

Campaign for Contract Agriculture Reform, Farm and Ranch Freedom Alliance, Food & Water Watch, Land Stewardship Project, Institute for Agriculture and Trade Policy, Iowa Citizens for Community Improvement, Missouri Rural Crisis Center, National Family Farm Coalition, Organization of Competitive Markets, Ranchers Cattlemen Action Legal Fund – United Stockgrowers of America, Rural Advancement Foundation International-USA, Western Organization of Resource Councils

Our organizations are promoting interrelated reforms to restore competitive livestock markets and fair contracts based on a platform supported by over 200 organizations that represent independent farmers and ranchers, contract growers, and consumers (available at <http://tinyurl.com/3gcty2>).

Agricultural Competition Issue Brief 18 of 18: **Antitrust Action and Dairy**

Obama-Biden Position: “Prevent Anticompetitive Behavior Against Family Farms... strengthen anti-monopoly laws; change federal agriculture policy to strengthen producer protection from fraud, abuse and market manipulation....”

Relevant Program: Anti-trust at DOJ; Oversight/Thinly Traded Markets at CFTC
Relevant Agency: Department of Justice/Commodity Futures Trading Commission

Policy Recommendation – Administration Action: Urge the Department of Justice (DOJ) to complete the Dairy Farmers of America investigation and take action on the recommendations. Ensure that agriculture issues are a high priority for the new anti-trust division.

Background: There are fewer than 60,000 dairy farmers remaining in the United States. Continued volatile milk pricing and skyrocketing production costs for farmers have left the dairy industry in crisis. DOJ and its enforcement of existing anti-trust laws is key to reversing the concentration and consolidation within the dairy industry.

Dairy farm milk prices are determined by a very thin “market” trading at the Chicago Mercantile Exchange (CME) attached to a USDA formula. Most dairy farmers now have access to only one buyer. Three corporations have near-monopoly market power. Dean Foods controls 40% of the fluid milk supply in this country (and 100% in some regions); Leprino Foods controls much of the pizza cheese market while Kraft dominates the retail sector for natural and processed cheeses. These powerful entities have recently come under scrutiny for manipulating cheese prices on the CME to depress milk prices for farmers. On December 16th, 2008 the CFTC issued a \$12 million penalty and a ban in trading for the next two years against Dairy Farmers of America (DFA) for manipulation of markets in 2004. In 2007, the DOJ developed a complaint after an extensive investigation into DFA’s anti-trust violation. At a Senate Judiciary Committee hearing (5/2008) Senator Feingold asked the DOJ’s anti-trust division about its investigation. While the division would not comment, Professor Peter Carstensen, an anti-trust legal expert and witness at the hearing, responded on his understanding of its status.

“Fighting Food Inflation through Competition” is a chapter in a report by the American Anti-trust Institute:
http://antitrustinstitute.org/archives/files/Food%20Chapter%20from%20%20AAI%20Transition%20Report_100520082051.pdf