

Peer Review Of GIPSA Fed Cattle Investigation Complete

WASHINGTON, Dec. 28, 1999 - USDA's Grain Inspection, Packers and Stockyards Administration today released the peer reviews of the agency's Texas Panhandle fed-cattle investigation.

To strengthen and improve its investigations of potential anti-competitive behavior, GIPSA is conducting outside peer reviews of select major investigations of competitive practices in the meatpacking industry.

The Texas investigation focused on procurement methods and use of non-spot procurement methods from February 1995-May 1996. Non-spot procurement methods (commonly referred to as captive supplies) include forward contracts, marketing agreements, and packer feeding programs. In its investigation, GIPSA collected detailed data on procurement transactions and conducted extensive interviews with feedlot operators to learn about procurement behavior.

GIPSA asked seven distinguished outside authorities to review the Texas Panhandle fed-cattle investigation to evaluate whether GIPSA asked the right questions, collected the right data, and conducted sound analyses using appropriate models. The reviewers were Dr. Michael Wohlgenant, Professor of Agricultural Economics at North Carolina State University; Dr. H. Alan Love, Associate Professor of Agricultural Economics at Texas A&M University; Ronald Fecso, Chief Statistician at the National Science Foundation; Dr. Richard Sexton, Professor of Agricultural Economics at the University of California-Davis; Dr. Valerie Suslow, Associate Professor of Economics at the University of Michigan; Dayton Lehman, Deputy Assistant General Counsel at the U.S. Department of Transportation; and Dr. DeeVon Bailey, Professor of Economics at Utah State University.

The reviewers generally concurred that the scope of the investigation was appropriate, and large amounts of useful data were collected on individual cattle procurement transactions. Several suggestions for improved data collection processes, descriptive data analyses, and model development were offered.

"The Texas Panhandle fed-cattle investigation and subsequent peer review have made important contributions to our understanding of fed cattle procurement," said James R. Baker, administrator of USDA's Grain Inspection, Packers and Stockyards Administration. "The peer review process will increase the knowledge gained from that investigation, contribute to future analysis of livestock procurement investigations, and enable GIPSA to strengthen its investigative process in general."

Information contact: Martin Johnson, GIPSA, 202-690-3193. The peer reviews and a study completed as part of the investigation are available on GIPSA's Internet home page at: www.usda.gov/gipsa/programsp/txpeer/peerreview.htm.

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Dana Stewart (202) 720-5091
dstewart@gipsadc.usda.gov