

September 1, 2020

To the Presidential candidates:

The undersigned organizations urge you to include reforms to ensure fair, competitive livestock markets for family farmers and ranchers as key elements of your rural and agricultural platforms, and to deliver on those promises after the election.

Attached is a letter that we sent to all the campaigns in June 2019. The issues raised in the letter remain the organizations' priorities and are even more urgent now than one year ago.

The food supply, and in particular the meat supply, in the United States has been vulnerable to disruption for decades due to the levels of corporate consolidation. This fragility has been exposed by the COVID-19 pandemic. Even as the CDC issued worker safety recommendations, the four major meatpacking companies continued to operate without adequate worker safety precautions and their slaughterhouses became some of the worst COVID hotspots in the country. When they had to close or slow down, their market dominance resulted in severe disruptions to the entire livestock supply chain. With just twelve slaughterhouses processing more than half the cattle in the country,¹ and similar concentrations in pork and poultry, problems in even just a few slaughterhouses can – and did – lead to a breakdown in the system nationwide.

Millions of pigs, chickens, and cattle were euthanized because the shutdowns left nowhere for them to be processed, and most farmers lacked any other options for selling the animals.² Those farmers that sold their livestock rather than euthanize them received next to nothing for the animals. Livestock and poultry farmers who operate through contract arrangements with large vertically integrated processing firms have also experienced significant economic disruption related to the pandemic. At the same time, consumers found empty grocery store shelves, limits on the amount of meat they were allowed to buy, and skyrocketing meat prices. Months later, farmers and ranchers are still reeling from precipitous drops in prices paid for their livestock, while consumers continue to pay more for meat than before the pandemic.³

Despite the unfair playing field and challenges faced by family farmers under the current system, they still successfully responded to the crisis in a way that the large corporate integrators could not. Farmers who were already selling direct-to-consumers immediately met the demand from their customers, while many more quickly shifted to direct-to-consumer sales, whether through farmers markets, online orders, or delivery services. These family farmers and ranchers have ensured that high quality protein is still available in their communities, despite the many systemic and regulatory barriers in their way.

¹ USDA Livestock Slaughter 2019 Summary (April 2020) at page 60.

² <https://www.reuters.com/article/us-health-coronavirus-livestock-insight-idUSKCN2292YS>

³ <https://www.washingtonpost.com/business/2020/08/04/grocery-prices-unemployed/>

We urge you to recognize the need to address corporate consolidation and restore truly competitive, fair markets in livestock and meat. Doing so is vital to avoid another breakdown during the next crisis, whether it is due to a human pandemic, animal disease, climate events, oil prices, or any other of the numerous possible triggers. We cannot afford to continue to have a food system that is “too big to fail” because of corporate consolidation, disproportionate market power, and captured regulatory systems.

This is not only about averting or responding to crises. The same reforms that will build a resilient system that will not crack during the next crisis will also provide numerous benefits on an ongoing basis and return much needed vitality to rural communities. Family farmers and ranchers are the bedrock of our country and, under fair conditions, can provide safe, healthy food, conserve the natural resources for the future, and rebuild prosperity in rural communities. The signatories to the attached 2019 letter urge you to consider these continued priorities in light of the increased urgency to address the lack of competition and vulnerability to the nation’s food supply.

FAMILY FARMERS NEED FAIR AND COMPETITIVE MARKETS

Independent family farmers and ranchers are the bedrock of America's rural communities and economies. But their livelihoods are at risk because a handful of giant agribusinesses hold disproportionate market power.

Increasingly, the largest meatpackers and processors control all stages of production. They force farmers into one-sided contracts, form exclusive relationships with large producers, and depress the prices that farmers receive. These practices eliminate market transparency, facilitate price manipulation, undermine the livelihoods of independent farmers and ranchers, and threaten farmers' ability to adopt sustainable production practices. Uncompetitive markets have forced independent family farmers off the land and damaged rural economies, our environment, the quality and safety of our food, and the livelihoods of food workers throughout the supply chain.

Every agricultural sector suffers from the effects of extreme corporate control and requires policy that will rebalance the economic relationships between farmers, ranchers, consumers, workers, and food companies. The list of recommendations below focuses on needs specific to the livestock and poultry sectors, though it also touches on issues of concern to all of agriculture.

To revitalize independent family farm agriculture, we need the federal government to restore competition to agriculture and ensure a level playing field for all farmers and ranchers.

June 20, 2019

Our organizations call for action to:

ENFORCE AND STRENGTHEN ANTITRUST AND FAIR PRACTICE LAWS

- Make clear that individual farmers do not need to show anti-competitive impact on the entire industry in order to pursue a complaint under the Packers & Stockyards Act (PSA).
- Prohibit meatpackers from procuring livestock for slaughter through the use of a forward contract unless the contract contains a firm base price and is bid in an open, public manner.

