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To: ATR-Agricultural Workshops <agriculturalworkshops@usdoj.gov>
Subject: Comments Regarding Regulatory Issues
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Legal Policy Section, Antitrust Division
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The American farmer is the world's most efficient producer. The Missouri Corn Growers Association believes that a competitive agricultural supply industry is essential for a profitable corn industry. Competition among merchandisers and end-users is extremely important as corn farmers buy inputs and seek markets for our products. In the long run, consumers ultimately benefit when the marketplace characterized by many sellers and many buyers. Unfortunately, we are very concerned that open market competition does not exist in many industries in America today.

We have consistently called upon the Department of Justice and other appropriate federal agencies to review all agricultural mergers, acquisitions, vertical integration and price transparency. We have also supported the federal government, helping to ensure competitive business practices among agricultural suppliers.

In addition to those competitive business practices, we need and expect many suppliers in the marketplace. Unfortunately, we see decreased competition across the board no matter what industry you look at, including fertilizer, machinery, seed, tires, steel, trucks and automobiles, etc. Additionally, the dealer network which agriculture has traditionally relied upon to provide the machinery, parts and inputs has been severely constrained. We no longer see a lot of competition between dealers wanting to sell tractors, combines, trucks and other products. With that said, we believe it is an appropriate time for the Department of Justice to review the issue of competition from input suppliers as well as purchasers of agricultural commodities.

Market competition is good for farmers and good for the country. We welcome oversight and review by the Department of Justice into companies' business practices, but at the same time do not want to see regulatory authority utilized when not absolutely necessary. Our preference is to have a free and open marketplace characterized by many buyers and many sellers. We hope the Department of Justice agrees with that goal.

Over the years, we have seen competition in the fertilizer and seed industries reduced to arguably only a handful of suppliers in the marketplace. Across the board, whether we're talking about trains, trucks and barges to haul fertilizer and other inputs to our farms, or transportation for our commodities into the domestic and international marketplace, we see decreased competition.

Here is another example. If company "A" controls a product east of the Mississippi River and company "B" controls the same product west of the Mississippi River, there is not much real competition. Without adequate competition, consolidation is inevitable. When that happens, input costs rise, market prices decrease, farmers lose money and consumers pay a higher price. In many industries today, there is a textbook oligopoly from a lack of price competition.

In fact, some industries are close to being monopolistic. Since the early 1990's, the changes allowed by the federal government (which allowed consolidation across industry lines) coupled with weak enforcement of the anti-trust laws allowed some companies to dominate the marketplace in ways never foreseen. Many companies, like the oil industry, argue they have to be large global companies in order to compete with other countries. American consumers pay for the consolidated market structure in this industry. Unfortunately, when that same type of reduced competition is allowed at the local level, it has the effect of not only decreasing competition but potentially endangering our nation's

economic health. Such was the case last year when insurance and financial companies were deemed “too big to fail.” This type of market dominance should not be allowed.

In conclusion, we must protect our farmers’ interests as they are ultimately consumers’ interests. Although we are not calling for a breakup of any particular companies, a thorough review by the Department of Justice on an industry-by-industry and company-by-company basis is certainly valid.

Once again, we appreciate the opportunity to provide these comments on behalf of Missouri’s corn growers.

Sincerely,

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