



**NATIONAL
FARMERS
UNION**



May 22, 2007

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

Dear Chairman Boswell:

We write to commend you for your continued efforts to examine and address competitive agricultural market issues. The hearing held by the House Agriculture Subcommittee on Livestock, Dairy and Poultry on April 17, 2007 offered an excellent opportunity to discuss and examine the changing livestock market structure faced by American farmers and ranchers.

Recent introduction of the Competitive and Fair Agricultural Markets Act of 2007 (H.R. 2135) clearly demonstrates that you intend to act when you find solutions to the challenges posed by rapidly changing livestock market structure.

As representatives of the ranchers, farmers and rural communities of America, we look forward to a farm bill that ensures all producers have fair access to agricultural markets where prices for their crops and livestock are established in a competitive fashion. Your competition reform bill and its companion in the Senate (S. 622) represent the benchmark for providing producers with crucial market reforms.

The number of legislative proposals in Congress to address livestock market competition issues is growing; each of which cover a wide array of issues and perspectives. We are writing this letter to demonstrate to you and the committee that there are a number of fundamental market structure reforms that we all agree should be addressed in the farm bill in order to protect, preserve and strengthen competition in agricultural markets.

The policy provisions upon which our organizations agree include:

- **Strengthening USDA's authority under the Packers and Stockyards Act** by providing jurisdiction and enforcement authority over the marketing of poultry meat and eggs as already exists for livestock and defining or requiring the Secretary to define key terms such as "unreasonable preference or advantage" to prevent price discrimination against smaller volume producers;
- **Providing producer contract protections** by amending the *Agricultural Fair Practices Act* to ensure that production contracts clearly spell out producers' rights, responsibilities and risk. We support prohibitions on confidentiality clauses in all production contracts so that producers are free to share contract copies with family members or outside advisors such as attorneys and lenders; and a prohibition of mandatory arbitration clauses in agricultural production contracts; and

- **Improve enforcement** of the Packers and Stockyards Act and Agricultural Fair Practices Act by designating a Special Counsel on Competition at USDA. The Special Counsel should be appointed by the President and confirmed by the Senate; serve as liaison to Department of Justice and Federal Trade Commission, and combine the investigative authority of the Grain Inspection, Packers and Stockyards Administration with the prosecutorial authority of USDA's Office of General Council to improve the efficiency and effectiveness of USDA's enforcement of livestock market competition laws and regulations.

We believe that these issues, taken together, should serve as the core of any larger legislative effort to address competition issues and should also serve as the foundation for efforts to create a competition title in the 2007 Farm Bill.

We look forward to working with you and your colleagues on the 2007 Farm Bill and ensuring that market reforms outlined in H.R. 2135 are included.

Sincerely,



Bob Stallman, President
American Farm Bureau Federation



Tom Buis, President
National Farmers Union



Chuck Hassebrook, Executive Director
Center for Rural Affairs