



# Agricultural Council Of California

REPRESENTING FARMER COOPERATIVES SINCE 1919

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December 29, 2009

U.S. Department of Justice  
Legal Policy Section  
Antitrust Division  
450 5th Street, NW, Suite 11700  
Washington, DC 20001

RE: Agricultural and Antitrust Enforcement Issues in our 21<sup>st</sup> Century Economy

To whom it may concern:

On behalf of the Agricultural Council of California (Ag Council), representing agricultural cooperatives and farmer-owned businesses, I appreciate the opportunity to comment on the importance of the Capper-Volstead Act. The Ag Council's member cooperatives account for almost one-third of California's \$36 billion agricultural industry.

Our membership consists of bargaining, marketing and service cooperatives. Each type of co-op is uniquely suited to the diversity of farmers in our state. For example, bargaining cooperatives allow small farmers to join together and collectively negotiate with major food processors. When they act independently, small farmers (often times under 100 acres) have no power to successfully secure fair prices and terms of delivery from multi-billion dollar companies that can easily outsource imported commodities. However, through the formation of a bargaining cooperative, these same farmers can increase their negotiating leverage. This was recently exemplified when the California Canning Peach Association negotiated a \$321/ton price for California cling peaches even though imports of canned peaches from China had drastically increased in 2007 and 2008. Thus, one could argue that a single farmer working independently would have been pushed out of the market as China tried to capture our domestic markets. However, by joining together and working through a bargaining cooperative, California peach growers were able to leverage long term contracts and secure economic certainty.

Additionally, marketing cooperatives allow farmers to process and sell their commodities in global markets. For example, in the late 1800s, California almond growers struggled to receive a fair price for their record crops. As a result, the California Almond Growers Exchange cooperative was formed (creating the Blue Diamond label), which allowed over 200 growers to join together and process and market their almonds domestically and abroad. Today, Blue Diamond Growers has grown to over 3000 growers and markets their products to 82% of the international markets. The cooperative successfully develops new product lines, including new almond flavors, drinks and crackers, while simultaneously employing the most cutting-edge food safety practices in their processing plants. By joining together in a cooperative, small farmers can build a vertically integrated business, create innovative product lines and develop new markets.

These are just two of the many success stories of farmer-owned cooperatives in California. However, these successes would not have come to fruition if it wasn't for the antitrust immunity afforded to cooperatives through the Capper-Volstead Act. Without this Act, many small farmers would be left to negotiate with fewer, larger buyers with little-to-no negotiating leverage.

I am hopeful you will hear many more stories like these during the public workshops. On behalf of Ag Council, I urge the Department of Justice and U.S. Department of Agriculture to protect the Capper-Volstead Act and the protection it provides for farmers.

Sincerely,

A handwritten signature in cursive script that reads "Emily Rooney".

Emily Rooney  
Vice President