

MEAT & POULTRY PROMOTION COALITION

May 23, 2007

The Honorable Leonard Boswell
Chairman
House Agriculture Subcommittee on Livestock, Dairy, and Poultry
1427 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

On behalf of the Meat and Poultry Promotion Coalition, representing a vast majority of the livestock, poultry, and meat producers in the U.S., we want to express our appreciation for the leadership you provided in putting together the Chairman's mark. Our Coalition's objective is quite simple: to preserve the profitability of U.S. livestock and meat producers, while remaining able to deliver to consumers the high quality food they demand at a reasonable price. We want to ensure that consumer demand continues to drive business decisions between producers and processors.

We understand that during the Livestock, Dairy and Poultry Subcommittee mark-up of its 2007 farm bill provisions, you plan to offer an amendment similar to H.R. 2135, the Competitive and Fair Agricultural Markets Act of 2007. Mr. Chairman, if this bill or something similar is offered as an amendment during Subcommittee and/or full Committee mark-up, our Coalition must strongly oppose it. This bill places unnecessary new restrictions on U.S. livestock and poultry producers while providing significant and unnecessary new authorities to USDA. More importantly, the most up-to-date independent data and analysis show that this bill is likely to damage the interests of U.S. cattle, hog, and poultry producers--the very same producers the bill is intended to help.

Specifically, the bill:

- Drops the requirement that a practice must result in competitive injury to be ruled illegal and instead invites litigation based on the vaguely defined new standard of "fairness". H.R. 2135 would allow one producer to challenge in court the marketing arrangement of another producer simply because he believes it is "unfair" that his neighbor was able to obtain a better price for a higher quality product. It is difficult to see how such a provision will contribute to the orderly marketing of livestock or promote fair business practices. Moreover, this provision would have a chilling effect on current producer/processor relationships. By allowing a jury to disregard a company's justification for treating producers based on performance, this bill would undermine the concept of rewarding for value creation and quality improvements and lead to reluctance to ever offer anything but the most basic contract.

- Complicates the enforcement process by creating an Office of Special Counsel for Competitive Matters within USDA. This position seemingly duplicates the position within the Department of Justice of the Assistant Attorney General for Agriculture. Meanwhile, the Special Counsel's prescribed duties fall within the current statutory duties of the Packers and Stockyards Act. This office would be held by a political appointee confirmed by the Senate, who almost certainly would face political pressure to take a particular approach to his or her duties. It seems counterproductive to focus oversight scrutiny on an individual at USDA with regard to enforcement duties that are the responsibility of the Department of Justice.

- Strongly discourages the use of arbitration which has been mutually beneficial to livestock and poultry sellers and buyers. Many courts, including the Supreme Court, have cited arbitration's numerous benefits, including being less expensive, simpler, faster, and more flexible when compared to prolonged litigation.

Mr. Chairman, for these reasons and many others, the Meat and Poultry Promotion Coalition opposes H.R. 2135 and objects to its inclusion in the 2007 farm bill.

Sincerely,

American Meat Institute
Cargill
Christensen Farms
Hatfield Quality Meats
Hormel
National Beef
National Chicken Council
National Meat Association
National Pork Producers Council

National Turkey Federation
Seaboard Corporation
Smithfield Foods
Swift & Co.
Tyson Foods, Inc.
U.S. Premium Beef