

LSP Statement on USDA's Proposed Rule to Protect Farmers from Packers' Unfair Practices

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On Monday, June 21, the USDA released a proposed rule to strengthen the ability of the Grain Inspection, Packers and Stockyards Administration to ensure protections for farmers against unfair, fraudulent or retaliatory practices and abuses by corporate meatpackers in the marketing of livestock.

Providing better enforcement criteria through the existing Packers and Stockyards Act has long been sought after by the Land Stewardship Project and allied farm groups who advocated for the inclusion of a rulemaking directive in the 2008 Farm Bill. We are encouraged to see a proposed rule being released for comments by farmers and other members of the public.

Consolidation and vertical integration within the livestock industry has created a playing field ripe for abuse in which corporate meatpackers and large integrators manipulate markets, stifle competition and limit the options of a broad range of both independent and contract livestock producers.

One thing is clear – farmers are increasingly working harder for less than their fair share, while corporate packers continue to consolidate both profits and control. One telling fact: according to USDA's Economic Research Service, the share of the consumer dollar received by America's cattle and hog producers has dropped consistently and substantially over the past 25 years as corporate control over our food and agriculture system has accelerated.

For the rank and file farmer, the rule heads in the right direction, but should be seen as a start, not a finish. While not a cure-all for the ills of anticompetitive behavior and undue corporate influence in livestock markets, the new rule, when implemented, can address some of the egregious practices of corporate meatpackers that farmers face every day.

Not surprisingly, the American Meat Institute (AMI) — the lobbying consortium for the nation's biggest meatpackers — has come out blasting the rule. AMI members such as Cargill, Tyson, JBS and others are causing harm to America's farmers and rural communities by providing undue preference and unfair advantages to preferred operators, which oftentimes include their own production operations.

Clearly, AMI and corporate meatpackers will fight the proposed rule and indeed any federal action that might hamper their ability to squeeze farmers and manipulate livestock procurement and pricing. Just as predictably, the leadership of checkoff-funded commodity groups such as the National Cattlemen's Beef Association (NCBA) and the National Pork Producers Council (NPPC) are following the corporate meatpackers' lead, voicing worn-out arguments as they prioritize their allegiance with packers rather than everyday working farmers.

While a fuller analysis is being conducted, the Land Stewardship Project believes that the rule is a good step forward but much more is needed. Our livestock-producing members are hopeful the

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series of USDA/Department of Justice workshops taking place across the country to solicit input on competition issues in agriculture will embolden Congress and the Obama Administration to take additional measures to create fair and competitive markets for farmers and consumers.

In terms of the new rule, of particular significance is USDA's firm assertion that farmers do not have to show competitive injury to the marketplace at large for an action to constitute a violation of the Packers and Stockyards Act. This is contrary to some recent court decisions, which have ruled that a farmer must essentially show harm to competition in general as well as injury to himself or herself in order to prove a violation of the Act.

In addition to our ongoing analysis of the proposed rule, LSP will also be reaching out to thousands of livestock farmers over the 60-day comment period. We will be gathering input, encouraging involvement, and not only discussing the new rule but also what other actions should be taken in farm country to ensure fair and competitive markets.

To view the GIPSA Proposal Rule, titled, "Implementation of Regulations Required Under Title XI of the Food, Conservation and Energy Act Of 2008; Conduct in Violation," go to:
http://archive.gipsa.usda.gov/psp/fb_proposed_rule_20100618.pdf.

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