116TH CONGRESS 1ST SESSION H.R. 2933

AUTHENTICATED U.S. GOVERNMENT INFORMATION

> To impose a moratorium on large agribusiness, food and beverage manufacturing, and grocery retail mergers, and to establish a commission to review large agriculture, food and beverage manufacturing, and grocery retail mergers, concentration, and market power.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2019

Mr. POCAN (for himself, Ms. DELAURO, Mr. KHANNA, Ms. PINGREE, Mr. RYAN, Mr. BLUMENAUER, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

- To impose a moratorium on large agribusiness, food and beverage manufacturing, and grocery retail mergers, and to establish a commission to review large agriculture, food and beverage manufacturing, and grocery retail mergers, concentration, and market power.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Food and Agribusiness

5 Merger Moratorium and Antitrust Review Act of 2019".

1 SEC. 2. FINDINGS.

2 Congress finds the following:

3 (1) Concentration in the food and agricultural
4 economy, including mergers, acquisitions, and other
5 combinations and alliances among suppliers, pack6 ers, integrators, other food processors, distributors,
7 and retailers has been accelerating at a rapid pace
8 since the 1980s, and particularly since the 2007
9 through 2009 recession.

10 (2) The trend toward greater concentration in 11 food and agriculture has important and far-reaching 12 implications not only for family farmers, but also for 13 food chain workers, the food we eat, the commu-14 nities we live in, and the integrity of the natural en-15 vironment upon which we all depend.

16 (3) In the past three decades, the top 4 largest 17 pork packers have seized control of 71 percent of the 18 market, up from 36 percent. Over the same period, 19 the top 4 beef packers have expanded their market 20 share from 32 percent to 85 percent. The top 4 flour 21 millers have increased their market share from 40 22 percent to 64 percent. The market share of the top 23 4 soybean crushers has jumped from 54 percent to 24 79 percent, and the top 4 wet corn processors con-25 trol of the market has increased from 63 percent to 26 86 percent.

(4) Today the top 4 sheep, poultry, and fluid
 milk processors now control 57 percent, 53 percent,
 and 50 percent of the market, respectively.

4 (5) The top 4 grain companies today control as
5 much as 90 percent of the global grain trade.

6 (6) During the past 2 years there has been a 7 wave of consolidation among global seed and crop-8 chemical firms, 3 companies now control nearly ²/₃ 9 of the world's commodity crop seeds. Those same 3 10 companies now also control nearly 70 percent of all 11 agricultural chemicals and pesticides.

12 (7) In the United States, the 4 largest corn 13 seed sellers accounted for 85 percent of the market 14 in 2015, up from 60 percent in 2000. Over the past 15 20 years, the cost for an acre's worth of seeds for 16 an average corn farmer has nearly quadrupled, and 17 the cost of fertilizer has more than doubled. Yet 18 corn yields increased only 36 percent over that time, 19 and the price received for the sale of a bushel of 20 corn increased only 31 percent.

(8) A handful of firms dominate the processing
of every major commodity. Many of them are
vertically integrated, which means that they control
successive stages of the food chain, from inputs to
production to distribution. The growing number and

scale of cross-border agribusiness and food mergers
 have put foreign firms, often with considerable gov ernment backing, into prominent and even dominant
 positions in the United States beef, hog, poultry,
 seed, fertilizer, and agrichemical sectors.

6 (9) Growing concentration of the agricultural 7 sector has restricted choices for farmers trying to 8 sell their products. As the bargaining power of agri-9 business firms over farmers increases, concentrated 10 agricultural commodity markets are stacked against 11 the farmer, with buyers of agricultural commodities 12 often possessing regional dominance in the form of 13 oligopsony or monopsony relative to sellers of such 14 commodities.

(10) The high concentration and consolidation
of buyers in agricultural markets has resulted in the
thinning of both cash and futures markets, thereby
allowing dominant buyers to leverage their market
shares to move those markets to the detriment of
family farmers and ranchers.