- Prohibit meatpacker ownership of livestock more than 14 days prior to slaughter.
- Provide USDA with necessary administrative authority under the PSA to take enforcement action against unfair and deceptive company practices in their dealings with contract poultry growers.
- Eliminate "pro-competitive effects" or "legitimate business justifications" as defenses to claims arising from a meatpackers' violation of conduct prohibited under the PSA.
- Provide for the award of attorney fees by companies in farmers and ranchers' successful claims under the PSA.
- Prohibit companies from requiring any additional capital investment in contract growing facilities, unless growers are additionally and fairly compensated at the time of the upgrade and require companies to reimburse growers for contractually required capital investments if the contract is cancelled prematurely without cause.
- Prohibit the use of a tournament or ranking system for paying contract growers for their capital and services, or any payment mechanism that is based primarily on factors outside the control of the grower.
- Prohibit poultry companies, meatpackers or swine contractors from retaliating against livestock and poultry farmers for talking to their Member of Congress or other federal officials regarding concerns about their contracts or marketing arrangements, for making lawful disclosures related to potential violations of the PSA, or for joining together in producer associations.

ENSURE FAIR FARM CREDIT

- Ensure fair, consistent application of farm credit equitable relief so that the farmland of family farmers is adequately protected when private and government lenders make detrimental errors in loan making and loan servicing.
- Ensure lenders are held accountable for compliance with the Equal Credit Opportunity Act regulations and provide consistent service to all farmers.

RESTORE MANDATORY COUNTRY-OF-ORIGIN LABELING FOR BEEF AND PORK

Restore and expand mandatory country-of-origin labeling requirements for beef, pork and other commodities to include more establishments and amend the 1989 Foreign Products Rule to require that all imported meat products retain a foreign label through retail sale.

STOP SUBSIDIZING OVERPRODUCTION

Ensure that the loan guarantee programs run by USDA and the Small Business Administration do not contribute to overproduction or unfair market conditions by prohibiting government loan guarantees for new contract poultry or hog operations, except for specialty market growers that are not concentrated animal feeding operations.

BREAK UP FOOD AND AGRICULTURE MONOPOLIES

- Institute a moratorium on new mergers of food, agriculture or food processing companies to stem the tide of mega-mergers that have driven unprecedented consolidation in the agriculture sector.
- Conduct a thorough evaluation of the effects that previous mergers have had on the competitiveness of markets for family farmers and ranchers and roll back mergers that have reduced competition.
- Create a Special Counsel's office on agricultural consolidation to effectively coordinate between agencies with jurisdiction over competition policy, including enforcement of the PSA and antitrust laws and oversight over the level of control by foreign corporations of farmland, processing infrastructure, and livestock.

STOP SUBSIDIZING FOREIGN CORPORATIONS

- Prohibit federal procurement programs from buying meat from animals born, raised or slaughtered outside the U.S.
- Require that proposed mergers or acquisitions of U.S.-based companies by foreign companies be reviewed in light of the United States' food security interests.

LEVEL THE PLAYING FIELD FOR INDEPENDENT PROCESSORS

- Address the bias in food safety regulations toward large corporate slaughter and processing facilities, by providing technical assistance, revamping food safety guidance to address issues common to small and very small processing facilities, basing microbiological testing requirements on volume of production and conducting investigations to find the source of contamination when it is first detected at small processing plants that do not slaughter animals.
- Encourage the renovation of small livestock processing plants, the establishment of new livestock processing plants where there are shortages, and assist both new and existing smaller plants in meeting standards for interstate marketing.

The organizations listed below are generally supportive of the ideas and principles outlined herein.

California Farmers Union
California Dairy Campaign
Campaign for Contract Agriculture Reform
Carolina Farm Stewardship Association
Community Farm Alliance
Dakota Rural Action
Family Farm Action
Family Farm Defenders
Farm Aid
Farm and Ranch Freedom Alliance
Farm-to-Consumer Legal Defense Fund
Farm Women United
Food & Water Action
Food for Maine's Future
Government Accountability Project
Idaho Organization of Resource Councils
Illinois Stewardship Alliance
Institute for Agriculture and Trade Policy
Iowa Farmers Union
Iowa Citizens for Community Improvement
Johns Hopkins Center for a Livable Future
Kansas Farmers Union
Minnesota Farmers Union
Missouri Farmers Union

Missouri Rural Crisis Center
Montana Farmers Union
National Center for Appropriate Technology
National Dairy Producers Organization
National Family Farm Coalition
National Farmers Union
National Sustainable Agriculture Coalition
Nebraska Farmers Union
New England Farmers Union
Northwest Atlantic Marine Alliance
Ohio Farmers Union
Organization for Competitive Markets
Pennsylvania Farmers Union
Powder River Basin Resource Council
Progressive Agriculture Organization
RAFI-USA
R-CALF USA
Rocky Mountain Farmers Union
South Dakota Farmers Union
Rural Coalition
Western Colorado Alliance
Western Organization of Resource Councils
Wisconsin Farmers Union