

ATTN: Agriculture Leg. Staff

The Honorable Pat Roberts
Chairman, Senate Committee on Agriculture, Nutrition and Forestry

The Honorable Debbie Stabenow
Ranking Member, Senate Committee on Agriculture, Nutrition and Forestry

The Honorable Michael Conaway
Chairman, House Committee on Agriculture

The Honorable Collin Peterson
Ranking Member, House Committee on Agriculture

October 4, 2017

Dear Chairmen and Ranking Members:

U.S. farm income is significantly depressed, with disastrous ripple effects through our rural economy. Since the last Farm Bill debate, these trends have only worsened. As Congress starts the debate on the next Farm Bill, you must address negative trends in agricultural market control and anti-competitive business structures if we are to have any hope of restoring the economic health of rural America.

Agribusinesses continue to consolidate at a frenzied pace, robbing our farmers of competitive markets for the sale of their products. Foreign and multinational interests continue to expand their control of key U.S. agricultural markets, using their control to extract revenue from U.S. producers to repatriate back to their countries of origin. The model of vertical integration and contract production pioneered by large poultry companies continues to expand to other sectors, resulting in loss of farmers' control over their own farms, increased risk for the farmers who produce under this system, and a downward spiral in viability. The consolidated economic power in the hands of few agribusiness and food companies captures most of the economic value in the food system, leaving little for farmers, workers and consumers throughout the food chain. These trends play a significant role in the ill health of our rural economy.

Given the statutory jurisdiction over the relevant laws governing these matters, we believe that the Agriculture and Judiciary Committees of the House and Senate should play a joint role in investigating these concerns and advancing solutions.

Lessons learned from the global financial crisis: bigger is not better

As we saw a few short years ago during the financial crisis that drove us into global recession, allowing our economy to be controlled by a few large corporations puts our nation and its citizens in extreme jeopardy. The same is true in our agricultural markets. Despite this fact, the steady drum beat of industry consolidation and concentration continues unabated, and has been treated as inevitable and unstoppable by Congress and federal regulators. Farmers, workers and

consumers have faced worsening economic conditions — with insufficient enforcement of important antitrust, farmer, labor or consumer protections. We strongly disagree with this ambivalent and ultimately destructive approach to our nation’s rural economy and the sovereignty of our food system.

Anti-trust enforcement in agriculture and food sector must be enhanced

Our market economy relies on the long-established role of the federal government to enforce antitrust law, ensuring fair and open competition that promotes a thriving economy, and limiting the control of those markets by a few large entities that destabilizes our economy. To ignore these responsibilities is to imperil our economy and the well being of our farmers, ranchers, farm and food chain workers, consumers and rural communities.

Foreign ownership in U.S agriculture undermines U.S. farm income and drains resources from our rural communities

Foreign investment in the U.S. agriculture sector is one thing, but the extraction of U.S. resources from our rural communities by foreign agribusinesses, and the increasing control of U.S. farmland and other key aspects of the U.S. food system by foreign entities should raise alarm bells. These trends are becoming increasingly evident in our dairy, beef, poultry, organic, farm input and seed sectors, and cannot be ignored.

Manipulation of livestock markets must be stopped

Because of the consolidation of meatpacker firms in recent decades, livestock markets are extremely concentrated. The market power of these remaining firms, both foreign and domestic, enables them to use marketing and pricing strategies that shift economic risks onto the backs of farmers and ranchers.

Meatpackers use packer-owned livestock as a major tool to exert unfair market power over farmers and ranchers, freezing independent farmers out of the market and artificially lowering farmgate prices to farmers and ranchers — while consumer food prices continue to rise. Meatpackers also use formula contracts, with no fixed base price, that are prone to manipulation, giving meatpackers unfair market leverage comparable to direct packer ownership. Another livestock procurement tool, marketing agreements that are often negotiated in secret, result in the same market distorting outcome because the packers enjoy unequal information and power.

Contract farmers are losing control of their farms and livelihoods to large integrated agribusinesses

Our country’s tradition of independent farmers making production and marketing decisions for their own farms is rapidly disappearing. The newer model of vertical integration coerces farmers to surrender that independence to a large integrator company that takes over control of all decisions, and pays the contract farmer for their labor, land, and facilities. History has shown that once farmers relinquish their independence, their pay, contract terms, and overall treatment by the integrator deteriorates.

Not surprisingly, when the U.S. Department of Agriculture has attempted to establish basic protections for contract livestock and poultry farmers, the companies who impose and control these contracts have vigorously fought those efforts. We understand why these firms want to protect their own interests by fighting against any federal oversight or scrutiny of their practices, but such oversight is an appropriate federal responsibility, and Congress must not allow unfair, abusive or deceptive integrator behavior to go unchecked.

