



R-CALF USA

PO Box 30715

Billings, MT 59107

Phone: 406-252-2516

Fax: 406-252-3176

Email: r-calfusa@r-calfusa.com

www.r-calfusa.com

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The Honorable Sonny Perdue, Secretary
United States Department of Agriculture
1400 Independence Avenue, NW
Washington, DC 20250

Dear Secretary Perdue,

The coronavirus pandemic is shining a floodlight on the severity and intensity of the U.S. cattle industry's ongoing crisis. Since at least 2015, the value of live cattle has disconnected from the value of beef. Beef prices have trended upward while cattle prices trended downward, and the spread between those prices is unprecedented.

Now, in the midst of the coronavirus pandemic, some American consumers are unable to buy the food they want in their local grocery stores. News reports abound with pictures of empty beef cases. At the same time, beef production is slowing, reports of packers refusing to bid for cattle are increasing, and cattle order buyers are reportedly informing some livestock auction barns that they will not be buying cattle.

The long-time depressed cattle markets, both futures and cash, are reacting violently and negatively to the pandemic. Many cattle producers with market-ready cattle have no competitive market to sell into and others are marketing cattle at steep discounts, well below their break-even points. The U.S. sheep industry's markets are also reeling. Wool testing has been curtailed. Wool sales have declined, the industry is running out of wool storage, and lamb prices have fallen significantly.

This spells disaster for the already shrinking numbers of American cattle and sheep farmers and ranchers. If the exodus of America's cattle and sheep farmers and ranchers continues, or is in fact further accelerated by this pandemic, America risks losing the critical mass of cattle and sheep producers and associated competitive marketing channels to sustain competitive, cattle and sheep producing industries. This means this temporary pandemic, which has already led to consumers not able to buy the food they want, could result in an ongoing crisis that limits the availability of quality American beef and lamb.

Congress appears to have recognized this when it recently passed the CARES Act and appropriated \$9.5 billion to assist U.S. agriculture producers, including livestock producers. We urge you to ensure that this appropriation be used to directly assist actual cattle and sheep farmers and ranchers, whose already broken marketplace has been severely impacted by the present circumstances. Specifically, the assistance should be targeted directly to seed-stock producers, cow/calf producers, sheep producers, cattle and sheep backgrounders, stockers and feeders who are most at risk of not being able to fulfill their financial obligations. The assistance should only go to those cattle and sheep producers who sell cattle and sheep exclusively born and raised in the United States; not to those who sell livestock of foreign origin. In relation to feeders, only those exposed to moves in cash cattle prices

should receive assistance. Those shielded by such market moves through preferential payments (such as any payment not reported by packers under Livestock Mandatory Price Reporting at the time the cattle were sold) should be excluded.

In addition to the above we offer the following recommendations for you to consider as you develop your plan for the distribution of this needed assistance.

1. We encourage you to fashion direct assistance to producers in a way that does not disincentivize the producers' interest in continuing to market their cattle and sheep competitively and incentivize buyers to offer less than competitive price for livestock. This is the inherent problem associated with government price supports – both sellers and buyers know that regardless of the negotiated sales price, the producer will receive the benchmark price and taxpayer dollars will make up the difference. We don't want the U.S. cattle or sheep industry to fall into this non-competitive cycle of dependence on government price supports.
2. To accomplish this, we recommend you focus attention on the cattle and sheep producers' ability to maintain both preexisting financial obligations and their current financial needs for maintaining financially viable operations. To this end, we ask that you consider directing both government and private lenders to grant emergency extensions of loan repayment deadlines, provide essential emergency operating funds, provide no-interest or very low interest rate loans, and consider loan payment waivers and even loan forgiveness in some instances.
3. Further, we ask you to consider granting federal capital gains tax relief for farmers and ranchers who sell land, cattle, and equipment to remedy their current financial plights.

We appreciate the challenge before you in ensuring the continued financial viability of our nation's farmers and ranchers, as well as formulating a plan to assist aspiring farmers and ranchers in entering our industry as productive cattle and sheep producers and stand ready to assist you in any way we can. Please let us know what we might do to help you in this regard.

Sincerely,



Bill Bullard, CEO
406-670-8157
billbullard@r-calfusa.com