Senator Chuck Grassley made the following statement after the U.S. Department of Agriculture released proposed rules to increase competitiveness in the livestock and poultry industry. Grassley fought to ensure competition was addressed in the 2008 farm bill, which required the proposed rules. This includes rules for specific legislation that Grassley pushed which required any arbitration provision in a contract
be voluntarily agreed upon by both parties to settle disputes at the time a dispute arises, not when the contract is signed.

Grassley has led the congressional effort to address unfair practices, monopsony and vertical integration in agriculture. He is the author of comprehensive legislation that would help ensure a level playing field for all market participants in the agriculture industry, including the independent producer and family farmer.

"The Department of Agriculture has made a concerted effort to address some of the unprecedented levels of concentration in the agriculture industry. There's still more work to be done, but these proposed rules are a step in the right direction. Producers of all sizes will benefit by having more bargaining power and additional rights to negotiate. It gives producers an opportunity to have some control over a process that has all-too-often skewed against family farmers and independent producers.

"It's also important that the proposed rules for arbitration will be available. I've fought for several years to allow farmers the opportunity to choose the best form of dispute resolution so they didn't have to submit to packers. This will help level the playing field for independent producers."

Here is a copy of USDA's press release.

USDA Announces Proposed Rule to Increase Fairness

In the Marketing of Livestock and Poultry

WASHINGTON, June 18, 2010—Agriculture Secretary Tom Vilsack today announced that on June 22, 2010 USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) will publish a proposed rule, as required by the 2008 farm bill and through existing authority under the Packers and Stockyards Act, that would provide significant new protections for producers against unfair, fraudulent or retaliatory practices.

"Concerns about a lack of fairness and commonsense treatment for livestock and poultry producers have gone unaddressed far too long," said Vilsack. "This proposed rule will help ensure a level playing field for producers by providing additional protections against unfair practices and addressing new market conditions not covered by existing rules."

The proposed rules address concerns that have been discussed for many years and were developed at the direction of the 2008 farm bill, which requires USDA to carry out specific rulemaking to improve fairness in the marketing of livestock and poultry. During farm bill discussions in 2007, over 200 organizations across the country urged Congress to include a livestock title to improve market fairness and competition for producers. Additionally, USDA identified other areas where new rulemaking is needed to ensure the marketplace is fair and competitive for producers. Many of the concerns addressed in the rule were raised during the dozens of Administration Rural Tour stops attended by Secretary Vilsack last year, and the joint USDA-Department of Justice Competition Workshops held this year. Additionally, GIPSA held three public meetings in 2008 to gather comments, information, and recommendations from interested parties.

Many of the concerns were related to increasing consolidation and vertical integration in the livestock and poultry marketplace, and shrinking farm numbers. For instance, there were over 666,000 hog farms in 1980, but only roughly 71,000 today. In the cattle industry, there were over 1.6 million farms in 1980, but only roughly 950,000 today. In the hog industry, producers received 50% of the retail value of a hog in 1980, but only 24.5 percent in 2009. For cattle, producers received 62 percent of the retail value of a steer in 1980, but only 42.5 percent in 2009. In the poultry industry today, a grower makes 34 cents per bird, while the processing company however on average makes $3.23 a bird.

The proposed rule announced today would provide the following protections:

· Provide further definition to practices that are unfair, unjustly discriminatory or deceptive, including outlining actions that are retaliatory in nature, efforts that would limit a producer's legal rights, or representations that would be fraudulent or misleading. Additionally, the proposed

rule reiterates USDA's position that a producer need not overcome unnecessary obstacles and have to always prove a harm to competition when they have suffered a violation under the Act ;

· Define undue or unreasonable preferences or advantages;

· Establish new protections for producers required to provide expensive capital upgrades to their growing facilities, including protections to ensure producers have the opportunity to recoup 80 percent of the cost of a required capital investment;

· Prohibit packers from purchasing, acquiring or receiving livestock from other packers, and communicate prices to competitors;

· Enable a fair and equitable process for producers that choose to use arbitration to remedy a dispute. Additionally, clear and conspicuous print in the contract will be required to ensure producers are provided the option to decline the use of arbitration to settle a dispute.

· Require that companies paying growers under a tournament system provide the same base pay to growers that raise the same type and kind of poultry, including ensuring that the growers pay cannot go below the base pay amount;

· Provide poultry growers with a written notice of a company's intent to suspend the delivery of birds under a poultry growing arrangement at least 90 days prior to the date it intends to suspend the delivery;

· Improve market transparency by making sample contracts (except for trade secrets or other confidential information) be made available on GIPSA's website for producers;

· Outline protections so that producers can remedy a breach of contract;

· Improve competition in markets by limiting exclusive arrangements between packers and dealers.

The proposed rule will be published in the June 22, 2010, *Federal Register*. GIPSA will consider comments received by August 23, 2010. Comments may be sent via email to
comments.gipsa@usda.gov
or sent by mail to Tess Butler, GIPSA, USDA, 1400 Independence Avenue, SW, Room 1643-S, Washington, D.C. 20250-3604. Copies of the proposed rule and additional information can be found at:
http://www.gipsa.usda.gov
by clicking on
Federal Register.