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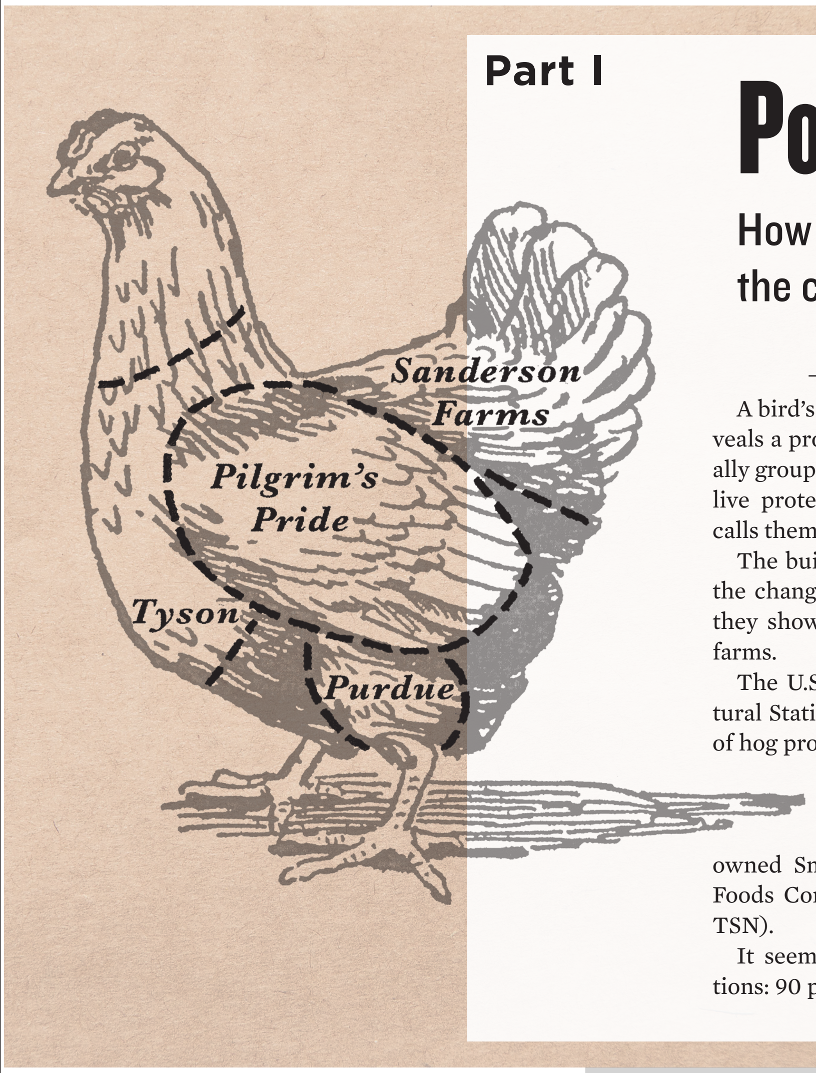

Part I

Power Plays in Protein

How transnational corporations are moving in on Missouri farmland, the cost of globalization and the shrinking market

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A bird's eye view of Missouri, Arkansas and the South reveals a proliferation of large metal oblong buildings generally grouped in threes or fours and packed to the brim with live protein. The U.S. Environmental Protection Agency calls them concentrated animal feeding operations.

The buildings, aka CAFOs, are visual representations of the changing nature of farming in America. In a glimpse, they show the rise of corporations and the fall of family farms.

The U.S. Department of Agriculture's National Agricultural Statistics Service shows Missouri has lost 90 percent of hog producers since 1985. An industry of 23,000 hog operations in 1985 is now down to 2,000.

Today, 80 percent of the U.S. hog marketplace is controlled by four corporations: China-owned Smithfield Foods Inc., Brazil-based JBS, Hormel Foods Corp. (NYSE: HRL) and Tyson Foods Inc. (NYSE: TSN).

It seems four is the magic number for these corporations: 90 percent of U.S. cattle packing is controlled by four corporations: JBS, Tyson, National Beef Packing Co. LLC and Cargill Inc. As for poultry, nearly 60 percent of the market is controlled by four corporations: Tyson, Purdue, Sanderson Farms and Pilgrim's Pride, which is owned by JBS.

The industry shifts have led Missouri Rural Crisis Center officials to lobby lawmakers in Jefferson City. JBS, for instance, is the latest concern with its position in the beef-packing market and its power plays into other proteins.

"They either own livestock or have kept a supply of livestock through contracts that allow them to control the price that farmers are getting paid, but they also control the price that consumers are paying," said Tim Gibbons, the Missouri Rural Crisis Center's communications director. "So, they are vertically integrated in the beef industry from production to retail and are now horizontally integrating within the protein industry."

According to Gibbons, JBS controls huge parts of the poultry, beef and hog industries.

