

**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