

R-CALF USA
Priorities for 2007 Farm Bill
January 16, 2008

The U.S. cattle industry remains the last frontier for the packing industry. It is the only major livestock sector not vertically integrated from birth to plate. U.S. cattle producers seek to restore market competition by preventing dominant packers from exerting economic control over their industry, an action that leads to vertical integration. To accomplish this goal, thousands of U.S. cattle producers ask Congress to take the following action on these important Farm Bill issues:

Adopt House and Senate Mandatory Country-of-Origin Labeling (COOL): Mandatory COOL is needed to allow U.S. cattle producers to maintain the separate identity of their U.S. cattle industry and compete with the growing volumes of imported beef and cattle.

Adopt Senate Ban on Packer Ownership of Livestock: This ban would restore market integrity by targeting large packers that use packer-owned livestock to limit producers' market access and to depress prices. The ban *only* prohibits *large* packers from owning and having day-to-day management control over livestock for more than 14 days before slaughter. The ban *exempts small packers* and does *not* interfere with alternative marketing arrangements where the producer maintains ownership and management control of livestock prior to slaughter.

Adopt Senate Establishment of Office of Special Council for Agricultural Competition: This measure is needed to ensure proper enforcement of the Packers and Stockyards Act (PSA). In 2006, the USDA Inspector General identified serious enforcement problems regarding the PSA, spanning over a five-year period, which were not corrected by USDA officials. This measure would improve transparency and coordination between USDA and the Department of Justice in carrying out proper enforcement actions to protect independent producers.

Adopt Senate Authorization for Voluntary Arbitration: The measure is needed to make arbitration of disputes between producers and livestock and poultry companies voluntary, instead of forcing producers to sign binding, mandatory arbitration clauses as part of non-negotiable contracts. Arbitration is prohibitively expensive for producers and limits their legal rights. Producers should not be denied a choice of whether to arbitrate a dispute.

Adopt Senate Requirement to Define "Unreasonable Preference or Advantage": USDA has not defined this term under the PSA, though a definition is needed to ensure that packers do not discriminate against producers who market smaller volumes of livestock.

Adopt Senate Authorization for State-Inspected Packing Plants to Engage in Interstate Commerce: This measure is needed to allow state-inspected packers to sell meat across state lines, a practice that currently is prohibited under current law. This prohibition inhibits expansion of smaller state-inspected packing plants thus minimizing competition in the packing industry.

Remove the Senate's Enabling Language for a National Animal Identification System (NAIS): The Senate included language to facilitate an NAIS even before Congress has determined if it is feasible, let alone needed. This language is premature and should be removed.