

Attention: Agriculture Leg. Staff

United States Senate
Washington, DC 20510

May 21, 2013

Dear Senator:

The 2013 Farm Bill represents an opportunity to take powerful steps to protect independent livestock and poultry producers from unfair and deceptive contract and marketing practices. In the few years since enactment of the 2008 Farm Bill, the United States has lost 4 percent of its beef cattle operations and 7 percent of its hog operations.

Today, there are only a handful of beef packers, hog processors and poultry integrators. Farmers and ranchers often have little alternative but to accept the contract terms and prices offered by the few, large firms that dominate the industry. The U.S. Department of Agriculture (USDA) should protect livestock and poultry producers from the unfair, abusive and deceptive marketing and contracting practices that are routine in these markets.

Several amendments will be offered on the floor of the Senate to address these concerns and we urge the Senate to adopt these provisions to protect independent family farmers and strengthen the economic viability of rural communities:

Support Senator Rockefeller's amendment prohibiting retaliation against farmers who speak up: It has become common for livestock and poultry companies to retaliate against contract farmers who speak up about abusive contracting practices. The Rockefeller amendment clarifies that it is a clear violation of the Packers and Stockyards Act for companies to retaliate against farmers for exercising their legal rights, such as talking to federal agency officials or members of Congress about their farming operations and contracts.

Support Senator Grassley's Special Counsel on Competition amendment: Agriculture is one of the most consolidated sectors in the U.S. economy, but the federal antitrust and competition oversight of the food and agriculture sector is fragmented, with uncoordinated oversight shared among USDA, the U.S. Department of Justice and the Federal Trade Commission. The lack of coherent jurisdiction is further complicated by the increasing vertical integration in the sector, where some firms and combinations of firms require monitoring by more than one agency. The Grassley amendment creates a USDA special counsel on agricultural competition to coordinate and oversee competition and antitrust enforcement activities among the federal agencies.

Support Senator Tester's amendment requiring an annual USDA report on concentration in the agriculture and food industries: Despite the dramatic concentration of the agriculture and food sectors, USDA lacks comprehensive, sector-wide and timely information about the overall state of competitiveness in the agriculture and food sector

from seed to supermarket. The Tester amendment requires USDA to collect information on the consolidation levels throughout the food and farm sector and issue an annual report.

Support Senator Enzi's livestock marketing amendment: A large portion of cattle are sold through formula contracts and marketing agreements are negotiated in secret, which gives packers all the information and market power and forces livestock producers to accept "formula" prices that are finalized on delivery instead of firm, base prices when the contracts are signed. The Enzi amendment requires all marketing arrangements to use firm, fixed base prices for marketing arrangements to ensure that cattle producers are fairly paid for their livestock.

We urge the Senate to support the Rockefeller, Grassley, Tester and Enzi amendments to the 2013 Farm Bill to restore competition to the agricultural marketplace, level the playing field for livestock and poultry producers, benefit consumers and strengthen rural economies.

Sincerely,

Alabama Contact Poultry Growers
Association
Campaign for Contract Agriculture Reform
Cattle Producers of Louisiana
Cattle Producers of Washington
Center for Rural Affairs
Contract Poultry Growers of the Virginias
Dakota Rural Action
Farm and Ranch Freedom Alliance
Food & Water Watch
Hmong National Development, Inc.
Independent Beef Association of North
Dakota (I-BAND)
Independent Cattlemen of Wyoming
Independent Cattlemen of Nebraska
Institute for Agriculture and Trade Policy
Kansas Cattlemen's Association
Land Stewardship Project
Missouri's Best Beef Co-Operative

Missouri Rural Crisis Center
Murray County, Oklahoma
Independent Cattlemen
National Catholic Rural Life Conference
National Family Farm Coalition
National Farmers Union
National Sustainable Agriculture Coalition
Nevada Live Stock Association
Northern Plains Resource Council
Northern Wisconsin Beef Producers
Organization for Competitive Markets
Poultry Partners (Arkansas)
Powder River Basin Resource Council
R-CALF USA
Rural Advancement Foundation
International—USA
Rural Coalition
South Dakota Stockgrowers Association
Western Organization of Resource Councils