**March 27, 2015**

**Testimony submitted to the**

**Subcommittee of Agriculture, Rural Development, FDA, and Related Agencies**

**Senate Committee on Appropriations**

**on behalf of**

**the following organizations:**

**Campaign for Contract Agriculture Reform**

**Center for Rural Affairs**

**Contract Poultry Growers Association of the Virginias**

**Farm Aid**

**Farm and Ranch Freedom Alliance**

**Food & Water Watch**

**Hmong National Development, Inc.**

**Missouri Rural Crisis Center**

**National Family Farm Coalition**

**National Farmers Union**

**National Sustainable Agriculture Coalition**

**R-CALF USA**

**Rural Advancement Foundation International- USA**

**Western Organization of Resource Councils**

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Our organizations submit this testimony to urge the Subcommittee to reject the inclusion of any legislative policy riders in the Fiscal Year 2016 Agriculture Appropriations to limit the rulemaking authority of the Grain Inspection Packers and Stockyards Agency (GIPSA), or to weaken or rescind our nation’s country-of-origin labeling laws or regulations.

**Opposition To Policy Rider to Limit the Secretary’s Rulemaking Authority Under the Packers and Stockyards Act**

The Packers and Stockyards Act of 1921 is the nation’s primary statute providing basic protections for livestock and poultry growers against fraudulent, deceptive, and retaliatory trade practices by meatpackers and poultry companies. The statute is even more important now than in 1921, because the extent of such practices has expanded significantly.

In 2010, the Administration sponsored a historic series of six workshops around the nation to hear testimony from farmers, consumers and industry representatives regarding concentration and competition in agricultural markets. In recognition of the importance of this topic, both Agriculture Secretary Vilsack and Attorney General Holder attended the workshops. Thousands of workshop participants provided testimony calling on the Administration to take action to address some of the egregious, anti-competitive practices common in the agricultural sector. As mentioned repeatedly in the testimony, these anti-competitive practices have resulted from market concentration in the agricultural sector, and the lack adequate anti-trust and Packers and Stockyards Act enforcement. The issues raised during the workshop process are quite complex, and deserve detailed attention.

Based on directives from Congress in the 2008 Farm Bill as well as input received through the USDA-Department of Justice workshops, USDA issued a package of important regulations in 2010 to establish basic fair business standards for the livestock and poultry sector. The proposed regulations included efforts to address some of the most egregious practices used by meatpackers and poultry companies in their dealings with farmers, such as the common practice of retaliating against farmers who speak out about abusive contracting practices or who join together with other farmers to seek better treatment under their contracts.

In spite of the importance of these proposed Packers and Stockyards Act regulations, Section 731 of the Agriculture section of the Fiscal Year 2015 Omnibus Appropriations bill included an unnecessary, unwarranted and inappropriate policy rider to place severe limitations on the rulemaking authority of the Secretary of Agriculture under the Packers and Stockyards Act. The provision prohibits the Secretary from finalizing regulations on a whole host of common sense protections for livestock and poultry farmers in their dealings with meatpackers and poultry companies. It also forced USDA to rescind certain poultry farmer protection regulations that were already in place and were finalized based on direction from the appropriations committees as part of the FY 2012 Appropriations process.

We are urging that the Fiscal Year 2016 Agriculture Appropriations bill not include any provisions to limit the rulemaking authority of the Secretary under the Packers and Stockyards Act.

**Opposition to Policy Riders Limiting USDA’s Authority to Implement Country of Origin Labeling (COOL) regulations**

Report language accompanying the FY 2015 Omnibus Appropriations bill directs the USDA Secretary to make a report to Congress about recommended statutory changes to Mandatory Country of Origin Labeling Law (COOL) if this provision of the 2008 Farm Bill is found to be out of compliance with a pending World Trade Organization (WTO) dispute. The report language in Division A—Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Act, 2015 under the Agricultural Marketing Service subsection requires the USDA Secretary to make a report to Congress within 15 days of the WTO determination or May 1, 2015, whichever is earlier. COOL has overwhelming consumer and farmer support and farm, rural, faith, community and environmental have opposed making any changes to COOL in the appropriations process.

COOL labels allow consumers to know the origins of the food they feed their families and allow farmers to market their crops and livestock proudly as raised in America. Currently, COOL covers muscle cuts of beef, pork, lamb, goat and chicken; fresh and frozen fruits and vegetables; fresh or frozen fish and seafood; macadamia nuts; peanuts; ginseng and venison. The 2002, 2008 and 2014 Farm Bills all included COOL and the number of covered products was expanded in every subsequent Farm Bill. In the 2014 Farm Bill, venison was added to the list of products covered by COOL labels.

In 2008, before the first COOL label was affixed, Canada and Mexico challenged these commonsense labels for beef and pork at the WTO as an illegal trade barrier. The dispute is still being adjudicated at the WTO and may linger well into fiscal 2016. Importantly, the WTO has upheld the COOL statute and the goal of the statute in each stage of the dispute and each subsequent ruling has been more receptive to the appropriateness of the COOL regulations. Generally, the WTO has found that the cost of implementing COOL for the meatpackers outweighed the disclosure benefits for consumers, but the USDA’s 2013 change to the COOL regulations (which established the “born, raised and slaughtered” production-step labels) significantly improved the label’s transparency. Even the improved 2013 rule was found to be out of compliance with the WTO, but again, on a more narrow basis than the original case. Currently, the compliance appeal panel is considering COOL and its ruling is not expected before May 18, 2015.

The WTO dispute system is notoriously lengthy and many cases languish for many years; the COOL dispute is entering its seventh year. It is inappropriate for USDA to formulate strategies to address an ongoing and evolving WTO dispute until it has reached its conclusion. If the United States does not prevail in the second compliance panel, although the U.S. Trade Representative remains confident in the merits of the case, the next phase of the dispute (when Canada and Mexico request damages) would not be finalized before next autumn. Opponents of COOL are urging the appropriators to include language that would rescind COOL in the event of an adverse WTO ruling, but it is still premature to unconditionally surrender to Canada and Mexico’s threats of tariff retaliation. The Congress should not prejudge the outcome of the dispute and allow the WTO process to come to its conclusion before revisiting COOL.

We are urging that the Fiscal Year 2016 Agriculture Appropriations bill not include bill or report language that would seek to weaken or rescind our nation’s country-of-origin labeling laws or regulations.