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February 26, 2008

The Honorable Tom Harkin
Chairman
Senate Committee on Agriculture,
Nutrition and Forestry
328A Russell Senate Office Building
Washington, DC 20510

The Honorable Collin Peterson
Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Saxby Chambliss
Ranking Member
Senate Committee on Agriculture,
Nutrition and Forestry
328A Russell Senate Office Building
Washington, DC 20510

The Honorable Bob Goodlatte
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 2051

Dear Chairmen Harkin and Peterson and Ranking Members Chambliss and Goodlatte,

During development of the 2002 Farm Bill the Senate led a bipartisan effort to include a prohibition on packer ownership of livestock to reduce the erosion of competition occurring within U.S. livestock markets. The measure was passed by Senate conferees but House conferees took no action. Later, during the FY 2003 appropriations process, the prohibition on packer ownership of livestock was relegated to a multi-million dollar study to be managed by the USDA.

Four years later, January 2007, the study, known as the RTI study, was completed. Though the RTI study erroneously presumed that the prohibition on packer ownership of livestock would prohibit all forms of alternative marketing agreements, it nonetheless found a causal relationship between packer-owned livestock and decreased livestock prices. Specifically, the RTI study found that, "A 1 % increase in packer-owned hogs causes the cash/spot price to decline by 0.24%." RTI Study at 2-41.

Today the Senate version of the Farm Bill once again contains the Prohibition on Packer Ownership of Livestock. This measure is narrowly focused and applies to only the very largest of packers – only those that both own multiple plants and that annually slaughter more than 125,000 cattle. The measure exempts all alternative marketing agreements in which the producer maintains title to his/her livestock and materially participates in the production of those livestock.

It would be a disservice for the Farm Bill Conference Committee to again reject this important measure in favor of yet another study. At risk is the continued shrinkage of the livestock industry itself, particularly the live cattle industry, which has been shrinking at the rate of 25,000 cattle operations per year for the past 25 years, 1980 – 2005. See 72 Federal Register, August 8, 2007, at 44,681. Unless Congress takes immediate steps to protect the competitiveness of the U.S. cattle market, the U.S. cattle industry will soon find itself without the critical mass of independent producers necessary to sustain a viable industry, and the now independent cattle producers will have to trade their independence for a meatpacker-controlled production contract in order to stay in business.

Chairmen Harkin and Peterson and Ranking Members Chambliss and Goodlatte

February 26, 2008

Page 2

On behalf of thousands of U.S. cattle producers, R-CALF USA urges you to reject any attempt to convert the Prohibition on Packer Ownership of Livestock into another study. Independent U.S. cattle producers need this measure right now. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "R. M. Thornsberry D.V.M." The signature is written in black ink and is positioned above the typed name and title.

R.M. Thornsberry, D.V.M.

President, R-CALF USA Board of Directors

Cc: Members of Congress