

July 25, 2023

The Honorable Patrick McHenry
Chair
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515

The Honorable Ann Wagner
Chair
Subcommittee on Capital Markets
U.S. House of Representatives
2350 Rayburn House Office Building
Washington, DC 20515

The Honorable Brad Sherman
Ranking Member
Subcommittee on Capital Markets
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairs McHenry and Wagner and Ranking Members Waters and Sherman:

The undersigned organizations would like to take this opportunity to submit the following comment on the hearing entitled, “Oversight of the SEC’s Division of Corporation Finance.”

We know that farmers and ranchers of all sizes are increasingly taking advantage of significant business opportunities and financial incentives for sustainable agricultural practices and products—many of which attract new customers, green premiums, and new investment.

However, we are concerned that some members of this committee have made misleading claims¹ that the Securities and Exchange Commission’s proposed rule for Enhancement and Standardization of Climate-Related Disclosures for Investors (RIN 3235-AM87) would cause substantial burdens to farmers. These harmful claims promote messaging from agribusiness companies and their lobby,² undermine corporate disclosure requirements,³ and distract from the

¹ “Congressman Lucas Introduces Bill Excluding Agriculture from SEC Climate Disclosure Rulemaking,” September 29, 2022.

<https://lucas.house.gov/posts/congressman-lucas-introduces-bill-excluding-agriculture-from-sec-climate-disclosure-rulemaking>

² Myers, Shelby. “Overreach of SEC Proposed Climate Rule Could Hurt Agriculture.” *American Farm Bureau Federation*, May 6, 2022.

<https://www.fb.org/market-intel/overreach-of-sec-proposed-climate-rule-could-hurt-agriculture> and Comments by National Agricultural Associations on SEC’s Proposed Rules on the Enhancement and Standardization of Climate-Related Disclosures for Investors (File No. S7-10-22) , June 17, 2022,

<https://www.sec.gov/comments/s7-10-22/s71022-20132020-302492.pdf>. Texas Farm Bureau, “Bill introduced to block greenhouse gas disclosures,” May 23, 2023.

<https://texasfarmbureau.org/bill-introduced-to-block-greenhouse-gas-disclosures/>

³ Institute for Agriculture and Trade Policy, “Agribusiness opposition to the proposed SEC climate-related financial disclosure rule,” August 12, 2022. <https://www.iatp.org/agribusiness-opposition-proposed-sec-rule>

real material risk that climate change—not climate disclosure—poses to our members' lives and livelihoods.

This letter provides an overview of the current challenges in industrial agriculture as a result of market consolidation and how climate financial risk harms not just investors, but other critical stakeholders, including farmers, farm workers, and consumers. Members of this committee have invoked concern for these stakeholders as grounds to oppose a robust climate-disclosure rule, so it is important to hear from groups like ours that represent these constituencies rather than only the industrial farm lobby.

Risk to Farmers

Ongoing climate-related physical risks, from torrential downpours to prolonged droughts, have left farmers across the country reeling. Due to erratic weather patterns and temperature spikes and drops, many farmers are being forced to change the types of crops they plant or even abandon their crops altogether. In 2022, cotton farmers in Texas abandoned 74 percent of their planted crops due to extreme heat and drought.⁴ Ninety-five percent of the state was in a drought in July of that year.⁵ California produces nearly 75 percent of the nation's fruits and nuts, both of which are extremely vulnerable to climate change, and severe drought also forced California farmers to abandon large portions of their almond crops.⁶ These devastating conditions are forcing farmers to make hard choices to keep their businesses financially solvent especially as climate risks continue to grow.

An annual survey of Iowa farmers conducted in 2020 found that more than half (51%) of farmers agreed with the statement, “I am concerned about the potential impacts of climate change on my farm operation.”⁷ In Montana, a state where climate change is projected to cost 25,000 jobs and \$736 million in losses over the next 50 years,⁸ nearly three quarters of farmers and ranchers

⁴ Coral Davenport, “How Climate Change Is Making Tampons (and Lots of Other Stuff) More Expensive,” *The New York Times*, February 18, 2023, <https://www.nytimes.com/2023/02/18/climate/climate-change-cotton-tampons.html>.

⁵ Dalia Faheid, “Texas Drought Is the Worst in Years | Fort Worth Star-Telegram,” *Forth Worth Star-Telegram*, July 22, 2022, <https://www.star-telegram.com/news/state/texas/article260135445.html>. and Jayme Lozano Carver, “Texas’ Cotton Industry Is Facing Its Worst Harvest in Years - Costing the State More than \$2 Billion,” *The Texas Tribune*, August 31, 2022, <https://www.texastribune.org/2022/08/31/texas-drought-cotton-farming-economy/>.

