

Joint Comments from 16 States

representing

41% of U.S. cattle • 39% of U.S. pork • 43% of U.S. poultry

Arizona • Arkansas • California • Delaware • Florida • Idaho • Indiana • Kentucky • Maryland • Minnesota • North Carolina • Oklahoma • South Carolina • Texas • Utah • West Virginia

November 22, 2010

J. Dudley Butler, Administrator
Grain Inspection, Packers & Stockyard Administration
1400 Independence Avenue, SW., Room 1643-S
Washington, DC 20250-3604

Dear Mr. Butler:

The undersigned Commissioners, Directors and Secretaries of Agriculture represent over 41 percent of the cattle industry, 39 percent of the pork industry and 43 percent of the poultry industry of the United States. We have serious concerns with the proposed rules that would drastically change USDA's implementation of the Packers and Stockyards Act.

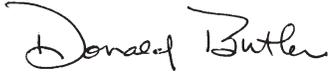
Government regulation should be market-oriented and producer-friendly. For effective implementation, regulation should focus on curtailing and preventing bad actors - not harming good ones or the industry as a whole. We fear a total overhaul of our existing livestock and poultry system, which provides the world's safest, most abundant and most affordable food supply, will jeopardize any one of those qualities and open the door for unwarranted prosecution or persecution of agriculture by an overreaching federal agency or plaintiff attorneys.

We have reviewed stakeholder concerns and understand this issue is highly contentious as was witnessed at the USDA/DOJ hearings. We have heard from many producers, buyer packers and dealers who would be affected by this regulation, and a brief list of their concerns follows below:

1. **Market Disruption:** The proposal would fundamentally and drastically change a sophisticated market system that is the foundation upon which numerous food producers, food processors and consumers rely to obtain the most affordable food in the world.
2. **Rewarding Mediocrity Yields Mediocrity:** The proposal would reduce the demand for innovation and best management practices and attempts to create a false sense of equity for certain individuals seeking to sell livestock. When the government takes away the ability to receive a premium price for delivering a superior product, the result is across-the-board mediocrity. Such action would water down decades of improvements made to the industry and its many products.
3. **Increased Lawsuit Harassment:** Forcing the disclosure of free market contract negotiations to the government would put the cattle industry at the mercy of the federal government and the courts by requiring unnecessary documentation of every single contract negotiation, price discussion or relationship established within the industry.
4. **Unintended Consequence to Small Producers:** It is believed the intent of this proposal was to protect smaller producers, but it would actually have the exact opposite result by driving contracts to larger producers capable of volume orders and thinner profit margins.
5. **Unintended Consequence to Small Processors:** Similar to item No.4, the proposal would favor large processors at the expense of small processors who are less able to complete the extensive paperwork and reporting requirements. Small, innovative, vertically integrated processors would also lose under this proposal, along with the consumers who choose their specialized products.

We hope as GIPSA moves forward, it will include input from all interested parties in order to reach an informed opinion as a result of careful and thorough economic analysis. Such drastic changes should be avoided, especially when there is such disagreement on the proposal.

Sincerely yours:



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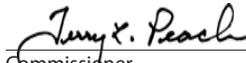
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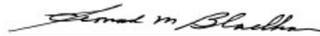
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