(11) Buyers with oligopsonistic or
monopsonistic power have incentives to engage in
unfair and discriminatory acts that cause farmers to
receive less than a competitive price for their goods.
At the same time, some Federal courts have incor-

rectly required a plaintiff to show harm to competi tion generally, in addition to harm to the individual
 farmer, when making a determination that an un fair, unjustly discriminatory, deceptive, or pref erential act exists under the Packers and Stockyards
 Act of 1921.

7 (12) The farmer's share of every retail dollar
8 has plummeted from 41 percent in 1950, to less
9 than 15 percent today, while the profit share for
10 farm input, marketing, and processing companies
11 has risen.

(13) While agribusiness conglomerates are posting record earnings, farmers are facing desperate
times. Since 2013, net farm income for United
States farmers has fallen by more than half and median on-farm income was negative in 2017 and in
2018 and is expected to be negative again in 2019.

18 (14) The benefits of low commodity prices are
19 not being passed on to American consumers. The
20 gap between what shoppers pay for food and what
21 farmers are paid is growing wider.

(15) The steadily rising price of food has outpaced growth in incomes for typical workers. Since
the Great Recession, the annual growth of real

prices for food at the supermarket have risen nearly 3 times faster than typical earnings.

3 (16) There is growing consensus that economic 4 consolidation contributes to the widening gap in eco-5 nomic opportunity in the United States and bigger, 6 more dominant firms are more likely to deliver prof-7 its to investors than to raise wages or benefits. 8 Mega-mergers in the food and agribusiness indus-9 tries can lead to growing monopsony power abuse re-10 sulting in wage suppression, along with massive lay-11 offs as companies shutter factories and facilities, 12 harming working families and communities.

13 (17) Concentration, low prices, anticompetitive 14 practices, and other manipulations and abuses of the 15 agricultural economy are driving small family farm-16 ers out of business. Farmers are going bankrupt or 17 giving up, and few are taking their places; more 18 farm families are having to rely on other jobs to stay 19 afloat. Eighty-three percent of farm household in-20 come is expected to come from off-farm work this 21 year, up from 53 percent in 1960.

(18) Eighty-one percent of America's farmed
cropland is now controlled by 15 percent of farms,
and the number of farmers leaving the land will con-

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tinue to increase unless and until these trends are
 reversed.

3 (19) The decline of small family farms under4 mines the economies of rural communities across
5 America; it has pushed Main Street businesses, from
6 equipment suppliers to small banks, out of business
7 or to the brink of insolvency.

8 (20) Increased concentration in the agribusiness 9 sector has a harmful effect on the environment; cor-10 porate hog farming, for example, threatens the in-11 tegrity of local water supplies and creates noxious 12 odors in neighboring communities. Concentration 13 also can increase the risks to food safety and limit 14 the biodiversity of plants and animals.

(21) The decline of family farming poses a direct threat to American families and family values,
by subjecting farm families to turmoil and stress.
Farm advocates across the country are reporting an
increase in farmer suicides over the past several
years.

(22) The decline of family farming causes the
demise of rural communities, as stores lose customers, churches lose congregations, schools and
clinics become under-used, career opportunities for

young people dry up, and local inequalities of wealth
 and income grow wider.

3 (23) These developments are not the result of
4 inevitable market forces. Its problems arise rather
5 from policies made in Washington, including farm,
6 antitrust, and trade policies.

7 (24) Past congressional action to remediate 8 market failure, such as enacting country-of-origin la-9 beling to provide transparency for domestic farmers, 10 ranchers, and consumers regarding agricultural com-11 modity origins, have been overturned for key com-12 modifies by oligopolistic conglomerates that use un-13 differentiated imports to reduce domestic farm 14 prices.

(25) To restore competition in the agricultural
economy, and to increase the bargaining power and
enhance economic prospects for family farmers, the
trend toward concentration must be reversed.

