

# What Opinion Leaders in Agriculture Are Saying About the Proposed GIPSA rule:

**The National Cattlemen's Beef Association:** “If marketing arrangements are greatly reduced, cattlemen are the losers because it takes away their ability and incentive to manage risks, finance production and compete with one another to negotiate premiums. With alternative marketing arrangements being utilized by nearly 60 percent of the beef market, this will result in a huge shift in the way cattle are marketed.”

**The National Pork Producers Council:** “If the rule becomes final as currently drafted, it would be difficult for producers to negotiate premiums from packers because premiums would need to be justified with documentation, including revenue and cost analyses. It also would be difficult for packers to accept livestock of lesser quality because discounts paid for such animals also would need to be justified.”

**The National Chicken Council:** The new rule “appears to be one-sided, unrealistic and not in accordance with court rulings. The likely result will be years of litigation and uncertainty as companies, growers and the government try to sort out the impact on what has been an efficient system for producing an agricultural commodity.”

**National Turkey Federation:** “To fail to fully grasp, or even contemplate, the long-term economic implications of the rule does a grave disservice to the very growers the agency aims to assist.”

**Texas Cattle Feeders Association:** “TCFA believes the implementation of the rule as written will be extremely harmful to cattlemen's right to pursue marketing arrangements that deliver rewards for the time and money put in to produce high quality beef. The changes proposed in the GIPSA rule would also diminish cattlemen's opportunity to fully participate in the free enterprise system and jeopardizes their right to privacy.”

**Rep. David Scott (D-GA):** Said that the GIPSA rule violated the Farm Bill's rules, noting that officials had “very, very seriously overstepped their boundaries” given that some of the key suggestions in the rule were soundly rejected by the House Agriculture Committee, the House, the Senate and the conference committee during the 2008 Farm Bill debate.

**Senator Pat Roberts (R-KS):** “Given the potential impacts of the proposed rule on livestock and poultry producers, processors and consumers, I believe it is critical that a robust and comprehensive CBA [cost-benefit analysis] is conducted to ensure that all affected stakeholders have a firm understanding of the potential consequences of this regulation on their economic welfare and livelihood.”

**The American Meat Institute:** “Courts have affirmed that our industry is dynamic and competitive and have rejected USDA's arguments repeatedly. Now, in the face of repeated judicial rejection of their arguments, USDA is engaging in a regulatory end-run and attempting to change the law through administrative fiat. This is not an appropriate role for the Department to play and could potentially cause harm and enormous disruption.”

**Stephen R. Koontz, Ph.D., Colorado State University's Department of Agricultural and Resource Economics:** “The net effect of eliminating AMAs [alternative marketing agreements] would be increased retail prices, decreased farm-level prices, decreased quantities produced and consumed and economic losses in producer and consumer surplus in all segments of the industry.”

**The National Meat Association:** “Among the many proposed changes, packers would be banned from selling livestock to other packers, producers would not have to prove competitive harm to make anticompetitive allegations and private contracts would be made public on GIPSA’s website as soon as 10 days after the terms had been settled. These are restrictions and criteria that could stifle normal business operations, have been rejected by federal courts and are contrary to a free and open market.”

**Rep. Jim Costa (D-CA):** Said the proposed rule could become a lawyer’s field day to sue. He questioned why USDA would try to change the “harm to competition” standard that has been upheld in eight federal appellate courts over the decades.

**GIPSA Livestock and Marketing Study, January, 2007:** “In aggregate, restrictions on the use of AMAs [ alternative marketing agreements] for sale of livestock to meat packers would have negative economic effects on livestock producers, meat packers and consumers.”

**Chris Clayton, DTN The Progressive Farmer, July 20, 2010:** “... the hearing became a searing bi-partisan criticism of the livestock rules proposed last month by the Grain Inspection, Packers and Stockyards Administration. I’m watching this through the Internet feed and all I can think is ‘Talk about breaking out a can of Whoop \*&%.’”

**Steve Kay, “GIPSA’s J. Dudley Butler threatens U.S. livestock Production,” Beef Magazine, August 2, 2010:** “It’s disturbing how one individual has the potential to cause so much damage to an industry. ... I shudder to think what might happen to beef quality and demand if GIPSA’s rule takes effect.”

**Greg Henderson, Drovers Magazine, July 14, 2010:** “Indeed, many believe that these actions by GIPSA are an attempt to set the livestock industries back 30 or 40 years, to a time when marketing cattle and hogs were less complicated.”

**Steve Kay, Editor & Publisher, Cattle Buyers Weekly:** “USDA’s Agricultural Marketing Service has long recognized the value of marketing arrangements and has strongly supported and promoted them as a means of benefiting both producers and consumers. However, another USDA agency, the Grain Inspection, Packers and Stockyards Administration (GIPSA) on June 22 published a proposed rule that threatens the existence of these arrangements. The rule does not forbid such arrangements. But independent observers such as myself believe the rule would make certain reporting requirements by packers so onerous and subject to litigation that packers will end such arrangements to minimize their legal liability. This would undermine 20 years of progress in the beef industry and similar progress in other sectors.”