⁶ Elizabeth Elkin, “California Drought Is Withering Almond, Dairy Farms in Food Inflation Threat,” *Bloomberg*, June 23, 2021, <https://www.bloomberg.com/news/features/2021-06-23/california-drought-is-withering-almond-dairy-farms-in-food-inflation-threat?sref=f7rH2jWS>.

⁷ J. Gordon Arbuckle Jr., “Iowa Farm and Rural Life Poll Shows Farmers’ Beliefs on Climate Change Are Shifting,” *Iowa State University*, January 22, 2021, <https://www.extension.iastate.edu/news/iowa-farm-and-rural-life-poll-shows-farmers-beliefs-climate-change-are-shifting>.

⁸ Thomas Michael Power and Donovan S Power, “The Impact of Climate Change on Montana’s Agriculture Economy,” *E&E News*, February 16, 2022, https://legacy-assets.eenews.net/open_files/assets/2017/07/03/document_gw_01.pdf.

surveyed reported experiencing “moderate to high levels of anxiety when thinking about climate change and its effects on their agricultural business.”⁹ And a 2021 survey from the American Farm Bureau Federation found that drought conditions yielded less crops and changed farming practices of farmers and ranchers.¹⁰

Farmers are also exposed to indirect impacts of climate financial risks, including loss of credit, negative physical and mental health, and lower home values. These risks are further magnified by the devastating trendline of consolidation in the agriculture sector.

Risk to Farm Workers

Farm workers labor under extreme conditions that are exacerbated by climate change—including harvesting crops when temperatures exceed 100 degrees Fahrenheit with minimal access to clean drinking water, and inhaling toxic air pollution from wildfire smoke—to ensure that Americans are fed, often at great danger to themselves. Farm workers when compared to other workers are 35 times more likely to die from illnesses caused by heat-related stress.¹¹ A survey of farm workers in Washington state found that nearly 75 percent were exposed to an unhealthy amount of wildfire smoke while working and 100 percent reported that they had little or no information about how to protect themselves from the smoke.¹²

But the vulnerability of farm workers extends beyond their physical working conditions. Nearly half of farm workers are undocumented and struggle with challenges around immigration and language barriers.¹³ They also face financial insecurity, which will only worsen as climate disasters increase in severity and frequency.

⁹ “Three-Quarters of Montana Farmers, Ranchers Anxious about Climate Change, Survey Finds ” Yale Climate Connections,” *Yale Climate Connections*, July 14, 2022, <https://yaleclimateconnections.org/2022/07/montana-farmers-ranchers-anxious-about-climate-change-survey-finds>.

¹⁰ Daniel Munch, “New AFBF Survey Shows Drought’s Increasing Toll on Farmers and Ranchers,” *American Farm Bureau Federation*, August 14, 2022, <https://www.fb.org/market-intel/new-afbf-survey-shows-droughts-increasing-toll-on-farmers-and-ranchers>.

¹¹ Moussa El Khayat et al., “Impacts of Climate Change and Heat Stress on Farmworkers’ Health: A Scoping Review,” *Frontiers in public health*, February 8, 2022, [https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8861180/#:~:text=In%2520fact%252C%2520%20occupational%2520heat%252d%20Related,standards%2520\(23%25E2%2580%259325\)](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8861180/#:~:text=In%2520fact%252C%2520%20occupational%2520heat%252d%20Related,standards%2520(23%25E2%2580%259325).).

and Melina Walling, “Climate Change Ratchets up the Stress on Farmworkers on the Front Lines of a Warming Earth,” *Los Angeles Times*, July 8, 2023, <https://www.latimes.com/world-nation/story/2023-07-08/climate-change-ratchets-up-the-stress-on-farmworkers-on-t-he-front-lines-of-a-warming-earth>.

¹² “Wildfire Smoke Safety,” *DEOHS*, accessed July 15, 2023, <https://deohs.washington.edu/pnash/wildfiresmoke>.

¹³ Raquel Rosenbloom, “A Profile of Undocumented Agricultural Workers in the United States,” *The Center for Migration Studies of New York (CMS)*, February 14, 2023, <https://cmsny.org/agricultural-workers-rosenbloom-083022/#:~:text=Immigrants%20coming%20from%20Mexico%20comprise%20percent>. and “Immigrant Farmworkers and America’s Food Production - 5 Things to Know,” *FWD.us*, September 14, 2022, <https://www.fwd.us/news/immigrant-farmworkers-and-americas-food-production-5-things-to-know/>. and “Farm Labor,” *USDA ERS*, accessed July 15, 2023, <https://www.ers.usda.gov/topics/farm-economy/farm-labor/>.