19 SEC. 3. DEFINITIONS.

20 In this Act:

(1) AGRICULTURAL INPUT SUPPLIER.—The
term "agricultural input supplier" means any person
(excluding agricultural cooperatives) engaged in the
business of selling, in interstate or foreign commerce, any product to be used as an input (including

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seed, germ plasm, hormones, antibiotics, fertilizer,
 and chemicals, but excluding farm machinery) for
 the production of any agricultural commodity, except
 that no person shall be considered an agricultural
 input supplier if sales of such products are for a
 value less than \$10,000,000 per year.

(2) BROKER.—The term "broker" means any 7 8 person engaged in the business of negotiating sales 9 and purchases of any agricultural commodity in 10 interstate or foreign commerce for or on behalf of 11 the vendor or the purchaser, except that no person 12 shall be considered a broker if the only sales of such 13 commodities are for a value less than \$10,000,000 14 per year.

(3) COMMISSION MERCHANT.—The term "com-15 mission merchant" means any person engaged in the 16 17 business of receiving in interstate or foreign com-18 merce any agricultural commodity for sale, on com-19 mission, or for or on behalf of another, except that 20 no person shall be considered a commission mer-21 chant if the only sales of such commodities are for 22 a value less than \$10,000,000 per year.

(4) DEALER.—The term "dealer" means any
person (excluding agricultural cooperatives) engaged
in the business of buying, selling, or marketing agri-

1	cultural commodities in interstate or foreign com-
2	merce, except that—
3	(A) no person shall be considered a dealer
4	with respect to sales or marketing of any agri-
5	cultural commodity of that person's own rais-
6	ing; and
7	(B) no person shall be considered a dealer
8	if the only sales of such commodities are for a
9	value less than \$10,000,000 per year.
10	(5) INTEGRATOR.—The term "integrator"
11	means an entity that contracts with farmers for
12	grower services to raise chickens or hogs to slaugh-
13	ter size and weight. The integrator owns the chick-
14	ens or hogs, supplies the feed, slaughters, and fur-
15	ther processes the poultry or pork.
16	(6) PROCESSOR.—The term "processor" means
17	any person (excluding agricultural cooperatives) en-
18	gaged in the business of handling, preparing, or
19	manufacturing (including slaughtering and food and
20	beverage manufacturing) of an agricultural com-
21	modity, or the products of such agricultural com-
22	modity, for sale or marketing for human consump-
23	tion, except that no person shall be considered a
24	processor if the only sales of such products are for
25	a value less than \$10,000,000 per year.

1	(7) RETAILER.—The term "retailer" means any
2	person (excluding agricultural cooperatives, coopera-
3	tive retailers, and cooperative distributers) licensed
4	as a retailer under the Perishable Agriculture Com-
5	modities Act of 1930 (7 U.S.C. 499a(b)), except
6	that no person shall be considered a retailer if the
7	only sales of such products are for a value less than
8	\$10,000,000 per year.
9	TITLE I-MORATORIUM ON
10	LARGE AGRIBUSINESS, FOOD
11	AND BEVERAGE MANUFAC-
12	TURING, AND GROCERY RE-
13	TAIL MERGERS
14	SEC. 101. MORATORIUM ON LARGE AGRIBUSINESS, FOOD
15	AND BEVERAGE MANUFACTURING, AND GRO-
16	CERY RETAIL MERGERS.
17	(a) IN GENERAL.—
18	(1) MORATORIUM.—Until the date referred to
19	in paragraph (2) and except as provided in sub-
20	section (b)—
21	(A) no dealer, processor, commission mer-
22	chant, agricultural input supplier, broker, or
23	operator of a warehouse of agricultural com-
24	modities or retailer with annual net sales or
25	total assets of more than \$160,000,000 shall

