



653 Constitution Avenue NE | Washington, DC | (202) 546-4046

December 13, 2016

President-Elect Donald J. Trump
Trump Tower
725 5th Ave
New York, NY 10022

Dear Mr. President-Elect;

On behalf of the United States Cattlemen's Association (USCA), I would like to congratulate you on your victory in the 2016 Presidential Election. Our nationwide membership of independent cow-calf producers, feedlot operators and backgrounders looks forward to working with you and your Administration over the next four years to ensure the long-term success of the U.S. cattle industry.

USCA was founded on the principle that a grassroots effort can work positively and effectively with the U.S. government to reform U.S. agriculture policy and ensure a fair, competitive marketplace. Built on this idea, we have grown to represent the voice of thousands of independent cattlemen in Washington, D.C.

Our producers represent America's greatest strength—the ability to cultivate a safe, affordable, and abundant food supply. However, our members haven't always been allowed the tools needed to succeed in a transparent and truly competitive marketplace. USCA presents the following issues of importance to all U.S. cattle producers; work and successes on these items would provide a clear path forward for a strong and profitable U.S. cattle industry for years to come.

Establish a Marketplace Connected to True Fundamentals

At nearly \$60 billion, this year represents the largest loss in equity in the history of the U.S. cattle industry. A number of issues have contributed to the current state: futures prices have become more volatile and seemingly disconnected to cash movement in the market place; algorithmic trading and anti-competitive buying practices; the loss of origin labeling; recent actions against approval of a final GIPSA rule; commercial livestock trucking issues, and additional industry concerns. These items have all contributed to the state of today's market and a volatile arena for U.S. cattle producers.

In a recent Livestock Mandatory Reporting Stakeholder Meeting hosted by the U.S. Department of Agriculture, USCA identified solutions to bringing transparency and true price discovery back to the marketplace. Increasing the availability of data drives the market back towards its true fundamentals, instead of establishing prices from a volatile futures board that remains

disconnected with cash movement. Therefore, reporting fat cattle committed for delivery at 14- and 28-days out would allow market participants to make better informed marketing decisions.

The futures board used to serve as a viable risk management tool for producers and feeders. Today, the futures board fails to offer an accurate depiction of how cattle are moving in the marketplace. Without confidence in the ability to hedge risk, producers are not able to secure operating loans from lenders; an especially detrimental result for young producers who borrow the majority of their operating funds from banks. USCA urges the Trump Administration to work with Congress, the Commodity Futures Trading Commission and relevant market participants to prohibit disruptive trading practices and implement solutions that seek to establish a level playing field for all participants in the livestock marketplace.

Increase Scrutiny of Mergers & Consolidation in the Cattle Industry

Vertical integration in the livestock industry is adamantly opposed by USCA. The U.S. cattle producer, unlike swine and poultry producers, has full autonomy in the raising, maintenance and sale of their herd. The ability of U.S. cattle producers to operate in a competitive marketplace allows producers to receive a fair price for their product and a greater selection at the retail counter for consumers. Unfortunately, the highly-concentrated U.S. beef processing sector continues to consolidate and push out market participants. Today, four companies in the meat packing sector control nearly 80 percent of beef processed in the U.S. This increased consolidation poses a threat to both consumers and producers.

Currently, work is being done to clarify the Packers and Stockyards Act and enable the Grain Inspection Packers and Stockyards Administration (GIPSA) to carry out their oversight role and address anti-competitive buying practices. USCA respectfully requests that your Administration carry out the Farmer Fair Practices Rules to establish common-sense market protections for family farms and ranches. The long-awaited rules will help to create true price discovery in a competitive marketplace and offer greater market transparency. It is critical that competition is achieved and maintained in the U.S. cattle industry.

Negotiate Free Trade Agreements in the Best Interests of U.S. Producers

The U.S. cattle industry is highly segmented, representing both processed and exported product. Beef products vary from fresh, frozen, chilled, canned, ground product, sausages, and a variety of muscle cuts including bone-in and bone-out varieties and edible offal such as heart, liver, tongue, intestines, etc. Due to the large variation in products available, new or expanding trade agreements significantly impact the industry. Your 100-day plan includes the renegotiation of a few key U.S. trade deals. USCA asks that you consider including and supporting the following provisions within any trade agreement: recognition of the perishable and cyclical nature of beef products; maintenance of significant and timely dumping and countervailing laws and remedies; and continuous work towards harmonized tariff levels, with an ultimate goal of reducing tariffs down to a rate comparable to current U.S. figures. Access to U.S. markets must be met with increased or new access to foreign markets.

Reinstate Country of Origin Labeling

As the number of trade agreements that the U.S. seeks to enter into increases, the importance and value of origin information to consumers also increases. Consumers increasingly demand more information on the origin of their food, not less. The decision to revoke the country-of-origin-labeling (COOL) law resulted in consumer confusion and U.S. producers unable to distinguish and promote their product. The U.S. livestock industry produces the highest quality beef in the world and deserves a label that clearly states product origin. U. S. consumers deserve to have the choices that trade agreements offer.

Halt the Importation of Brazilian Beef

The U.S. is currently accepting shipments of Brazilian beef. Following a change in health status by the World Health Organization (OIE) to “FMD Free with Vaccination”, Brazilian beef was granted access to U.S. markets, despite significant and unanimous opposition from the U.S. livestock industry. The threat of Foot and Mouth Disease (FMD) remains in the Brazil region, placing U.S. livestock producers and consumers at risk. The lack of an established COOL law allows the comingling of Brazil and U.S. beef, without label recognition. Further, consumers wishing to avoid products produced by forced labor (*as identified by the 2016 List of Good Produced by Child Labor or Forced Labor, published by the U.S. Department of Labor, Bureau of International Labor Affairs*) are unable to identify Brazilian beef at the retail counter. Scrutiny and stricter protocol of Brazilian beef shipments must be in place to address threats to the U.S. domestic herd.

Modernize Existing Regulatory Burdens and Streamline the Regulatory Process

The increased use of Federal agency-driven regulations as a source of policy has created undue financial stress and hardship on family farms and ranches across the country. The Waters of the U.S. Rule (WOTUS) provides the best example of “mission creep”, whereby a Federal agency has used the regulatory process in an unprecedented way to expand their jurisdiction. The antiquated Endangered Species Act (ESA) represents another area in which a program has extended beyond its original intent and bounds. The ESA must be revised to reflect the new era of conservation and partnerships between agency officials and livestock producers. Increased regulation is no longer the answer; producer-driven partnerships and producer-inspired solutions now result in the best outcomes for the land and industry. The recent successes of the Greater Sage Grouse and Lesser Prairie Chicken non-listings are testament to this work.

In response to questions on this issue your campaign made a commitment to “increase transparency and accountability in the regulatory process” and to change or repeal “unjustified regulations that are bad for American farmers and consumers”. USCA wishes to continue that dialogue and maintain regulatory reform as a top priority during the Trump Administration.

The countryside rallied behind your campaign; now is the time to pull through for the countryside. Our members cannot afford to wait 100 days before your Administration comes into office; their operations are still churning despite this time of transition. USCA asks that the work being done now to address, define, and modernize laws and regulations that most directly affect everyday life for U.S. producers continue uninterrupted into your administration. USCA looks forward to working with the Trump Administration to advance the long-term prosperity and viability of the U.S. cattle industry.

For additional comment or clarification on any of the issues presented, please contact USCA's Washington, D.C. office at (202) 546-4046.

Sincerely,

A handwritten signature in cursive script that reads "Kenny Graner".

Kenny Graner
President
U.S. Cattlemen's Association