The seasonality of their occupation, low pay—often paid by a piece rate—and increasing climate disasters that disrupt work days and crop viability make farm workers particularly financially vulnerable. In 2022, the average family income for farm workers was between \$25,000 and \$29,999.¹⁴

Consolidation Impacts

The interests and realities for small farmers and farm workers should not be mistaken for the interests of agribusiness. Agribusiness consolidation touches upon every aspect of the agriculture industry, from seeds to farm equipment.¹⁵ Today, just four companies—Cargill, Tyson Foods Inc., JBS SA, and National Beef Packing Co.—control a staggering 70 percent of the U.S. beef market.¹⁶ Over seventy percent of the global grain trade is controlled by four companies: Archer Daniels Midland (ADM), Bunge, Cargill, and Louis Dreyfus Company.¹⁷ Farmers largely purchase their grain from these four companies since they wield tremendous influence over the markets and there is little government policy development to break up their market concentration power. Tyson Foods Inc, ADM, and Bunge would be required to disclose their *estimated* emissions under the SEC’s proposed rule.

This level of consolidation creates barriers to entry for new farmers, who are often young, come from non-farm backgrounds, and lack access to land,¹⁸ making it difficult for new farmers to join the field despite the agricultural sector’s dire need to train the next generation of farmers as the majority near retirement. Farmers over the age of 65 outnumber farmers under the age of 35 by more than six to one.¹⁹

¹⁴ Alice Reznickova, “How Many Farmworkers Are Food Insecure? It’s Hard to Tell,” *Union of Concerned Scientists*, May 26, 2023, <https://blog.ucsusa.org/alice-reznickova/how-many-farmworkers-are-food-insecure/>.

¹⁵ Billy Hackett, “Farmers Trapped in Unsustainable Cycle by Biotechnology, Seed Consolidation,” *National Sustainable Agriculture Coalition*, July 20, 2021, <https://sustainableagriculture.net/blog/farmers-trapped-in-unsustainable-cycle-by-biotechnology-seed-consolidation>. and “‘hog-Tied’ and Fed up: New Report Shows Dealership Consolidation Makes Farmers’ Lives Harder.” *PIRG*, March 2, 2022. <https://pirg.org/media-center/hog-tied-and-fed-up-new-report-shows-dealership-consolidation-makes-farmers-lives-harder/>.

¹⁶ “Explainer: How Four Big Companies Control the U.S. Beef Industry,” *Reuters*, June 17, 2021, <https://www.reuters.com/business/how-four-big-companies-control-us-beef-industry-2021-06-17/>.

¹⁷ Sophia Murphy, David Burch, and Jennifer Clapp, “Cereal Secrets: The World’s Largest Grain Traders and Global Agriculture,” *Oxfam*, August 2012, <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/237131/rr-cereal-secrets-grain-traders-agriculture-30082012-en.pdf?sequence=10>. and Felicity Lawrence, “The Global Food Crisis: ABCD of Food – How the Multinationals Dominate Trade,” *The Guardian*, June 2, 2011, <https://www.theguardian.com/global-development/poverty-matters/2011/jun/02/abcd-food-giants-dominate-trade>.

¹⁸ “Farming Opportunities,” *National Sustainable Agriculture Coalition*, December 5, 2018, <https://sustainableagriculture.net/our-work/issues/farming-opportunities/>.

¹⁹ National Young Farmers Coalition. “RELEASE: New census reveals threat to the future of agriculture as average age of farmers continues to rise.” *Latest from Young Farmers*, 11 April 2019, <https://www.youngfarmers.org/2019/04/census2017>. Accessed 12 July 2023.

These barriers are further magnified for Black farmers, who face the compound challenges of both systemic racism and consolidation. In 1920, Black farmers made up 14 percent of the farmer population; in 2017 that figure fell to less than two percent.²⁰ Land consolidation cost Black communities more than \$320 billion in wealth.²¹

Large agribusiness companies outsource and contract their farm work to individual farmers, but less competition means reduced negotiating power for farmers, resulting in farmers having little choice but to accept the lowest prices offered by the companies who wield significant market control. These low prices barely, if at all, cover a farmer's overhead costs. In 2022, the United States Department of Agriculture (USDA) found that the farmer's share of the food dollar reached a three decade record low of just 14.5 cents of every dollar spent.²²

Consolidation also increases overhead costs for farmers, as a limited number of companies sell items that farmers depend on, such as tractors and the parts to replace them, and restricts innovation. Farmers are unable to pursue more sustainable and safer practices as a result of the constant need to produce vast quantities in a short period of time.

