December 3, 2019

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
Chairperson, Committee on Foreign Investment in the United States  
Department of Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

RE: Review of Marfrig Foods SA Investment in National Beef Packing Company

Dear Secretary Mnuchin;

The United States Cattlemen’s Association (USCA) and our nationwide membership of cow-calf producers, feedlot operators, backgrounders, and livestock transporters, respectfully requests an official review under the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS) of the acquisition of nearly 81.7% of the National Beef Packing Company by the Brazilian-owned Marfrig Global Foods.

According to a filing on Sunday, November 17, 2019, Marfrig Global Foods acquired the 81.7% stake from Jefferies Financial Group Inc. for $860 million. This follows it 2018 acquisition of a 51% stake in the National Beef Packing Company, which made Marfrig Global Foods the second largest beef producer in the world. The 2018 transaction cost Marfrig Global Foods nearly $1 billion but expanded its market access to South Korea and Japan, which at the time was not accepting Brazilian beef due to a scandal involving bribery of meat inspectors and tainted meat.

The Institute for Agriculture & Trade Policy said the growth of Brazilian meatpacking businesses has benefited from subsidized loans and other resources from the Brazilian National Development Bank.¹ In October 2018, Brazilian federal prosecutors alleged that bribes were paid in exchange for sweetheart loans for companies including Brazilian meat processor Marfrig Global Foods and conglomerate J&F Investimentos, controlling shareholder of the world’s largest meatpacker JBS SA.

This incident followed shortly after Marfrig Foods signed an agreement with federal prosecutors to pay $28.73 million to cover potential damages related to a previous bribery investigation, where Marcos Antônio Molina allegedly paid $2.87 million in bribes to obtain a loan from state-owned bank Caixa Economica Federal in 2012.

USCA concurs with the argument laid out in a recent letter sent by Senators Robert Menendez and Marco Rubio to the U.S. Department of Treasury outlining the concern that these Brazilian meat-processing conglomerates used ill-gotten financing to acquire American companies.²

In their letter, Senators Menendez and Rubio stated:

¹ https://www.iatp.org/the-rise-of-big-meat
² https://www.foreign.senate.gov/imo/media/doc/10-08-19%20RM%20Rubio%20letter%20Brazil%20CFIUS.pdf
“Given its admitted criminal conduct to secure loans that were used for investments in the United States and the group’s business relationships with Venezuela’s Maduro regime, as well as its growing reliance on financing from entities aligned with the Chinese government, we ask CIFUS conduct a review of JBS S.A.’s acquisition of U.S. companies to assess the implications for security and safety of America’s food supply, and, in turn, our national security. The growing trend of foreign investment in our food system demands increased attention and scrutiny in order to safeguard our nation’s food supply.”

Further, given recent events that led to the United States Department of Agriculture (USDA) banning the importation of Brazilian fresh beef, USCA believes this near ownership investment of an U.S. based meatpacking company by a foreign corporation threatens national security interests by unnecessarily risking the safety of our nation’s food supply. Brazil has proven time and time again to wholly reject the food safety standards that U.S. regulators have put in place to ensure not only the health of the domestic livestock herd, but also the safety of its citizens.

USCA believes an investigation into the activities of Marfrig Global Foods is necessary to ensure the safe, affordable, and abundant food supply that our nation currently enjoys. USCA requests a full review of Marfrig Global Foods’ acquisition of U.S. companies by your Committee, and calls for those outcomes to be explicitly written out and publicly published.

If you have questions or would like to discuss this request or anything else regarding this matter, please contact our Washington, DC office at (202) 870-1552 or usca@uscattlemen.org.

Respectfully submitted,

Kenny Graner
President,
United States Cattlemen’s Association

CC: The Honorable Sonny Perdue
      Attorney General William Barr
      U.S. Senate Committee on Agriculture, Forestry, and Nutrition
      U.S. House Committee on Agriculture