

September 11, 2012

Dear Senator:

We are writing to voice our strong objections to provisions in both the House Appropriations Committee-approved Fiscal Year 2013 Agriculture Appropriations bill and the House Agriculture Committee-approved 2012 Farm Bill that would repeal existing protections for our nation's contract poultry and hog producers, and undermine the ability of USDA to enforce the Packers and Stockyards Act.

During the 2008 Farm Bill process, Congress heard extensively from livestock and poultry producers, farmers organizations, and consumer groups about anti-competitive and unfair business practices that have become commonplace in the livestock and poultry sectors of our agriculture economy. As a result, the final 2008 Farm Bill included provisions to require USDA to write regulations to address the most egregious of these practices.

Based on the 2008 Farm Bill requirements, USDA issued proposed livestock and poultry regulations in June of 2010. After industry backlash and Congressional intervention through last year's appropriations process, many of the proposed protections were halted, and only a subset of those protections were permitted to move forward into final regulations. Those final regulations, while not as strong as the original protections, are widely supported by livestock and poultry producers, and the farm organizations that represent those producers. The final regulations took effect in February of 2012.

Despite last year's negotiated agreement on this matter, we are very alarmed to see that a handful of large corporate packers and processors are attempting to take another bite at the apple, by pressuring the House to repeal even those existing regulations that had been given a green light by Congress last year. The House Farm Bill language also prevents USDA from taking any policy or regulatory actions on these matters, which is written so broadly as to prevent USDA from effectively enforcing the laws already on the books to protect farmers and ranchers from deceptive or unfair practices. These protections are commonsense measures to give farmers adequate information to make wise business decisions, and to limit onerous burdens that livestock and poultry companies impose on contract growers.

For example, the protections that were finalized in February of this year clarify that USDA would consider it to be an unfair and deceptive trade practice under the Packers and Stockyards Act if a livestock or poultry company were to:

- Require growers to make expensive capital upgrades to their on-farm facilities (such as poultry houses or hog barns) if the company has plans to close or significantly reduce production at the processing plant that is used to process the animals from that farm. *This responds to a recent real-world example where one large poultry company required growers to make*

significant upgrades to their poultry houses at the same time they were planning to cut the contracts with those growers, and idle those structures.

- Require growers to make expensive upgrades to their equipment, if the poultry company approved the original equipment and it is still functioning as originally intended, unless the company provides adequate compensation for that expense. *Poultry companies often force growers to make expensive upgrades to their poultry houses within a few short years after the original house was built by the grower to the company's specifications. This keeps growers deeply in debt, and the main benefits of the upgrade accrue to the company, not the grower, who must foot the bill or risk contract cancellation or suspension.*
- Fail to give poultry growers at least 90 days notice if the poultry company intends to stop delivering chickens to their farm for a long period of time. *Poultry companies often "suspend" deliveries of chickens to growers, without any notice, explanation, or information about when the deliveries will resume. Without these deliveries, poultry growers fall behind on their mortgages. This new USDA protection does not require the company to deliver chickens; it merely requires growers to be given forewarning if they are going to be suspended, so they can plan ahead.*

These are just a few of the commonsense USDA protections that are already in effect, which would be repealed by House FY 2013 Agriculture Appropriations bill (section 719) and by the House 2012 Farm Bill.

While neither of these Committee-passed bills has been considered on the House floor yet, we urge you to reject efforts to include in final legislation any anti-farmer measures that weaken existing Packers and Stockyards Act regulations or compromise USDA's ability to implement or enforce Packers and Stockyards Act regulations.

Sincerely,

Campaign for Contract Agriculture Reform
Farm and Ranch Freedom Alliance
Food & Water Watch
Land Stewardship Project
Hmong National Development, Inc.
Missouri Rural Crisis Center
National Family Farm Coalition
National Farmers Union
National Sustainable Agriculture Coalition
Organization for Competitive Markets
R-CALF USA
Rural Advancement Foundation International (RAFI-USA)
Western Organization of Resource Councils

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