



Farming Opportunities and Fair Competition Committee's Priorities for 2006

Major Priorities

- **USDA's Advisory Committee on Beginning Farmers and Ranchers (ACBFAR)**
The purpose of the Committee is to advise the Secretary on (1) the development of a program of coordinated financial assistance to qualified beginning farmers and ranchers required by Section 309 (i) of the Consolidated Farm and Rural Development Act (this program consists of Federal and state beginning farmer programs that provide joint financing to beginning farmers and ranchers); (2) methods of maximizing the number of new farming and ranching opportunities created through the program; (3) methods of encouraging States to participate in the program; (4) the administration of the program; and (5) other methods of creating farming and ranching opportunities.
www.fsa.usda.gov/dafl/advisorycommittee.htm

SAC will work to:

- Ensure follow-up on recommendations submitted by ACBFAR to USDA (2005 Committee recommendations can be found at –
www.fsa.ueds.gov/dof/Advisory%20Files/2005%20Minutes.pdf

Minor Priorities

- **Competition Issues and Bills** – Agricultural markets have are no longer open and fair as they are being overrun by increased concentration through packer ownership of livestock, the expanding use of contracts for commodities, and price discrimination facilitated by market secrecy. SAC supports the following reforms to counteract these trends.
 - **Mandatory Price Reporting** should be a condition for all packer livestock transactions and should be disclosed to producers. Accurate and verifiable dates, particularly on all captive supplies, in all geographic regions, should be made public to enable fair, open and competitive markets.

SAC will work to:

- Take position supporting any reform package for Mandatory Price Reporting
- Provide support for the Captive Supply Reform Act which will bring secret, long-term contracts between packers and producers into the open and create a market for these contracts.
- **Packer and Stockyard Act Implementation Issues**

- **Clarification of "Undue Preferences" in the Packers & Stockyards Act:** Packers commonly make unjustified, preferential deals that provide unfair economic advantages to large-scale agriculture production over smaller family owned and sustainable farms. Courts have found current undue preference legal standards virtually impossible to enforce. Additional legislative language is needed to strengthen the law and clarify that preferential pricing structures (those that provide different prices to different producers) are justified only for real differences in product value.
- **Closing Poultry Loopholes in the Packers & Stockyards (P&S) Act:** USDA does not have the authority to bring enforcement actions against poultry dealers. The P&S Act oddly omits this authority.

SAC will work to:

- Provide comment at any Senate hearings on Packers and Stockyard Act Implementation issues
- Provide support for the establishment within USDA an “Office of Special Counsel for Competition Matters” to investigate violations of Agricultural Trade Practices Act, Packers and Stockyards Act and other laws regulating competition in agricultural markets
- **Prohibition on Packer-Owned Livestock:** Packer-owned livestock is a major market power tool for meat packers such as Tyson, Cargill, and Smithfield Foods. This practice fosters industrial livestock production and freezes independent farmers out of the markets.
- **Mandatory Country of Origin Labeling:** Country of origin labeling (COOL) was passed as a provision of the 2002 Farm Bill. This popular measure allows consumers to determine where their food is produced while allowing producers to showcase their products for quality and safety. It also limits the ability of global food companies to source farm products from any country while passing them off as U.S. in origin. The meat packers and retailers have successfully stymied the effort to implement this law.

SAC will work to:

- Provide appropriate support for major competition bills that ban meat packer ownership of stockyards, re-instate Country of Origin Labeling (COOL), mandate arbitration and good faith bargaining, etc.
- **Commodity Payment Limitation** Effective farm program payment limitations will distribute scarce federal dollars in a more equitable way, help keep more farmers on the land, improve farm income, reduce incentives to overproduce, and help retain budget support for other important food and agricultural programs.

SAC will work to:

- Be ready to support appropriate Commodity Payment Limitation actions either in USDA rulemaking, budget reconciliation or an appropriation floor amendment.
- **Adjusted Gross Revenue and AGR-Lite insurance** The current crop insurance system sends market-distorting signals to produce specific crops, thereby increasing overproduction, reducing prices, raising program costs, intensifying pressure on natural resources, and placing diversified producers at an unfair competitive disadvantage. **Adjusted Gross Revenue (AGR)** insures the revenue of the entire farm rather than an individual crop by guaranteeing a percentage of average gross farm revenue, including a small amount of

livestock revenue. www.ram.usda.gov/pubs/2003/PAN-1667-06rev.pdf **Adjusted Gross Revenue-Lite (AGR-Lite)** is a whole-farm revenue protection package that can be used as a stand-alone coverage or in addition to other individual crop insurance policies. The key advantage to AGR-Lite is that it can be used in conjunction with other Federal crop insurance plans, coordinating the insurance protection and benefits with other plans. www.nh.gov/agric/documents/ci_04AGR-Lite1.pdf

SAC will work for:

- Nationwide expansion of **Adjusted Gross Revenue and AGR-Lite insurance** programs
- **Organic Crop Insurance** – Inequities in obtaining affordable and adequate crop insurance exist for organic producers. They are charged a premium surcharge based on a perception of increased risk inherent in an organic production system. Furthermore, insurers refuse or are unable to account for the organic price premium in the event that indemnity payments are triggered.

SAC will work for:

- An end of discrimination in premiums and payment for Organic Crop Insurance