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1 merge or acquire, directly or indirectly, any vot-2 ing securities or assets of any other dealer, processor, commission merchant, agricultural 3 input supplier, broker, or operator of a ware-4 5 house of agricultural commodities or retailer 6 with annual net sales or total assets of more 7 than \$16,000,000; and 8 (B) no dealer, processor, commission mer-9 chant, agricultural input supplier, broker, or 10 operator of a warehouse of agricultural com-11 modities or retailer with annual net sales or 12 total assets of more than \$16,000,000 shall 13 merge or acquire, directly or indirectly, any vot-14 ing securities or assets of any other dealer, 15 processor, commission merchant, agricultural 16 input supplier, broker, or operator of a ware-17 house of agricultural commodities or retailer 18 with annual net sales or total assets of more 19 than \$160,000,000 if the acquiring person 20 would hold-21 (i) 15 percent or more of the voting 22 securities or assets of the acquired person;

or

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1	(ii) an aggregate total amount of the
2	voting securities and assets of the acquired
3	person in excess of \$15,000,000.
4	(2) DATE.—The date referred to in this para-
5	graph is the effective date of comprehensive legisla-
6	tion—
7	(A) addressing the problem of market con-
8	centration in the food and agricultural sector;
9	and
10	(B) containing a section stating that the
11	legislation is comprehensive legislation as pro-
12	vided in section 101 of the Food and Agri-
13	business Merger Moratorium and Antitrust Re-
14	view Act of 2019.
15	(b) WAIVER AUTHORITY.—The Attorney General
16	shall have authority to waive the moratorium imposed by
17	subsection (a) only under extraordinary circumstances,
18	such as insolvency or similar financial distress of one of
19	the affected parties.
20	(c) EXEMPTIONS.—The classes of transactions de-
21	scribed in section 7A(c) of the Clayton Act (15 U.S.C.
22	18a(c)) are exempt from subsection (a).
23	(d) Avoidance.—Any transaction or other device en-
24	tered into or employed for the purpose of avoiding the
25	moratorium contained in subsection (a) shall be dis-

regarded, and the application of the moratorium shall be
 determined by applying subsection (a) to the substance of
 the transaction.

4 (e) RULEMAKING.—The Attorney General shall pro5 mulgate regulations that the Attorney General determines
6 are necessary to implement this section.

7 TITLE II—AGRICULTURE CON8 CENTRATION AND MARKET 9 POWER REVIEW COMMISSION

10 SEC. 201. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Food and Agriculture Concentration and Market Power Review Commission (hereafter in this title referred to as the "Commission").

(b) PURPOSES.—The purpose of the Commission isto—

17 (1) study the nature and consequences of con18 centration in America's food and agricultural econ19 omy; and

(2) make recommendations on how to change
underlying antitrust laws and other Federal laws
and regulations to keep a fair and competitive agriculture marketplace for family farmers, other small
and medium-sized agriculture producers, generally,
and the communities of which they are a part.

(c) Membership of Commission.—

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2 (1) COMPOSITION.—The Commission shall be
3 composed of 12 members as follows:

4 (A) Three persons, 1 of whom shall be a 5 person currently engaged in farming or ranch-6 ing, shall be appointed by the President pro 7 tempore of the Senate upon the recommenda-8 tion of the majority leader of the Senate, after 9 consultation with the Chairs of the Committee 10 on Agriculture, Nutrition, and Forestry and of 11 the Committee on the Judiciary.

12 (B) Three persons, 1 of whom shall be a 13 person currently engaged in farming or ranch-14 ing, shall be appointed by the President pro 15 tempore of the Senate upon the recommenda-16 tion of the minority leader of the Senate, after 17 consultation with the ranking minority member 18 of the Committee on Agriculture, Nutrition, 19 and Forestry and of the Committee on the Ju-20 diciary.

