

OPPOSE THE ROBERTS AMENDMENT (#3549) TO THE SENATE FARM BILL

STOP PRICE DISCRIMINATION AGAINST SMALL AND MID-SIZED LIVESTOCK FARMERS AND RANCHERS

Senator Roberts Amendment would strike a provision from the Senate farm bill that requires USDA to write rules against price discrimination to prevent unjustifiable price discrimination against smaller volume producers. Current law prohibits price discrimination, but USDA has never written rules to enforce the prohibition. Stick with the Committee bill and provide USDA with the mandate they need to get the job done.

Background: Packers commonly make preferential deals that provide premiums and preferences to large-scale agriculture production over smaller farmers and ranchers, *even if these premiums and preferences are not justified by real differences in product value or actual and quantifiable differences in acquisition and transaction costs.* The result is price discrimination against smaller producers who can incur the same costs of production but do not see the same return on their work and investments.

The Senate Committee bill makes clear that preferential pricing structures which are justified for real differences in product value or actual and quantifiable differences in acquisition and transaction costs will be allowed. This is a reasonable and fair measure for both buyers and sellers of livestock, and is not at issue.

The Senate farm bill provision would prevent undue preference and price discrimination in the livestock marketplace:

- Although “undue or unreasonable preferences or advantages” are illegal under the Packers and Stockyards Act, the terms in the Act “undue or unreasonable preference or advantage” have not yet been clearly defined by regulation. The Livestock Title of the Senate Farm Bill includes a provision that would require USDA to promulgate a regulation to define these terms. These rules are needed in the Packers and Stockyards Act to strengthen the law and clarify that preferential pricing structures for different livestock producers are justified only for real differences in product value or actual and quantifiable differences in acquisition and transaction costs.
- The Senate farm bill provision would allow differences in price based on the volume of livestock in the transaction where there are verifiable lower costs in procuring higher volumes of livestock. Reasonable premiums would include measurable quality differences, time-of-delivery differences, quantifiable differences in procurement and handling costs, and production methods which enhance product value in the marketplace. The level of the premiums would be based on the *demonstrable, verifiable* value of the service or condition paid for through the premium.

With the increasing concentration in the packing and processing sector, farmers and ranchers have fewer and fewer buyers for their livestock. In the long run, the result of this undue preference and price discrimination will be fewer farmers and ranchers in our nation’s rural communities, with smaller producers squeezed out by unfair, unjustified discrimination in the marketplace. **The measure in the Senate farm bill requires USDA to issue a reasonable and fair regulatory definition of the terms in the Packers & Stockyards Act to prevent undue preference and price discrimination. The time has long past for this regulation. Stick with the Committee bill, and vote NO on the Roberts amendment.**

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