"When you have that much control in three industries that compete and are supposed to compete against each other, it's just one more step toward not having competition within a marketplace. When you don't have competition, you don't have capitalism," Gibbons said.

Doug Constance, a professor of rural sociology at Sam Houston State University, said the dominance of four big beef firms means the companies can put downward pressure on pricing.

"Once the beef gets over a certain price on the open market, they quit buying it on the open market and start slaughtering the cattle that they own. It's called captive supplies," he said. "They start slaughtering their own cattle until the market goes back down. That's how they manipulate it."

Constance said the protein industry has become an oligopoly, where a few companies wield enough power to manipulate it.

Southwest Missouri, with its marginal land for row crops, is a prime target for poultry production and CAFOs. Some farmers see the operations as a way to supplement their incomes and struggling farms. According to Gibbons, changes to legislation in 2013 left hundreds of thousands of Missouri farmland vulnerable to foreign interests. It was shortly after that the transnational corporations moved in. According to longtime Dade County farmer Bob Glenn, Premium Standard Farms tried to buy 20,000 acres north of Lockwood. Concerned citizens contacted commissioners who contacted representative of the Socially Responsible Agriculture Project, which helped block the sale with an ordinance.

Big boys moving in

Globalization is hitting America's heartland in a new way as gigantic transnational companies look for investment and larger control over the increasingly lucrative and concentrated protein industry. Critics say these companies are able to grow their protein, ship it to their own countries, and leave behind the waste and environmental impacts.

The dominant food companies' annual revenues tell part of the story: JBS, $49 billion; Smithfield's China-based parent company, WH Group, $21 billion; Ajinomoto, $10 billion; Tyson, $9.2 billion; and Cargill, $107 billion, representing the largest privately held corporation in America.

But they're otherwise difficult to track. In Missouri, a subsidiary of Smithfield operates under 76 DBAs or fictitious names, according to the USDA Meat, Poultry and Egg Production Inspection Directory. According to Bloomberg, Shuanghui's purchase of Smithfield was the biggest Chinese takeover of a U.S. company.

And well-known Ajinomoto North America settled in Carthage in 2013.

"Ajinomoto is a huge Japanese global trading company searching the earth for investments," Constance said.

Glenn awakens every morning to the stench of 105,000 birds a quarter-mile away from his farm in Dade County. He and his neighbors have been fighting the CAFOs in the county since 2007 and formed the Dade-Lawrence Agricultural Environmental Association to try to stop them, but with no luck. Often, loopholes are found more quickly than legislation can be created, Glenn said. Concerns over water quality from the waste from CAFOs, as well as the loss of property value and rights, remain a concern.

"We have numerous polluted wells," he said. "Dade County has a health ordinance but current commissioners refuse to enforce it. Cedar County just put such an ordinance in place this summer."

Dade County Presiding Commissioner Randy Daniel denies the presence of polluted wells and describes the battle against CAFOs as a David vs. Goliath situation.

An accidental loophole was created in a 2009 ordinance designed to stop a large-scale hog operation from entering the county. Daniel said a lagoon for "wet manure" was listed as necessary in the ordinance for the presence of a CAFO. But the turkey and poultry barns in Dade County do not have lagoons and are able to avoid the CAFO distinction and regulation, because the manure falls under the definition of "dry manure." Daniel admitted his discomfort with the controversial issue.

"We've talked to several attorneys about changing the ordinance," he said. "Whatever we think, those (poultry farmers) have rights."

Glenn sees things differently. Farmers invest roughly $1 million for a typical poultry operation between the buildings, land and wells.

"Each time one of these go up, the county's valuation increases. Commissioners in third-class counties are paid based on property valuation," he said, citing a Missouri statute.

Risky business

Mike Weaver is one of those poultry farmers, but the farm he purchased already had the poultry barns in place. The former federal agent supplements his retirement through his farm in Fort Seybert, West Virginia. Though he's been a contract poultry grower for Pilgrim's Pride the past 14 years, Weaver is featured in a soon-to-be-released documentary by the nonprofit Rural Advancement Foundation International, which works to protect the rights of farmers.

He's been speaking out against the corporations' treatment of farmers and estimates he's lost $20,000-$30,000 in annual income as a result.

"They do it clandestinely," he said of what rural sociologists call retaliation – when corporations go after growers who speak out on the industry. "If they bring you bad chicks or bad feed, there's no way to make a good chicken out of them."

Weaver is an anomaly.

"There is a much larger group of farmers that is silent out of necessity, that doesn't speak publicly, but they're out there," said Sally Lee, program director for contract reform with RAFI. "Anyone who is under contract really takes on a significant risk in doing so, so it's very unlikely to find someone who is currently under contract, currently in debt and also comfortable with speaking their mind in public about the situation."