Market transparency benefits producers and consumers

Market transparency is a basic tenet of a fully functioning market economy. Policies should be enacted to establish open and transparent pricing practices for agricultural products, ensure clear access by farmers to information about production contracting standards used in various agricultural sectors, and set clear labeling standards to give consumers information about the origin and production methods associated with the food they purchase. Congress should reject attempts by agribusinesses to undermine proper market functioning with their arguments against fair, open and transparent markets and labeling.

USDA loan guarantee programs must be reformed to prevent abuse by large livestock and poultry corporations

The USDA loan guarantee programs are critical for U.S. farmers, but lending guidelines should be implemented to ensure that scarce federal resources are used wisely and allow full and fair access to credit by diverse and small-and-medium-scale producers, including implementation of real policies and procedures to assure equal credit access as required under existing law. In addition, basic protections should be established to ensure that USDA loan guarantee programs do not subsidize unsustainable and abusive contracting practices by large meatpackers and poultry companies.

Worker rights protections and enforcement in agriculture and food sector must be enhanced

Agribusinesses, food manufacturers, distributors, foodservice companies and grocery retailers also extract economic value from the food system by pushing down on wages, benefits and working conditions. All workers throughout the food chain deserve dignity, economic opportunity and safe workplaces to contribute to the economic engine of rural communities.

Thank you for your consideration of these concerns.

Signed by:

21st Century Youth Leadership Movement (AL)
ActionAid USA
Agricultural Missions, Inc. (NY)
Agriculture and Land Based Training Association (CA)
Alabama Contract Poultry Growers Association
Alaska Farmers Union
Alianza Nacional de Campesinas

Alternative Energy Resources Organization (AERO) (MT)
American Agriculture Movement
American Federation of Government Employees (AFL-CIO), Local 3354, USDA-St. Louis
American Grassfed Association
American Indian Mothers, Inc. (NC)
Angelic Organics Learning Center and Farm (IL)

Arkansas Farmers Union
 Ashtabula, Geauga, Lake County (OH) Farmers' Union
 Atrisco Land Grant Elders Board (NM)
 Atrisco Land Rights Council (NM)
 Berks (PA) Gas Truth
 BioRegional Strategies
 Black Farmers and Agriculturalists Association (BFAA)
 (NC)
 Black Farmers and Ranchers of New Mexico
 Buckeye Quality Beef Association (OH)
 Buffalo Mountain Coop (VT)
 Buy Fresh Buy Local, Greater Lehigh Valley (PA)
 California Farmers Union
 California Institute for Rural Studies
 Campaign for Contract Agriculture Reform
 Campaign for Family Farms and the Environment
 Carolina Farm Stewardship Association (NC)
 CASA Del Llano, Inc. (TX)
 Catholic Rural Life
 Cattle Producers of Louisiana
 Cattle Producers of Washington
 Center for Rural Affairs
 Church Women United in New York State
 Citizen Action Coalition of Indiana
 Citizens for Sanity.Com, Inc. (FL)
 Colorado Farm & Food Alliance
 Colorado Independent CattleGrowers Association
 Colorado Women Involved in Farm Economics (WIFE)
 Assoc.
 Community Food & Agriculture Coalition (MT)
 Community Food and Justice Coalition (CA)
 Concerned Citizens of Tillery (NC)
 Consumer Federation of America
 Contract Poultry Growers Association of the Virginias
 The Cornucopia Institute
 Corporate Accountability International
 Cottage House Inc. (AL)
 Crawford Stewardship Project (WI)
 Cuatro Puertas (NM)
 Dairy Grazing Apprenticeship
 Dakota Resource Council
 Dakota Rural Action of SD
 Dawson Resource Council (MT)
 DC Greens
 Delmar Farmers Market (NY)
 Desert Forge Foundation (NM)
 East New York Farms!
 Endangered Habitats League (CA)
 Fair World Project (OR)
 Family Farm Defenders (WI)
 Farm Aid
 Farm and Ranch Freedom Alliance
 Farm to Table New Mexico
 Farmers Market Coalition
 Farmworker Association of Florida
 Federation of Southern Cooperatives/Land Assistance Fund
 Florida Certified Organic Growers and Consumers, Inc.
 Food & Water Watch
 Food Chain Workers Alliance
 Food First
 Food for Maine's Future
 Food Policy Council of San Antonio
 Friends of the Earth U.S.
 Future Harvest (MD)
 Georgia Organics
 Government Accountability Project
 Grand Forks County Citizens Coalition (ND)
 Grassroots International
 GROW North Texas
 Hawaii Farmers Union United
 Health Care Without Harm
 Healthy School Food Maryland
 Hempstead Project Heart (WI)
 Hmong National Development, Inc.
 Housing Assistance Council
 Hunger Mountain Co-op (VT)
 Idaho Organization of Resource Councils
 Illinois Farmers Union
 Illinois Stewardship Alliance
 Independent Beef Association of North Dakota (I-BAND)
 Independent Cattlemen of Nebraska
 Independent Cattlemen of Wyoming
 Indian Nations Conservation Alliance
 Indiana Farmers Union
 Institute for Agriculture and Trade Policy
 The Institute for Rural America (IA)
 International Texas Longhorn Association
 Iowa Citizens for Community Improvement
 Iowa Farmers Union
 Johns Hopkins Center for a Livable Future (MD)
 Kansas Cattlemen's Association
 Kansas Farmers Union
 The Land Connection (IL)
 Land Stewardship Project (MN)
 Latino Economic Development Center (MN)
 The Laurie M. Tisch Center for Food, Education & Policy,
 Teachers College Columbia University (NY)
 Littleton Food Co-op (NH)
 Main Street Cheese, LLC (NH)
 Maine Farmland Trust
 Maine Organic Farmers and Gardeners Association
 (MOFGA)
 Michael Fields Agricultural Institute (WI)
 Michigan Farmers Union
 Midwest Organic Dairy Producers Association
 Minnesota Farmers Union
 Minnesota National Farmers Organization
 Mississippi Assoc. of Cooperatives
 Missouri Coalition for the Environment
 Missouri Farmers Union
 Missouri Rural Crisis Center
 Missouri's Best Beef Cooperative

