R-CALF USA 2007 Stampede Fact Sheet:
The 2007 Farm Bill

The cattle industry is the largest single sector of U.S. agriculture, and the continued health of the sector is essential to creating strong, thriving rural communities all across the United States. The 2007 Farm Bill should help cattle producers compete in honest and open markets and maintain their central role as the backbone of U.S. agriculture.

1. Ensure Genuine Competition in the Domestic Cattle Market
Consolidation in the meatpacking industry has grown at an alarming rate over the past few decades, as has the use of non-traditional contracting practices.

- Concentration among meatpackers has more than tripled since the late 1970s, and today just four beef packing companies control more than 83 percent of the industry.

- Together, the four largest packing companies used captive supply contracting methods for 44.4 percent of all cattle they slaughtered in 2002.

- The rancher's share of each retail dollar earned on beef fell from 56 cents in 1993 down to 47 cents in 2006.

- Meanwhile, the agencies responsible for competition law compliance have been criticized by the GAO for poor performance, lack of coordination, and lax enforcement. At the same time, the courts entrusted with overseeing private enforcement of competition laws have created novel loopholes that allow anti-competitive practices to continue un-remedied. In the 2007 Farm Bill, steps must be taken to guard aggressively against anticompetitive practices and protect producers from the abuse of market power.

- The Farm Bill should clarify the legal standards in our competition laws to prevent misinterpretation by the courts and ensure that the government agencies entrusted with enforcement, including GIPSA, are structured to do their jobs as effectively as possible.

- The Farm Bill should strengthen the law to prohibit packer ownership and end captive supply. In addition, the law should require processors to bargain in good faith and prohibit other unfair contract practices.

- The Farm Bill should promote transparency in the market by extending and strengthening Livestock Mandatory Price Reporting, as recommended by the GAO.

2. Implement Country of Origin Labeling for Beef

Congress passed mandatory Country of Origin Labeling (COOL) for beef and other perishable agricultural products in 2002. Despite broad public support, COOL implementation was delayed until 2008 due to misunderstandings about its costs and benefits. Congress should act to ensure COOL is implemented by September 30, 2007 at the latest.

3. Safeguard Health and Safety

Following the discovery of a Canadian cow with bovine spongiform encephalopathy (BSE) in Washington State in 2003, more than 50 countries banned U.S. cattle and beef imports, costing the U.S. industry billions of dollars. While the U.S. has struggled to negotiate even limited access for U.S. cattle and beef exports to foreign markets, the domestic market has been thrown open to a much broader range of imports from abroad. USDA's recent proposal to allow imports of over 30-months of age (OTM) cattle and beef from Canada could seriously jeopardize these market-opening efforts, and raises deep concerns for R-CALF USA and its members.

In addition to opposing the premature opening of the U.S. border to OTM cattle and beef from Canada while the extent of BSE in Canada is still not fully known and overseas markets remain closed to U.S. exports, R-CALF USA believes the Farm Bill should lay out an aggressive, comprehensive global strategy for protecting the integrity of the United States cattle and beef supply. The Farm Bill can ensure that USDA makes health and safety a top priority as it works to restore global export markets for U.S. beef by:

- Closing loopholes in the U.S. feed ban;
- Adopting the most stringent BSE risk mitigation measures recommended for both imports and exports by the OIE pending an international agreement on BSE standards;
- Employing more FSIS meat inspectors for large processing plants rather than using HACCP inspection to prevent prohibited cow parts from entering the food system;
- Allowing voluntary BSE testing by U.S. packers; and
- Directing USDA to take the lead in bringing countries together to upwardly harmonize BSE standards that would allow trade of safe cattle and beef products to resume and prevent any further global spread of the disease.

This coherent, global approach will protect livestock health, ensure that products coming into the U.S. face standards as high as U.S. exports face overseas, provide producers with certainty and predictability, and confirm for consumers at home and abroad that U.S. cattle and beef is among the safest, highest-quality product in the world.

4. Support a Stronger, More Competitive Cattle and Beef Sector

The 2007 Farm Bill should sustain the cattle industry's health and competitiveness by removing impediments to growth and investing in strategic development initiatives, such as:

- Introducing greater competition in the beef industry at the state and local levels by allowing interstate shipment of beef;
- Funding pilot projects on mini-packing facilities;
- Supporting conservation programs that sustain wildlife and habitat as well as the rancher;
- Conversion of the Livestock Risk Protection pilot program into a permanent program with nation-wide coverage and sufficient funding to underwrite risk insurance for cattle producers;
- Assisting producer cooperatives and grower-owned value-added enterprises, research and development projects, and rural banking and economic development initiatives; and
- Giving producers the right to vote on the beef check-off periodically in order to make sure it is being used to adequately promote their product and represent their needs.

5. Address Global Distortions in Cattle and Beef Trade

The U.S. trade deficit in cattle and beef hit an estimated $2.7 billion in 2006. Progress is needed on Congressional negotiating objectives relating to cattle and beef trade in order to reduce major obstacles to U.S. competitiveness, such as: high tariffs abroad, large foreign subsidies, mismatched health and safety standards, and the lack of accessible trade remedies for perishable and cyclical products such as cattle and beef.

The committees of jurisdiction developing the Farm Bill should monitor progress in the current round of WTO negotiations and take the results of such negotiations into account when determining what additional elements may be needed in the Farm Bill to support the competitiveness of U.S. cattle producers.