(C) Three persons, 1 of whom shall be a
person currently engaged in farming or ranching and 1 of whom shall be a representative of
organized labor, shall be appointed by the
Speaker of the House of Representatives, after

1	consultation with the Chairs of the Committee
2	on Agriculture and of the Committee on the Ju-
3	diciary.
4	(D) Three persons, 1 of whom shall be a
5	person currently engaged in farming or ranch-
6	ing, shall be appointed by the minority leader of
7	the House of Representatives, after consultation
8	with the ranking minority member of the Com-
9	mittee on Agriculture and of the Committee on
10	the Judiciary.
11	(2) QUALIFICATIONS OF MEMBERS.—
12	(A) APPOINTMENTS.—Persons who are ap-
13	pointed under paragraph (1) shall be persons
14	who—
15	(i) have experience in farming or
16	ranching, expertise in agricultural econom-
17	ics and antitrust, or have other pertinent
18	qualifications or experience relating to food
19	and agriculture industries; and
20	(ii) are not officers or employees of
21	the United States.
22	(B) OTHER CONSIDERATION.—In appoint-
23	ing Commission members, every effort shall be
24	made to ensure that the members—

(i) are representative of a broad cross 1 2 sector of agriculture and antitrust perspec-3 tives within the United States; and 4 (ii) provide fresh insights to analyzing 5 the causes and impacts of concentration in 6 agriculture industries and sectors. 7 (d) PERIOD OF APPOINTMENT; VACANCIES.— 8 (1) IN GENERAL.—Members shall be appointed 9 not later than 60 days after the date of enactment 10 of this Act and the appointment shall be for the life 11 of the Commission. 12 (2) VACANCIES.—Any vacancy in the Commis-13 sion shall not affect its powers, but shall be filled in 14 the same manner as the original appointment. 15 (e) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have 16 17 been appointed, the Commission shall hold its first meet-18 ing. 19 (f) MEETINGS.—The Commission shall meet at the call of the Chairperson. 20 21 (g) CHAIRPERSON AND VICE CHAIRPERSON.—The 22 members of the Commission shall elect a chairperson and 23 vice chairperson from among the members of the Commis-

 $24 \quad \text{sion.}$

(h) QUORUM.—A majority of the members of the
 Commission shall constitute a quorum for the transaction
 of business.

4 (i) VOTING.—Each member of the Commission shall
5 be entitled to 1 vote, which shall be equal to the vote of
6 every other member of the Commission.

7 SEC. 202. DUTIES OF THE COMMISSION.

8 (a) IN GENERAL.—The Commission shall be respon-9 sible for examining the nature, the causes, and con-10 sequences of concentration in America's agricultural econ-11 omy in the broadest possible terms.

12 (b) ISSUES TO BE ADDRESSED.—The study shall in-13 clude an examination of the following matters:

(1) The nature and extent of concentration in
the food and agricultural sector, including food production, manufacturing, transportation, processing,
distribution, marketing, retailing, and farm inputs
such as machinery, fertilizer, and seeds.

(2) Current trends in concentration of the food
and agricultural sector and what this sector is likely
to look like in the near and longer term future.

(3) The effects of rising concentration on suppliers, workers and farmers, including independent
and contract farmers, with respect to—

1	(A) competition in markets for their prod-
2	ucts and services;
3	(B) income and benefit levels;
4	(C) income distribution;
5	(D) income volatility;
6	(E) other material benefits; and
7	(F) wages and benefits of employees.
8	(4) The impacts of this concentration upon
9	rural communities, rural economic development, and
10	the natural environment.
11	(5) The impacts of concentration in the seed in-
12	dustry on genetic diversity in farm fields and any re-
13	lated impacts on food security.
14	(6) The impacts of this concentration upon food
15	shoppers, including the reasons that low farm prices
16	have not resulted in corresponding drops in super-
17	market prices.
18	(7) Whether farming is approaching a scale
19	that is larger than necessary from the standpoint of
20	productivity.
21	(8) The effect of current laws and administra-
22	tive practices in supporting and encouraging this
23	concentration.
24	(9) Whether the existing antitrust laws provide
25	adequate safeguards against, and remedies for, the

impacts of concentration upon family farms, the
 communities they comprise, and the food shoppers of
 this Nation.