Momtees Healthy Eats (NM)
 Monadnock Food Co-op (NH)
 Montana Farmers Union
 Montana Organic Association
 Murray County (OK) Independent Cattlemen's Association
 National Dairy Producers Organization
 National Family Farm Coalition
 National Farm to School Network
 National Farmers Organization
 National Farmers Union
 National Hmong American Farmers, Inc.
 National Latino Farmers & Ranchers Trade Association
 National Organic Coalition
 National Sustainable Agriculture Coalition
 National Women Involved in Farm Economics
 National Young Farmers Coalition
 Nature Abounds
 Nebraska Farmers Union
 Nebraska Sustainable Agriculture Society
 Nebraska Women Involved in Farm Economics
 Neighboring Food Co-op Association (New England)
 New England Farmers Union
 North Dakota Farmers Union
 Northeast Organic Dairy Producers Alliance
 Northeast Organic Farming Assoc. - MA
 Northeast Organic Farming Assoc. - NH
 Northeast Organic Farming Assoc. - NJ
 Northeast Organic Farming Assoc. - NY
 Northeast Organic Farming Assoc. - RI
 Northeast Organic Farming Assoc. - VT
 Northeast Organic Farming Association, Interstate Council
 (NOFA-IC)
 Northern New Mexico Stockman's Association
 Northern Plains Resource Council (MT)
 Northern Wisconsin Beef Producers Assoc.
 Northwest Atlantic Marine Alliance (MA)
 Northwest Forest Worker Alliance
 Now You Know New Mexico
 Oglala Stock Growers and Land Owners Association (SD)
 Ohio Ecological Food and Farm Association
 Ohio Farmers Union
 Ohio Sustainable Business Council
 Oklahoma Black Historical Research Project
 Oregon Rural Action
 Organic Consumers Association
 Organic Farmers' Agency for Relationship Marketing
 (OFARM)
 Organic Seed Alliance
 Organic Seed Growers & Trade Association (OSGATA)
 Organizacion en California de Lideres Campesinas, Inc.
 Organization for Competitive Markets
 Our Kitchen Table (MI)
 Pesticide Action Network North America
 Powder River Basin Resource Council (WY)
 Progressive Agriculture Organization (PA)
 R-CALF United Stockgrowers of America
 Ranch Foods Direct (CO)
 Range Allotment Owners Association
 Real Food for Kids - Montgomery (MD)
 Rio Grande Community Farm (NM)
 Rocky Mountain Farmers Union
 Rural Advancement Foundation International - USA (RAFI-
 USA)
 Rural Advancement Fund of the National Sharecroppers
 Fund
 Rural Coalition/Coalición Rural
 Rural Development Leadership Network (NY)
 Rural Vermont
 San Diego Food Shed
 San Diego Small Farm Alliance
 Sierra Club
 Slow Food USA
 Socially Responsible Agricultural Project
 South Agassiz Resource Council (ND)
 South Dakota Farmers Union
 South Dakota Stockgrowers Association
 Southern Sustainable Agriculture Working Group
 Sustain LA (CA)
 Sustainable Agriculture of Louisville (SAL)
 Sustainable Food Center (TX)
 Texas Farmers Union
 Texas Mexico Border Coalition Community Based
 Organization
 Texas Organic Farmers and Gardeners Assoc.
 Town of Atrisco Land Grant Merced (NM)
 United Food and Commercial Workers International Union
 Upper Valley Food Co-op (VT)
 Utah Farmers Union
 Virginia Association for Biological Farming
 West Virginia Food and Farm Coalition
 Western Colorado Congress
 Western Organization of Resource Councils (WORC)
 WhyHunger
 Wisconsin Farmers Union