



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

MAR 15 2011

The Honorable Patrick Leahy  
Chairman  
Judiciary Committee  
United States Senate  
152 Dirksen Senate Office Building  
Washington, D.C. 20510-4502

Dear Mr. Chairman:

Thank you for your letter of February 9, 2011, cosigned by Senator Grassley, regarding the Department of Agriculture (USDA) and the Department of Justice (DOJ) competition workshops.

The joint competition workshops between USDA and DOJ enabled us to listen, learn, and have a dialogue on complex issues related to agricultural competition. The outpouring of comments and input from producers and others at the workshops was substantial.

There are many differing perspectives to achieving a fair and competitive marketing system, with no single or simple solution. Producers at the workshops stated they want to have or maintain marketing options, they want transparency, they want access to markets, they have fewer buyers with whom to do business with, and struggle with debt and face challenges accessing capital. We are exploring further into the comments made at the workshops, and currently reviewing the transcripts. Neither Department plans to hold additional workshops like we held last year. As we continue our work enforcing the Packers and Stockyards Act, we will certainly keep you informed.

USDA has taken a number of steps to improve enforcement of the Packers and Stockyards Act. In particular, USDA and DOJ have established the Agriculture Competition Joint Task Force to explore new opportunities for harnessing each other's expertise and improving enforcement of laws designed to protect producers—in particular, identifying bottlenecks, and removing them.

President Barack Obama's 2012 budget includes a request for an increase for the Grain Inspection, Packers and Stockyards Administration (GIPSA) to improve enforcement over unfair and deceptive practices in the marketplace. Specifically, this funding will allow approximately 500 additional inspections and compliance reviews per year.

In January 2010, GIPSA published a final rule to establish basic fairness for poultry contracts, and in particular, to ensure that producers no longer have their contracts arbitrarily cancelled without notice. This resolved a problem that had concerned poultry farmers for many years and was mentioned frequently at the workshop in Alabama.

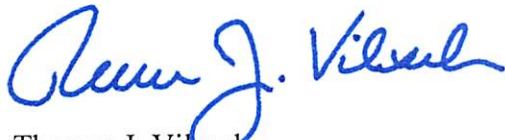
The Honorable Patrick Leahy  
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GIPSA published a proposed rule last summer for fairness in the marketing of livestock and poultry. The rule has sparked considerable interest and discussion. GIPSA received 61,000 comments and the agency is currently reviewing and analyzing the comments that were made. Before a rule may be issued, GIPSA will need to address what comments were received, including those requesting additional cost benefit analysis, and clear the rule through the Department and the Office of Management and Budget. Therefore, considerable energy is going into this rule and getting it right.

A fair and transparent marketing system is important to me, and I value your comments and input in this area. The economic viability and quality of life in rural America and the U.S. economy at large depends also on a fair and competitive agricultural system.

Again, thank you for your letter. A similar response is being sent to Senator Grassley.

Sincerely,

A handwritten signature in blue ink that reads "Thomas J. Vilsack". The signature is written in a cursive style with a large, stylized initial "T".

Thomas J. Vilsack  
Secretary



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Washington, D.C. 20250

MAR 15 2011

The Honorable Chuck Grassley  
Ranking Member  
Judiciary Committee  
United States Senate  
152 Dirksen Senate Office Building  
Washington, D.C. 20510-1501

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Sincerely,

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Thomas J. Vilsack  
Secretary