Antitrust Regulators Axe Tyson's Sale Of Va. Plant

HARRISONBURG, Va. (AP) — Antitrust regulators have filed a lawsuit to undo the sale of a Tyson Foods Inc.plant in Harrisonburg, Va., saying the deal could hurt competition for farmers in the area.

In its civil lawsuit, the U.S. Department of Justice claims the sale would reduce the number of poultry processors around Harrisonburg, giving farmers little choice when it came time to sign contracts to grow chickens.

Tyson announced the sale of plant March 18 to poultry producer George's Inc. In a joint statement, the companies criticized the lawsuit without directly addressing whether the deal violates U.S. antitrust law. Both companies said the purchase will save jobs in the area, and keep contract farmers in business.

"Tyson Foods' sale to George's for the price of $3 million saved an unprofitable poultry operation that was in danger of closing," Donnie King, Tyson's vice president of poultry and prepared foods, said in a statement. "Such a shutdown would have affected the lives of more than 500 employees and 121 contract growers, as well as local businesses that support and benefit from the poultry complex."

Tyson and George's, both based in Springdale, Ark., hire farmers under contract to grow the chickens that the companies own. If the sale goes through, farmers around Harrisonburg will have only two companies for which to grow chickens.

The department's lawsuit, filed Tuesday in U.S. District Court in Harrisonburg, asks that the court declare the sale illegal. The department is asking a judge to undo the sale that closed last week.

"America's farmers deserve competitive prices and terms for the sale of their services, and the Antitrust Division will vigorously pursue anticompetitive acquisitions that stand in the way of achieving that goal," Assistant Attorney General Christine Varney said in a statement.

Earlier this month, the Department of Justice closed an investigation into the proposed buyout of Coleman Natural Foods by the parent company of Perdue Farms Inc., saying they found no evidence that the deal would hurt competition among chicken processors.

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