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September 28, 2010

The Honorable Tomas J. Vilsack  
Secretary of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

Dear Secretary Vilsack:

We write today in response to the current rulemaking by the Grain Inspection, Packers and Stockyards Administration (GIPSA), published on June 22, 2010. We urge you and GIPSA to reconsider its approach to this process, and to adhere to livestock marketing provisions set out by Congress in the 2008 Farm Bill.

As you know, the 2008 Farm Bill required GIPSA to clarify certain terms under the Packers and Stockyards Act and to improve transparency in arbitration of contract disputes. However, the proposed rule goes beyond what was required by the Farm Bill. We can agree that transparent and efficient markets benefit producers, processors, retailers and consumers, and that additional regulations may be needed to protect producers and encourage competition. Nevertheless, we have to make certain that any well-intentioned remedies do not have unintended consequences, thereby harming the very farm and ranch families that the rule is intended to protect.

Although these regulations are intended to target large producers, there are several concerns that the proposed rule will detrimentally affect the small to medium sized diversified vertically integrated packers across the nation. Specifically, the prohibition on packer-to-packer sales would jeopardize long-standing market arrangements that compensate producers for providing higher quality cattle. Neither producers nor consumers benefit from having less processing options and longer distances to transport livestock for processing. Additionally, the rule's onerous new reporting requirements will threaten the privacy of confidential business information. Moreover, the added government oversight will harm producers by eliminating marketing options, thereby reducing the producers' ability to obtain premiums. Finally, we are troubled that the proposed rule lacks a sound economic analysis. Considering the manner in which the regulation will affect livestock producers and consumers, it is essential to evaluate the costs involved.

We appreciate the Department's past coordination between its staff and Idaho's livestock producers, as these cooperative efforts have greatly benefited our state's agricultural community. However, we are concerned that the proposed GIPSA rule will have negative repercussions for the livestock and poultry industries, by among other things, creating an atmosphere of uncertainty. As such, we urge the Department to carefully reconsider the purpose and benefits of this rule, and to actively listen to the concerns of the producers who will be impacted.

Sincerely,



MIKE CRAPO  
United States Senator



JAMES E. RISCH  
United States Senator