig at Center of Bribery Scandal, Meetingplace, Oct. 17, 2012, available at www.meatingplace.com/Industry/News/Details/36830; *see also*, Brazilian Judge Cites Loans to JBS, Marfrig in Caixa Probe, Reuters Staff, Reuters, Jan. 13, 2017, available at https://www.reuters.com/article/brazil-corruption-caixa-ec-federal-warra/brazilian-judge-cites-loans-to-jbs-marfrig-in-caixa-probe-idUSE6N1CB00V.
[24] The Rise of Big Meat, Brazil's Extractive Industry, Institute for Agriculture and Trade Policy (IATP), Nov. 30, 2017, available at https://www.iatp.org/the-rise-of-big-meat.

Further, we believe it is self-evident that Marfrig and JBS, together or individually, will favor Brazilian cattle producers and Brazilian beef over U.S. cattle producers and U.S. beef when given the opportunity to do so in the global marketplace. Given the sordid history of these two cartel members, it is more likely than not that this unacceptable circumstance will be exacerbated if Marfrig-owned National Beef is allowed to acquire Iowa Premium.

**Conclusion.**

For the foregoing reasons, the independent cattle-producing members of R-CALF USA respectfully urge the U.S. Department of Justice's Antitrust Division to aggressively enforce United States antitrust laws to block the proposed acquisition of Iowa Premium by National Beef.

Please contact me at 406-670-8157 if I can be of any further assistance.

Sincerely,

Bill Bullard, CEO

Exhibits A and B

# EXHIBIT A

**LMR Purchase Type Breakdown by Region**

**NATIONAL**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 52.1% | 49.4% | 47.3% | 42.6% | 38.8% | 37.4% | 32.6% | 26.0% | 23.1% | 23.1% | 21.3% | 25.6% | 25.7% | 25.5% |
| Formula | 33.2% | 34.3% | 37.4% | 39.1% | 43.7% | 43.1% | 47.4% | 54.8% | 59.8% | 56.8% | 57.0% | 57.6% | 57.2% | 61.1% |
| Forward Contract | 4.8% | 7.2% | 6.8% | 11.2% | 9.5% | 11.9% | 13.2% | 12.0% | 10.8% | 15.8% | 17.5% | 12.7% | 13.0% | 9.6% |
| Negotiated Grid | 9.9% | 9.0% | 8.5% | 7.1% | 8.0% | 7.6% | 6.7% | 7.2% | 6.3% | 4.3% | 4.2% | 4.1% | 4.1% | 3.8% |

**5-AREA**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 55.8% | 52.0% | 49.8% | 45.3% | 43.2% | 42.4% | 36.8% | 27.8% | 24.1% | 24.0% | 21.3% | 26.3% | 26.8% | 26.1% |
| Formula | 31.9% | 33.3% | 35.9% | 38.1% | 42.3% | 42.2% | 46.5% | 56.2% | 61.8% | 58.7% | 58.8% | 59.4% | 59.5% | 64.2% |
| Forward Contract | 4.6% | 7.1% | 6.8% | 10.4% | 8.1% | 9.9% | 10.9% | 10.0% | 8.6% | 13.7% | 16.7% | 11.2% | 10.8% | 7.0% |
| Negotiated Grid | 7.7% | 7.7% | 7.5% | 6.3% | 6.4% | 5.5% | 5.7% | 5.9% | 5.4% | 3.6% | 3.2% | 3.1% | 2.9% | 2.7% |

**TEXAS -OKLAHOMA-NEW MEXICO**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 47.2% | 42.5% | 36.7% | 31.5% | 26.4% | 21.5% | 17.0% | 10.2% | 6.1% | 3.0% | 2.6% | 6.4% | 9.3% | 6.2% |
| Formula | 42.2% | 42.2% | 48.4% | 53.3% | 60.4% | 66.9% | 72.7% | 76.0% | 83.0% | 84.6% | 85.9% | 82.4% | 81.8% | 86.2% |
| Forward Contract | 3.1% | 5.0% | 4.4% | 5.8% | 5.4% | 4.9% | 4.4% | 5.4% | 4.0% | 7.4% | 9.3% | 7.0% | 6.2% | 4.9% |
| Negotiated Grid | 7.5% | 10.3% | 10.5% | 9.3% | 7.8% | 6.7% | 5.9% | 8.4% | 6.9% | 5.1% | 2.1% | 4.2% | 2.6% | 2.7% |

**KANSAS**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 50.6% | 47.3% | 44.8% | 41.7% | 39.9% | 41.0% | 36.9% | 27.4% | 21.0% | 15.6% | 12.5% | 23.0% | 21.9% | 19.3% |
| Formula | 44.8% | 46.0% | 48.5% | 48.0% | 52.1% | 51.6% | 54.1% | 63.6% | 68.5% | 69.5% | 64.8% | 67.3% | 70.7% | 76.4% |
| Forward Contract | 2.8% | 5.4% | 5.4% | 7.8% | 7.0% | 6.3% | 7.1% | 5.7% | 6.5% | 14.3% | 22.2% | 9.3% | 7.0% | 3.9% |
| Negotiated Grid | 1.8% | 1.3% | 1.3% | 2.4% | 1.0% | 1.0% | 2.0% | 3.4% | 4.0% | 0.7% | 0.6% | 0.4% | 0.4% | 0.4% |

