

Fighting for the U.S. Cattle Producer!



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Open Letter to the United States Cattle Industry

Dear U.S. Cattle Producers and Other Rural Americans,

Thank you to all of you who expended your own funds and who took time from your cattle operations and other businesses to participate in the historic August 27 joint competition workshop held in Fort Collins, Colo., by the U.S. Department of Justice (Justice) and the U.S. Department of Agriculture (USDA).

With a turnout estimated at over 2,000 (three separate overflow rooms had to be opened to accommodate the huge audience), farmers, ranchers, and rural business owners came from all across the United States. This was the largest turnout of cattle producers at a public meeting in memory, if not in all of history.

The overriding concern expressed at the workshop was clear: If we maintain the status quo, competition will continually erode in our cattle markets and economic opportunities in Rural America will continually deteriorate. On the other hand, if we work to address the unprecedented consolidation and concentration in the U.S. beef packing and cattle feeding sectors, and if we require packers to fully comply with the Packers and Stockyards Act (PSA), we can stop the erosion of competition, stop the contraction of the U.S. cattle industry, and restore economic opportunities in Rural America for cattle industry participants.

It really does boil down to this: Do we want the cattle industry to stay its present course or do we want to break away from the packers' dominance and strike off in a new direction? The hog industry chose to stay the course and watched silently as 90 percent of all U.S. hog producers (over 600,000) exited the industry just since 1980.

The first real opportunity to strike off in a new direction is the proposed rule issued by the Grain Inspection, Packers and Stockyards Administration (GIPSA). Those who support the status quo understand this and are doing everything possible to kill the proposed GIPSA rule. Their rallying cry is that the proposed GIPSA rule will destroy opportunities for producers to earn premiums for their high quality cattle and all cattle will sell for an average price.

This is absurd. The proposed GIPSA rule will not do this. R-CALF USA has many members participating in value-based, branded beef programs including Certified Angus Beef and U.S. Premium Beef, and many of our producers are either feeders themselves or are involved in retained ownership programs and export-based programs. Our members recognize that while these programs presently are returning premiums over the cash price, all of these programs continue to use the fast-shrinking cash market to discover the base-price for their cattle, which accounts for about 90 percent of their animals' total value. In other words, they understand that

unless we take immediate steps to preserve competition in the cash market, everyone in the industry is harmed when the cash market becomes so thin that it discovers a less-than-competitive price. The proposed GIPSA rule will preserve what remains of our cash market and none too soon, for our cash cattle market is shrinking fast, following the very same path previously followed by the hog industry.

Our opponents – the packers and the livestock associations with packers seated on their governing boards – are well-organized. They have guided our industry to where it is today and they want it to stay the course. We need your help to reverse our industry’s present course and your letters to both USDA and to your members of Congress explaining to them that we must aggressively enforce our antitrust laws and the nearly 90-year-old Packers and Stockyards Act if we are to halt the erosion of competition in our U.S. cattle markets and restore economic opportunities in Rural America. Below are addresses for contacting USDA and Congress.

As part and parcel to our efforts to halt any further erosion of competition in our U.S. cattle markets, we have urged the Justice Department to block the proposed acquisition of one of the nation’s largest feedlots – McElhaneey Cattle Company – by the world’s largest beef packer – Brazilian-owned JBS. As a result of our request, the Justice Department has opened an antitrust investigation, and we are now urging each state attorney general to do the same.

For more information about the state of competition in your U.S. cattle industry, please visit our website at www.r-calfusa.com and click on “Competition Issues.”

Finally, if you were not able to attend the historic August 27 Fort Collins event but you have neighbors who did, consider giving them a call to thank them for making the sacrifice to help mark a new beginning for our U.S. cattle industry. This *is* our industry, let’s not give it up.

Sincerely,



R.M. (Max) Thornsberry, D.V.M.
R-CALF USA President of the Board



Bill Bullard
CEO

**Send Comments on the Proposed GIPSA Rule
to:**

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Washington, DC 20250-3604
E-mail to: comments.gipsa@USDA.gov

The Honorable (Full Name of Your Senator)
United States Senate
Washington, DC 20510

The Honorable (Full Name of Your Representative)
United States House of Representatives
Washington, DC 20515