**Idaho Governor C.L. “Butch” Otter:** “Why are we trying to fix something that isn’t broken? Anybody ought to be free to sell at any price that they want to whomever they want. If the U.S. government would just get out of the way, there’s nobody gonna out produce the quality or the quantity of what the Idaho farmer, rancher, producer can produce. There’s nobody that’s gonna add better quality to the value of a raw resource that comes out of the farm gate than the Idaho work force and manufacturers. Get out of our way and Idaho will be the number one leader out of this recession.”

**Rep. Jack Kingston (R-GA):** “In my view, it is unprecedented for a federal agency to propose such a wide-sweeping regulation and not conduct an economic analysis. I am concerned that despite Congress having appropriated \$13 million in the current fiscal year for the USDA Office of the Chief Economist, GIPSA has seemingly ignored this resource to analyze the proposal.”

**Senator Chuck Grassley (R-IA):** “Many uncertainties surround the proposed rule, which could result in both positive and negative effects on independent producers. I believe a sound economic analysis conducted by the Office of the Chief Economist would be appropriate to answer producers’ concerns about what effect these rules could have on their operations.”

**Rep. Jim Moran (R-KS):** “While I have received a variety of complaints from producers, I am most concerned about the Department’s failure to conduct an economic analysis of the proposed rule. I believe the lack of substantial economic analysis misleads livestock producers about the potential impact of this proposal and is contrary to the purpose of the Administrative Procedure Act and the requirements of Executive Order 12866.”

**Rep. Richard Lugar (R-IN):** “I have recently been contacted by agricultural leaders that represent a majority of livestock producers in Indiana. ... I agree with these producers that federal regulations should not impede the development of products, in this case those derived from raising poultry and livestock that may command a higher market price due to desirable characteristics. I also agree that the development of private contracts that facilitate these transactions, Alternative Marketing Agreements (AMA), have played an important role in efficient poultry and livestock production practices that respond to rapidly changing consumer choices.”

**Idaho Senators Mike Crapo and James Risch:** “... 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.”

**Rep. Ike Skelton (D-MO):** “It is not fair to ask American farmers to run complex and potentially very costly calculations about GIPSA’s proposed rule when the Department’s economists and lawyers should have done that before soliciting public comment in the Federal Register. That is why I again ask the Department to examine GIPSA’s proposal and provide American farmers and their elected representatives in Congress with more precise economic data about it.”

**Ron Plain, University of Missouri Agriculture Economist:** “This represents a radical change with huge implications in the way we sell slaughter livestock in the United States. It also greatly affects the production contracts that we use for producing our livestock and poultry in the United States. And these proposed changes are not coming from court decisions, but from bureaucrats, who think this set of rules and regulations will provide answers in lieu of an economic study. This is not the way we envision that our democracy is supposed to work.”

**Economist John Dunham, president of John Dunham and Associates:** “It’s hard to imagine how a rule that imposes additional costs on rural America could help the farm economy in any way. In fact, it is hard to fathom why the federal government would promulgate a policy that would cost this country any jobs given the current state of the economy.”

**Letter of Concern from 115 House Members to Agriculture Secretary Tom Vilsack:** “The proposed rule is sweeping in its scope and would have major consequences in the marketing of livestock and poultry for producers and processors of all sizes. In order for Congress and the public to evaluate this rule and its implications with full transparency, a thorough economic analysis is necessary... We are asking USDA’s Office of the Chief Economist to provide such an analysis ...”

**Certified Angus Beef Founder Mick Colvin:** “Raising and marketing cattle should be left to people who love red meat, not red tape. But the proposed GIPSA rule would disrupt value-based marketing and become a bonanza for trial lawyers because the rule would make it easier to file lawsuits against meat companies that use contracts for the alternative marketing arrangements. That would be bad news for everyone who relies on a thriving meat and poultry industry: large and small,” he said.

**Florida Senators and Several Members of Florida Congressional Delegation:** “It appears the proposed rule by the agency is a clear attempt to circumvent Congress. Upon close review (of) this proposed rule, it contains many elements and almost exact wording that was discussed and eliminated by Congress when the Farm Bill was passed in 2008. It is our opinion that government should not take on the role of manipulating domestic supply, cost or prices. This proposed rule is a clear invasion of the government into the private marketplace.”

**Colorado State University Professor Temple Grandin, Ph.D.:** “As a scientist who has dedicated her life to improving livestock welfare, I am extremely alarmed that the department ultimately responsible for enforcing the Humane Slaughter Act apparently has paid so little attention to the animal welfare implications of this proposal. I urge Agriculture Secretary Vilsack to reconsider this rule in order to maintain good animal welfare and to foster development of important niche markets that create many marketing opportunities for producers. This will help animal welfare, rural development and family farms.”

**Agriculture Economist Thomas E. Elam, president of FarmEcon:** “The proposed rule changes are likely to slow the pace of innovation, increase the costs of raising live chickens, and result in costly litigation. Higher costs would put upward pressure on chicken prices, and economic theory strongly suggests that consumers would ultimately bear most of these costs.”