

Competition Reforms Requested in 2007 Farm Bill

**Prepared by R-CALF USA
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H.R. 357: This bipartisan bill would require the implementation of mandatory country-of-origin labeling (COOL) by September 30, 2007. COOL is needed so U.S. producers can distinguish their domestic product from imported product and so they can maintain the separate identity of their U.S. cattle industry, as opposed to characterized as a North American cattle industry. As the recent melamine contamination issue has shown, foreign countries do not have the same production practices as the U.S. and consumers deserve the opportunity to choose from where they want their food produced.

H.R. 2135: This bipartisan bill would establish an Office of Special Counsel at USDA to investigate and prosecute violations on competition matters and update the 80-year old Packers and Stockyards Act (P&S Act) to reflect today's market conditions. Specifically, this bill would prohibit unfair and deceptive practices; require regulations to define "unreasonable preference or advantage;" and clarify that producers need not also prove anti-competitive injury in cases involving unfair or deceptive practices.

H.R. 2213: This bipartisan bill would carve out and prohibit only those provisions within certain forward contracts that give dominant meatpackers a pricing advantage over the U.S. cattle market. Specifically, this bill would require a firm base price in all forward contracts and would require forward contracts to be offered publicly. By ending the current practice of contracting cattle without establishing a firm base-price, the potential for market control by the dominant packers would be reduced.

Limiting packer ownership of livestock: The Senate introduced a bipartisan bill (S.305) that would prohibit direct ownership of cattle by dominant meatpackers. The bill also prohibits certain marketing arrangements in which the meatpacker assumes management authority over the cattle and the producer no longer materially participates in the management of the cattle. A companion bill to S.305 should be introduced and included in the U.S. House's 2007 Farm Bill.

Preventing importation of higher-risk, older cattle from countries with BSE: The Senate introduced a bipartisan bill (S.1308) to prevent the USDA from allowing higher-risk, older Canadian cows and bulls into the U.S. until the U.S. COOL law is implemented. A companion bill to S.1308 should be introduced and included in the House version of the 2007 Farm Bill.

H.R. 1760: Authorizing the interstate shipment of state inspected beef: Bills have been introduced in both the House and the Senate to allow state inspected meat plants to sell meat across state lines. This reform is necessary to provide expanded market opportunities for state inspected meat plants and to allow state inspected meat plants to equitably compete with foreign meat plants that are not similarly restricted from engaging in interstate commerce.