

From: United States Cattlemen's Assn. [mailto:usca@uscattlemen.org]

Sent: Monday, December 28, 2009 7:01 PM

To: ATR-Agricultural Workshops

Subject: COMMENT: Agriculture and Antitrust Enforcement Issues

Please find attached the United States Cattlemen's Association "Comments Regarding Agriculture and Antitrust Enforcement Issues in Our 21st Century Economy". This document is also being sent via USPS.

Please contact me if you have any questions.

Regards,

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Legal Policy Section, Antitrust Division
U.S. Department of Justice
450 5th Street, N.W., Suite 11700
Washington, D.C. 20001

RE: COMMENTS REGARDING AGRICULTURE AND ANTITRUST ENFORCEMENT ISSUES IN OUR 21ST CENTURY ECONOMY

In the interests of the thousands of independent cattle producers in this country, the United States Cattlemen's Association is excited about the upcoming competition workshops. We are especially encouraged that this is a joint effort of the USDA and Department of Justice. Cattle producers in this country are integral to sustaining a vibrant rural economy. Many producers feel threatened not because of their ability to compete efficiently, but rather because they increasingly lack market access or bargaining power. Access is limited to actual processing space or it is limited by not receiving a similar price for similar quality cattle. In these comments we will identify key issues, propose panel participants and recommend desired outcomes of the upcoming workshops.

A considerable number of proposals have surfaced in the last decade to address competition issues. We believe these proposals come from concerns about the following key issues:

- Limited access of some producers to a market.
- The access of an exclusive few to preferential pricing agreements unavailable to others.
- Declining significance of a cash or negotiated market.
- Is concentration in meat retailing, processing and production occurring because of operating efficiencies or rather to secure market power?
- Is the decline in producer share of the retail dollar due primarily to a loss of market power? If so, this will negatively impact the livelihood of rural communities and the long term availability of reasonably priced meat for the consumer.

We hope the upcoming workshops will address these issues.

While we hope the participants on the panel will be interested in achieving stated outcomes, we recognize some diversity will be beneficial to obtain workable outcomes. We propose a panel that represents economic, legal and industry expertise. A strong moderator will be needed to keep the discussion focused and moving toward some finite outcomes. We suggest the following as potential participants: Dr. Robert Taylor, Auburn University; Dr. Fred Rayl, University of Tennessee; Dr. Neil Harl and Dr. Roger McCowen, Iowa State University; Peter Carstensen, University of Wisconsin Madison. Industry participants could include representatives from the largest feeders which also have large captive supply agreements, JBS Five Rivers, Cactus and Cargill. A U.S. Premium Beef representative would supply a packer perspective with some producer influence. Producer participants could include smaller, independent cattle feeders without packer agreements as well as some of those producers that have such agreements.

The industry needs these workshops to be more than grievance airing sessions. We hope specific outcomes will be determined to address what issues are of prime concern and how those issues can be addressed. From panel and public input at these workshops we anticipate alternatives and recommendations to come forth addressing these outcomes:

- What should be done to reduce the power of strong parties?
- What should be done to increase the power of weak parties?
- What should be done to improve enforcement of existing rules and why hasn't that been done in the past?
- Are new rules needed to regulate behavior?

Some previously proposed policies that might be discussed include:

- Instead of a packer ban on ownership of cattle, to enforce/delineate the "undue preference" language of current regulations to allow all producers access to the same pricing and space availability aspects some cattle owners currently receive.
- Require that packers process a majority of daily production from cattle obtained in a spot market negotiated purchase.
- Price reporting that would include an estimate of packer captive supplies scheduled for processing the next week.

Thank you for your consideration of these comments. We are certainly available to offer additional input if desired and do look forward to the upcoming workshops.

Sincerely,



Jon Wooster, President
United States Cattlemen's Association