United States Senate
WASHINGTON, DC 20510

September 28, 2007

The Honorable Tom Harkin
Chairman
U.S. Senate Committee on
Agriculture, Nutrition and Forestry
328-A Russell
Washington, D.C. 20510

The Honorable Saxby Chambliss
Ranking Republican Member
U.S. Senate Committee on
Agriculture, Nutrition and Forestry
328-A Russell
Washington, D.C. 20510

Dear Senators Harkin and Chambliss:

As we turn to debate of the new farm bill, it is important that it include a livestock title with initiatives to level the playing field for producers and improve enforcement of the Packers and Stockyards Act, a law enacted in 1921 to protect producers from unfair, deceptive and discriminatory practices. The writing of a new farm bill provides the committee a chance to seize the opportunity of including important livestock provisions.

Consolidation and vertical integration in the livestock and poultry industry tilts the balance of power away from producers. The top four firms in the U.S. control 83 percent of cattle procurement and 66 percent of hog procurement. This places an even greater emphasis on ensuring that our markets are fair and that there be strong enforcement and oversight of the marketplace by USDA.

In January 2006, USDA's Inspector General revealed widespread inaction by the Grain Inspection, Packers and Stockyards Administration (GIPSA) at USDA—the key agency in charge of enforcing the Packers and Stockyards Act. The Inspector General's report found that previous recommendations going back a decade by both the Inspector General and the Government Accountability Office were not implemented. Most troubling, agency management were preventing investigations of anti-competitive practices from moving forward for roughly five years, and no one at USDA noticed. USDA's enforcement structure should be streamlined and improved in the farm bill.

The livestock and poultry marketplace has changed over the past 15 years, yet our laws to protect producers remain largely as they have for the past 86 years. Court decisions have watered down the Packers and Stockyards Act, contracts have become increasingly used by producers without the tools needed to protect them from abusive

practices, not to mention these contracts are being priced off a tremendously thin and volatile spot market. We respectfully ask that when you markup the Senate version of the new farm bill that these concerns be addressed.

Sincerely,

Claire McCaskill
United States Senator

Michael B. Enzi
United States Senator

Russell D. Feingold
United States Senator

Chuck Grassley
United States Senator

Hillary Rodham Clinton
United States Senator

Byron L. Dorgan
United States Senator

Barack Obama
United States Senator

Jon Tester
United States Senator

Tim Johnson
United States Senator

John Barrasso
United States Senator

Sherrod Brown
United States Senator

Herb Kohl
United States Senator