These are but a few examples of how agribusiness consolidation is creating financial harm for farmers, posing a market risk for the of the industry, and preventing small farmers from creating a robust, climate-friendly agricultural ecosystem.

Risk to Consumers

Consolidation in the food industry also poses a risk to consumers and their ability to feed their families. A 2019 study found that just four companies—Walmart, Kroeger, Costco, and Albertsons—accounted for 69 percent of all grocery sales in the country.²³ Of those, three are publicly-listed U.S. companies. Further, Kroeger announced its plans to purchase Albertsons in 2022.²⁴

²⁰ “Bigger Farms, Bigger Problems,” *Union of Concerned Scientists*, April 14, 2021, <https://www.ucsusa.org/resources/bigger-farms-bigger-problems>.

²¹ Omanjana Goswami, “Farmland Consolidation, Not Chinese Ownership, Is the Real National Security Threat,” *Union of Concerned Scientists*, March 2, 2023, <https://blog.ucsusa.org/omanjana-goswami/farmland-consolidation-not-chinese-ownership-is-the-real-national-security-threat/>.

²² “Farm Share of U.S. Food Dollar Reached Historic Low in 2021,” *USDA ERS*, November 28, 2022, <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=105281>.

²³ “The Economic Cost of Food Monopolies: The Grocery Cartels,” *Food and Water Watch*, November 2021, https://www.foodandwaterwatch.org/wp-content/uploads/2021/11/IB_2111_FoodMonoSeriesI-SUPERMARKETS.pdf.

²⁴ “Kroger and Albertsons Companies Announce Definitive Merger Agreement,” *The Kroger Co.*, October 14, 2022, <https://ir.kroger.com/CorporateProfile/press-releases/press-release/2022/Kroger-and-Albertsons-Companies-Announce-Definitive-Merger-Agreement/default.aspx>.

The same report found that from 1993 to 2019 the number of grocery stores declined by about 30 percent. The lack of competition gives consolidated grocery stores and food processors the power to raise food prices to increase their own profits, which in turn hurts the wallets of consumers, shippers, and farmers, and contributes to inflation.²⁵ For example, the National Farmers Union’s “2023 Numbers of the Farmer’s Share” found that the retail price for one pound of tomatoes to consumers was \$2.00, while the farmer’s share was a mere \$0.42.²⁶

Climate change will only exacerbate inflation risk to food prices²⁷ and poses a serious financial threat to consumers, particularly those who are food insecure.

Conclusion

Farmers and farm workers should not be used as political pawns by a hyper consolidated agribusiness industry actively fighting corporate disclosure requirements that they should already be responsible for reporting.

The climate crisis is already hurting the health and financial security of farmers, farm workers, and consumers. Yet some members of this committee continue to act as though climate change is risk free. What farmers, consumers, and farm workers need from policymakers are real solutions, not lip service. The solutions must be rooted in the fact that climate risk is a real threat that must be mitigated. Ultimately, our food and financial systems must become climate resilient and sustainable to support a healthy future for the nation.

We look forward to working with the committee on these issues and appreciate the opportunity to submit this letter for the record.

Sincerely,

Animal Legal Defense Fund
Family Farm Defenders
Farmworker Association of Florida
Food & Water Watch
HEAL Food Alliance

²⁵ Drew DeSilver, “As Inflation Soars, a Look at What’s inside the Consumer Price Index,” *Pew Research Center*, January 24, 2022, <https://www.pewresearch.org/short-reads/2022/01/24/as-inflation-soars-a-look-at-whats-inside-the-consumer-price-index/>.

²⁶ “NFU Releases 2023 Farmer’s Share of Fourth of July Food Dollar - National Farmers Union,” *National Farmers Union*, June 30, 2023, <https://nfu.org/2023/06/30/nfu-releases-2023-farmers-share-of-fourth-of-july-food-dollar/>.

²⁷ Maximilian Kotz et al., “Working Paper Series: The Impact of Global Warming on Inflation: Averages, Seasonality and Extremes,” *European Central Bank*, accessed July 15, 2023, <https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2821~f008e5cb9c.en.pdf>.

In Defense of Animals
Institute for Agriculture and Trade Policy
National Family Farm Coalition
Union of Concerned Scientists