4 (10) Accurate and reliable data on the national
5 and international markets shares of multinational
6 agribusinesses, and the portion of their sales attrib7 utable to exports.

8 (11) Barriers that inhibit entry of new competi9 tors into markets for the processing of agricultural
10 commodities, such as the meat packing industry.

11 (12) The extent to which developments, such as 12 packer ownership of livestock, formula pricing, mar-13 keting agreements, production contracting, forward 14 contracting, and vertical integration tend to give 15 processors, agribusinesses, integrators, and other 16 buyers of agricultural commodities additional market 17 power over farmers and suppliers in local markets. 18 (13) The extent to which mergers cause wage 19 suppression, layoffs, or reduced benefits to workers

20 in the food and agricultural sector.
21 (14) Such related matters as the Commission

22 determines to be important.

23 SEC. 203. FINAL REPORT.

(a) IN GENERAL.—Not later than 12 months after25 the date of the initial meeting of the Commission, the

Commission shall submit to the President and Congress
 a final report which contains—

3 (1) the findings and conclusions of the Commis4 sion described in section 202; and

5 (2) recommendations for addressing the prob6 lems identified as part of the Commission's analysis.
7 (b) SEPARATE VIEWS.—Any member of the Commis8 sion may submit additional findings and recommendations
9 as part of the final report.

10 SEC. 204. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may hold such
hearings, sit and act at such times and places, take such
testimony, and receive such evidence as the Commission
may find advisable to fulfill the requirements of this title.
The Commission shall hold at least 1 or more hearings
in Washington, DC, and 4 in different agriculture regions
of the United States.

(b) INFORMATION FROM FEDERAL AGENCIES.—The
Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this title.
Upon request of the Chairperson of the Commission, the
head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use
 the United States mails in the same manner and under
 the same conditions as other departments and agencies of
 the Federal Government.

5 SEC. 205. COMMISSION PERSONNEL MATTERS.

6 (a) COMPENSATION OF MEMBERS.—Each member of 7 the Commission shall be compensated at a rate equal to 8 the daily equivalent of the annual rate of basic pay pre-9 scribed for level IV of the Executive Schedule under sec-10 tion 5315 of title 5, United States Code, for each day (in-11 cluding travel time) during which such member is engaged 12 in the performance of the duties of the Commission.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per
diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title
5, United States Code, while away from their homes or
regular places of business in the performance of services
for the Commission.

20 (c) Staff.—

(1) IN GENERAL.—The Chairperson of the
Commission may, without regard to the civil service
laws and regulations, appoint and terminate an executive director and such other additional personnel as
may be necessary to enable the Commission to per-

form its duties. The employment of an executive di rector shall be subject to confirmation by the Com mission.

4 (2) COMPENSATION.—The Chairperson of the 5 Commission may fix the compensation of the execu-6 tive director and other personnel without regard to 7 the provisions of chapter 51 and subchapter III of 8 chapter 53 of title 5, United States Code, relating 9 to classification of positions and General Schedule 10 pay rates, except that the rate of pay for the execu-11 tive director and other personnel may not exceed the 12 rate payable for level V of the Executive Schedule 13 under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any
Federal Government employee shall be detailed to the
Commission without reimbursement, and such detail shall
be without interruption or loss of civil service status or
privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission
may procure temporary and intermittent services under
section 3109(b) of title 5, United States Code, at rates
for individuals which do not exceed the daily equivalent
of the annual rate of basic pay prescribed for level V of
the Executive Schedule under section 5316 of such title.

1 SEC. 206. SUPPORT SERVICES.

2 The Administrator of the General Services Adminis3 tration shall provide to the Commission on a reimbursable
4 basis such administrative support services as the Commis5 sion may request.

6 SEC. 207. AUTHORIZATION OF APPROPRIATIONS.

7 There are authorized to be appropriated \$2,000,000
8 to the Commission as required by this title to carry out
9 the provisions of this title.

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