**NEBRASKA**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 64.6% | 63.7% | 64.7% | 61.0% | 60.4% | 55.8% | 48.3% | 38.9% | 36.4% | 38.3% | 32.6% | 42.1% | 41.3% | 43.0% |
| Formula | 18.3% | 16.8% | 17.8% | 17.8% | 22.6% | 23.4% | 28.7% | 41.0% | 48.4% | 42.6% | 44.4% | 42.0% | 41.0% | 45.2% |
| Forward Contract | 5.8% | 9.7% | 7.8% | 14.7% | 9.0% | 14.0% | 15.6% | 14.8% | 10.2% | 14.7% | 17.7% | 12.7% | 13.5% | 8.5% |
| Negotiated Grid | 11.3% | 9.8% | 9.6% | 6.5% | 8.0% | 6.7% | 7.4% | 5.3% | 5.0% | 4.4% | 5.3% | 3.2% | 4.2% | 3.3% |

**COLORADO**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 51.8% | 40.7% | 39.6% | 28.5% | 28.8% | 19.7% | 17.9% | 12.5% | 10.6% | 11.2% | 8.3% | 13.8% | 16.0% | NA |
| Formula | 30.1% | 46.7% | 46.3% | 54.5% | 57.9% | 64.0% | 64.1% | 69.1% | 71.4% | 64.1% | 70.8% | 73.4% | 69.4% | NA |
| Forward Contract | 8.6% | 7.3% | 7.5% | 13.3% | 10.5% | 14.4% | 16.0% | 16.8% | 16.8% | 24.1% | 20.3% | 12.2% | 14.1% | NA |
| Negotiated Grid | 9.5% | 5.3% | 6.6% | 3.8% | 2.7% | 1.9% | 2.0% | 1.6% | 1.2% | 0.6% | 0.6% | 0.6% | 0.5% | NA |

**IOWA-MINNESOTA**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 73.9% | 68.8% | 68.8% | 66.7% | 63.9% | 65.6% | 61.8% | 56.4% | 54.6% | 57.0% | 56.7% | 50.9% | 51.0% | 57.1% |
| Formula | 7.2% | 8.4% | 8.2% | 9.0% | 10.3% | 11.2% | 10.9% | 20.5% | 23.2% | 20.3% | 20.2% | 21.1% | 21.3% | 22.3% |
| Forward Contract | 7.1% | 10.2% | 13.3% | 16.7% | 13.2% | 13.9% | 17.1% | 13.2% | 13.8% | 17.1% | 16.1% | 20.1% | 19.8% | 13.6% |
| Negotiated Grid | 11.8% | 12.6% | 9.7% | 7.6% | 12.6% | 9.3% | 10.2% | 9.9% | 8.4% | 5.7% | 7.0% | 7.9% | 7.9% | 7.0% |

**Source: USDA AMS Livestock, Poultry & Grain Market News**

# EXHIBIT B


Beef Quality Assurance
2019 CHANGES THAT WILL AFFECT THE MISSOURI PRODUCER
Wendy's
By 2019, will only source beef from cattle feeders who are Beef Quality Assurance (BQA) certified.
Cargill
Will source 90% of their cattle needs from Beef Quality Assurance (BQA) certified feed yards by 2019.
U.S. PREMIUM BEEF
Starting on December 31, 2018 the first day of delivery for 2019, all cattle must come from Beef Quality Assurance (BQA) certified feedlots.
Tyson
Will source 100% of their cattle needs from feed yards that are Beef Quality Assurance (BQA) certified by January 1, 2019. Tyson Foods will also begin requiring BQAT certification for 100% of the livestock haulers that deliver cattle to their plants by January 1, 2020.
All Tyson Foods cattle suppliers, including sale barns, will need to be BQA or equivalent certified by January 1, 2019. In order for a Tyson cattle buyer to bid on cattle sold through a sale barn, the auction market will need to verify the cattle seller's BQA certification, according to Tyson Foods.
National Beef
BQA Certification is required by National Beef for all direct beef suppliers as of January 1, 2019.
After careful consideration, National Beef has chosen to align itself with the Beef Quality Assurance Transportation (BQAT) as the certification entity for our cattle transporters. BQAT Certification is required by National Beef for all cattle transporters delivering to our facilities as of January 1, 2020.
BEST MANAGEMENT PRACTICES START AT THE FARM
Training available in your area!
February 21st
6 - 8 P.M.
MU Howell County Extension Office
1376 Bill Virdon Avenue
West Plains, MO 65775
R.S.V.P. Contact
Janet Crow
(417) 293-9520
bjddcrow@hotmail.com